

**CREATE VALUE**  
FOR ALL STAKEHOLDERS



SMART PEOPLE



BUSINESS TRUST



GROWTH SOCIETY



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# Message of the Board of Directors

In 2018, companies in Somboon Group operated the business under the vision “Strive for sustainable growth in automotive industry through advanced technology and partnership” which is a business strategy for the next 5 years in order to become a leading automotive parts manufacturer and create sustainable returns for shareholders. The Company focuses on product development as well as production technology development to increase the competitiveness of parts production and to expand the business into other related businesses to support the changes of the automotive industry in the future.

The operating result in 2018 continues to grow steadily. Although this year, the Company faced with foreign factors from the trade war between the United States and China and the changes in the automotive industry which are entering into a huge change as a result of technological advances in the development of electric vehicle (EV) to produce environmentally friendly cars. The Company was able to generate satisfactory profits. Regarding the Thai automotive industry, there were 2.17 million vehicles produced, an increase of 9 percent which is a production for domestic sales of 1.02 million units, an increase of 19 percent. Production for export 1.14 million units, an increase of 1 percent, while the agricultural machinery industry has production of 77,000 units, an increase of 16 percent from the previous year. Resulting in Company's total revenue of 8,194 million Baht and net profit of 915.60 million Baht (an increase of 13 percent from the previous year).

Regarding the amendment of organization, the Board of Directors passed a resolution to appoint Miss Napatsorn Kitaphanich as the President effective on 1 January 2018.

The Company plays an important role in managing the organization to achieve balance in all sectors, from the employee level to the management and the board of directors, under the SBG's philosophy “Somboon Triple Bottom Line” in order to create balance which consists of Smart People, Business Trust and Growth Society including applying corporate governance principles as guidelines for good management. Moreover, the Company concentrates on the continuous development of personnel potential in order to be a smart person, good person, moral person and able to apply the knowledge gain to perform the work in accordance with the business strategy and goals of the Company according to “Somboon People Principle”. In addition, the Company has continued to take care of the employee to be happy and to have stability in the work in order to create good balance within the organization to be strong, stable and sustainable.

As a result from the business operations under the aforementioned vision in the previous year, the Company received important awards from the Stock Exchange of Thailand, SET Sustainability Awards of Honor, Thailand Sustainability Investment (THSI) Award and Best Investor Relation Award.

Lastly, on behalf of the Board of Directors, we would like to express gratitude to shareholders, stakeholders, all employees and executives. The Board of Directors will adhere to conducting business under the principles of ethics and good corporate governance principles in order to move forward as well as grow steadily and sustainably.



**Mr. Sansern Wongcha-um**  
Chairman

**Ms. Napatsorn Kitaphanich**  
President





## VISION

Strive for sustainable growth in automotive industry through advanced technology and partnership

## MISSION

- Create values for shareholders
- Collaborate with strategic partners to develop business administration
- Provide solutions for customers through advance technology in products design and development
- Enhance Excellence in Operation and Corporate System with Information Technology
- Embrace Corporate Governance and Fairness throughout supply chain
- Be Socially and environmentally responsible
- Continuously enhance our people skills and competencies through Somboon Learning Academy (SLA)

# Company's General Information

Company's Name	: Somboon Advance Technology Public Company Limited
Business	: Auto part manufacturing which major products are Axle Shaft selling to "OEM" (Original Equipment Manufacturer) inside and outside the kingdom and to invest in other companies which are engaging in auto part manufacturing
Head Office and Plant	: 129 Moo 2, Bangna - Trad Road, Tambol Bangchalong, Amphur Bangplee, Samutprakarn Province; 300/10 Moo 1 Tambol Tasit, Amphur Pluakdaeng, Rayong Province
Company's Registration	: 0107547000664
Telephone	: 02-080-8123
Fax	: 02-080-8198, 02-080-8268
Website	: <a href="http://www.satpcl.co.th">www.satpcl.co.th</a>
Registered Capital	: 425,193,894 บาท
Paid-up Capital	: 425,193,894 บาท
Subsidiaries	<p><b>1. Somboon Malleable Iron Industrial Company Limited</b> Auto part manufacturing which major products are Disc Brake, Drum Brake and part of agriculture machinery</p> <p><b>2. International Casting Products Company Limited</b> Auto part manufacturing in Casting Products which major products are Disc Brake, Drum Brake, Bracket and casting part of agriculture machinery</p> <p><b>3. Somboon Forging Technology Company Limited</b> Auto part manufacturing from Hot/Cold Forging process</p> <p><b>4. Bangkok Spring Industrial Company Limited</b> Rent of real estate and investment in other companies</p>

# Financial Highlight

For the Fiscal Year Ended December 31	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
<b>Stock Data</b>						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value (Baht) *	15.30	15.10	13.85	11.83	9.85	9.74
Earning per share (Baht) *	2.15	1.91	1.43	2.99	0.77	0.70
<b>Operating</b>						
Sales revenue	8,193,797	8,593,222	8,298,782	2,564,735	2,265,600	2,251,041
Total income	8,307,933	8,802,283	8,397,356	3,613,373	2,410,270	2,436,363
Net profit	915,597	811,241	607,558	1,271,219	327,073	298,682
<b>Balance Sheet (Thousand Baht)</b>						
Current assets	4,224,378	4,486,481	3,463,216	1,785,764	1,092,275	1,228,709
Total assets	9,064,761	9,571,969	9,421,051	5,846,089	5,317,168	5,307,882
Current liabilities	1,723,592	2,464,594	2,248,689	803,778	803,778	637,101
Total liabilities	2,178,121	3,151,999	3,534,193	1,127,745	1,127,745	1,164,907
Paid-up capital	425,194	425,194	425,194	425,194	425,194	425,194
Shareholders' equity	6,886,640	6,419,970	5,886,858	5,028,331	4,189,423	4,142,975
<b>Financial Ratio</b>						
Returns on shareholders' equity (%)	13.76%	13.18%	10.64%	27.58%	7.85%	7.25%
Returns on fixed assets (%)	39.89%	33.60%	25.51%	123.82%	41.59%	35.96%
Returns on assets (%)	9.83%	8.54%	6.38%	22.78%	6.16%	5.64%
Gross profit (%)	18.43%	15.49%	14.90%	26.64%	25.98%	25.77%
Current assets ratio to items of current liabilities (times)	2.45	1.82	1.54	3.08	1.36	1.93
Liquidity ratio to liabilities (times)	2.01	1.51	1.22	2.17	0.83	1.60
Debt ratio to shareholders' equity (times)	0.32	0.49	0.60	0.16	0.27	0.28

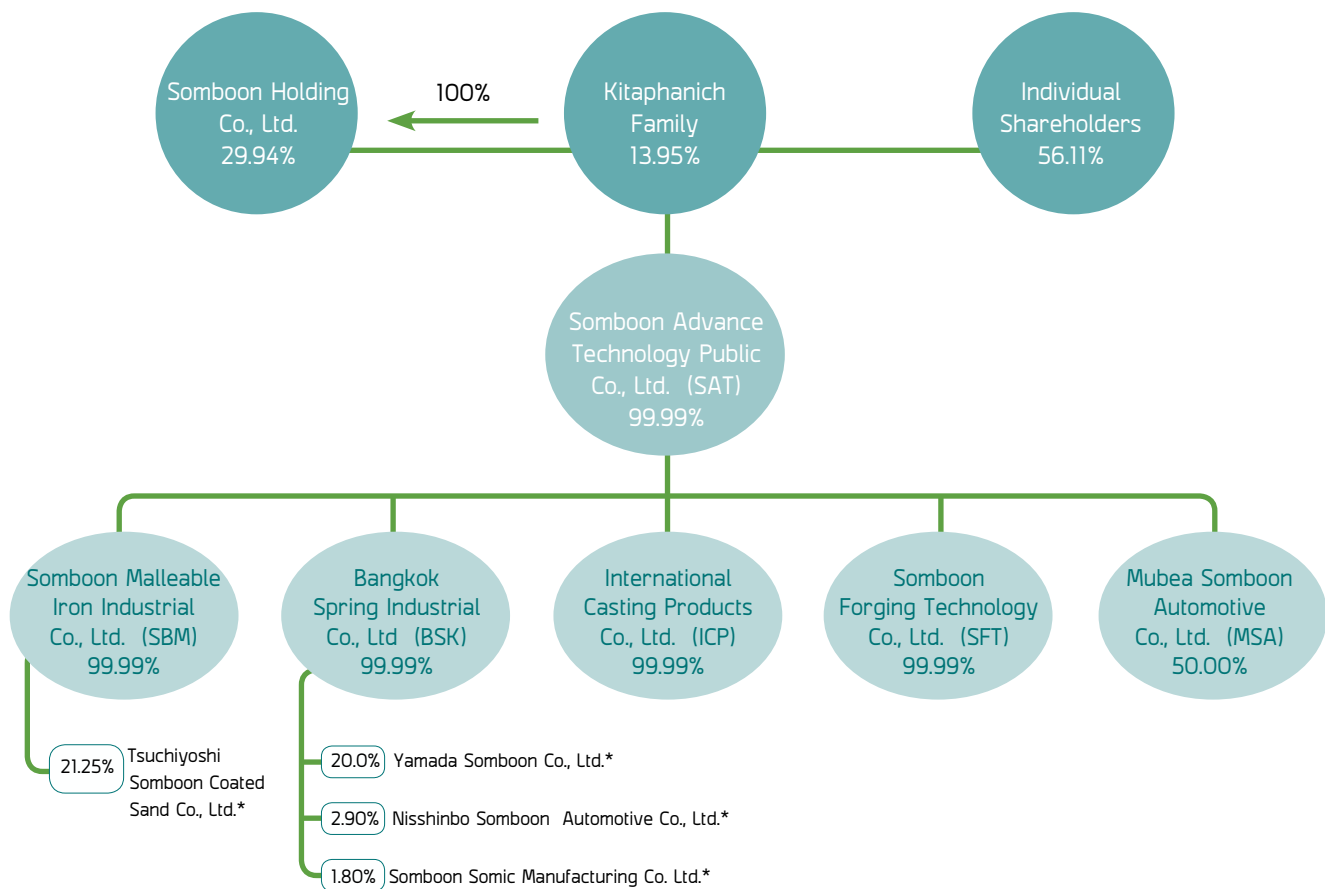
## Nature of Business Operation

The Company and subsidiaries has been engaging in the manufacturing of auto part for vehicle industry such as passenger car, pick-up, trucks and agriculture machinery industry. The main major customers are the original equipment manufacturer ("OEM") both domestic and international market with the long term purchase contract and the replacement equipment manufacturer ("REM")

The operation of each company in the group has the policy to grow together with customers, focus on

creating values to the organization and stakeholder with differential products. In term of operation, each company shall operate its business in the business unit ("BU") of the organization. The Board of Directors shall stipulate the overall policy to be applied to each company in the group which all executives in each function shall directly report to the President. Each company has set goal, strategy and following up the performance through the Executive Committee regularly.

### The shareholding structure of the Company as of February 28, 2019



หมายเหตุ :

1. \* No interest persons are holding shares in the related companies exceeding 10%
2. MSA Registered company on November 9, 2017

# Income Structure by Products

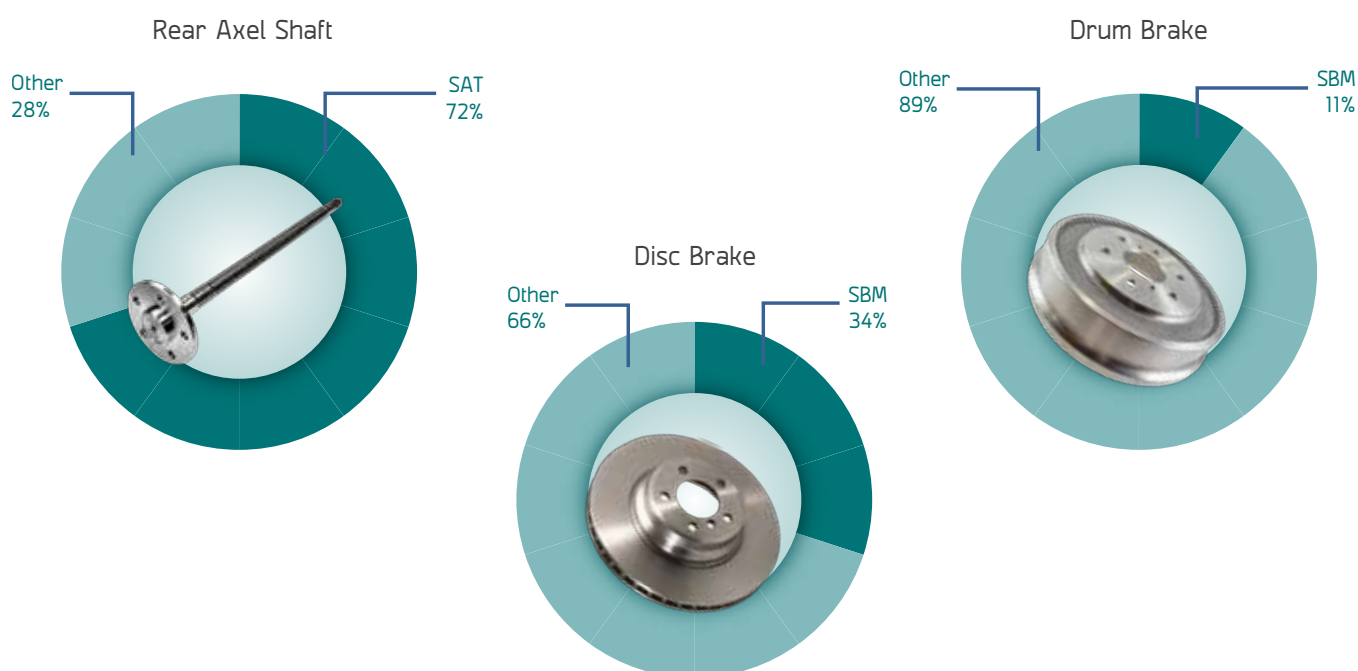
The Company and subsidiaries' income structures in 2016, 2017 and 2018 can be classified as followings;

Products	Operated by	% of Share Holding	Balance Sheet 2018		Balance Sheet 2017		Balance Sheet 2016	
			Income	%	Income	%	Income	%
Axle shaft	SAT		2,353	28	2,056	24	2,163	26
Disc& Drum Brake	SBM	99.99	1,950	24	1,860	21	1,684	20
Parts of Agriculture Machinery	SBM	99.99	1,503	18	1,388	16	1,415	17
Leaf Spring*	BSK	99.99	-	-	420	5	372	4
Coil Spring*	BSK	99.99	-	-	450	5	490	6
Stabilizer Bar*	BSK	99.99	-	-	380	4	432	5
Others**			2,388	29	2,039	23	1,743	21
<b>Total income from sale</b>			<b>8,194</b>	<b>99</b>	<b>8,593</b>	<b>98</b>	<b>8,299</b>	<b>99</b>
<b>Other incomes</b>			<b>114</b>	<b>1</b>	<b>209</b>	<b>2</b>	<b>98</b>	<b>1</b>
<b>Total income</b>			<b>8,308</b>	<b>100</b>	<b>8,802</b>	<b>100</b>	<b>8,397</b>	<b>100</b>

Note : 1. \*In December 2017, BSK sold its spring production lines to the joint venture company, called Mubea Somboon Automotive Co., Ltd. (or MSA). SAT has 50.00% of MSA's shares. According to accounting standard, SAT has not consolidated sales revenue from the spring businesses since the beginning of 2018.

2. \*\*Other products such as hub, spring shaft, valve, push rod, brackets and other products. The total number of products is more than 20 items

## Market Share 2018



# Corporate Governance Policy for Sustainability

The Board of Directors is firmly determined to develop the Organization for sustainable growth; to become a transparent Organization and to have a true corporate governance, responsibility and maintain the benefits of the stakeholders and society in the overall, develop personnel to become good people with righteousness, promote knowledge and quality of life along with the environmental development and the better environment in order to head for the effectiveness of the corporate social responsibility through the philosophy “**Somboon Triple Bottom Line**”

The Board of Directors has provided a “Corporate Governance Policy” to encourage the principles of Corporate Governance by focusing on business operation with transparency, morality and integrity based on “Code of Conduct and Work Rules” to be applied as the good practice for the directors, the executives and the employees of Somboon Group including all stakeholders in order to lead the organization to be truly sustainable.

The Board of Directors has stipulated Guideline of Corporate Governance, Code of Conduct and Work Rules in written and to review such guidelines annually as well as disclose on the Company’s website under the issue of Corporate Governance.

In 2018, the Board of Directors has complied with the good corporate governance principles of the Securities and Exchange Commission (CG Code) and Thai Institute of Directors Association and international standards in order to be inconsistent with the guidelines such as the ASEAN CG Scorecard, and to develop the corporate governance of the Company as follows:

1. The Company was evaluated by Corporate Governance Reporting (CGR) to be 1 of 142 listed companies and rated excellent CG Scoring from Thai Institute of Directors Association for the past 11 constructive years in excellent grades comparing with the average score of 657 companies overall, each category of the company scores higher than the average rating of all surveyed companies.
2. The Company was rated 100 scores in arranging the 2018 Annual General Meeting of Shareholders by the Thai Investors Association.
3. The Company provides training workshop to all new employees through the course “Ethics and Corporate Sustainability” on Code of Conduct and Work Rules in order to prevent the corruption.
4. The Company received SET AWARDS from the Stock Exchange of Thailand.

The Company adheres to the principles of Good Corporate Governance by taking into account all stakeholders in economic, environmental and society with business growth along with organization development and the environment in balance. As a result, the company receives award:

**ผลการสำรวจการกำกับดูแลกิจการ (CGR)**  
บริษัทจดทะเบียนไทย ประจำปี 2561

SAT มีผลการสำรวจการกำกับดูแลกิจการประจำปี 2561 โดยระดับ 5 ดาว “ดีมาก” โดยมีคะแนนเฉลี่ยรวม คิดเป็นร้อยละ 95 และติดคะแนนภาพรวม “ยอดเยี่ยม” จากผลการประเมินโดยสถาบันที่ทำการสำรวจทั้งหมด (กลุ่มบริษัทอุตสาหกรรมและบริษัทในกลุ่ม SET 100)

หมวด	ค่าเฉลี่ย	2561	2560	2559	2558
โครงสร้างพื้นฐาน	100	100	100	100	100
การเปิดเผยข้อมูลทางการเงิน	99	99	99	99	99
การเปิดเผยข้อมูลด้านสิ่งแวดล้อม	94	94	94	94	94
การเปิดเผยข้อมูลด้านสังคม	97	97	97	97	97
การเปิดเผยข้อมูลด้านธรรมาภิบาล	92	90	90	90	91
รวม	95	94	94	94	94

จุดเริ่มต้นคะแนน  
90 - 100 : ดีมาก 80 - 89 : ดีมาก 70 - 79 : ดี 60 - 69 : พอใช้ 50 - 59 : ปานกลาง



- Sustainability Awards of Honor
- Thailand Sustainability Investment (THSI)
- Best Investor Relation Award

Moreover, the Company has complied with the Corporate Governance covering in 5 categories namely, Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, Board Responsibility as below details:

## Section 1

### Rights of Shareholders

The Company gives more opportunity to the shareholders to participate in the Corporate Governance and share their opinion on business operation by emphasizing on a good practice of shareholder's meeting on (1) the quality of the Invitation Letter (2) the quality of the minutes of meeting (3) The role and meeting's attendance of the Chairman and sub-committees in the Shareholders' Meeting specified in the minutes of meeting for shareholder's acknowledgement and to verify the correction via SET's channel and the Company's website within 14 days after the meeting date as well as conducting on the rights of shareholders for sustainability as the following matters:

#### Operation in 2018

- 1.1 To give an opportunity for shareholder to propose the issue to be considered as the meeting agenda and nominate qualified person to be elected as the director under the selection process during September 28, 2018 to December 31, 2018 by notifying the information to shareholders via the news system of the SET as well as announced the rules and processes in the Company's Website at [www.satpcl.co.th](http://www.satpcl.co.th) in the investor relations section under Shareholders' Meeting Topic.
- 1.2 To give an opportunity for shareholder to send the questions regarding the agenda of the 2018 Annual General Meeting of Shareholders during March 20, 2018 to April 5, 2018. To notify the shareholders via news system of SET as well as announced the rules and processes in the

Company's website at [www.satpcl.co.th](http://www.satpcl.co.th) in the investor relations section under Shareholders' Meeting Topic.

- 1.3 To inform the scoring method and score counting method prior to shareholders' meeting and use the voting card.
- 1.4 To present all types of the directors' remunerations which are salary, meeting allowance, bonus /reward and other benefits to the shareholders to consider and approve every year.
- 1.5 To present the explicit policy and principle on remuneration payment regarding the remuneration specification for each position to the shareholders.
- 1.6 The company gave an opportunity to the shareholders to vote for individual director by nominating the name list of director to the shareholders to vote one by one.
- 1.7 In every shareholder s' meeting, the Company has established the independent auditor who has no conflict of interest with the Company to check the shareholders' document, count the quorum and votes, verify the result of resolution and ballot so as to make the meeting be transparently, legally and correctly to the Company's articles of association.
- 1.8 The Board of directors shall not hold the shares more than 25 percent of issued share altogether.
- 1.9 The Company did not add the meeting agenda or change the significant information without notifying to the shareholders in the 2018 Annual General Meeting of Shareholders. The Company also provided the opportunity for shareholders to question and give opinion at the meeting. The details were recorded in the shareholders' meeting report.
- 1.10 The Company provided facilities and encouraged all shareholders to attend the meeting by arranging the meeting at the venue where was convenient for transportation.



- 1.11 The Company provided the team and brought the technology to apply in the process of the registration of shareholders, counting and displaying the result in the shareholders' meeting so that the meeting can proceed quickly and accurately.
- 1.12 The Company adjust the Rules of Shareholders Meeting for documents required to be shown before entering into the meeting under the Security Commission and Stock Exchange No. Kor Lor Tor. Por Sor (Wor) 4/2559, subject of reviewing a practice before the Annual General Meeting of Shareholders concerning documents required to be shown before entering into the meeting. It provides that in case of proxy, the Company shall not require the original of the Identification Card of the proxy giver or the original passport of the proxy giver (in case of the foreigner) to be shown for the meeting (under the Rules of Shareholders Meeting enclosed with the Invitation Letter of the 2018 Annual General Meeting of Shareholders).

## Section 2

### Equitable Treatment of Shareholders

The Company had the policy to treat shareholders equitably, whether it be the major or minor shareholders, the institutional investor or foreign shareholders, to create the true fairness: such as arrange the shareholders' meeting, specify the process to facilitate shareholders to join the meeting easily, protect shareholders from being exploited and providing the control power to shareholder, etc. In addition, the Company has treated the shareholders equitably for sustainability on the following matters:

#### Operation in 2018

- 2.1 The Company specified the rules for shareholders' meeting in the Invitation Letter to facilitate shareholders who attended the meeting by themselves or by being a proxy holder to prepare documents or evidences of the meeting correctly and not to be a problem on the meeting's attendance.

- 2.2 To give the equitable right to vote due to the amount of share.
- 2.3 The Company attached the Proxy form B of which shareholders could vote independently for each period with an appointment letter in order for unavailable shareholders to give the power of attorney to independent director or others to join and vote as well as publicizing these in the Company's website so that shareholders could easily download.
- 2.4 In 2018, the Company arranged one shareholders' meeting which was the Annual General Meeting of Shareholders on April 20, 2018. Eight directors in total attended the meeting and assigned the Thailand Securities Depositories Co., Ltd which was the Company's registrar to deliver the Invitation Letter to shareholders 29 days prior to the meeting and post it both Thai and English versions on the Company's website 32 days prior to the meeting for the shareholders to read.
- 2.5 The Company provided that the directors, executives and employees, who received the significant internal information that may affect the change of trading prices, shall suspend the conduct of the Company's securities trading for one month before the Company's operation result and/or internal information disclosed to public.
- 2.6 The Board of Directors provided the Policy for the directors and the executives to inform the Company at least 1 day prior conducting the securities' trading via the Company's Secretary (Details specified in the handbook of business ethics and best practice under the ethics of directors section) and it shall report to the Board of Directors quarterly.

## Section 3

### Role of Stakeholders

The Company recognized the importance of the environmental social responsibility including the other groups of stakeholders and was aware of the roles and importance of all groups of stakeholders.



## Operation in 2018

- 3.1 The Company has prepared a sustainability report in compliance with the Global Reporting Initiative (GRI) and in 2018, the Company won the Sustainability Awards of Honor from the Stock Exchange of Thailand.
- 3.2 The Company has promoted the use of resources with efficiency and worthiness and directed employees to be definitely attentive and perform duties with consciousness by taking into account the safety and environment, encouraging stakeholders of the Company to participate in the developments of the community and societies and still adhering to and develop the practical performance towards the stakeholders continuously by revealing accident statistics, rate of strike and illness rate of work. (as detail specified in the sustainability report)
- 3.3 The Company has specified the safety and health policy and practice in the workplace including the policy to operate business under environment standard and train the employee in the environment. (as detail specified in the sustainability report)
- 3.4 The Company has established policies and practices of human resources development and revealed the average hours of training of employees per year. (as detail specified in the sustainability report)
- 3.5 The Company has provided fair employment conditions for its employees and also the policy to provide employees with short-term and long-term remuneration, such as the appropriate salaries and bonuses based on employees' performance and the results of the company's performance, as well as the Provident Fund for employees.
- 3.6 The Company has established policies (1) to not relate to the violation of human rights (2) to fairly practices and be responsible to customer / competitor / trade partner - the process of selection of trade partner / creditor - the condition of the bond, the capital management and in the event of default (3) to not conduct an infringement of intellectual property / copyright. (as detail specified in the annual report under the corporate governance policy... for sustainability)
- 3.7 To establish the clear policy regarding the stakeholder namely; shareholder, customer, trade partner, environment and society in the handbook of business ethics and good practice as well as giving importance on social and various social activities.
- 3.8 To publicize a clear policy and guideline for every group of stakeholder such as employee, safety/ customer/ trade partner/ creditor/ environment and shareholder.
- 3.9 To stipulate Anti-Corruption Policy and guideline on the receiving and giving of thing or any benefits in order to motivate the illegal performance and cause the rising of the conflict of interest by disclosing such guideline to all suppliers of the company. Also, there were process of risk assessment from the illegal performance, controlling, following-up, evaluation and also provided the training to employees and suppliers on such the Anti-Corruption policy and guideline.
- 3.10 Policy on Political Right, International Human Right and Non - infringement of Intellectual Property Right.
- 3.11 To determine **"the Code of Conduct and Work Practice"** as the discipline which all directors, Executives and employees must strictly comply with. Any violation or non-compliance shall be deemed to be a disciplinary violation against Personnel Administration Regulation.
- 3.12 To give a statement of commitment to support "Child-Friendly Business" under Children's Rights and Business Principles. (as detail specified in the sustainability report)
- 3.13 The Company recognized for the equitable under the human right and take in the practice to employee as well as other stakeholders.
- 3.14 The Company specified the Policy of equitable practice for suppliers by concerning the best interest of the Company base on the justice for both parties as to avoid of the conflict of interest, to comply with the commitment, to give

correct information and accurate report, and to strictly comply with the conditions agreed with the suppliers. In case of the supplier shall not comply with any conditions, the supplier shall notify in advance in order to mutually rectify the guideline of the rule of supplier selection covering 6 parts as follows:

1. Financial Status
2. Expertise and Experience
3. Technical Ability
4. History in relation to Claims
5. Conflict of Interest/ Related Transaction
6. Anti-corruption and Quality Policies

3.15 The Company has Policy to strictly comply with the conditions, contract and agreement with the creditor on matter of the objective of fund spending, pay back and maintenance of security guarantee and other issues agreed with the creditor. In case of the Company shall not comply with any conditions, the Company shall notify the creditor to mutually rectify the default with reasonable. The Company shall maintain the creditor relationship with trust as stipulate the rule of fund management to be secure and the Company pay an important role for liquidity management in order to plan for the repayment to the creditor in specified period.

However, the Board of Directors concentrate on following up, plan and control liquidity as appropriate with the fund activity by having competency evaluation to protect all important risks in normal and critical circumstances.

## Section 4

### Disclosure and transparency

The Company focuses on the disclosure of the Company's significant information regarding their correct, period and transparent manner such as the shareholder's structure, the business operation, the financial performance, the corporate governance, the business policy, the inspection and control process through the news system of the Stock Exchange of Thailand and the Company's website according to disclosure rules and guidelines on good governance in accordance with the laws, rules and regulations of

the Stock Exchange of Thailand and the SEC Office so that all stakeholders can equally access to the Company's information.

### Operation in 2018

- 4.1 To submit the financial report to the Securities and Exchange Commission's regulation/ Stock Exchange of Thailand within the specified period of time and no transaction reported with condition by the auditor.
- 4.2 To present the complete information in Annual Report and the Company's website such as financial statement, corporate governance policy and business ethics, corporate social responsibility policy, analysis from the analyst and institutions, business type, annual report, annual report presentation form, shareholder's meeting, names of major shareholders, news informed to the SET and news from printing media.
- 4.3 To provide the investor relations department as a contact channel and communicate various information such as organizing the analyst meeting and publicizing the Company's operating result quarterly as well as organizing the Road Show domestically and internationally.
- 4.4 To clearly disclose the principle on directors and executives' remuneration payment in the Annual Report.
- 4.5 To clearly disclose the information regarding directors and executives' shareholding in the Company and specify the policy for directors and executives to report on the followings;
  - (1) Trading of the Company's share by determining the policy for directors and executives to notify the company at least 1 day prior conducting the securities' trading via the Company's secretary and report to the Security and Exchange Commission and the Board of Director meeting quarterly.
  - (2) related transaction and report of directors and executives' equity in order to prevent conflict of interest between each of them and then being reported to chairman and adding in agenda for Board of Director' meeting quarterly.

4.6 No record of financial statement revision order by the Stock Exchange of Thailand and Securities Exchange Commission.

4.7 To appoint the certified auditors who were approved by annual general meeting of shareholders for the year 2018 since they have already performed their duties for 4 consecutive years. Therefore, in order to be in compliance with the regulations, the Company considered the auditors and found that all auditors' qualifications were not in conflict with the requirements of the Stock Exchange of Thailand and the auditing fee including an audit of the Company's BOI promoted business for the year 2018 was 1,426,000 Baht which was increase 25,000 Baht from the year 2017. Also, none of the auditors provide other services to the Company or have any relationship or interest in or with the Company or its subsidiaries, executives or major shareholders and any related persons.

4.8 The financial statements of the Company was approved unconditionally by the auditor.

4.9 To disclose the information about the directors and executives in the Company's website which consists of their name, position, education, shareholding in the Company, work experience and picture.

4.10 No transaction among the associate companies that would create the significant conflict of interests.

4.11 The Board of Directors has provided a policy to prevent the use of internal information by prohibiting to take the opportunity or information received from being in the position of executive director or employee to exploit the benefit for themselves or to operate the business that competes with the Company or related the Company's business as well as not applying the internal information for own stock trading purpose or giving the internal information to others for the benefit of the Company's stock trading (prescribed in the handbook of business ethics ) and no trading prior 1 month before the operation result and/or internal information disclosed to public by SET Portal system and

the director and executive must report their first securities holding and the change in such holding according to the Section 59 of Securities and Exchange Act B.E. 2535 (A.D. 1992).

4.12 The Board of Directors has specified the principle for the directors of the Company and subsidiaries and executive to report on conflict of interest and related person according to the Section 89/14 of Securities and Exchange Act B.E. 2535 (A.D. 1992). They are also required to revise the report within January of each year and/or every time the information is changed, it shall submit the report to the Company's Secretary within 7 working days.

The Company has also required the employee of the Company and subsidiaries at the management level, the manager up level and related employees in manager down level, to provide such reporting according to the Corporate Governance Policy. In 2018, there were the report of 142 persons in total and the results showed that there was no management employees and persons involved having the interest and transaction with the company and its subsidiaries and then report to the Chairman and Chairman of the Audit and Governance Committee to inform in the Board of Directors' meeting.

4.13 The Investor Relations

The high level executives of the Company pay an important role in the investor relations by participating in the meeting, giving information and exchanging opinions with the shareholders, the investors the analyst and the reporter regularly. The Company has established the Investor Relations Department since registering in the Stock Exchange of Thailand so that the shareholders, the investors, the analyst, the reporter and general interested people can quickly access to the Company's information. The Company's information is correct, complete, clear and up-to-date especially the significant information that would affect the share price of the Company. Moreover, such information can be used for decision-making for effective investment which would affect the true value of the Company.

The Company has disclosed information and news according to the criteria of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) through various channels such as communication channel and promulgation of information of SET, giving an opportunity of Site visit for investors or analysts or Company Visit, proving an opportunity for the reporter from Thai and foreign news station to meet and interview, issuing of Earning Release of the Company to the public regularly, arranging the meeting to communicate the information of the Company, giving opportunity to the investor to inquire the Company's information through IR Contact via telephones and electronic mail and post news via the Company's website ([www.satpcl.co.th](http://www.satpcl.co.th)) which has been updated in part of Investor Relations regularly in relation to the Balance Sheet, the Annual Report, 56-1 Form, the Company's presentation document, security analysis and others.

In 2018, the Company arranged the activities to present direct and indirect information as follows:

1. To present the information to investors (Road Show) 4 times in the country and 2 times abroad (Hong Kong & Singapore)
2. 4 Analyst Meetings.
3. The Company's Site Visit or to discuss with the executives of the company (Company Visit) and conference calls from the analysts and investors from both domestic and foreign institutes for 34 times.
4. To present the information to the Opportunity Day organized by the Stock Exchange of Thailand for 4 times and the security companies for 2 times.
5. The Executives have interviewed to the domestic newspaper for 6 times and have Interviewed through radio program 1 time.
6. To publish Earning Release for 4 times.
7. To publish Press Releases when the Company had the investment activities or significant business activities.

8. To give information and answer questions of the investors and press regularly via email at [ir@somboon.co.th](mailto:ir@somboon.co.th) and telephone no. 02-080-8197.

In 2018, the Company received Best Investor Relations Award.

## Section 5

### Director Responsibilities

The Company recognizes the importance of directors' role and responsibility to protect the shareholders and stakeholders' interests such as create the business strategy, consider and investigate business operation, conduct the transparency business. However, the Company is conducting on the following matters in order to create the sustainability:

#### Operation in 2018

- 5.1 To determine the rotation of independent committee for not exceeding 9 years continuously without condition, starting from 1 January 2015 onwards.
- 5.2 The Board of Directors has established diversity of directors policy by considering the necessary skill as well as experience professional and specialized skills for specific aspect necessary to the business without restriction on genders in order to encourage the Board to be strengthened.

In 2018, the Board of Directors Director nominated New replacement for retiring director. The Current structure of Directors has completely consisted of 9 persons which are five Independent Directors, eight Non-Executive and one Executive Director. Also, there were no directors who held positions in listed companies more than 5 companies.

- 5.3 To define and disclose the process for the election of new directors: To nominate the Company's director, the Board of Directors focused on transparency in the nomination and selection of such Director. Especially, the Company has the policy that the shareholders shall nominate qualified candidates to be elected as a director scrutinized the qualifications and suitable of candidates by the Nomination and Remuneration Committee and the Nomination and Remuneration

Committee shall scrutinize the directors who have retired by rotation or resigned regardless of gender and devote themselves to work with free from restricted characteristics under the law and good corporate governance and propose the opinion to the Board of Directors for approval and then propose to the shareholders' meeting so as to select as the Company's director as following qualification.

### Qualifications of Directors

Company's Director shall have knowledge, competency, be ready to perform their duties and consist of the minimum qualification as follows:

- a) Be qualified and free from restricted characteristics as provided in the Law on Public Limited Company and also free from characteristics which express the disqualification of being trusted from the shareholders to conduct the Company's management according to The Securities and Exchange Commission's announcement.

- b) Have knowledge, skill or experience in specific aspect especially the autopart manufacturing agriculture machine, new auto technology and international trade depended on the appropriation of the Company's situation during period when the Nomination and Remuneration Committee consider the nomination in diversity.

- c) Be able to devote themselves especially for making an important decision and performing the duty for the benefit of the Company and also attending the Board of Directors meeting as well as the shareholder meeting every time unless there is an force of majeure.

- d) Be a person with morality, ethics and having other qualifications that may further be defined by law or the appropriation of the Board of Directors.

- 5.4 To set the policy on the minimum quorum of the Board of Directors by providing that, to vote at the meeting, the Director must be present for at least 2 out of 3 of its members.

- 5.5 To establish the Compliance Unit and appoint Mr. Wisarut Boonto to be the head of Compliance Unit, commencing on May 1, 2018

- 5.6 The Board of Directors shall corporately be speculate the operation of affiliates to control manage and be responsible for the operation of subsidiaries to take care of benefit in the investment and to send the representative to be director, executive or control person approved by the Board of Director.

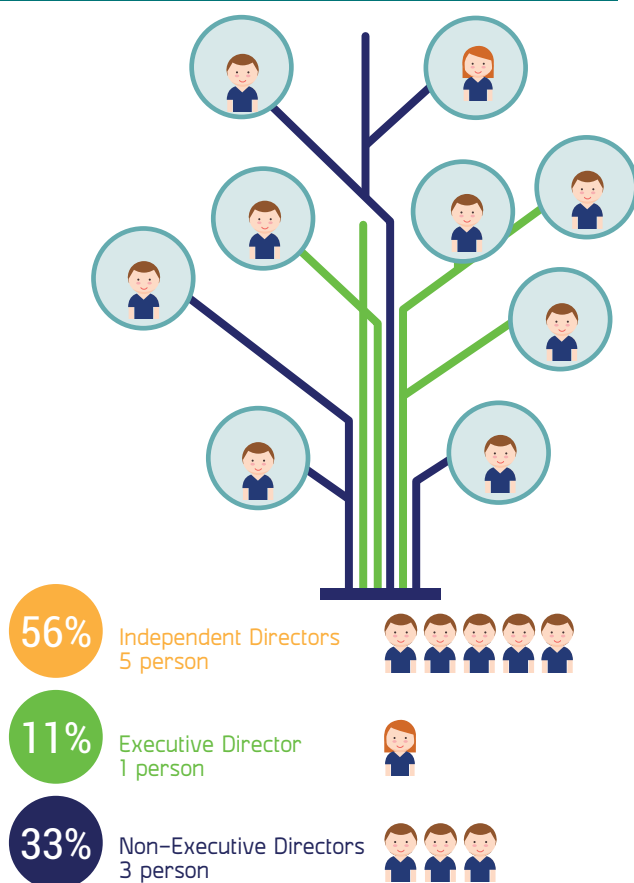
- 5.7 To review the scope of roles and duties of the Board of Company and its subsidiary's directors at least once a year.

- 5.8 In order to perform on Corporate Governance with efficiency, the Board of Directors set a policy on the amount of the company which the individual director can hold the position as directors as follows:

- (1) Director can take the position in the listed companies not exceeding 5 companies.

The performance: In 2018, each director take the position in the listed companies not exceeding 5 companies.

## Portion and Structure of Directors





- (2) The President and executives can take the position at other company with the approval from the Board of directors.
- 5.9 To establish the channel for filing a complaint and suggestion on any matters as well as a whistle blowing of illegal activities by allowing the employee and stakeholder to express their opinions independently in order to improve the management system. Moreover, they can complain via email of independent directors directly or writing a complaint letter to the Company secretary as well.
- 5.10 To bring about a seriously execution, the Company established “**Code of Conduct and Work Rules**” (Section 8: Discipline) for the directors, executives and all employees to strictly comply with. The violation of Code of Conduct and Work rules is deemed to be a breach of discipline according to the Human Resources Management Regulation.
- 5.11 To create the policy on conflict of interests in the Code of Conduct and Work Rules to prevent the self-benefit action.
- 5.12 No record on violating the Regulations of the Securities and Exchange Commission and Stock Exchange of Thailand.
- 5.13 To clearly separate the roles, authorities and duties of the president and chairman of the committee as they are different person and assign the independent director to be Chairman of Board of Director, Executives Board and sub-committee.
- 5.14 The Company had a policy for Non-Executive Directors (NED) to organize their own meeting in order to discuss on outstanding management problems at least once a year without the attendance of Operation Department. In 2017, it arranged the meeting in December to support the management’s work and the chairman brought the issues from such meeting to be added in the agenda of the Board of Directors’ meeting so that the directors can discuss and share their opinions.
- 5.15 The Board of Directors appointed the Sub-Committees which are (1) The Audit and Corporate Governance Committee (2) the Nomination and Remuneration Committee (3) the Executive Board (The structure of committee section).
- 5.16 The Board of Directors reviewed and approved the vision and mission of the Company so that the executives and employee aim to the same direction and also established a guideline for participation as follows:
- 1) To map out the vision, mission, strategy, goal, business plan and budget of the Company by holding in dependent expressions on the opinions in order to jointly prescribe the direction of the Organization through on-the-job seminar between the Board of Directors and Senior Executives regularly every year.
  - 2) To review and Rolling every year in order to monitor the Management being compliance with plan, direction and strategy of organization consistently.
  - 3) To discuss and give opinion for the Management independently to determine the direction of organization to be ready for economic change.
  - 4) Giving suggestions and guidelines for the organization management to plan the direction to meet the goals
  - 5) To communication policies, goal and direction to all levels of the employees through the Activity literally so called, “Face to Face Discussions” by the President twice a year.
- In 2018, the Company determined the business operation’s goals for 5 years (2018-2022) as follows.

### Vision

Strive for sustainable growth of automotive industry through advanced technology and partnership

### Mission

- Create values for shareholders
- Collaborate with strategic partners to develop business administration
- Provide solutions for customers through advance technology in products design and development
- Enhance Excellence in Operation and Corporate System with Information Technology
- Embrace Corporate Governance and Fairness throughout supply chain

- Be Socially and environmentally responsible
- Continuously enhance our people skills and competencies through Somboon Learning Academy (SLA)

5.17 The Board of Director shall monitor that company shall operate business under the business strategy and the Management shall report the operation result, finance issue, and work plan every quarter.

5.18 The Board of Directors arranges the internal audit system covering the financial, operation in accordance with the law, rules and regulations, the risk management, as well as the effective mechanism to investigate and balance to protect the assets. The Company also initiated the Internal Audit Department under the supervision of Mrs. Onanong Yaiyatham which is the independent department reporting directly to the Audit and Corporate Governance Committee as well as providing the quality report of Audit and Corporate Governance Committee with sufficient information to evaluate and verify internal control system, related transaction, the auditor appointment, review financial report and specify the audit risk management, the compliance with rules, regulation and summary of opinion of the Audit Committee.

5.19 The Board of Directors monitors the Company to have risk management system sufficiently and follow up frequently. Therefore, the Company has set up the Enterprise Risk Management Committee to consider the risk factors and the guideline of key risk management that affect target of the organization strategy by thoroughly considering all risks both in quantity and quality aspects, give useful recommendation to prevent and monitor the risks from the present situation as well as follow up, supervise and analyze the Enterprise Risk Management and then report the result of risk management to the Board of Directors.

5.20 The Board of Directors and Audit and Corporate Governance Committee has established the Corporate Governance Committee by assigning the President as a chairman of working team to perform the duties as follows:

(1) To support and publicize the corporate governance policy, Code of Conduct and Work Rules.

(2) To study, improve, evaluate, review and propose the corporate governance principle and Code of Conduct in accordance with laws, the Securities and Exchange Commission and Stock Exchange of Thailand's Regulations and guideline of leading organization which are international standard.

(3) To evaluate the performance according to the corporate governance policy and Code of Conduct and report its result to the Board of Directors via the Audit and Corporate Governance Committee quarterly.

(4) To perform any acts designated by the Audit and Corporate Governance Committee.

5.21 The Board of Directors and the Nomination and Remuneration Committee require to evaluate the performance of executives annually in the form of performance indicators (KPI) that specified target relating to the remuneration rate as prescribed by the Nomination and Remuneration Committee. Also, the President will be evaluated every year. The Nomination and Remuneration Committee shall consider and review the remuneration which shall be considered based on the remuneration structure and compared with 1) survey information about remuneration payment by recognized institutions, organizations 2) the growth rate of gross domestic product, inflation rate and net profit 5 years backward, including performance and the duties and responsibilities assigned.

5.22 The Board of Directors has scheduled the meeting schedule for the Board of Directors and the sub-committees in advance all year round and The Board of Directors will organize at least 6 meetings per year as well including the special meeting as necessary. At each meeting, the agenda will be clearly specified in the consideration, acknowledgement and discussion and opinion with sufficient document delivered to the Board of Director 7 day prior the Meeting so that the director can study through information before the meeting. In the meeting, the Chairman will properly manage time for

all directors to independently recommend and share opinion. Then, the Chairman will summarize the issue from the meeting. The Company Secretary will provide minutes. After certified by the meeting, the minutes will be filed at the office of the Company Secretary at the 2nd floor, 11th building at the head office. (Please find the details of meeting attendance of each director.)

#### Duty of Board of Directors in 2018

##### Q1

- To consider the date of the Annual General Meeting of Shareholders and agenda as follows:
  - To fix the record date to specify the shareholders who are entitled to attend the Annual General Meeting and dividend payment
- Agenda of the Annual General Meeting of Shareholders
  - To acknowledge the report on the Company's operating results
  - To consider and approve the balance sheet and profit and loss statements for the fiscal year
  - To acknowledge payment of interim dividend
  - To consider and approve the appropriation of profit in Operating Results
  - To consider and approve the appointment of directors in place of those retiring by rotation
  - To consider and approve the remuneration of directors
  - To consider and approve the appointment of auditors and to fix his/ her remuneration
- To consider and approve the financial statement and operating results of the previous year
- To acknowledge performance of Audit & Corporate Governance Committee of the previous year
- To review the remuneration of directors comparing with the performance
- To Consider the performance of the corporate strategy

##### Q2

- To arrange the 2018 Annual General Meeting of Shareholders
- To consider and approve the financial statement and operating results of the first quarter
- To acknowledge the performance of Audit and Corporate Governance Committee of the first quarter
- To certify the minutes of the 2018 Annual General Meeting of Shareholders
- To consider the investment projects.
- Knowledge Promotion to the Board and the management.

##### Q3

- Strategic workshop for business direction during 2018
- To arrange discussion & share opinion of the strategic planning and management to specify the business direction in the middle term - long term
- To arrange another meeting other than the official meeting of Board of Directors to plan the strategy in the middle term - long term under economic crisis, high competition, the sufficient of procedure of risk management, and corporate social responsibility for sustainable development

##### Q4

- To consider to review the Corporate Governance Policy
- To arrange the Meeting of Non-Executive Director
- To consider the Vision Mission and business strategy
- To consider 2018 budget
- To evaluate the performance to pay the President's remuneration

## 5.23 Directors and Executive Development

### 1) Director Orientation

The Board of Directors organizes the orientation for all new directors to provide knowledge and understanding in business and operations of the Company in order to be ready to perform their duties as director. At the same time, the Company establishes the policy to strengthen knowledge and new vision in terms of corporate governance, industry condition, technology business and new innovation for all directors in order to encourage their performance with effectiveness and be able take the position as directors as soon as possible and also assign the Company Secretary to be a coordinator on the following matters:

- Acknowledged matter: business structure and director structure, scope of authority, and law.
- General business information, operation guideline and visiting the production line.
- Arrange the discussion session with the chairman and the President to inquire them about in-depth information of the Company's business operation.

In 2018, the Company did not recruit a new director. However, to keep up with the current information, the Company provides the director with the Manual of Directors and related rules in accordance with the laws, regulations and important policies such as corporate governance policies, Code of Conduct relating to anti-corruption measures and ASEAN CG Scorecard guidelines that directors should know, arranges the director orientation, plant visit to study for manufacturing process and the meeting to exchange the information in regard to the management with executives.

#### Directors' Experience





## 2) Knowledge Development

The Company supports the directors and top executives to participate in the seminar that will be benefit to perform their duty as well as exchanging the idea with the Board of Directors. The Company Secretary will coordinate with the director to participate in the courses provided by Thai Directors Institute such as Directors Certification Program (DCP) Directors Accreditation Program (DAP) Audit Committee Program (ACP) etc.

In 2018, the Directors and Executives attended the training courses as follows:

Directors			Training Courses
1. Mr. Sansern	Wongcha-um	Chairman of the Board	• Strategic Planning and Management
2. Mr. Yongyuth	Kitaphanich	Vice Chairman	• Strategic Planning and Management
3. Dr. Panja	Senadisai	Chairman of the Audit & Corporate Governance Committee	• Strategic Planning and Management • Risk Management Program for Corporate Leaders 12/2018
4. Mr. Ajarin	Sarasas	Chairman of the Executive Board of Director	• Strategic Planning and Management
5. Mr. Paitoon	Taveebhol	Chairman of the Nomination & Remuneration Committee	• Strategic Planning and Management • Inaugural Corporate Governance Conference 2018 - Building Trust in a 'Transforming Economy' • Independent Director Forum - Tough Boardroom Situations (Independent Directors Share Lessons Learned) • Thailand's 9th National Conference on Collective Action against Corruption - Disruption Corruption
6. Dr. Suthad	Setboonsarng	Independent Director	• Strategic Planning and Management
7. Mr. Prayong	Hirunyanich	Executive Board of Director	• Strategic Planning and Management
8. Mr. Yongkiat	Kitaphanich	Vice Chairman of the Executive Board of Director	• Strategic Planning and Management
9. Ms. Napatsorn	Kitaphanich	President	• Strategic Planning and Management • Strategic IQ - Executive Education Harvard Business School • Executive Course Capital Market Academy (Class 25)

5.24 The Board of Director stipulates (1) a self-assessment of the Board (2) self-evaluation of individual directors. (3) self-evaluation of sub-committees including the Board of Directors, the Audit & Corporate Governance Committee, the Nomination and Remuneration Committee, The directors had considered the work and solve the problem together for the improvement / development.

### (1) The result from self-assessment of the Board of Director for the Year 2018

**average score 4.62 in Level Excellent**

#### Assessment Topics

- Structure and Qualification of Director	average 4.65
- Role/Duty/Responsibility of Director	average 4.57
- The Board of Directors' meeting	average 4.69
- The performance of the Board	average 4.73
- The relationship with Management	average 4.58
- Self-development and Executives	average 4.50

Additional opinion/remark from the self-assessment is The scores in all categories were higher than the results of the previous year especially the relationship with the Management and the Board of Director pay attention to the follow-up of business strategy.

(2) The self-assessment of each director for the Year 2018

average score 4.63 in Level Excellent

Assessment Topics

- Structure and Qualification of Director	average 4.61
- The Board of Directors' meeting	average 4.69
- Role/Duty/Responsibility of Director	average 4.58

Additional opinion/remark from the self-assessment is The Board of Directors focus on the meeting arrangement including the adequate document for the meeting.

(3) The result from self-assessment of the Committee for the Year 2018

3.1 The Executive Board of Director

average score 4.66 in Level Excellent

Assessment Topics

- Structure and Qualification of Director	average 4.70
- The Board of Directors' meeting	average 4.65
- Role/Duty/Responsibility of Director	average 4.84
- Self-development	average 4.46

Additional opinion/remark from the self-assessment is the Board of Director shall concentrate upon role, duty and responsibility in particularly to continuously follow the operation of the management.

3.2 The Audit and Corporate Governance Committee

average score 5.00 in Level Excellent

Assessment Topics

- The performance of the directors	average 5.00
- Review of Financial Reporting / Detection Systems	average 5.00
- Independence of director	average 5.00
- Compliance with the law	average 5.00
- The report of director	average 5.00

Additional opinion/remark from the self-assessment found that the Audit and Corporate Governance Committee has adequately independence and convince that all process of operation are transparent and can be audited.

3.3 The Nomination and Remuneration Committee

average score 4.40 in Level Excellent

Assessment Topics

- The director qualification	average 4.61
- Independence of director	average 5.00
- Structure and Director Development Plan	average 4.33
- Remuneration Policy in other forms	average 4.66
- To establish sustainability practice	average 5.00

Additional opinion/remark from the self-assessment is the Nomination and Remuneration Committee focus on the ability development of director and executive including economic, technology, law amendment and news tracking.

#### Self-Assessment Procedures–The Whole Board of Directors

1. The Board of Directors is the one who approve and review the assessment form to be correct in accordance with the Criteria specified by the Corporate Governance Section.
2. The Company Secretary: the conclusion and analyze the assessment result of performance of the Board of Directors and report to the Board of Director
3. The Company Secretary (1) to provide improvement plan from analysis and additional opinion by the Board of Director

#### The Criteria of Self-Assessment–The Whole Board of Directors

1. Structure and the qualification of the Board of Directors consists of the variety of directors, director ratio, qualification of each committee
2. Roles, duties and responsibilities of the Board of Directors consists of using the sufficient time to consider the important matter, conflict of interest, internal control system and risk management.
3. The Board of Directors' Meetings consist of arranging the meeting schedules in advance for the whole year, quality of document having sufficient for the Board of directors' decision.
4. Duty of director consists of attending the Meeting regularly and giving opinion independently
5. Relation with the Management consists of giving opportunity for discussion and taking part to solve problem
6. Director Self-Development and Executive Development consist of understanding in his role, having knowledge in the Company's business, supporting the director to attend training, successor plan, etc.

#### Self-Assessment Procedures–Each Director

1. The Board of Directors is the one who approve and review the assessment form to be correct in accordance with the Criteria specified by the Corporate Governance Section.
2. The Company Secretary is the self-assessment to give opinion in relation to the role and duty of the director, independence, management structure, knowledge development and opinion related with management administration of organization.
3. The Company Secretary is to conclude and analyze the assessment result of the Board of directors report to provide improvement plan

#### The Criteria of Self-Assessment– Each Directors

1. Director qualification: the variety of the Board of Directors, approval for the director performance
2. Roles, duties and responsibilities : the independence of director, giving opinion, joining activities, internal control system, risk management and information disclosure
3. Meetings: attending the meeting, giving opinion and study through information in advance
4. Giving other useful opinion to the Company

5.25 The Company established a Successor Plan of the President and Vice President in order to ensure that the Company has the executives with knowledge and competency sufficient to perform duties, as follows:

- (1) The Board of Directors shall prescribe the development plan to provide the successor plan for the President and Vice President in all functions.
- (2) The Nomination and Remuneration Committee shall prescribe the qualification, knowledge, competency and experience of each position in order to select the executive who has qualifications in compatibility with required qualifications in each position.
- (3) The President shall evaluate the performances and knowledge of the executives having the qualifications comparatively equal to the level of required competency in order to make the Individual Development Program to reduce the competency gap.
- (4) To assign Organization Development in HR to monitor and follow up on the trainings to develop knowledge and competency of the successor of the Vice President.
- (5) The President shall rotate the duty and responsibility of the executives and assign the Vice President to participate in the Executive Board in order to gain understandings, experiences and readiness in the organization administration in the future.
- (6) The President shall report the performance and development result of executives to the Nomination and Remuneration Committee twice a year.
- (7) The Nomination and Remuneration Committee shall regularly review and summarize result of the successor plan of the President and Vice President and report to the Board of Directors twice a year.



5.26 To establish the strategy to improve the corporate governance, risk management and responsibility for stakeholder and community based on "Knowledge with Morality Principle", which is deemed to be 1 of 6 missions of the organizational strategy so as to sustainably grow in business operation under the Sufficiency Economy Philosophy and good immunity creativity in business operation, as well as to encourage all employees to have knowledge and self-consciousness to work with responsibility, carefulness, honesty through the CG seminar course, "Morality... and Sustainability of Organization and Anti-Corruption", for 11 consecutive years.

5.27 To specify Remuneration Policy for President in short and long terms including President performance evaluation. The Board of Directors evaluated the performance of the President at the end of the year by assigned the Nomination and Compensation Committee to be an evaluator and propose to the Board of Directors for approval. The results of the

President's evaluation are strictly confidential and it shall not be disclosed. The criteria on the assessment of the President remuneration for both short term and long term are as follows:

#### The Short Term

To pay remuneration in form of salary and bonus considered by the performance.

Part 1 : Evaluation from index of the organization performance

Part 2 : Evaluation of others (leadership, specification and strategy practice, planning financial operation, business administration and employee relation, Change Management). The results of the evaluation will be considered to increase President salary approved by the Board of Directors.

#### The Long Term

The Company will add the contribution to the Provident Fund as of 6% of salary every month.

5.28 To arrange the training for directors and executives including the relevant staff in order to review their knowledge and understanding of the preparation on "Report on conflicts of interest" to prevent conflicts of interest.

5.29 Potential Development of Employees: the Board of Directors has a policy to develop the potential of employees at all levels by establishing Somboon Learning Academy in 2014 in order to enhance the competency of all employees in Somboon Group, stakeholders and society through the following important missions:

1. to develop and enhance the moral and ethics including knowledge and skills in quality, safety, technology, management and professional competency.
2. to encourage Somboon employees to have behavior that is consistent with the corporate culture.
3. to develop business partners in the business process and ethics.
4. to be a learning center for the community and student through various activities and projects, so as to reach the important goal which is the operation under the philosophy of "Somboon Triple Bottom Line".

5.30 Formulation of policies and guidelines on remuneration and employee welfare: The Board of Directors is concerned about the quality of life of all employees, it therefore established policies and guidelines on remuneration and employee welfare for both short term and long term as follows.

1. The Company is committed to paying compensation and providing welfare to employees with justice and suitable for economic conditions which will be in accordance with legal requirements and can compete with the same business.
2. The Company provides the opportunity for all employees to show their abilities fully by providing appropriate compensation and create motivation both in the form of annual wage adjustments, bonuses and overtime pay.
3. The Company provides welfare that responds to basic needs for the working of employees such as provident fund, food allowance, diligence allowance, scholarships for employees, employee uniform, shuttle bus, assistance money for employee, etc.

The Company has set a minimum wage rate for general employees without experience in accordance with the minimum wage as required by the law. In addition, the company has implemented the initial wage adjustment of employees according to their qualifications and specializations, which is in accordance to their specific qualifications and

adjust the impact in order to reduce salary disparity from the minimum wage adjustment and the initial wage between new employees and current employees.

The Company has provided other welfare support to improve the quality of life of employees such as providing free rice for lunch in every day as well as raise the allowance for lunch and control food prices to be lower than the market price. Moreover, providing nursing rooms, employee health insurance and allow employees to participate in expressing their opinions through the suggestions channel via internal communication system.

The Company has provided a provident fund for employees working with the Company. The Company pays subsidy and benefits to employees to encourage employees to have savings for retirement and/or after leaving the job as a welfare for the employees in another way.



Collection and Contribution (%) of the wage			Payment of Contribution and Benefit of the employee	
Year of work or year of membership	Employee	Employer	Year of work	The right of the contribution and benefit (%)
4 months or less than 4 years	Minimum 3 Maximum 15, regardless of the years of membership	3	• More than 5 years	0
4-7 Years		3 or 4	• 5 years but less than 6 years	50
More than 7 Years		3, 4, 5, 6	• 6 years but less than 7 years • 7 years but less than 8 years • 8 years but less than 9 years • 9 years but less than 10 years • 10 years onward	60 70 80 90 100



# Anti-Corruption Policy

The Board of Directors has focused on the anticorruption to be a transparent organization therefore, the Board of Directors shall stipulate the supporting plan and moral of organization for long term since 2010 through training "Moral...with the Sustainability of Organization" to enlighten the employee to be good, discipline, knowledge and moral bringing about the new culture under the supporting plan and moral of organization.

The Company is 1 of 27 organizations to declare its intention against the corruption and to be the 1 of 9 first organizations certified by the Private Sector Collective Action Coalition against Corruption Council: CAC to anti-corruption on July 26, 2013.

In 2016, the Company has joined the project of Collective Anti-Corruption: CAC by Certified since 2013 and In the year 2016, the company has been to renew the certificate the anti-corruption from CAC on August 16, 2016.

In year 2018, the Company has supported SME supplier on knowledge and to prepare to be certified on the Anti Corruption System. There are 2 Suppliers have been certified from 10 companies in Thailand.

**The Board of Directors approved the Policy/ Rule/ Guideline for the SBG anti-corruption as follows:**

## Board of Directors

The Board of Directors has restricted the directors, executives and employees of SBG to accept all kinds of corruption such as to receive thing, gift, the reception expenses, donation, or other benefit for themselves from a person who engages in business with the Company including the employee, supplier, customer and all stakeholders both domestic and international.

## Conditions

- (1) To stipulate the Anti-Corruption Policy in the Manual of Corporate Governance and Code of Conduct
- (2) To cover all activities associated with the SBG operation
- (3) To evaluate the risk of corruption throughout the organization annually

## Guidelines

- (1) Directors, executives, and employees shall comply with the Anti-Corruption Policy, business ethics and codes of conduct, and will not be a part of any kind of corruption, either directly or indirectly.
- (2) Every employee will not disregard or ignore any corruption activities involved with the Company and subsidiaries; they will notify the supervisor or the person responsible for the matter and corporate in the investigation. If they have any question, they can ask or consult the supervisor or the person responsible for overseeing the business ethics via the available communication channel.
- (3) The Company will be fair and protect employees who refuse or notify about corruptions involved with the Company and subsidiaries by using protection measure for petitioners or people cooperating in reporting corruptions according to the Company's policy in filing complains and suggestions.
- (4) The person that commits a corruption or violates the Company's business ethics will be disciplined according to the Company's rules and regulations.
- (5) The Company and subsidiaries realize the importance of providing and educating people whose responsibility is related to the Company, subsidiaries and stakeholders.
- (6) The Company is determined to create the "Good and Smart People" who has good conscience and is a good citizen of the society and country.



## Principles and processes for Risk Assessment for Anti-Corruption

The Board of Directors assigned the Internal Audit Department to evaluate the corruption risk separated from corporate risk by using a corruption risk assessment guideline according to Core Business's working system namely (1) Order to Cash (2) Planning and Production (3) Procure to Pay and (4) Warehouse & Logistic, to consider the risks on each activity in order to analyze the corruption channel and assess the opportunity as well as the impact (the score level of opportunity and impact assessment based on the criteria of Enterprise Risk Management Manual) and then the result of assessment will be applied to prepare the annual audit plan and reviewed annually.

The Board of Directors provided the guidelines for monitoring and assessment on the performance under the anti-corruption policy as follows:

1. To survey a "Report on Conflict of Interest" of the top 4 of Directors and Executives as specified by the law and expand such survey to all management level and relevant employees who is related to the conflict of interest in order to prevent the conflict of interest which may lead to the corruption.
2. To provide the whistleblowing channel and protection measures for the whistleblower at the Company's website and encourage all employees to make a complaint and whistleblowing and shall be deemed as a discipline and duty which the employee should comply with. To assign the Compliance Division to assess the corruption risk

3. A person who commits any corruptions is deemed to violate the Code of Conduct and shall be punished as specified in the Company's Regulations and by law if such action is an illegal.
4. To promote the knowledge through the course of "Moral with the Sustainability of Organization" for all management level and the activities named leading toward to better thing for employees at the operational level.

### Practice; Receiving and providing goods or any other benefits of SBG

1. Receiving goods or any other benefits.
  - 1) prohibits executives and employees; Accepting bribes, gifts, the party, service, financial support, monetary rewards from partners, creditors or other stakeholders who do business with the company.
  - 2) requested money or something support. Can be done in Company and its. It must be signed by the Authorized Director signed only.
  - 3) unless: New Year conventionality that they treat each other. The price or value of the goods must be received no later than 2000 baht or the need to maintain a good relationship between the parties. Or between organizations
  - 4) Designation: Executive, represented the organization Receive the gift. And to submit the President. Through the Office of the Corporate Secretary within 5 working days from the date of receipt of goods or any other benefits.
  - 5) Excluding: souvenirs (new year) can be received by an employee to that have value not exceeding 500 baht as key chains, calendars, diaries, etc., that have the logo of the organization specified. By the executives as delegates to take delivery. And report to the President know. Through the Office of the Corporate Secretary
  - 6) to prevent conflicts of interest, the company does not allow employees to Receive things straight. Unless force majeure a lower the management of 1. of the a delegate. And reports to senior management immediately.



2. Providing goods or any other benefits.
  - 1) providing goods: the New Year, or popular festivals all over each other. In these things Company Operated by the provision which determines the price or value of not more than 2,000 baht and provides survey and monitoring. to prevent corruption corrupt.
  - 2) Given. Executives. A representative the organization To deliver goods or any other benefits.

## Operation 2018

1. The Company has promoted the knowledge by providing training/seminar, workshop and various activities to lead to a new corporate culture based on the promotion and implantation of the organizations' moral plan.
  - 1.1 The company has set "Ethics ... with corporate sustainability" - for all employees. The content is focused on the company's policy, ethics and work in mind. And the expansion of SBG's network to the level Chief up for 275 person or 97.5% in order to enhance the company's corporate governance policy and business ethics. To be more effective. And it is leading to. "Transparent organization" and quality can be verified in every process.
  - 1.2 The Board of Directors provided the policy to encourage suppliers and stakeholders to grow together with the SBG by establishing the strategy to increase business value.



Based on the beginning of Collective Action Coalition on Anti-Corruption of SBG, in order to ensure that Supply Chain Process is truly transparent, the Company has expanded the declaration of intent against corruption's network to the suppliers by supporting with the knowledge of Anti-Corruption so as to expand the network and give opportunities to suppliers to be SBG member.

2. The employees and stakeholder can access to the whistleblowing channel, the Board of Directors has increased the channels to submit a complaint and suggestion and the process of receiving such complaint including the protection measure for the complainers in order to apply their suggesting to improve the management process and prepare the training course and communication effectively. (as details specified in Section 7 the whistleblowing channel, Code of Conduct/ [www.satpcl.co.th](http://www.satpcl.co.th) at Sustainable Development Section)

## Whistleblowing Notice Policy

The Board of Directors had provided the opportunities for employees and stakeholders, having a channel for complaints and reporting illegal acts. The goal is to (1) the development/ training. (2) modify/update management (3) investigation. The company secretary is served as the complaints of corporate governance and business ethics of the company are as follows:

1. Mr. Sansern Wongcha-um  
Email : [sansern.w@somboon.co.th](mailto:sansern.w@somboon.co.th)
2. Mr. Panja Senadisai  
Email : [panja.sena@gmail.com](mailto:panja.sena@gmail.com)
3. Mr. Ajarin Sarasas  
Email : [ajarin.s@gmail.com](mailto:ajarin.s@gmail.com)
4. Mr. Paitoon Taveebhol  
Email : [ptaveebhol@gmail.com](mailto:ptaveebhol@gmail.com)
5. Dr. Suthad Setboonsarng  
Email : [suthad.setboonsarng@gmail.com](mailto:suthad.setboonsarng@gmail.com)
6. Company Secretary  
Email : [pasucha.s@somboon.co.th](mailto:pasucha.s@somboon.co.th)



# Expansion Procedure of the SBG Collective Action Coalition against the Corruption

1. The Company stipulated the plan of network expansion of anti-corruption to the business alliance by selecting every suppliers and the suppliers shall declare their intention against corruption with SBG against the Anti-Corruption.
2. To train the supplier to understand the declaration of intent against corruption totally 36 companies and 7 suppliers aim to support with the knowledge of Anti-Corruption in order to prepare for Certified by CAC in the preventive corruption measures



Supplier announced its participation in the Anti-Corruption coalition (Collective Anti-Corruption: CAC)



In 2018, the company visited the 8 partners who had joined the announcement. And join the anti-corruption with SBG to exchange ideas. Suggestions and Progression on the SBG Corruption Prevention Program



2010



2013



2011



2014



2012



2015



## 2010

- SAT Received the transparency award from the Office of Anti-Corruption Commission
- Participated in announcing its intention to prevent corruption

## 2011

Provided trainings to the Board of Directors and top executives

## 2012

- Revised the good corporate governance manual to be in line with the preventive corruption operation
- Provided trainings to directors and middle-level executives

## 2013

- Certified by CAC in the preventive corruption measures
- Announced its participation in the Anti-Corruption coalition to partners
- Anti-corruption representative in Asia Pacific region PR. SBG 180 countries around the world

## 2014

- The company has expanded the Anti-Corruption with the suppliers
- 11 companies declared their intention against corruption
- 9 companies passed the 71 Self-Assessment

## 2015

- The company has expanded the Anti-Corruption with the suppliers
- 67 companies declared their intention against corruption
- 41 companies passed the 71 Self-Assessment



2016



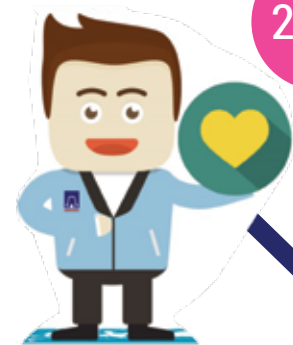
2017



2018



2019



2019-2021

- To support suppliers to certified by CAC in the preventive corruption measures

## 2016

- SBG joints with CAC to support 88 suppliers to entering in the Declaration Intention Against Corruption
- SBG has provided training for 100 suppliers to register system in "One Accounting with One Transparency
- SBG visited the partners who joined the announcement of anti-corruption.

## 2017

- Certified by CAC in the preventive corruption measures in 2nd year
- The suppliers shall declare intention against corruption 100% (636 Company)
- SBG visited the partners who joined the announcement of anti-corruption

## 2018

- To support suppliers to certified by CAC in the preventive corruption measures
- To train the supplier to understand the declaration of intent against corruption totally 36 companies and 7 suppliers aim to support with the knowledge of Anti-Corruption in order to prepare for Certified by CAC in the preventive corruption measures
- To send the SBG staff to provide Anti-Corruption system in order to get Certified by CAC in the preventive corruption measures
- SBG visited the partners who joined the announcement of anti-corruption



## Business Operations with fairness

The Board of Directors has conducted with policy to treat suppliers equally and fairly with honesty. To respect the right of intellectual property, promotion of political right and to comply with the commitment to stakeholders of the Company as follows.

### 1. Fair Competition

To strictly comply with the conditions agreed with the seller or the creditor, according to the fair agreements in line with the commitment of business operation.

#### Operating guideline

- (1) To specify the terms and conditions in the purchase and sale agreement and strictly comply with the conditions, in the case, the Company shall not comply such terms and conditions, the Company must promptly notify the customer to mutually solve problems.
- (2) To give correct information and recommendation, sufficient and up-to-date to the customers to know about the goods and service.
- (3) To deliver quality products consistent with the agreement of customers in a fair price. The Company shall not conduct business to have excessive profit.

#### Operation in 2018

The Company has visited supplier every month and participate in the discussion about product and service development that will meet to customers' need; the Company also gives advices on how to use its products for ultimate effectiveness.

### 2. To promote the social responsibility in supplier:

- (1) To promote the work of social responsibility of the seller and give an opportunity for the seller to participate in CSR activities of the Company continuously both directly and indirectly. The direct way is through labor volunteer or the indirect way is to support with property or thing according to the ability and intent of the seller.

- (2) To inspect the connection and relationship between employees in every level with sellers, subcontractor, contractor of the company continuously in order to prevent unfairness and inequality in the business operation between sellers, sub-employees, each subcontractor of the company.
- (3) To notify and request cooperation and inspect the fairness in the employment and the work operation according to the labor law of the Seller, subcontractor, contractor who is the supplier of the Company whether they have fairness and comply with the law continuously or not.

#### Operating guideline

- (1) To specify measures on society and environment in the policy and operating practice in purchasing and procurement
- (2) To promote the supplier to accept and apply in the similar policy that does not cause unfair competition.
- (3) To promote the implementation of the social responsibility of the supplier and give an opportunity for the supplier to participate in CSR activities of the Company.

#### Operation in 2018

- (1) The Company requires that the executives and employees must report on the conflict of interest and the relevant persons.
- (2) The Company organized activities to strengthen relationship of the Company with the supplier such as charity bowling activity, etc.
- (3) The Company communicates to the supplier to acknowledge the channel of whistle blow/suggestion to improve the management.

### 3. Respect in the Property Right:

To promote and strictly comply with the right of property, intellectual property, copyright, and patent, moral.

#### Operating guideline

- (1) To specify the Code of Conduct and Work Rules in section of supplier treatment.
- (2) To promote executives, employees to use resource and property of the Company efficiently in order to increase the competition ability and to provide a good service to customers, to use products and service with legal intellectual property. The Company does not support products or action that has infringement of intellectual property.

#### Operation in 2018

The Company is determined to protect the intellectual properties of the Company from violated and illegally used without permission. The Company also respects intellectual properties of others specified in Codes of Conduct and Work Rules.

### 4. To be related in politics with responsibility:

The Company has operated the business with no political bias and the Company will not participate and get involved in any political party or any people with political power and not use the fund or resource of the company to support directly or indirectly to any political party or politicians. Executives and personnel are not allowed to use the power to manipulate, threaten and force.

#### Operating guideline

- (1) To have campaign and promote employee to have knowledge through communication channel such as weekly news, radio broadcast, etc.
- (2) To give and opportunity for employee to use political right independently without persuasion and domination.

#### Operation in 2018

The Company promotes knowledge of political rights and gives an opportunity for employees to independently use the political right without threatening, inducing and participating in any way.

### Respect for Human Rights

The Board of Directors has concentrated on the main policy to operate business to be sustainability in respect of the human rights and the dignity of human of all employee which is the foundation of the operation with quality and value.

The Company realizes that employees are an important factor to produce the quality products. Therefore, the Company has emphasized on fair treatment in the opportunities, remuneration, appointments and transfers as well as development in capacity and morals to employees. So, they will be competent and good citizen. For example, the Company provides the fair employment, appropriate wage comparing with the capacities, safety environment, property and good sanitation and to improve their capacities and always be informed of the Company's news and updates.

#### Operating guideline

- (1) The Company has the measurement protection to employee who give information to the government in case there is an illegal action or to violate the Security and Exchange Act to protect for unfair treat whether to change the work position, work characteristics, work place, work suspension, threat, disturb the work operation, employment termination (section 89/2) caused by notifying such clue on illegal action or ethical offense.
- (2) To specify the policy for the Companies in Somboon Group not to conduct business with other companies that does not concern the human right especially the violation of basic rights on race, women, children, and disable people.
- (3) To specify to arrange the risk assessment which violate the law on human rights at least twice a year.

- (4) To specify to evaluate from Internal Audit Department as main process in the evaluation every year and report to the Board of Directors.
- (5) To give an opportunity for all employee and stakeholders to give comments through Email to the independent directors or the Company Secretary.
- (6) There is communication channel for employees or stakeholders to acknowledge the progress of their notification.
- (7) To create the provident fund for employee as of 1 January, 2004.

The Company has strictly complied with the laws, rules and regulations. The Company provides fair and equal opportunities for employees to file complaints or freely express their opinions that may lead to be sustainable development and management.

## Fair Treatment to Labor

The Board of Directors has concentrated on the fair treatment to employees as well as to respect individual and human dignity according to international human right standard and a good ethic to lead to the peace in society and sustainability.

### 1. To respect the right of work according to human rights

without the employment discrimination, force to work, to use child labor but to respect the right and freedom of employee.

#### Operating guideline

- (1) To specify the policy not to discriminate and to fairly give the opportunity not limited to race, color, gender, religion, nationality, background, political opinion, age or disability as a factor in the consideration and decision of the employment.
- (2) To monitor on the employee development in order to train and increase potential by giving the opportunity for all employee to learn regularly.

- (3) To arrange the channel for employee to complaint for unfair treatment or to notify any illegal action and to set correction measurement and protection measure which is systematic and fair for notifying employee.

### 2. To give the social protection and work condition of employee

by specifying fair work condition, remuneration and other welfares that is appropriate according to the law by avoiding unfair action that would affect stability of employee's position or to threaten and create the pressure to the employee's mental.

#### Operating Guideline

- (1) To promote employee with good quality of life both work position and family
- (2) To set fair employment conditions and suitable remuneration according to the potential in a form of salary, bonus, welfare, provident fund and other remunerations.
- (3) To appoint, relocate, give award and punish the employee with honesty based on the foundation of knowledge and ability and suitability of employees
- (4) To specify policy to strictly comply with the law, rules and regulation related to the employee.
- (5) To give the opportunity for employee to participate as the Welfare Committee in order to give the information on the work operation and status of the Company regularly acknowledged by the employee.
- (6) To specify the protection measurement for the employee to employee who give information to the government in case there is an illegal action or to violate the Security and Exchange Act by notifying such illegal action.

### 3. To provide health protection and safety at work

to take care of environment and arrange working system for employees in order to have safety in life and property including good health.

#### Operating Guideline

- (1) To develop the safety and occupational health policies at the workplace.
- (2) To analyze and seek for a measure to control safety risk, health risk as well as to provide the pollution protection system which would occur during working and a clean workplace
- (3) To educate employees about the regulation on the safety practices at work in order to ensure that employees understand and comply with such regulation correctly.
- (4) To provide safety equipment and personal safety protection needed for employees.
- (5) To evaluate the risk of safety and occupational health at work.
- (6) To allow employees to participate in safety management systems, occupational health and environment as well as to respect the rights of employees.

The operation in 2018 and operation plan of 2019 (as detail specified in the Sustainability Report).

## Responsibility to Consumers

The Board of Directors has consistently complied with the principle and the policy to meet the customer satisfaction who buy the products and receive direct service from the Company including the consumers to ensure not only receiving the goods and service with fair price and the best quality but also the company has been aware of safety that would affect society and environment and any action that would violate or impact the consumers' right.

#### Operation Guideline

- (1) To respect the right of basic consumer's need
- (2) To protect the consumers' safety
- (3) Do not limit the information to the consumers
- (4) To respect the consumer right to choose
- (5) To respect the consumer right in expressing opinions
- (6) To respect the right to be compensated for the consumer
- (7) To protect the consumer rights to study information
- (8) To give the right under healthy environment

The operation in 2018 and operation plan of 2019 (as detail specified in the Sustainability Report).

## Community and Society Development

The Company has encouraged the community and society to live happily together by emphasizing on providing educational and professional opportunities to youth and underprivileged people, especially occupational education that will make them able to depend on themselves. Moreover, the Company aims to work with community and support activities for communities both in the neighborhood and in remote area according to the Company's policy and the government direction in community development to sustainably improve quality of life and economy for community.

#### Operation Guideline

- (1) To create a participation of community.
- (2) To study art, cultural, and morality
- (3) To create an occupation and skill development
- (4) To enhance good health
- (5) To invest in society

The operation in 2018 and operation plan of 2019 (as detail specified in the Sustainability Report).

## Resource Management and Energy

The overall of operation for the resource management in the past year, the Company has achieved target under the law and the environmental management system ISO 14001: 2015 continuously certified. The Company encourages all levels of employees to participate in the environment activities through 5 Sor activities and Big Cleaning Day in order to create the customer satisfaction and visitor. With regards to production process, the Company focuses to control maximum resource consumption as well as the control and treatment measures and environmental quality assessment inside the plant and in the community area to ensure that the Company's operation is environmentally friendly and consistently improved according to the following operation guidelines.

### Operation Guideline

- (1) To develop and seek information to manage and prevent pollutions
- (2) To be awareness for the sustainable use of resources
- (3) To promote the work to alleviate and improve the global warming crisis
- (4) To teach knowledge and information about environment to employees to understand and implant as the corporate culture that will lead to the sustainability.

The operation in 2018 and operation plan of 2019 (as detail specified in the Sustainability Report).

## Research and Development of the Operation of Corporate Social Responsibility

The Board of Directors' vision in 2018 is "Strive for sustainable growth in automotive industry through advanced technology and partnership." The vision will lead to create value added for the organization in the long term. Also it will lead to development of new knowledge that can change idea in production process, working process to be progressive and

to control maximum resource consumption under appropriate cost so that the Company can increase its competitive ability.

The operation in 2018 and operation plan of 2019 (as detail specified in the Sustainability Report).

## To provide the Sustainability Report

The Board of Director has been determined to develop the organization to be sustainability, therefore, the Company has provided the Sustainability Report according to the frame Global Reporting Initiative (GRI) to public and stakeholders separating from the Annual Report since 2013 as assigned the Nomination and Remuneration Committee to have duty, scope, and responsibility. (Authorization Scope of the Nomination and Remuneration Committee)





# Industrial Conditions and Competition

The estimate of the car assembly amount in the year 2018, the Industry Council has specified the car assembly target of around 2.1 million cars by increasing from previous year target. This is divided into manufacturing for foreign market 1.1 million cars and the rest of 1 million cars will be manufactured for selling domestically and increased export in every market except the middle east market and Europe.

In the year 2018, the car manufacturing amount was at 2,167,694 cars which followed the estimate which was increased from the year 2017 for 9% which is divided into domestic selling of 1,041,739 cars which increased from the last year for 20% and export of 1,140,640 cars which was increased from the past year for 0.1%. The cause to be more than the target was from increase of domestic market especially the pick-up truck group which was slow in the past 1-2 years and small size vehicles with higher competition. There was a new market group added which was Compact SUV which focused on consumer market who wants to use compact SUV in the city more.

## Vehicle Production in Thailand

Year	Passenger Car (unit)	Pickup truck (unit)	Commercial vehicle (unit)	Total Commercial Vehicle (Unit)	Total (unit)	Growth (%)
2012	957,622	1,451,843	44,252	1,496,095	2,453,717	68.32
2013	1,069,786	1,331,693	52,439	1,384,132	2,453,918	0.01
2014	742,678	1,114,778	22,551	1,137,329	1,880,007	-23.39
2015	760,688	1,115,818	36,496	1,152,314	1,913,002	1.76
2016	805,033	1,102,816	36,568	1,139,384	1,944,417	1.64
2017	818,440	1,130,058	40,325	1,170,383	1,988,823	2.28
2018	877,015	1,250,483	40,196	1,290,679	2,167,694	8.99

Source : Thai Automotive Industry Association (TAIA)

The overall picture of the world economic in the year 2018, the main business partner countries are still slow down in recovering such as European group and the important economic condition in the year 2018 which is the trade war between USA and China. Increase of interest of FED and control of debt and loan inside China which was from trade barrier. This affected counterpart countries but inside Thailand, the family sector income increased and the first car buyer had buying power back from being released from the control so the domestic market helped the car production in the year 2018.

## The cost to research and development of technology on the approach of NSTDA.

In the year 2018, the company and its subsidiary have the cost for the research and development of technology, total of 78.30 million baht include:

1. **Applied Research** : Research to find new knowledge with the objective to bring the study to take advantage in the action or find new ways to achieve objectives.
2. **The development of a trial** : The study in the system by applying the knowledge that is already to create the Raw Materials Product Tool Manufacturing Process System and the new service or improve the product or the production process, the better. However, the development or the experimental does not include the changes according to the normal or the duration of the product production system for processing of the service or other activities that are performance even if this change will make progress.

# Risk Factor

Nowadays, business operation is faced with many internal and external situations that may affect the organization's goals. Somboon Group has conducted and developed the risk management system according to the international standard practice COSO - Enterprise Risk Management - Integrated Framework -2004 for the entire organization in order to prevent and reduce events, risks or uncertainties that may occur in the future. This risk management system has a clear direction which is complied with business strategies and goals including it is operated under the framework of good corporate governance. In 2018, the company has classified risk management as important issues as follows.

## 1. Strategic Risks

At present, many countries around the world are more aware of energy and environmental problems. Making changes in the production of auto parts tend to focus on lightweight products and new materials. In addition, the automobile industry in many regions has started to produce more electric vehicles. For Thailand, the government has approved a plan to support investment in the electric vehicle assembly industry and related parts manufacturing industries to comply with the trend of the automobile industry in the future of the country. These changes are risks that may affect our competitiveness and achievement of the goals. So the company has a policy to promote and support the research development on lightweight materials include kick off the learning of technology related to electric vehicles through practical working. This project is to prepare and ready to start the new technologies which may affect the production of products and services and will be focused on eco-friendly innovations, safety and energy saving. In addition, the company also emphasis on human resources development to respond to the automation system which be used in the production process such as automation and semi-automatic machinery. We have conducted the training course in factory, seminars, field trips and trial in the working area. These methods are to support the SBG 4.0 policy, cost reduction project, efficiency improving project in order to reduce the risk of competition in price of products and services, quality and comply with customer satisfaction.

## 2. Operation Risks

The Company is committed to build quality assurance throughout processes to get excellence products and services which will create maximum customer satisfaction. We monitor many the risks such as product damage, the insufficient production capacity in the future, problem from suppliers who may not be able to supply raw material to produce and deliver products to customers on time. Our treatment plans are arrangement contingency plan, quality improvement plan by front line control, implementation Toyota Production System or TPS in process, checking error measurement by Pokayoke and Quality Gate, the analysis of customer need and expectation, Preparation of preventive maintenance plan and forecasting plan as well as spare parts that are important to be ready. In addition, We have already certified the new version of quality management system or IATF16949:2016 to build confident on quality throughout processes which set internal quality audit system strictly for quality of raw material, process and delivery to customer include implement zero claim campaign. There are many activities to encourage and motivate all employees such as conduct quality awareness campaign, appointment a Quality Management Representative to control and supervise the quality system to ensure that all processes, activities, and procedures are strictly enforced.

### 3. Financial Risk

In 2018, The company has expanded its business growth both domestically and overseas but the company's main raw materials are imported from abroad resulting in the company to face financial risk associated with the volatility of exchange rates. The company has taken into account the higher cost of raw materials and the impact of price competition by adjusting prices according to changes in raw material prices and exchange rates within a particular period. In order to manage the risks arising from the importation of machinery and equipment from abroad, hedging policy is in place in order to reduce the impact of imported goods. In addition, the company has continuously cost control measure for SG & A by follow up and monitor which that control its costs in planned budget.

### 4. Compliance Risks

The Company has operated the business for more than 55 years and there are more customers both domestic and overseas. We have taken precaution to ensure compliance with laws and regulations of customer in each country such as transportation law, raw material free of prohibited substance including customer complaint about product quality. The company has continuously emphasized on business compliance including creating confidence in the quality of products and administration throughout the process. Therefore, there is a monitoring of important risks such as complaints from the delivery of products or products that are not of quality, including damaged products during transportation to customers

So treatment plan has provided a team of legal experts to study the limitations of various laws, evaluate the likelihood of events occurring, monitoring and analyzing the obstacles to the expansion of the organization both domestic and international customers and provide public and product liability insurance in 2018.

For occupational health and safety issue, The company has policies, regulations and safety rules

for all employees and visitors to know clearly. There are indicators, targets including appointment safety committees and safety officers to supervise and monitor the performance. The company is committed "best company on occupational health and safety award" to achieve zero accident by 3E strategy(engineering, education and enforcement). There had done these safety activities such as near miss accident report, view point , completely check completely find out , safety shop floor management, promotion safety culture, machine safety, safety week, 5S&suggestion and kaizen etc. In addition, The company has certified in accordance with the ISO14001:2015 or environmental management standard, with internal and external auditors annually audited and management review by executive. There are a committee and environmental staff at the factory to act. Supervise and monitor the performance of environmental quality monitoring. Both within the factory and the community. Environmental framework reduce energy consumption and waste including support environmentally-friendly and energy-saving technologies are used inside the factory.



# Major Changes and Developments in Past 3 Years

## Year of 2018

April 2018

Disclosure the information of amendment of the Articles of Association and directors changing

August 2018

1. Rewards from the Department of Labour Protection and Welfare

- > SAT2 received the Thailand Labour Management Excellence Awards on employee relations and benefits, small size establishment without labour union, for the first year.
- > SAT1, SBM1-2 received the Thailand Labour Management Excellence Awards on employee relations and benefits, medium size establishment without labour union, for 13 consecutive years.
- > SBM3 received the Thailand Labour Management Excellence Awards on employee relations and benefits, medium size establishment without labour union, for 10 consecutive years.
- > ICP1 received the Thailand Labour Management Excellence Awards on employee relations and benefits, small size establishment without labour union, for 9 consecutive years.
- > ICP2 received the Thailand Labour Management Excellence Awards on employee relations and benefits, small size establishment without labour union, for 7 consecutive years.
- > SAT, SBM2, ICP1 has been awarded the National Outstanding Prototype Enterprise for Safety, Occupational Health and Working Environment.

2. SAT, SBM3 received the CSR-DIW Continuous Award 2018 from Department of Industrial Works, Ministry of Industry.

October 2018

SAT received SD Awards 2018 from the Stock Exchange of Thailand (SET)

- > Sustainability Awards of Honor
- > Thailand Sustainability Investment (THSI)



November 2018

SAT received SD Awards 2018 from the Stock Exchange of Thailand (SET)

- > Best Investor Relations Awards



December 2018

SAT received the Outstanding Disabled Support Organization from the Ministry of Social Development and Human Security.



Awards from Customers and external organizations for 2018



- Winner Group B : MCC QCC: MITSUBISHI (SAT1)
- Silver Award Group B : THCC QCC: HINO (SAT2)
- Winner TCC HRD: TOYOTA (SBM3)
- Silver Award Kubota Kaizen: KUBOTA (SBM3)
- Silver Award QCC Activity: HONDA (SBM3)
- Winner Group E : THCC QCC : HINO (SFT)
- Silver Award Gemba Kaizen : Technology Promotion Association (Thailand-Japan) (SBM1, SBM3)

# Year of 2017

## July 2017

SAT has resolved that the Company the signing in the joint venture agreement and establishment of the joint venture company by the company and MUBEA ENGINEERING AG, the affiliated company in MUBEA Group, to cooperate in the automotive parts and accessories manufacturing and sale.

## August 2017

1. Publicized the changing of President due to retirement.
2. SAT, BSK and SBM received the CSR-DIW Continuous Award 2017 from Department of Industrial Works.
3. BSK has been awarded the National Outstanding Prototype Enterprise for Safety, Occupational Health and Working Environment from the Department of Labor Protection and Welfare.

## September 2017

1. Rewards From the Department of Labor Protection and Welfare
  - > SAT, BSK and SBM received the honorable award of being outstanding organizations in employee relations and benefits for 12 consecutive years.
  - > SBM 3 received the honorable award of being outstanding organizations in employee relations and benefits for 9 consecutive years.
  - > ICP received the award of being outstanding organizations in employee relations and benefits.
2. SAT Receive a certificate of carbon footprint of organization from the Greenhouse Gas Management Organization (Public Organization)

## November 2017

1. SAT received SET Awards 2017 from the Stock Exchange of Thailand (SET) in collaboration with Money & Banking Magazine as follows:-
  - > Sustainability Awards of Honor
  - > Thailand Sustainability Investment
  - > Best Investor Relations Awards
2. SAT received Gold Level Thailand HR Innovation Award 2017, the highest award from the National Institute for Productivity In collaboration with the Association of Personnel Management of Thailand (PMAT) and the National Institute of Development Administration (NIDA)

## December 2017

SAT received the Outstanding Disabled Support Organization From the Ministry of Social Development and Human Security.

## Awards from Customers for 2017



- Quality Award and Deliverables: Kubota (SAT)
- Quality Award and Delivery: IZUZU (SAT)
- SKC Delivery Skill Contest 2017 : Kubota (SAT)
- RUNNER UP SKC Delivery Kaizen Award 2017 : Kubota (SAT)
- Gold Award QCD 2017 : Kubota (SBM)
- TCC HRD Activity 2017 : Toyota (SBM)
- The Winner TPS Awards 2017 : Toyota (BSK)



# Year of 2016

## February 2017

1. SAT received HRH Princess Maha Chakri Sirindhorn Thailand Corporate Excellence Awards 2016 from Sasin Graduate Institute of Business Administration and Thailand Management Association.
2. SAT received SET Awards 2016 from the Stock Exchange of Thailand (SET) in collaboration with Money & Banking Magazine as follows:
  - > SET Sustainability Awards 2016
  - > Thailand Sustainability Investment
  - > Outstanding Investor Relations Awards

## March 2016

SAT Persuade 88 suppliers to submit a sign declaration to coalition against Corruption with Private Sector Collective Action Coalition Against Corruption Council (CAC)

## August 2016

1. Rewards From the Department of Labor Protection and Welfare
  - > SAT, BSK and SBM received the honorable award of being outstanding organizations in employee relations and benefits for 11 consecutive years.
  - > SBM3 received the honorable award of being outstanding organizations in employee relations and benefits for 8 consecutive years.
  - > ICP received the awards of being outstanding organizations in employee relations and benefits.
2. SAT has resolved that the Company increase its stake in Somboon Forging Technology Company Limited (SFT) to increase its registered capital from THB 250 million by THB 100 million to have the new registered capital of THB 350 million
3. SAT has joined the project of Collective Anti-Corruption: CAC by Certified In the year 2016, the company has been to renew the certificate the anti-corruption from CAC.

## October 2016

SAT has resolved that the Company SBG international Japan Co., Ltd. (SIJ) wholly-owned subsidiary of the Company in Japan has registered the dissolution of a company.

## July 2016

1. SAT received IAA Awards for Listed Companies 2015/2016 - Best IR : Industrials
2. SAT received the 3rd Investors' Choice Award 2016 as the Company's AGM was assessed and received 100 full score for the 4th consecutive year (from 2013 to 2016) from Thai Investor Association.
3. SAT, BSK and SBM received the CSR-DIW Continuous Award 2015 from Department of Industrial Works.

## Awards from Customers for 2016



- MCC - QCC Activity 2016 (SAT)
- THCC-QA Improvement 2016 (SAT)
- THCC QCC (HINO) (SBM)
- TCC HRD ACTIVITY 2016 (SBM)
- MCC QCC (Mitsubishi) (SBM)
- KAIZEN COMMUNITY (KUBOTA) (SBM)
- MCC - QCC Activity 2016 (BSK)
- TCC-TPS Activity 2016 (BSK)
- Bronze Award 2016 (ICP)

## Major Shareholders

The first top 10 major shareholders of the Company as of February 28, 2019 are as follows:

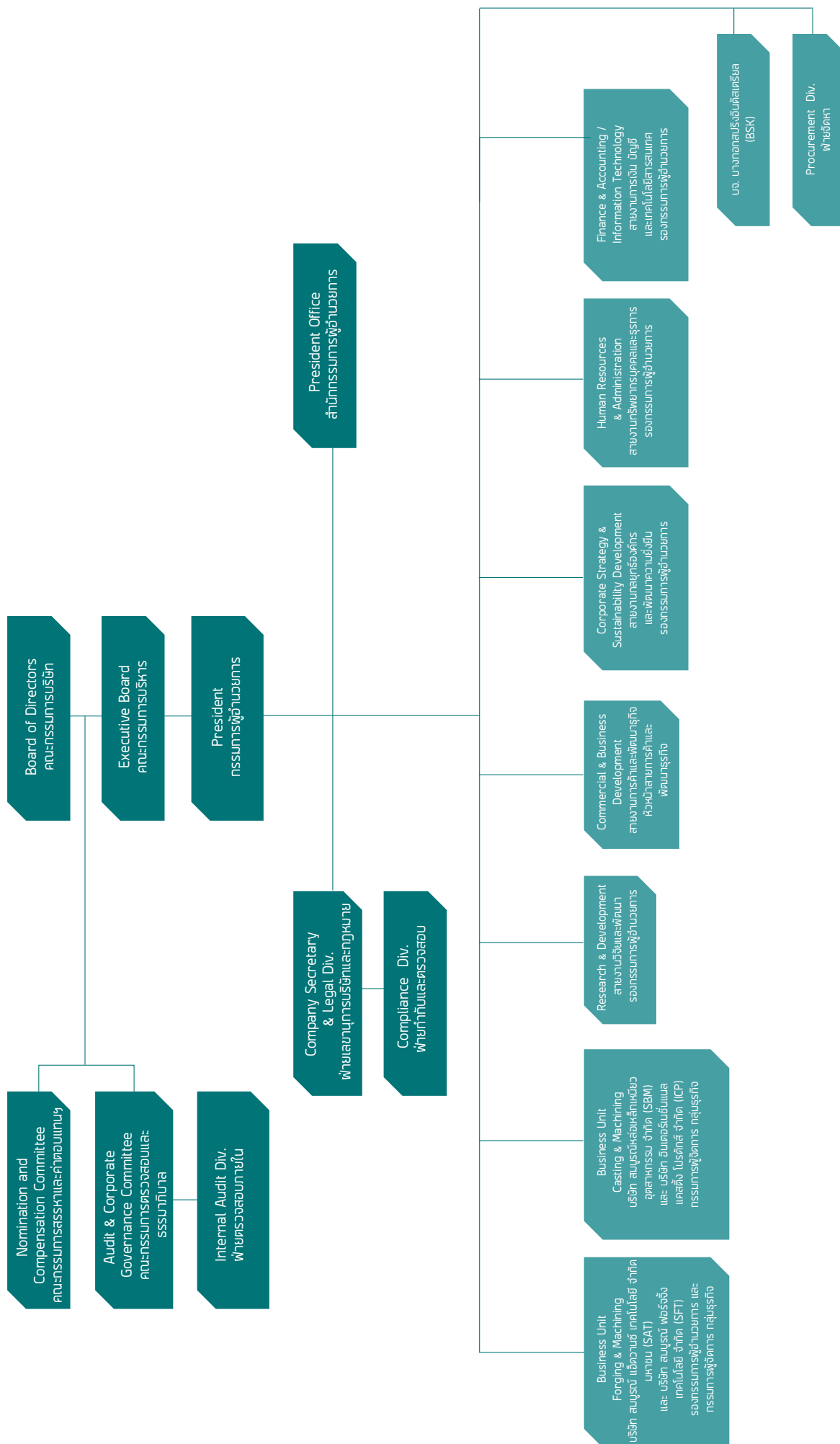
List of Shareholders	No. of Shares	Percentage
1. SOMBOON HOLDING COMPANY LIMITED	127,302,750	29.94
2. KITAPHANICH FAMILY	59,306,049	13.95
3. THAI NVDR CO., LTD.	75,570,283	17.77
4. NORTRUST NOMINEES LTD-CL AC	22,323,800	5.25
5. BBHISL NOMINEES LIMITED	10,372,000	2.44
6. AIA COMPANY LIMITED - EQ3-P	7,170,500	1.69
7. NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	4,655,100	1.09
8. Mutual Fund K Growth LTF (KGLTF)	4,035,200	0.95
9. SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	3,837,139	0.90
10. Mr. Atthapol Thanmanon	3,354,900	0.79

## Limitation of Foreign Shareholder

The foreign shareholders can hold the shares of the company not exceeding 49 percent of total issued and paid-up shares. As of February 28, 2019, the foreign shareholders held 16.14 percent of total shares.

## Organization Chart (Year 2019)

### SOMBOON ADVANCE TECHNOLOGY PUBLIC COMPANY LIMITED



# Management Structure

The Company's management structure consists of 4 groups of committee which are (1) the Board of Directors (2) Executive Board (3) Audit and Corporate Governance Committee and (4) Nomination and Remuneration Committee contains the name list and scope of power and duty as following:

## 1. Board of Directors consists of

Name	Position
1. Mr. Sansern Wongcha-um	Chairman / Independent Director
2. Mr. Yongyuth Kitaphanich	Vice Chairman / Director
3. Dr. Panja Senadisai	Independent Director
4. Mr. Ajarin Sarasas	Independent Director
5. Mr. Paitoon Taveebhol	Independent Director
6. Dr. Suthad Setboonsarng	Independent Director
7. Mr. Prayong Hirunyawanch	Director
8. Mr. Yongkiat Kitaphanich	Director
9. Ms Napatsorn Kitaphanich	Director

*Remark: Please find the photos of the Board of Directors on page .....*

*Dr. Suthad Setboonsarng was appointed to be a Board of Directors in place of Mr. Sobson Ketsuan effective on April 20, 2018.*

*Ms. Pasucha Sinchai is a secretary of Board of Directors.*

## Authorized Directors

Directors who have authorization to sign and bind the Company are Mr. Yongyuth Kitaphanich, Mr. Yongkiat Kitaphanich and Ms. Napatsorn Kitaphanich. Any two of such three directors jointly sign with the company's seal be affixed.

## Scope of Authorization and Duties of the Board of Directors

The Board of Directors is responsible for shareholders in relation with the Company's business operation and supervision of the management to be in accordance with the policy, guidelines and objectives with the maximum benefit to the shareholders and within the frame of good ethics and morality and to take the interest of all interested parties into account.

The Board of Directors has the duties to act in compliance with laws, objectives and articles of Association of the Company and the meeting of shareholders' resolutions with honesty and care for the shareholders' interests, at the present and in the long term, including the acting in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In performing their duties, the Board of Directors shall appoint the president to be responsible for the Company's business operation.

In supervising all the Company's business, the Board of Directors has determined the following matters to be the authority and responsibility of the Board of Directors who shall consider for the approval;

1. Policy, business conducts strategy guidelines, targets, plans and annual budget of the company and subsidiaries.
2. The Company's monthly and quarterly business performances comparing to the plan and budget and the consideration of the further trends of the year.
3. The investment in the annual non-budgetary project.
4. Spending on the investment capital at 5% in excess of the investment budget in the approved project and 10% in excess of the other investment budgets that are not the project investment budget.

5. The purchase and sale of assets, the purchase of business and the participation in the co-investment project that is not contradicted to the Stock Exchange of Thailand's criteria and not exceeding in values authorized to the President.
6. The transaction or any actions that shall result in the major impact against the Company's financial status, debt burden, business operation strategy and reputation.
7. Any contract execution that is not related to the normal business operation and the contract related to the major regular business operation.
8. Inter-related transaction between the Company, subsidiaries, associated companies and the related persons in part of the transactions that are not meet with the requirements of the Stock Exchange and the Securities and Exchange Commission.
9. Any transactions effecting the Company's capital structure at the debt ratio against the capital that is exceeding 1.5:1.
10. Payment of the interim dividends.
11. The charge of policy and practical methods with the significance related to the accounting, risk management and internal audit.
12. Employment of the President and senior executives.
13. Determination and change of the approval authority conferred to the President and senior executives.
14. Approval of the amount of salaries and bonuses or bonus formula adjustment or the formula of the annual remuneration adjustment of the executives and employees.
15. The appointment proposal and the termination of the Company's Directors and secretary status.
16. Authorization of power and duties to any of the Company's President or Director, including the revision of the said power and duties authorization, however, this must not be in contradiction with the criteria and requirements of the Stock Exchange and Securities and Exchange Commission.
17. The appointment and the determination of authority of the Sub-committee.
18. Arrangement and supervision for having the management available in accordance with the good corporate governance principle.

19. The appointment of Directors in the subsidiaries.
20. Approval to change and modify the organizational structure in Vice President Level
21. Any other actions to be in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholders.

## 2. Executive Board

a Chairman is an independent director, consists of

Name		Position
1. Mr. Ajarin	Sarasas	Chairman
2. Mr. Yongkiat	Kitaphanich	Vice Chairman
3. Mr. Prayong	Hirunyawanch	Director
4. Ms Napatsorn	Kitaphanich	Director

The Executive Director holds a term for 3 years.

*Remark : Mr. Ajarin Sarasas was appointed to be a Chairman of Executive Board effective on May 1, 2018.*

*Ms. Pasucha Sinchai is a secretary of Executive Board.*

## Scope of Authorization and Duties of the Executive Board

### 1. Audit

- Policy, direction, business strategies and management structure, as well as business operational criteria of the Company are screened in alignment with the economic conditions and competitions
- Business plan and annual budget
- Every Investment project
- Annual Manpower Plan
- The recruitment / selection of a new executive in the Vice President level according to the rules of Nomination and Remuneration Committee designated by the applicant to consider the selection of at least two but not more than three people, excluding the President. For the return value considering to the salary structure except (1) the promotion (2) the remuneration which is not in accordance with the rules should be proposed to Nomination and Remuneration Committee for consideration.

## 2. Approve or not approve

- Investment project in the capital not exceeded 100 million baht which should be involved the main business of the company and IRR not less than 15% excepted investment for maintenance, improve efficiency or machinery compensation.
- Open and Close the account of the Company in other Financial Institute
- Written-off assets
- Sell non-operation assets not more than of 10 million baht
- Improvement, change and modify the organizational structure in Department Level and report to the Board of Directors (the lower level would be approved by President)
- The contract related to management providing advice or technical assistance related to the core business of the company not exceeding 10 million baht and a term of contract is more than one year.
- Loan or financial assistance to subsidiaries for ordinary business exceeding 30 million baht per time or accumulate amount of each subsidiaries exceeding 100 million baht.

## 3. Follow and supervisory the operations

- Strategy, plan and project including in annual business plan which have to approved by the Board of Directors
- Financial performance of the Company

## 4. Report to Board of Directors

- Monthly of financial performance of the Company
- The lists of Executive Board approved or not approved

## 5. Perform any acts designated by the Board of Directors

## 3. Audit and Corporate Governance Committee

consists of all independent directors and one of them has the knowledge and experience in accounting and finance.

Name		Position
1. Dr. Panja	Senadisai	Chairman
2. Mr. Paitoon	Taveebhol	Director
3. Dr. Suthad	Setboonsarng	Director

Mr. Paitoon Taveebhol has a knowledge and experience in accounting and finance to review the creditability of the financial statements of the Company.

The Audit and Corporate Governance Committee holds a term for 3 years.

*Remark: Dr. Suthad Setboonsarng was appointed to be an Audit and Corporate Governance Committee effective on May 1, 2018. Mrs. Onanong Yaiyatham is a secretary of secretary of the Audit and Corporate Governance Committee.*

## Scope of Authorization and Duties of the Audit and Corporate Governance Committee

1. Review financial reports against the accounting standard and ensure adequate disclosure.
2. Review the internal control and internal audits to ensure suitability and effectiveness; consider independency of the Internal Audit Unit.
3. Review the Company's performance against the law on securities and stock exchange, Stock Exchange's requirements, or applicable laws.
4. Review related-party transactions or any actions with potential conflicts of interests against applicable rules and ordinances.
5. Review the suitability and adequacy of risk management of the Company.
6. Consider, select, nominate, appoint and propose Company auditor emolument; determine auditor independency; hold a meeting with auditors at least once a year without management participation.



7. Concur with appointment, transfer and laurels of the Chief of Internal Control Unit; consider concurring with plans, budgets and manpower of the Unit.
8. Furnish a corporate governance report of the Audit and Corporate Governance Committee inside the Company's annual report, signed by the Chairman of Audit and Corporate Governance Committee and containing at least the following key attributes:
  - (1) Accuracy and reliability of the financial report.
  - (2) Adequacy of the internal control.
  - (3) Compliance with the law on securities, SET requirements or applicable laws.
  - (4) Auditors' fitness.
  - (5) Transactions with potential conflicts of interests.
  - (6) Audit Committee meetings and attendance of individual members.
  - (7) Opinions or notices arising out of performing duties.
  - (8) Any other matters the shareholders and general investors should know.
9. In performing its duties, the Audit and Corporate Governance Committee is empowered to invite the management or pertaining staff of the Company to give opinions, join a meeting, or submit documents deemed relevant or necessary.
10. Have power to hire a consultant or third parties to provide opinions or consultancy in case of necessity, the expenses borne by the Company.
11. Consider and review the scope of powers and duties and responsibilities and evaluate the Audit Committee's performance regularly on a yearly basis.
12. Perform any acts designated by the Board of Director and already approved by the Audit and Corporate Governance Committee.
13. Report the Audit Committee's performance to the Board of Directors every quarter.
14. Conduct an audit and report the preliminary audit to the SEC Office and auditors. In case the Audit Committee is informed by the auditors of any reasonably suspicious events, action must be taken within 30 days from its receipt of such notification.
15. Acknowledge a copy of report of Company's directors and executives regarding their or other related persons' conflicts of interests in relation to the business management of the Company or its subsidiaries, subject to the criteria, conditions and methods stipulated under the Capital Market Commission's notifications.
16. Review the corporate governance policy and code of conduct; monitor compliance with the policy regularly at least once a year.
17. Consider appointing working team to undertake supporting corporate governance and business ethics as appropriate.
18. Review the self- evaluation form in relation to Anti-Corruption of the Company according to the Private Sector Collective Action Coalition against Corruption Project.

## 4. Nomination and Remuneration Committee

consists of all independent directors.

Name		Position
1. Mr. Paitoon	Taveebhol	Chairman
2. Dr. Panja	Senadisai	Director
3. Mr. Ajarin	Sarasas	Director

The Nomination and Remuneration Committee holds a term for 3 years.

*Remark : Dr. Anotai Mohjhaw is a secretary of the Nomination and Remuneration Committee*

## Scope of Authorization and Duties of the Nomination and Remuneration Committee

1. To formulate policies for submission to the Board of Directors as follows.
  - 1.1 Policy, criteria and method for nomination of the directors and president.
  - 1.2 Policy, criteria and method for payment of remunerations and other benefits to the Board of Directors, subcommittees and president.
2. To select and nominate the persons with suitable qualifications to the Board of Directors as follows.
  - 2.1 Directors
  - 2.2 Subcommittee members of various sub-committee assigned with authority, duty and responsibility directly from the board of directors of the company.
  - 2.3 President and vice president. For the vice president position, the president is required to make an initial screen before submission is made to the Nomination and Remuneration Committee for approval and to the board of directors for consideration.
3. To supervise the board of directors of the company to ensure that its size and components are suitable to the organization, including adjustment in response to the changing environment
4. To supervise directors and president to ensure that their remuneration is suitable to their duties and responsibilities assigned.
5. To determine guideline, present and approve the performance evaluation on the directors and president for adjustment of remuneration and bonus payment annually.
6. To monitor the preparation of the succession plan for the president and vice president for submission to the board of director of the company for consideration at least twice a year.
7. To submit a performance report to the board of directors once a year.
8. To specify the social responsibility and sustainability policies.

9. To review and follow up the company's operation to be in line with the policy as concern of impact on all stakeholders twice a year.
10. To consider appointing the working team to work on the social responsibility and sustainability as appropriate.
11. To perform any acts designated by the board of directors.

## 5 Enterprise Risk Management Committee

consists of Executives of the Company

Name		Position
1. Ms. Napatsorn	Kitaphanich	Chairman
2. Dr. Cheerawit	Sureerattanun	Director
3. Dr. Anotai	Mohjhaw	Director
4. Mr. Patpong	Weerasin	Director
5. Mr. Mongkol	Sae-jew	Director
6. Mr. Nuttakajorn	Yanpirat	Director
7. Mr. Somsak	Sitthinuncharoen	Director
8. Mr. Vacharatorn	Kitaphanich	Director
9. Mr. Varasa	Saundee	Director

*Mr. Kasidit Charoenpant is a secretary of the Enterprise Risk Management Committee*

## Scope of Authorization and Duties of the Enterprise Risk Management Committee

1. Prepare enterprise risk management plan, including risk assessment and treatment plan and integrate them with corporate strategy and perform yearly review.
2. Prepare procedure, criterion and measurement of enterprise risk management, including identifying, analyzing, monitoring and communicating at enterprise level and related functions continuously.
3. Follow up risk treatment plan to control enterprise risks according to company's targets and report to the Audit and Corporate Governance Committee.

4. Appoint the functional risk management working team (FRM) of each business unit and monitor performance of the functional risk management working team quarterly.
5. Promote risk awareness to business units and support functions, including suggestion and support necessary resources for effective implementation with sufficient control.
6. Conduct a meeting to review the performance according to the risk management system in order to maintain the organization's ability to achieve its goals with measures to control risks at acceptable levels and in accordance with the business environment

## 6. Management consists of

Name		Position
1. Ms. Napatsorn	Kitaphanich	President
2. Mr. Patpong	Weerasin	Vice President - Operation SAT and Managing Director SFT
3. Dr. Cheerawit	Sureerattanun	Vice President - Sales & Marketing
4 Mr. Mongkol	Sae-jew	Managing Director SBM and ICP
5 Mr. Somsak	Sitthinuncharoen	Vice President - President Office Managing Director - MSA
6 Mr. Nuttakajorn	Yanpirat	Vice President - Finance & Accounting / Information Technology
7 Mr. Thanthach	Ritthinam	Vice President - Corporate Strategy & Business Development
8 Dr. Anotai	Mohjhaw	Vice President- Human Resources

Remark : On 1 January 2019,

- (1) Mr. Mongkol Sae-jew was appointed to be Vice President - Research & Development
- (2) Mr. Cheerawit Sureerattanun was appointed to be Managing Director SBM and ICP
- (3) Mr. Thanthach Ritthinam was appointed to be Vice President - President Office and Managing Director MSA

## Scope of Authorization and Duties of the President

1. To prepare the policy, business conduct strategy guidelines, target, work plan and annual budget of the company and subsidiaries submitted to the Board of Directors for the approval.
2. To undertake in accordance with the policy, business conduct strategy guidelines, target, work plan and annual budget of the company and subsidiaries as approved by the Board of Directors.
3. To report the monthly and quarterly business performance of the company and subsidiaries in comparison of the plan and budget to the Board of Directors together with the recommendations.
4. To approve the expenses and investment capital that are not in the annual budget for not exceeding one million baht on each occasion but the report has to be made to the Board of Directors for acknowledgement.
5. To approve the investment projects in an amount not exceed 20 million baht by the investment project has to associate with the main business of the Company. The rate of return on investment (IRR Project) not less than 15 percent and conforms to the pricing policy of Executive committee. In addition, the investment projects shall be reported to Executive committee except those projects do not along to the criteria that would be approved by Board of Director including the investment project for maintenance, increasing efficiency or replacement.
6. Approval to change and modify the organizational structure below Department Level and report to Executive Board.
7. Other matters assigned by the Board of Directors.

In this regard, the exercise of power of the President is not included (Must not be contradicted with the Security and Exchange Commission's Criteria) the power in approving the transaction causing the President or contradicted persons to have the interest or may have the conflict of interest

in otherwise manners with the company and subsidiaries including the transaction provided to have the approval of the meeting of the Board of Directors or shareholders such as the inter-related transactions or acquisition or disposal of the assets of the Company and subsidiaries.

## Self-Evaluation of Board of Directors

The Board of Directors evaluated themselves at least once a year in order to review the appropriateness of governance and/or execution. This information will be used to improve/develop the management to be at most effective. The evaluation will be conducted using form adapted from the self-evaluation form by the Stock Exchange of Thailand as appropriated and in line with the Company's director's characteristic. The evaluation result will be informed to the Company's directors and make the analysis for the management team.

## Evaluating President's Performance

The Board of Directors requires the President's resulting performance to be evaluated regularly on a yearly basis against the goals and evaluation criteria linked to the success of the strategic plan in order to determine appropriately his remuneration and incentive reward.

## Structure and Elements of the Board of Directors

The Board of Directors has arranged the number of the directors as appropriate with the business size. Currently, there are 9 directors, 1 of them are Executive Directors and the remaining 8 are not. (5 of them are Independent Directors)

### Independent Director is 55.56 % of the Board of Directors,

which consists of;

1. Mr. Sansern Wongcha-um
2. Dr. Panja Senadisai
3. Mr. Ajarin Sarasas
4. Mr. Paitoon Taveebhol
5. Dr. Suthad Setboonsarng

### The definition of "Independent Director" of the Company are as following;

1. A person holding no more than of paid-up capital of the Company, its subsidiaries or affiliates companies, this shall include shares held by relating persons.
2. A non-executive directors in the management of the Company, its subsidiaries, affiliates or major shareholders, a person who is not an authorized director, an employee or consultant regularly receiving monthly salary from the Company, its subsidiaries, affiliates or major shareholders.
3. A director with no direct or indirect benefit or interest in financial or in management aspects of the Company.
4. A director who is not the auditor of the Company, any subsidiary company, affiliates or juristic person that may have conflicts.
5. A director who is not any professional service provider who receives the service charge of more than 2 million baht per annum from the Company, any subsidiary company, associated company or juristic person that may have conflicts.
6. A director who is neither relisted or nor be a closed relative of the Company's executives or major shareholders.
7. A director not appointed as a representative to maintain the interests of the Company's directors or major shareholders
8. A person who is able to perform duties, express opinions or report results of performances based on his duties entrusted by the Board of Directors independently.

### Nominating of Directors and Executives

To conform under the corporate governance policy, the Board of Directors has set up the policy, criteria and methods of the recruitment of the Company's directors and high ranking executives, assigning the nomination and remuneration committee to recruit the qualified persons to be directors of the Company. The qualified persons shall be selected by the nomination and remuneration committee who set up the criteria and procedures for the recruitment, however, depending on the Company's situation during that time.

## Directors and Executives Development

The Board of directors has provided the training and knowledge relating to the directors and executives to have them continuously improved. For examples, to promote the meeting between directors and high executives for the exchange of each other's ideas and opinions, to encourage the preparation of the potential development plan of the president, vice president by assigning the nomination and remuneration committee to pursue the preparation of the plan to succeed the positions of president and vice president to guarantee that the Company has employed the executives with sufficient knowledge and competency to perform their duties as follows:

1. The Board of directors has determined to provide the executive potential development plan to perform succession plan consisting of president and all vice president.
2. The nomination and remuneration committee shall set up the knowledge, competency and experiences of each position in order to recruit the qualified executives as required who are able to inherit the words of each position.
3. President shall assess the performance and knowledge of executives with comparable qualifications to the required competency in order to prepare the individual development plan to reduce the competency gap.
4. Human resources executive is assigned to supervise and follow up the training and development of knowledge and competency of the successors of the vice president positions.
5. President shall arrange for the work flow, responsibility of executives with comparable qualifications and to assign the vice president to attend the meeting of the executive board for gaining experiences and be ready for the organizational management in the future.
6. The president shall report the operation and development performances according to the individual development plan of executives with comparable qualification to the nomination and remuneration committee twice a year.
7. Nomination and remuneration committee shall regularly review and conclude the result of the succession plan consisting of president and vice

president and report to the Board of Directors for acknowledgement on twice a year basis.

## Board of Directors' Meeting

The Board of Directors has scheduled for the meeting plan in advance and will organize at least 6 meetings a year as well as arrange the special meeting as necessary. At each meeting, both agenda for the acknowledgement and consideration are clearly stated. The document is well-prepared and delivered to the directors 7 working days prior to the meeting so that the director can study the information before the meeting. In the meeting, the chairman will allocate the time adequately so that all directors can freely discuss and share the opinion. Also, the Company

has a policy for Non-Executive Directors (NED) to organize their own meeting without the attendance of Operation Department. In 2018, the non-executive director's meeting was arranged 1 time, on December 20, 2018. The chairman will analyze the suggestion and conclusion from the meeting. Minutes of meeting is recorded by the secretary. After the approval from the meeting, the minutes will be stored in the shelf on the 2nd floor, 11th building at the head office for the directors and related person to examine. The details of attending meetings are as following:

Name	Position	Attendance (Times)				
		Board of Directors	Executive Board	Audit & CG Committee	Nomination & Remuneration Committee	NED
1. Mr. Sansern Wongcha-um	Independent director/ Chairman	11/11	-	-	-	1/1
2. Mr. Yongyuth Kitaphanich	Vice Chairman	10/11	-	-	-	1/1
3. Dr. Panja Senadisai	Independent director/ Chairman of the Audit & CG Committee/ Member of the Nomination & Remuneration Committee	10/11	-	5/5	3/3	1/1
4. Mr. Ajarin Sarasas	Independent director/ Chairman of Executive Board/ Member of the Nomination & Remuneration Committee	11/11	8/8	2/2	3/3	1/1
5. Mr. Paitoon Taveebhol	Independent director/ Member of the Audit & CG Committee/ Chairman of the Nomination & Remuneration Committee	11/11	-	5/5	3/3	1/1
6. Dr. Suthad Setboonsarng	Independent director/ Member of the Audit & CG Committee	7/7	-	3/3	-	1/1
7. Mr. Prayong Hirunyawanch	Executive Board	11/11	11/11	-	-	1/1
8. Mr. Yongkiat Kitaphanich	Vice Chairman of the Executive Board	10/11	11/11	-	-	1/1
9. Ms. Napatsorn Kitaphanich	Director	10/11	11/11	-	-	-
10. Mr. Sobson Ketsuwan	Independent director/ Chairman of the Executive Board	4/4	3/3	-	-	-

Remark: 1. Mr. Sobson Ketsuwan was a director until April 20, 2018.  
2. Dr. Suthad Setboonsarng is appointed to be an independent director in place of Mr. Sobson Ketsuwan effective on April 20, 2018

The Board of Directors has set policy on the minimum quorum of the Board of Directors that there are the directors attending the meeting at least two-thirds of all director while they are voting.



## Term of the Director:

The Board of Directors consists of person with knowledge and competency. The Company specified the number of the directors as appropriate with the business size. Currently, the Company has 9 directors, 1 of them are Executives and the remain 8 are Non-Executives (5 of them are Independent Directors) which is 55.56% of the total directors. Each of them has term for 3 years and the term of Independent Directors not exceeding 9 years, starting from 1 January 2015 onwards.

Name	Year of appointment	Year of the latest election (2018)	Type of Director	Nomination/ Appointment to be director in 2019	Next due for Appointment
1. Mr. Sansern Wongcha-um	2008	2017	Chairman/ Independent Director	No	2020
2. Mr. Yongyuth Kitaphanich	2004	2017	Director	Yes	2019
3. Dr. Panja Senadisai	2004	2018	Independent Director	No	2021
4. Mr. Ajarin Sarasas	2009	2017	Independent Director	No	2020
5. Mr. Paitoon Taveebhol	2008	2017	Independent Director	No	2020
6. Dr. Suthad Setboonsarng	2018	2018	Independent Director	No	2021
7. Mr. Prayong Hirunyawanch	2017	2017	Non-Executives	Yes	2019
8. Mr. Yongkiat Kitaphanich	2004	2018	Non-Executives	No	2021
9. Ms. Napatsorn Kitaphanich	2004	2016	Executive Director	Yes	2019

## The Company Secretary

The director's meeting No.4/2018 had the resolution to appoint Ms. Pasucha Sinchai, Assistance General Manager- Legal, to be Company Secretary, effectively on 1 May 2018, to perform the duties according to the law and Securities and Exchange Act, Section 89/15 and 89/16 as follows:

- (1) Center of document in document preparation and filing.
- (2) a register of directors
- (3) To arrange shareholder meeting, notice of calling a director meeting and minutes of meeting
- (4) To report on interest filed by a director or an executive
- (5) To arrange activities between directors and executives for good relationships
- (6) To coordinate in the performance to be in accordance with the resolution of the Board of Directors
- (7) Other businesses assigned by the Board of Directors

## Biography

### Ms. Pasucha Sinchai

- Indiana University, Bloomington IN,USA, LL.M.
- Bachelor of Laws, Thammasat University

### Qualification

Having knowledge in business law and other related work experiences in arrangement of Board of Director's meeting and preparing the minutes together with good personality.

### Training Program

- Company Secretary Program (CSP) 83/2017 (IOD)
- Company Reporting Program (CRP) 18/2017 (IOD)
- Basic Course Company Secretary 1/2015 (Thai LCA)

# The Board of Directors and Executives



## Board of Directors

### 1. Mr. Sansern Wongcha-um

- *Chairman of the Board*
- *Independent Director*

(from 2008–present)

Age (Year) 71

#### Education

- Honorary Doctor of Philosophy in Geosocial Based Sustainable Development, Maejo University
- Master of Business Administration (Business Economics), University of Bridgeport, Connecticut, USA
- M.B.A., University of Bridgeport, USA
- Bachelor of Economics (Money and Public Finance) Thammasat University
- Diploma, National Defence College, Class 37

#### Training Program

- Role of the Chairman
- Finance for Non-Finance Directors
- Director Accreditation Program

**% Share held** - None -

Holding a Position of Director 3 Companies

Holding a position of Director of non-listed Company - None

#### Work experience in the last 5 years

2008–Present Chairman/ Independent Director, Somboon Advance Technology Public Company Limited

Chairman/ Independent Director, Bualuang Securities Public Company Limited

Chairman of the Nomination and Remuneration Committee/ Independent Director, Deves Insurance Public Company Limited

2008– Feb 2017 Chairman of the Audit Committee/ Independent Director, The Erawan Group Public Company Limited

### 2. Mr. Yongyuth Kitaphanich

- *Vice Chairman*
- *Director*

(from 2004–present)

Age (Year) 67

#### Education

- Mini M.B.A., Thammasat University
- Bachelor of Commerce and Accountancy, Chulalongkorn University
- Diploma, National Defense Course for the Joint State-Private Sector (Class 9),
- Thailand National Defense College

#### Training Program

- Director Certification Program
- Role of the Chairman

**% Share held** 0.85%

Holding a Position of Director 1 Company

Holding a position of Director of non-listed Company 4 Companies

#### Work experience in the last 5 years

2004–Present Vice Chairman, Somboon Advance Technology Public Company Limited

2014–Present Director, International Casting Products Company Limited

2012–Present Director, Somboon Forging Technology Company Limited

1994–Present Director, Somboon Malleable Iron Industrial Company Limited

Director, Bangkok Spring Industrial Company Limited

2004–2017 Member of the Executive Board, Somboon Advance Technology Public Company Limited

### 3. Dr. Panja Senadisai

- *Chairman of the Audit & CG Committee*
- *Member of the Nomination & Remuneration Committee*
- *Independent Director*

(from 2004–present)

Age (Year) 70

#### Education

- Doctor of Philosophy in Industrial Business Administration, King Mongkut's Institute of Technology Ladkrabang
- Master's Degree in of Business Administration Suffolk University, Massachusetts, U.S.A

#### Training Program

- Director Certification Program (DCP) #20/2002
- Audit Committee Program (ACP) Year 2004
- Role of the Compensation Committee Program #2/2007
- Leader Program #8, Capital Market Academy
- Public Director Certification Program #2, Public Director Institute
- Top Executive Program in Commerce and Trade #4
- Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016

**% Share held** - None -

Holding a Position of Director 4 Companies

Holding a position of Director of non-listed Company - None -

#### Work experience in the last 5 years

2016-Present	Member of the Enterprise Risk Policy Committee, KCE Electronics Public Company Limited
2007-Present	Member of the Nomination & Remuneration Chairman, Somboon Advance Technology Public Company Limited
2006-Present	Chairman of the Audit & CG Committee, Somboon Advance Technology Public Company Limited
2005-Present	Director/ Chairman of the Audit Committee, Pylon Public Company Limited
2004-Present	Independent Director, Somboon Advance Technology Public Company Limited
2002-Present	Director/ Member of the Audit Committee/Chairman of the Compensation Committee, Trinity Wattana Public Company Limited
1983-Present	Director, KCE Electronics Public Company Limited

### 4. Mr. Ajarin Sarasas

- *Chairman of the Executive Board*
- *Member of the Nomination & Remuneration Committee*
- *Independent Director*

(from 2009–present)

Age (Year) 75

#### Education

- Honorary Doctor of Business Administration Industrial Management Kensington University (USA)
- Diploma, National Defense Course for the Joint State-Private Sector (Class 1) Thailand National Defense College
- Certificate / License for Professional Practice: Senior Professional Industrial Engineer

#### Training Program

- Director Certification Program

**% Share held** - None -

Holding a Position of Director 1 Company

Holding a position of Director of non-listed Company None

#### Work experience in the last 5 years

May 2018-Present	Chairman of the Executive Board, Somboon Advance Technology Public Company Limited
Present	Independent Director/ Member of the Nomination & Remuneration Committee, Somboon Advance Technology Public Company Limited
Present	Independent Advisor in Total Quality Management (TQM)
Present	Honorary President , Thai Autoparts Manufacturers Association (TAPMA)
Present	Honorary Chairman, Automotive Industry Club
Present	Advisor to Director, The Thai Automotive Industry Association
Present	Advisor, Group of Cobra International Company Limited
2009-Apr 2018	Member of Audit & CG committee, Somboon Advance Technology Public Company Limited
2014-2016	Chairman of Risk Management Policy Committee, Somboon Advance Technology Public Company Limited

## 5. Mr. Paitoon Taveebhol

- *Chairman of the Nomination & Remuneration Committee*
- *Member of the Audit & CG Committee*
- *Independent Director*

(from 2008–present)

Age (Year) 68

### Education

- M.B.A., Kasetsart University
- B.A. (Accounting), Ramkhamhaeng University
- Certificate in Auditing, Thammasat University

### Training Program

- Director Accreditation Program
- Director Certification Program
- Audit Committee Program
- Role of the Chairman
- Chartered Director Program
- Advanced Audit Committee

### % Share held - None -

Holding a Position of Director 4 Companies

Holding a position of Director  
of non-listed Company 1 Company

### Work experience in the last 5 years

2016-Present	Chairman of the Enterprise Risk Policy Committee, KCE Electronics Public Company Limited
2012-Present	Independent Director/ Chairman of the Audit Committee, KCE Electronics Public Company Limited
2014-Present	Chairman, ZEN Corporation Group Public Company Limited
2012-Present	Independent Director/ Member of the Audit Committee, Easy Buy Public Company Limited
2008-Present	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit and CG Committee, Somboon Advance Technology Public Company Limited
2002-Present	Independent Director/ Chairman of the Audit Committee/ Chairman of the Risk Policy, Central Pattana Public Company Limited

## 6. Dr. Suthad Setboonsarng

- *Member of Audit & CG Committee*
- *Independent Director*

(from 2018–present)

Age (Year) 68

### Education

- Ph.D. in Economics, University of Hawaii, U.S.A.
- M.A. in Agricultural Economics, University of Hawaii, U.S.A.
- B.A. in Economics, Thammasat University

### Training Program

- Director Certification Program

### % Share held - None -

Holding a Position of Director 2 Company

Holding a position of Director  
of non-listed Company 1 Companies

### Work experience in the last 5 years

2018-Present	Independent Director/Member of Audit & CG committee, Somboon Advance Technology Public Company Limited
2015 - Present	Chairman, Audit Committee/Risk Oversight Committee, Bank of Thailand
2014 - Present	Independent Director/Member of the Audit Committee, Banpu Public Company Limited
Present	Senior Tax Advisor, Grant Thornton Thailand
2013 - Present	Chairman, NawaChiOne Foundation
2013 - Present	Member, Board of Trustee, International Rice Research Institute (IRRI) Los Banos Philippine
2013 - Present	Member, Board of Trustee Cambodia Development Research Institute (CDRI)

## 7. Mr. Prayong Hirunyawonich

- Executive Board
- Director

(from 2017–present)

Age (Year) 67

### Education

- M.B.A., New York University
- Bachelor of Mechanical Engineering, Chulalongkorn University

### Training Program

- Director Accreditation Program

### % Share held

- None -

Holding a Position of Director 1 Company

Holding a position of Director  
of non-listed Company 1 Companies

### Work experience in the last 5 years

2017-Present	Director / Executive Director, Somboon Advance Technology Public Company Limited
2012-Present	Independent Director, Zafco FTZ Co., Dubai
2012-Present	Strategic Committee, Anti-Corruption Organizations of Thailand
2015-2016	Advisor, Siam Sindhorn Company Limited
2012-2016	Advisor to President, Somboon Advance Technology Public Company Limited
2010-2015	Chairman, Yongkee Company Limited
2009-2014	Member of the Executive Board, The Federation of Thai Industries

## 8. Yongkiat Kitaphanich

- Vice Chairman of the Executive Board
- Director

(from 2004–present)

Age (Year) 56

### Education

- M.B.A., National Institute of Development Administration
- Master of Industrial Engineering, Waseda University (Japan)
- Bachelor of Mechanical Engineering, King Mongkut's Institute Technology Ladkrabang

### Training Program

- Director Accreditation Program
- Finance for Non-Finance Directors
- Director Certification Program

### % Share held

0.78%

Holding a Position of Director 1 Company

Holding a position of Director  
of non-listed Company 4 Companies

### Work experience in the last 5 years

2018-Present	Vice Chairman of the Executive Board, Somboon Advance Technology Public Company Limited
2018-Present	Honorary Chairman/ Honorary President, Auto Parts Industry Club of the Federation of Thai Industries
2012-Present	Director, Somboon Forging Technology Company Limited
2007-Present	Director, Somboon Malleable Iron Industrial Company Limited Bangkok Spring Industrial Company Limited International Casting Products Company Limited
2017-2018	Director, Mubea Somboon Automotive Company Limited
2012-2017	President, Somboon Advance Technology Public Company Limited

## 9. Ms. Napatsorn Kitaphanich

- *Director*
- *President*

(from 2004–present)

Age (Year) 54

### Education

- M.B.A., Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Business Administration in Finance and Management (BBA), Simon Fraser University (Canada)

### Training Program

- Director Accreditation Program
- Executive Course Capital Market Academy (Class 25)

### % Share held 0.67%

Holding a Position of Director 1 Company

Holding a position of Director  
of non-listed Company 5 Companies

### Work experience in the last 5 years

2018-Present	President, Somboon Advance Technology Public Company Limited
2014-Present	Director, Somboom Malleable Iron Industrial Company Limited
2012-Present	Director, Somboon Forging Technology Company Limited
2007-Present	Director, International Casting Products Company Limited Director, Bangkok Spring Industrial Company Limited
2004-Present	Director, Somboon Advance Technology Public Company Limited
2014-2017	Vice President- President Office, Somboon Advance Technology Public Company Limited

## Executives



### Dr. Cheerawit Sureerattanan

- *Vice President – Sales & Marketing*

Age (Year) 52

### Education

- Ph.D (Industrial Business Administration) , King Mongkut's Institute of technology Ladkrabang
- M.B.A., University of Khon Kaen University

### % Share held 0.001%

### Work experience in the last 5 years

2014-2018	Vice President - Sales & Marketing, Somboon Advance Technology Public Company Limited
2013-2014	Vice President - Operation SAT & SFT, Somboon Advance Technology Public Company Limited Somboon Forging Technology Company Limited





### Mr. Patpong Weerasin

- Vice President – Operation SAT
- Managing Director – SFT

Age (Year) 50

#### Education

- Master of Science (Logistic Management), King Mongkut's University of Technology Thonburi
- B.B.A Industrial Management, Rajamangala Institute of Technology

**% Share held** 0.001%

#### Work experience in the last 5 years

2015-Present	Vice President - Operation SAT, Somboon Advance Technology Public Company Limited
	Managing Director, Somboon Forging Technology Company Limited
2013 - 2014	General Manager - Sales and Customer Service, Somboon Advance Technology Public Company Limited
2007 - 2013	General Manager - Procurement, Somboon Advance Technology Public Company Limited



### Mr. Mongkol See-jew

- Managing Director – SBM & ICP

Age (Year) 56

#### Education

- Master of Industrial Management Engineering,  
King Mongkut's Institute of Technology Ladkrabang

**% Share held** 0.002%

#### Work experience in the last 5 years

2014-2018	Managing Director - SBM & ICP, Somboon Malleable Iron Industrial Company Limited
	International Casting Products Company Limited
2007-2013	General Manager - SBM 1 & ICP, Somboon Malleable Iron Industrial Company Limited
	International Casting Products Company Limited



### Mr. Somsak Sitthinuncharoen

- Vice President – President Office – SAT
- Managing Director – MSA

Age (Year) 55

#### Education

- Master of Industrial Management Engineering, King Mongkut's Institute of Technology Ladkrabang

% Share held 0.002%

#### Work experience in the last 5 years

2018	Vice President – President Office, Somboon Advance Technology Public Company Limited
	Managing Director, Mubea Somboon Automotive Company Limited
2014-2017	Managing Director, Bangkok Spring Industrial Company Limited
2001-2013	General Manager, Bangkok Spring Industrial Company Limited



### Mr. Nuttakajorn Yanpirat

- Vice President – Finance & Accounting/ Information Technology

(Assigned to be a Chief in Finance and Accounting)

Age (Year) 42

#### Education

- Master of Science in Engineering: University of Pennsylvania
- Bachelor of Science in Engineering: University of Pennsylvania
- Bachelor of Science in Economics: University of Pennsylvania

% Share held - None -

#### Work experience in the last 5 years

2017- Present	Director, Mubea Somboon Automotive Company Limited
2016- Present	Vice President – Finance & Accounting/ Information Technology, Somboon Advance Technology Public Company Limited
2014-2015	General Manager – Finance & Accounting/ Information Technology, Somboon Advance Technology Public Company Limited
2013-2014	General Manager – Finance, Somboon Advance Technology Public Company Limited
2010-2013	Engineering Manager Aeronautical Radio of Thailand Company Limited



### Mr. Thanthach Ritthinam

- Vice President – Corporate Strategy & Business Development

Age (Year) 46

### Education

- M.B.A. – General Management (English Program), Ramkhamhaeng University
- Master of Science – Computer and Engineering Management (English Program), Assumption University
- Certificate of Chemical Engineering, University of Technology (UK)
- Bachelor of Science in Petrochemical (1st Class Honor) King Mongkut's University of Technology North Bangkok

**% Share held** 0.01%

### Work experience in the last 5 years

2016-2018	Director, Thai Auto Parts Manufacturers Association
2016-2018	Vice President – Corporate Strategy & Business Development, Somboon Advance Technology Public Company Limited
2014-2015	General Manager – Corporate Strategy & Business Development, Somboon Advance Technology Public Company Limited
2012-2014	General Manager – Business Development and Marketing, Somboon Advance Technology Public Company Limited



### Dr. Anotai Mohjhaw

- Vice President – Human Resources

Age (Year) 48

### Education

- PhD in Human Resources Development (International Program), Burapha University
- Master of Science in Engineering Management, Western Michigan University (USA)
- Bachelor of Mechanical Engineering, Chulalongkorn University

**% Share held** - None -

### Work experience in the last 5 years

2017-Present	Vice President – Human Resources, Somboon Advance Technology Public Company Limited.
2015-2017	General Manager – Human Resources Division, Bangkok Komatsu Sales Co., Ltd.
2015	Vice President – Human Resources Office Director – Training Center, Sor. Khonkaen Foods Public Company Limited
2009-2015	General Manager – Human Resources – General Affair Division & Technical Training Division, Bangkok Komatsu Sales Co., Ltd.

## Shareholding of the Board of Directors and Executives

Director		Number of Ordinary Shares February 28, 2019	Nature of Interest	Number of Rights Over Ordinary Shares
Mr. Sansern	Wongcha-um	-	-	-
Mr. Yongyuth	Kitaphanich	3,607,986	Direct	-
Dr. Panja	Senadisai	-	-	-
Mr. Ajarin	Sarasas	-	-	-
Mr. Paitoon	Taveebhol	-	-	-
Dr. Suthad	Setboonsarng	-	-	-
Mr. Prayong	Hirunyawanch	-	-	-
Mr. Yongkiat	Kitaphanich	3,330,600	Direct	-
		589,743	In direct (Spouse)	-
Ms. Napatsorn	Kitaphanich	2,861,590	Direct	-
		4,217,386	In direct (minor children)	-
Mr. Patpong	Wiyahara	250	Direct	-
Dr. Cheerawit	Sureerattanun	5,000	Direct	-
Mr. Mongkol	Sae-jew	9,350	Direct	-
Mr. Somsak	Sitthinuncharoen	10,450	Direct	-
Mr. Nuttakajorn	Yanpirat	-	Direct	-
Mr. Thanthach	Ritthinam	6,150	Direct	-
		45,000	In direct (Spouse)	-
Dr. Anotai	Mohjhaw	-	-	-

## Movement in Rights for Directors and Management Personnel

Name		Ordinary Shares		
		February 28, 2019	March 5, 2018	The share amount of amended (Increase/Decrease)
1. Mr. Sansern	Wongcha-um	-	-	-
2. Mr. Yongyuth	Kitaphanich	3,607,986	3,607,986	0
3. Dr. Panja	Senadisai	-	-	-
4. Mr. Ajarin	Sarasas	-	-	-
5. Mr. Paitoon	Taveebhol	-	-	-
6. Dr. Suthad	Setboonsarng	-	-	-
7. Mr. Prayong	Hirunyanich	-	-	-
8. Mr. Yongkiat	Kitaphanich	3,920,343	3,920,343	0
9. Ms. Napatsorn	Kitaphanich	7,078,976	7,028,976	50,000
10. Mr. Patpong	Wiyahara	250	7,250	7,000
11. Dr. Cheerawit	Sureerattanun	5,000	5,000	0
12. Mr. Mongkol	Sae-jew	9,350	9,350	0
13. Mr. Somsak	Sitthinuncharoen	10,450	10,450	0
14. Mr. Nuttakajorn	Yanpirat	-	-	-
15. Mr. Thanthach	Ritthinam	51,150	51,150	0
16. Dr. Anotai	Mohjhaw	-	-	-

Information from the Record Date on February 28, 2018

# Dividend Policy

The Company has a policy to allocate the annual profit for the annual dividend distribution, taking into account the following conditions: (i) its operational results turn out to be a profit, (ii) there remain no accumulated losses, (iii) the cash flow is sufficient for dividend payment, and (iv) whether there is a future plan of any investment projects. It is a policy of the Company to pay dividend at a minimum rate of 30 (thirty) percent of its net profit after tax and legal reserve. However, a dividend payment partly depends on the Company's investment and finance plans.

Subsidiaries policy dividends will be determined by the factors mentioned above as well

## Details of the dividend in the past 5 years

(Unit: Baht)

Details of dividend payment	Year 2018 (The Proposed year)	Year 2017	Year 2016	Year 2015	Year 2014
1. Net profit (Baht)	915,596,702	811,240,893	607,557,665	641,538,005	649,834,968
2. Number of shares	425,193,894	425,193,894	425,193,894	425,193,894	425,193,894
3. Dividend pay out Rate per share (baht : share)	1.35	0.90	0.60	0.60	0.60
4. Total amount of dividend (Baht)	574,011,756.90	382,674,504.60	255,116,336.40	255,116,336.40	255,116,336.40
5. Dividend pay out against net profit after tax (Percentage)	63.00	47.17	42.00	39.77	39.26



# Remunerations

The Board of Directors appointed the Nomination and Remuneration Committee in order to consider the criteria and establish remuneration policy for director, sub-committee and top management which consist of President and Vice President. The final policy will then be proposed to the Board of Directors for consideration before presenting to the shareholders meeting for consideration and approval.

## 1. Policy and Payment Criteria of the Director Remuneration

The Board of Directors established the remuneration of directors policy and payment criteria by dividing into 3 parts : 1) monthly remuneration 2) meeting allowance and 3) yearly remuneration, and considering from the responsibility, appropriateness, performance of the director and the Company, compared to the practice of other companies which are categorized in the same industry and size of business, the survey information of remuneration of directors prepared by Thai Institute of Directors and Stock Exchange of Thailand as well as the responsibility and performance of the director which benefits the Company.

## 2. Policy Payment Criteria of and Remuneration of Management

The Nomination and Remuneration Committee will consider and review the President's remuneration and propose it to the Board of Directors for consideration and approval. Such remuneration will be appropriately fixed based on the remuneration structure of the Company and compared to 1) surveyed information about remuneration payment by recognized institutes, organizations and entities 2) the growth rate of the gross domestic product, inflation rate and net profits 5 years backward, including his performance and consistency with the duties and responsibilities assigned.

The President will consider the suitability of determining remunerations and adjusting yearly wages of the Vice President, with consideration of his performance and Company results of operations and his attainment to the pre-defined goals.

## ► Remunerations of Directors

### 1. 1. Monthly Remuneration and Meeting Allowance

Monthly Remuneration (Baht)		Meeting Allowance/Time (Baht)			
Position	Board of Directors	Board of Directors	Executive Board	Audit and Corporate Governance Committee	Nomination and Remuneration Committee
1. Chairman	36,000	54,000	45,000	45,000	45,000
2. Vice Chairman	25,000	37,500	37,500	-	-
3. Other Board members	20,000	30,000	30,000	30,000	30,000

## 2. Remuneration

### 2.1 The Remuneration of the Board of Directors for the year ended 31 December 2018.

The Remuneration of the Board of Directors in form of meeting allowances, monthly remuneration and bonus totally Baht 12,736,000 is as following:

Name	Bonus of 2018 (Baht)	Monthly Remuneration and Meeting Allowance (Baht)				Total (Baht)
		Board of Directors	Executive Board	Audit and Corporate Governance Committee	Nomination and Remuneration Committee	
1 Mr. Sansern Wongcha-um	895,522	1,026,000				1,921,522
2 Mr. Yongyuth Kitaphanich	621,891	675,000				1,296,891
3 Dr. Panja Senadisai	497,512	540,000		225,000	90,000	1,352,512
4 Mr. Ajarin Sarasas	497,512	570,000	360,000	60,000	90,000	1,577,512
5 Mr. Paitoon Taveebhol	497,512	570,000		150,000	135,000	1,352,512
6 Dr. Suthad Setboonsarng	331,675	450,000		90,000		871,675
7 Mr. Prayong Hirunyawanch	497,512	570,000	330,000			1,397,512
8 Mr. Yongkiat Kitaphanich	497,512	540,000	390,000			1,427,512
9 Ms. Napatsorn Kitaphanich	497,512	540,000				1,037,512
10 Mr. Sobson Ketsuwan	165,840	200,000	135,000			500,840
Total						12,736,000

Remarks 1. Bonus was calculated from the 2018 Company's business performance but was paid in the year 2019.

2. Mr. Sobson Ketsuwan has been the director until April 20, 2018.

3. Dr. Suthad Setboonsarng was appointed to be the director on April 20, 2018.

### 2.2 Other remunerations

There were no other remunerations except the monthly remuneration, meeting allowance and bonus.

## ► Remunerations of Management

### 1. Remuneration in cash for the Company's executives in the form of salary and bonus

Units : Baht	Number of executives	Y 2018	Number of executives	Y 2017
Salary	8	29,183,400.00	9	38,596,602.00
Bonus	8	10,247,360.00	9	7,467,500.00
Total	8	39,430,760.00	9	46,064,102.00

Remarks - In the Year 2018, Managements consisted of 8 executives which are Ms. Napatsorn Kitaphanich, Dr. Anotai Mohjhaw, Mr. Somsak Sitthinuncharoen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun, Mr. Patpong Weerasin, Mr. Nattakajorn Yanpirat and Mr. Thanthach Ritthinam

- In the Year 2017, Managements consisted of 9 executives which are Mr. Yongkiat Kitaphanich, Dr. Anotai Mohjhaw, Ms. Napatsorn Kitaphanich, Mr. Somsak Sitthinuncharoen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun, Mr. Patpong Weerasin, Mr. Nattakajorn Yanpirat and Mr. Thanthach Ritthinam

## 2. Other remunerations

### Contributions to the Provident Fund

In 2018, the Company paid the following contributions to the Company's executives:

Units : Baht	Number of executives	Y 2018	Number of executives	Y 2017
Provident Fund	7	1,268,790	9	1,716,480.00

หมายเหตุ : - In the Year 2018 Managements consisted of 7 executives which are Ms. Napatsorn Kitaphanich, Dr. Anotai Mohjhaw, Mr. Somsak Sitthinuncharoen, Mr. Cheerawit Sureerattanun, Mr. Patpong Weerasin, Mr.Nattakajorn Yanpirat and Mr. Thanthach Ritthinam

- In the Year 2017 Managements consisted of 9 executives which are Mr. Yongkiat Kitaphanich, Dr. Anotai Mohjhaw, Ms. Napatsorn Kitaphanich, Mr. Somsak Sitthinuncharoen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun, Mr. Patpong Weerasin, Mr.Nattakajorn Yanpirat and Mr. Thanthach Ritthinam.

## ► Employees

### Number of employees

Number of employees as at 31 December 2018 and at 31 December 2017 of the Company and its subsidiaries are as follows;

Company	Number of (people)			
	31 December 2018		31 December 2017	
	Male	Female	Male	Female
1. Somboon Advance Technology Public Company Limited	502	146	505	161
2. Somboon Malleable Iron Industrial Company Limited	978	148	991	142
3. Bangkok Spring Industrial Company Limited	-	-	314	49
4. International Casting Products Company Limited	514	53	484	52
5. Somboon Forging Technology Company Limited	44	4	45	2
<b>Total</b>	<b>2,038</b>	<b>351</b>	<b>2,339</b>	<b>406</b>
<b>Amount of Employee by type of employment</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Employee	1,938	346	2,254	400
Subcontract	100	5	85	6

Number of employees as at 31 December 2018 and at 31 December 2017 of the Company and its subsidiaries can be classified by the primary work as follows:

Department	Number of (people)	
	31 December 2018	31 December 2017
1. Production Department/ Engineering Laboratory-Jig Shop	1,396	1,613
2. Engineering Department	149	150
3. Maintenance/Warranty/Planning	384	436
4. Warehouse Sourcing and Procurement	143	174
5. Human Resources and Administration (including individual BU)	86	85
6. Finance and Accounting	43	51
7. Sales and Marketing	24	22
8. Quality Development/Product Development/ Development Process	17	34
9. Management/Operations Management	75	102
10. Information Technology Department / Division BPI	12	11
11. Others (CSBD/Legal/SEE/Audit/SAM/BOI/SQMR)	60	67
<b>Total</b>	<b>2,389</b>	<b>2,745</b>

Note : The Company does not have Trade Union and any labor disputes in the past five years.

## ► Remunerations of employees

### 1. Remuneration in cash for the Company's employees in the form of salary and bonus

Units :Baht	Number of employees	Y 2018	Number of employees	Y 2017
Salary	2,484	637,421,281.89	2,654	727,979,523.95
Bonus	2,274	213,368,316.00	2,745	188,638,350.68
<b>Total</b>		<b>850,789,597.89</b>		<b>916,617,874.63</b>

### 2. Other remunerations

#### Contributions to the Provident Fund

In 2018, the Company paid the following contributions to the Company's employees:

Units :Baht	Number of employees	Y 2018	Number of employees	Y 2017
Provident Fund	1,647	20,529,927.43	1,812	24,524,413.40

Remark : Numbers of MSA employees are not included.

# Internal Control

In the Meeting of the Company's there were 3 directors of Audit and Corporate Governance Committee joined the Meeting and expressed opinion on the satisfaction and suitability of the internal Audit control by referring to "evaluation form of satisfaction of internal control system" of the Office of Security and Exchange Commission.

The Audit Committee has reported the internal audit summary and proposition and inspection which focus on the operating inspection so that it would be efficient continuously. There is follow-up to revise according to the audit result report and report to the company board of directors regularly. From the review, the company has sufficient internal control system. The company has arranged sufficient personnel to operate according to the system efficiently and to have internal control system on follow up the work operation supervision of the company in order to prevent the property of the company and subsidiary from the fact that directors or executives had used illegally or without authorization and to enter into a transaction with people who might have conflict and general related people with the important details as follows.

## 1. Internal Audit in the Organization

The Company had specified the clear business operation target and can be measured by specifying the annual budget business plan and clear indicator in creating the value to shareholders and enhance the ability and quality of life of personnel and to have environment friendly process. This would respond to the expectation of customers including the design and product development and responsibility to society by paying incentive reward to personnel and consider from the achievement of the target of personal indicator and profit of the company in order to create the benefit in the development of work operation quality.

Regarding business supervision of the Company, the structure of the supervision consists of the Board of Directors and sub-committee including Executive Board of Directors, Audit and Corporate Governance Committee, and Nomination and Remuneration Committee. Each committee is responsible for shareholders on the business operation of the company and supervise management so that it would be according to the target and has the highest benefit to shareholders and to be in the good ethic frame and be responsible to society, promote and follow up the progress of the good business supervision development process and social responsibility continuously, the consideration to improve CG manual and Code of Conducts and to provide the guideline and other necessary suggestion in order to improve. In this year, the Company has received which are Sustainability Awards of Honor and Thailand Sustainability Investment and Best Investor Relations Award and the Company has continuously received CSR-DIW Continuous from Department of Industrial Works.

According to anti-corruption, the Company has joined the project of Collective Anti-Corruption: CAC by Certified since 2013 and In the year 2016, the company has been to renew the certificate the anti-corruption from CAC .The Company has expanded the result to be the participants to important suppliers of the Company and in order to have continuity, the Company had evaluated the risk related to the corruption inside the company and review the operation according to the policy to the anti-corruption of Thai Private Sector to the anti-corruption in order to confirm that the Company has enough measurement in the protection and fraud and corruption inspection effectively.

## 2. Risk Assessment

The company specifies the risk management policy as important policy by appointing risk management committee in management level including directors and executives performing the duty of evaluating the risk factor from the outside and inside factor affecting the target and business operation of the company and specify risk responsible person in various units and assign risk management of every executives and planning and specifying risk management measure with risk assessment that might affect the business operation and target of the company and arrange follow-up of risk managements of various units in every quarter.

## 3. The Control of the Work Operation

The Board of Directors had appointed 3 sub-committee consisting of the Executive Board of Directors, Audit and Corporate Governance Committee, and Nomination and Remuneration Committee. The 3 groups of committee had performed the work under the scope or duty assigned under the monitoring of the executive.

Moreover, the Audit Committee has considered and reviewed and approve the annual audit plan in order to cover every work operation process with high risk and to cover the anticipation of people related to the Company which makes the Company to be sure that the various agencies had sufficient control of the work operation on the finance, work operation, law and compliance, rule, regulation, and the anti-corruption. The Audit Committee has considered the important point and the problem found from an inspection by proposing the executive to revise and to have the report of the revision result and prevent measures.

In case of entering into a transaction with business or relevant people which might lead to the conflict of interest between companies and the business or related people with the Company. The business that happens must go through the approving process according to the regulation of the company just like a normal business and related people to the making of item must consider that transaction is reasonable and according to the normal business by

considering the highest benefit of the company and shareholders as it is an action with outside people and legal. The business that would bring about the conflict of interest and the said people with interest would not have the right to vote and reveal the information according to the law.

The Company is determined to develop the production process in order to be accepted in the international standard and to focus on safety in the work and environment maintenance. The Company has certified the quality management system "IATS 16949" and "ISO14001" which has separate section from the production line to perform of the duty of inspecting and following up to comply with rule and specification regularly. As for the business on finance, purchase and procurement, stipulated the staff and executive must comply the Authority Table and "Procurement Control Manual" specified in writing by clearly stated the criteria, condition and the power in approving to pay the money and entering in procurement contract in order to be careful and prevent fraud in money-related transaction.

## 4. Information Technology and Telecommunication System

To propose the matter for the Board of Directors to consider, the Company has arranged important information so that the Board of Directors would use in the decision-making by making analytical report comparing the principle and reason along with documents and send the information for studying in advance for 7 days. There is secretary of the Company to provide recommendation on the regulation and various rules and supervise the business of the Board of Directors and coordinate so that there would be operation according to the resolution of the Board of Directors and the agency which is the center in making and storing documents including Director registry, Board of Directors Meeting appointment letter, minutes of the Meeting of the Board of director, shareholder meeting appointment letter and minutes of shareholder meeting orderly so that shareholders can verify the suitability in the work operation of directors.

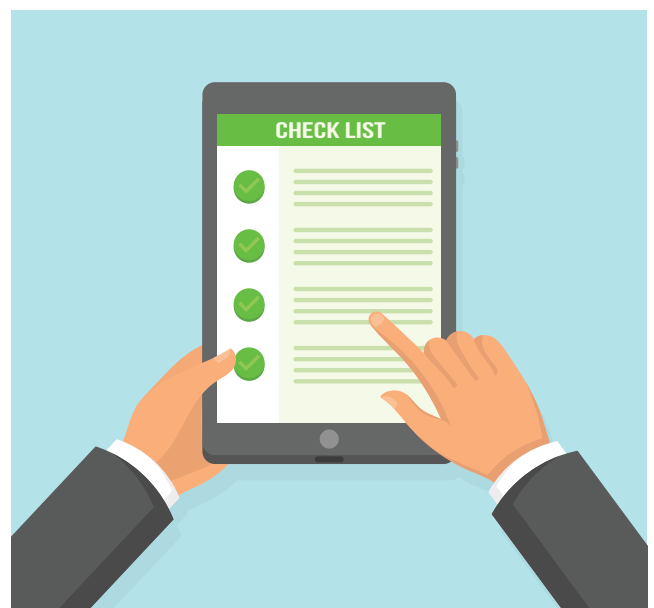


As for the storing of accounting record and various accounting, the Company would store it completely in every category for transparency and to be work operation information without notification from an auditor that there is a flaw in this matter.

The Audit Committee has considered along with an auditor, internal audit and related people in making the financial statement of the company in every quarter in order to make sure that the company has used accounting policy according to the general accounting principle and suitable with the business type of the company and to reveal suitable information according to the law.

## 5. Follow-up System

The Company has followed up on the work operation whether it is according to the target by having the Meeting of the Board of Directors in 2018 for the total of 11 times and the Executive Board of Directors for 11 times in order to follow up the work operation in each level starting from the Board of Directors, the Executive Board of Directors and Executives in order to follow up the target and supervise the work operation according to the strategy, work plan and the project in the annual business plan that has been approved from the Board of Directors and to solve problems that might happen and to adjust the work plan so that it is consistent with the changed situation and when it is found that the work operation result is different from the specified target and specified the responsible people to present the report in order to review the work operation and analyze the including co-consider to approve the plan to solve problems and to continuous report. The Company has arranged regular internal control system audit. The executive would be responsible in supervision of the internal control system and there is Internal Audit Department to inspect and report the result independently to the Audit and Corporate Governance Committee.



## Related Parties

The Company and its subsidiaries related transactions with person(s) who would have been involved in the dispute during the year 2017 and 2018 were as follows;

### Somboon Malleable Iron Industrial Co., Ltd. (SBM)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. SAT sold scraps material to SBM	0.52	0.71	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
2. SAT sold Semi-finished products to SBM	108.00	133.85	Market price
3. SAT received utilities payment from SBM	11.55	11.99	Price was close to the Cost/ SBM used utilities of SAT
4. SAT received management fee from SBM	31.85	40.14	Price was close to the Cost/ Services for SBM

Remark: Item 1 - 4 are the items indicated in the notes to the financial statement.

### Bangkok Spring Industrial Co., Ltd. (BSK)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. SAT paid utilities fee for BSK	4.63	4.98	Price was close to the Cost/ SAT used utilities of BSK
2. SAT received utilities payment from BSK	2.55	0.40	Price was close to the Cost/ BSK used utilities of SAT
3. SAT received management fee from BSK	24.17	-	Price was close to the Cost/ Services for BSK
4. SAT Dividends received from BSK	-	883.98	

Remark: Item 1 - 4 are the items indicated in the notes to the financial statement.

### International Casting Products Co., Ltd. (ICP)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. SAT sold scraps material to ICP	7.03	10.75	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
2. SAT received management fee from ICP	23.33	30.31	Price was close to the Cost/ Services for ICP
3. SAT received utilities payment from ICP	1.75	1.77	Price was close to the Cost/ ICP used utilities of SAT

Remark: Item 1 - 3 are the items indicated in the notes to the financial statement.

### Somboon Forging Technology Co., Ltd. (SFT)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. SAT was the short-term loan lender of SFT	60.00	140.00	According to loan agreement
2. SAT received interest of loan from SFT	1.31	2.87	According to loan agreement
3. SAT received utilities payment from SFT	1.50	0.64	Price was close to the Cost/ SFT used
4. SAT received management fee from SFT	11.08	10.28	Price was close to the Cost/ Services for

Remark: Item 1-4 is the items indicated in the notes to the financial statement.

### SBG International Japan Co., Ltd. (SIJ)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. SAT paid utilities fee for SBM	0.36	-	Price was close to the Cost/ SAT used

Remark: Item 1 are the items indicated in the notes to the financial statement.

### Tschiyoshi Somboon Coated Sand Co., Ltd.

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. ICP purchased dry sand from Tschiyoshi Somboon Coated Sand Co., Ltd.	37.52	46.58	Market price/ purchase from time to time in the production.

Remark: Item 1 is the items indicated in the notes to the financial statement.

### Mubea Somboon Automotive Co., Ltd. (MSA)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. SAT was the short-term loan lender of MSA	200.00	200.00	According to loan agreement
2. SAT had management service agreement with MSA	-	14.36	According to the agreement/ provide management service
3. SAT received interest of loan from MSA	-	8.99	According to loan agreement
4. SAT received utilities payment from MSA	-	1.68	Price was close to the Cost/ MSA used utilities of SAT
5. BSK had land and building lease agreement with MSA	-	20.11	According to the agreement/ renting land and building
6. BSK received utilities payment from MSA	-	16.38	Price was close to the Cost/ MSA used utilities of BSK

Remark: Item 1-6 is the items indicated in the notes to the financial statement.

## Yongkee Co., Ltd.

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. BSK and SAT sale of goods to Yongkee Co., Ltd.	97.57	11.21	Approximates market prices/ sales as the normal business
2. BSK purchase of component from Yongkee Co., Ltd.	1.45	-	Approximates market prices/ purchase from time to time in the production

Remark: Item 1-2 is the items indicated in the notes to the financial statement.

## Somboon Holding Co., Ltd. (SBH)

Description of important items List of ordinary transactions	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2017	2018	
1. BSK received utilities fee from Somboon Holding Co., Ltd.	0.60	0.14	Price was close to the Cost/ SBH used utilities of BSK
2. SAT had management service agreement with Somboon Holding Co., Ltd.,	-	19.50	According to the provider's actual cost allocated to the services/ considering mainly on the long term expertise in managing automotive manufacturing parts.

Remark: Item 1-2 is the items indicated in the notes to the financial statement.

# Report of the Audit and Corporate Governance Committee

To: Shareholders of Somboon Advance Technology Public Co., Ltd.

The Audit Committee consists of 3 independent qualified members where one of them is knowledgeable and experienced in accountancy. The Audit Committee performs duties in accordance with the scope of their responsibilities assigned by the Company Board of Directors which is compatible with the Capital Market Commission Notification and Requirements of the Stock Exchange of Thailand.

In 2018, Dr. Suthad Setboonsarng is appointed to be a Audit and Corporate Governance Committee level as the replace of Mr. Ajarin Sarasas on 1 May 2018. the Audit Committee held a total of 5 meetings and regularly reported to the Company Board of Directors the operational result every quarter. Each Audit Committee member attended the meetings detailed

Dr. Panja Senadisai	Chairman of Audit Committee <i>attending 5/5 meetings</i>
Mr. Paitoon Taveebhol	Member of Audit Committee <i>attending 5/5 meetings</i>
Mr. Ajarin Sarasas	Member of Audit Committee <i>attending 2/2 meetings</i>
Dr. Suthad Setboonsarng	Member of Audit Committee <i>attending 3/3 meetings</i>

In some meeting, the Audit Committee jointly made discussions with the Management, Auditor and Internal Auditor in accordance with the reasonable Agenda in the meeting every time. The Audit Committee made a report, expressed their opinions, and gave recommendations independently which can be materially concluded as follows:

## Correction, completeness and credibility of financial report

The audit committee had verified the financial statement on each quarter and financial budget of year 2018, important accounting policy and significant financial report by reviewing according to accounting standard specified by accounting council including to reveal sufficient information.

## Sufficiency of the inside control system, internal audit, risk management and good business management

Audit committee had reviewed the report of the audit result of internal audit and auditor on the internal control evaluation to review the company to manage the risk and supervise good business and provide recommendations for development and follow up the improvement of the work operation of executives according to recommendation in related business. The audit committee had the opinion that the internal audit of the company is sufficient and suitable.

The audit committee had reviewed and approved the annual internal audit made by using risk-based foundation. Said work operation result and discussion with the head of internal audit regularly so the audit committee had the opinion that internal audit is independent in the work operation.

Moreover, the company promoted and followed up on the progress and development process of good business management and continuous social responsibility, consideration of new CG to be consistent with CG Code which started to be effective on the year 2017.

Moreover, there was supervision for risk management of the company to have management process, suitable standard risk, having efficiency and effectiveness by receiving the report result of the risk management in last year and to provide improvement recommendation and various risk viewpoints.

## Supervision on Anti-Corruption

After the company received the certification to be a Thai private sector operation member of private sector Collective Action Against Corruption on the 5th of July, 2013. The audit committee had prioritize the supervision of the operation according to the way of fighting corruption by assigning the internal audit to review the operation according the criteria of fighting corruption.

### Related items or items that might have conflict of interest

The audit committee had audited the financial budget and important financial activity between the company and subsidiaries or joint company by prioritizing importance in considering related item or item that might have conflict of interest to follow the law and specification of the stock exchange of Thailand. The audit committee had the opinion that related items that had been considered was an item that could be considered normal business with general trade condition, reasonableness, fairness and highest benefits to the company.

### Suitability of auditor, consideration, selection and proposition of auditor

Audit committee had evaluated the independence and work operation result of the year 2018. The overall work operating evaluation was in a good level. Auditor had enough independence. The audit committee had a discussion with auditor without management for 1 time to know the opinion from the auditor on the work operation for audit. The operation problem with related management department.

The consideration for choosing and appointing the auditor for the year 2019, the audit committee had considered the work operating result, scope, work experience, knowledge, ability, credibility, sufficiency of resources an audited work including independence of auditor comparing with auditing cost for the year 2019 proposed whether it is suitable. Therefore, the audit committee approved to the board of directors to propose to the shareholder meeting to appoint an auditor of KPMG Phumchai Audit Co., Ltd as the auditor and showed opinion to the financial budget of the company and subsidiary for the year 2019.

### Compliance with the law on stock and stock exchange, specification of stock exchange and related law on the business of the company.

The audit committee had audited the work operation according to the law on stock and stock exchange, the specification of the stock exchange of Thailand and

the law related to the business of the company and follow up the revision guideline of the management regularly which the audit committee saw that the company had followed the law on stock and stock exchange, specification of the stock exchange of Thailand and the law relating to the business of the company strictly and regularly.

### Opinion and overall observation from performing the operation according to the charter of the audit committee

The audit committee had evaluated their own performance and audit committee in each committee for the year 2018 by evaluating the overall duty and specific duty including 1) review to the company that there is correct and sufficient report 2) review for the company for internal audit and efficient and effective internal audit 3) consideration of related items or items that might have conflict of interest 4) Consideration to select and propose to appoint an auditor 5) review of the company to follow the law on stock and stock exchange, specification of the stock exchange of Thailand and the law relating to the business of the company and 6) report making of audit committee.

Audit committee had overall opinion that have performed the duty and responsibility specified in the charter. The audit committee had been approved from the board of directors sufficiently by using the knowledge, ability, care, and sufficient independence for the benefit of stakeholders equally.



Dr. Panja Senadisai  
Chairman of Audit and Corporate  
Governance Committee



# Report of Nomination and Remuneration Committee for Directors and Executives

Nomination and Remuneration Committee The committee consists of 3 members consists of independent director by Mr. Paitoon Taveebhol, independent director, as the Chairman of the Nomination and Remuneration Committee and there are the independent directors performing the duty in the Nomination and Remuneration Committee namely; Dr. Panja Senadisai and Mr. Ajarin Sarasas .

In 2018, the Nomination and Remuneration Committee had 3 meetings. Every director joined the meeting every time in order to follow up and consider the important matters that assigned from the Board of Directors as follows:

1. To review the role, duty and responsibility of the Nomination and Remuneration Committee.
2. To review the policies on the nomination and remuneration and significant criteria as follows:
  - 2.1 Criteria and nomination of directors process and the appointing of executives.
  - 2.2 To select and nominate the persons as directors with suitable qualifications to the Board of Directors.
  - 2.3 Criteria of adjusting the wage and incentive to be consistent and reflect the actual work operation and suitable with the economic situation and the industrial trend.
  - 2.4 To review the remuneration structure and other benefits of directors in order to be consistent with the responsibilities and the operation of directors.
  - 2.5 To review the policy and criteria of director remuneration by
    - 2.5.1 The scope of responsibilities and performance of directors
    - 2.5.2 Information comparing with other companies in the same industry having same capacity and nature of business, and a report on directors' remuneration conducted by the Thai Institute of Directors (IOD).
  - 2.6 To specify the policy of the Corporate Social Responsibility and Sustainable Development
  - 2.7 To promote, support and open an opportunity for minor shareholders to take part in supervising the business and to give the opinions on the business operation, propose the agenda and persons for being considered to be elected as directors instead of direct or who retired by rotation for the Year 2019 as required by recruitment process 90 days in advance from 28 September 2018 to 31 December 2018 through the website of the Company.



Mr. Paitoon Taveebhol  
Chairman of Nomination and Remuneration  
Committee of Directors and Executives

# Report of Board of Directors' Responsibility for Financial Report

The management has prepared the financial statement ended on December 31, 2018 according to the generally certified accounting standard by choosing to use the appropriate and regularly used policy including using judgment carefully and reasonably in preparation of financial statement and disclose the important information adequately in the remarks of the financial statement.

The board of directorse realized the responsibility for supervising the financial report to be efficient by appointing an audit and corporate governance committee consisting of qualified persons to be responsible for supervision of the quality of the financial report to be accurate and complete, using appropriate and regularly used policy including validation to have the company got sufficient and appropriate internal control system and participation in evaluation of risk for the company. In order to protect and reduce risks which may occur from fraudulent or abnormal operation significantly and adequacy to maintain the company asset.

From the practical methods and supervision mentioned above, the committee agreed that the financial of Somboon Advance Technology Public Company Limited as at December 31, 2018 has shown the financial statement and operational results correctly, reliably, compliance with the generally certified accounting standard and practiced in accordance with the laws and related regulations.



Mr. Sansern Wongcha-um  
Chairman



Ms. Napatsom Kitaphanich  
President

# Explanation and Analysis of the Financial Position and Performance

## Overall performance

The Company and its subsidiaries have operated the business of Automotive manufacturing parts. The main income of SBG is from selling automotive parts such as Axle shaft, disc brake, drum brake, etc. to the Original - Equipment Manufacturer in the country mostly.

## Profit and Loss Analysis

### ► Profit Analysis

In the year 2018 and 2017, the Company has total income of 8,308 million baht and 8,802 million baht (accordingly) which has decreased by 494 million baht or 6%. The net income from sale of goods and rendering of services for the year 2018 is 8,194 million baht, decreased by 399 million baht or 5% from the same period last year. This can be explained by the fact that the 2017 figure included sale from spring business, which was transferred to the joint venture company at the end of 2017. If sale from spring business were to be excluded in 2017, the revenue from sale of goods and rendering of services of the year 2018 would have been higher compared to the same period last year driven increase in automotive industry and in agricultural machineries industry, and also additional sale from new orders this year.

## Cost and Expense Analysis

### ► Selling and Service Cost

In the year 2018 and 2017, the company and its subsidiaries has the total selling and service cost of 6,684 million baht and 7,262 million baht (accordingly), decreased by 578 million baht or 8%; decrease compared to last year as spring business was included in the last year. If the figure from spring business were to be excluded in 2017, the cost of goods sold and rendering of services for year 2018 would have been higher compared to last year due to higher sale volume.

### ► The expense from selling and service

In the year 2018, the company has the expense in the selling and service of management for the amount of 682 million baht, increased by 2 million baht or 0.3% due to the cost control measures in administration expense including expense relating to employee and man-power was closely monitored to align with the current situation of automotive industry.

### ► Corporate income tax

In the year 2018, the company has corporate income tax for the amount of 92 million baht, increased 9 million baht or 10% mainly from the higher sale volume and profit management in line with granted privilege from the Board of Investment.

### ► Profit from the work operation

The company has the operating profit, excluding share of profit from investment in associates, financial cost, and corporate income tax in 2018 in the amount of 941 million baht, increased by 81 million baht from last year or 9% due to higher of profit from operation.

### ► Net Profit

The company's net profit is the amount of 916 million baht, increased by 104 million baht or 13% from the previous year, mainly from the higher of profit from operation and lower financial cost.

## Financial Position Analysis

### ► Asset

According to the consolidated financial statement the total asset as at 31 December 2018 and 31 December 2017, are the amount of 9,065 million baht and 9,572 million baht (accordingly), decreased by 507 million baht or 5% mainly from loan payment and dividend paid during the period while fixed-assets decreased by the depreciation

## • Trade customers

The Company has net trade receivables as at 31 December 2018 for the amount of 1,387 million baht and as at 31 December 2017 for the amount of 1,391 million baht, decreased by 4 million baht. The average debt collection period was 62 days.

## • Investments

According to the consolidated financial statements as at 31 December 2018, the Company's net investment in related companies is the amount of 858 million baht. The investments in associates included Yamada Somboon Co., Ltd. and Tsuchiyoshi Somboon Coated Sand Co., Ltd. The investments in joint venture is Mubea Somboon Automotive Co., Ltd. and the other related investments are Nisshinbo Somboon Automotive Co., Ltd. and Somboon Somic Manufacturing Co., Ltd. The Company's cost of investment in the aforementioned companies is for the amount of 423 million baht.

## • Land, Property and Equipment

The Company's land, property and equipment as at 31 December 2018 is the amount of 3,804 million baht, and as at 31 December 2017 is the amount of 4,114 million baht, decreased by 310 million baht or 8% due to the depreciation on period for the amount of 648 million baht. The Company and subsidiaries has made additional investment totaling of 357 million baht in production line to enhance production capacity for the future customer demand.

## ► Debt

As at 31 December 2018, the Company's total liabilities is 2,178 million baht. The short-term liabilities is 1,724 million baht and long-term liabilities is 454 million baht, decreased by 974 million baht or 31% from the previous year. The long-term loans from financial institution decrease by 898 million baht due to the repayment and account payable - trade decreased by 69 million baht.

## Part of shareholders

### ► Capital structure

The Company's shareholders' equity as at 31 December 2018 is 6,887 million baht, increased by 467 million baht from the year ended 31 December 2017 of which the shareholders' equity equal to 6,420 million baht. This is the result of the interim operating profit.

The company's profit appropriation in 2018 includes dividends for 2018 operating and retained earnings at the rate of 1.35 baht per share, totaling 574 million baht. The dividend will be paid from the promoted business (BOI) at the rate of 0.27 baht per share, totaling 116 million baht, and non-promoted business at the rate of 1.08 baht per share, totaling 458 million baht. The interim dividend were paid on 10 August 2018 at the rate of 0.35 baht per share, totaling 149 million baht. It were paid from the promoted business at the rate of 0.11 baht per share, totaling 47 million baht, and from the non-promoted business at the rate of 0.24 baht per share, totaling 102 million baht. Therefore, the remaining dividend of 1.00 baht per share, totaling 425 million baht, will be paid from the promoted business at the rate of 0.16 baht per share, totaling 69 million baht, and from the non-promoted business at the rate of 0.84 baht per share, totaling 356 million baht. It will be paid to shareholders in May 2019.

The company's profit appropriation in 2017 includes dividends for 2017 operating and retained earnings at the rate of 0.90 baht per share, totaling 383 million baht. The dividend will be paid from the promoted business (BOI) at the rate of 0.14 baht per share, totaling 59 million baht, and non-promoted business at the rate of 0.76 baht per share, totaling 324 million baht. The interim dividend were paid on 6 September 2017 at the rate of 0.25 baht per share, totaling 106 million baht. It were paid from the promoted business at the rate of 0.05 baht per share, totaling 19 million baht, and from the non-promoted business at the rate of 0.65 baht per share, totaling 277 million baht. Therefore, the remaining dividend of 0.65 baht per share, totaling 277 million baht, will be paid from the promoted business at the rate of 0.09 baht per share, totaling 40 million baht, and

from the non-promoted business at the rate of 0.56 baht per share, totaling 237 million baht. It will be paid to shareholders in May 2018.

As at 31 December 2018, the company's capital structure consists of total liability for the amount of 2,178 million baht and the shareholders' equity for the amount of 6,887 million baht; the debt-to-equity ratio is approximately 0.32 times.

## Analysis of Cash Flow Statement

According to the consolidated financial statements as at 31 December 2018 and 31 December 2017, the company's net cash inflow from operating activities is 1,453 million baht and 1,532 million baht (respectively). The company's net cash outflow from investing activities is 628 million baht and the company's net cash inflow from investing activities is 174 million baht (respectively). This is the result of cash received from transferred subsidiary's business (in 2017) and the investment in production line, to enhance production capacity for the future customer demand. Net cash outflow from financing activities is 1,347 million baht and 893 million baht (respectively), which is the result of the repaid long-term loan for investment project for the amount of 898 million baht and the total cash dividend paid for the amount of 425 million baht.

# Independent Auditor's Report

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## To the Shareholders of Somboon Advance Technology Public Company Limited

### Opinion

I have audited the consolidated and separate financial statements of Somboon Advance Technology Public Company Limited and its subsidiaries (the "Group") and of Somboon Advance Technology 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 income and 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.

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#### Valuation of inventories

Refer to Note 3 and 9 to the financial statements.

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#### The key audit matter

Financial performance of the Group is mainly dependent upon the automotive market and car manufacturers. Sales volume of each product of the Group depends on demand of each car model which can vary. Fluctuations on sale of car manufacturers may result in slow-moving inventories especially supplies and spare parts for machinery. The management has to use judgment in order to set up policy for allowance of decline in value for each aging of inventories.

I focused on net realisable value of inventories because this account is significant and involves significant estimation and judgment of the management. Therefore, I considered this matter as key audit matter.



### How the matter was addressed in the audit

Our audit procedures performed included:

- inquiring of the management in order to understand the Group's policy in relation to the estimating of the net realisable value of inventories;
- understanding the nature of internal controls regarding inventory management, tested the design and implementation of control, observing inventory count and test sampling the condition of inventories;
- testing the inventory aging report by, on a test basis, inspecting supporting documents to assess an appropriateness of aging classification as well as testing the calculation of allowance for decline in value whether it is in accordance with the Group's policy;
- testing net realisable value with sales document and associated selling expenses on a test basis; and
- assessing adequacy of disclosures in the financial statements according to TFRSs.

### 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.



**(Mr. Sakda Kaothanthong)**  
Certified Public Accountant  
Registration No. 4628

KPMG Phoomchai Audit Ltd.  
Bangkok  
14 February 2019

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	5	1,362,776,137	1,884,624,662	475,758,921	152,018,139
Current investments	6	705,619,939	454,519,390	303,862,417	102,140,977
Trade accounts receivable	4, 7	1,387,435,906	1,391,401,332	479,244,563	412,358,922
Other receivables	4, 8	92,334,694	128,070,553	64,812,654	60,333,002
Short-term loans to related parties	4	200,000,000	200,000,000	340,000,000	260,000,000
Inventories	9	476,211,665	427,864,729	122,085,385	105,424,200
<b>Total current assets</b>		<b>4,224,378,341</b>	<b>4,486,480,666</b>	<b>1,785,763,940</b>	<b>1,092,275,240</b>
<b>Non-current assets</b>					
Investments in associates	10	482,727,273	417,770,204	-	-
Investments in subsidiaries	11	-	-	2,542,012,202	2,542,012,202
Investments in joint venture	10	348,790,917	349,852,475	350,500,100	350,500,100
Other long-term investments	12	26,651,146	26,651,146	-	-
Investment properties	13	58,561,500	58,561,500	-	-
Property, plant and equipment	14	3,804,072,711	4,113,915,380	1,137,610,648	1,299,227,034
Goodwill		17,934,556	17,934,556	-	-
Intangible assets	15	28,703,860	38,311,768	8,620,012	13,028,812
Deferred tax assets	16	39,374,449	37,962,075	15,724,303	15,986,496
Other non-current assets		33,566,277	24,529,412	5,857,349	4,137,969
<b>Total non-current assets</b>		<b>4,840,382,689</b>	<b>5,085,488,516</b>	<b>4,060,324,614</b>	<b>4,224,892,613</b>
<b>Total assets</b>		<b>9,064,761,030</b>	<b>9,571,969,182</b>	<b>5,846,088,554</b>	<b>5,317,167,853</b>

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

# Somboon Advance Technology 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
		<i>(in Baht)</i>			
<b>Current liabilities</b>					
Short-term loan from financial institution	17	-	200,000,000	-	200,000,000
Trade accounts payable	4, 18	1,146,937,852	1,216,101,805	390,381,557	301,319,824
Other payables	4, 19	371,772,994	357,524,260	113,692,246	71,315,573
Accounts payable - purchase of assets		46,845,332	109,896,696	9,184,557	11,772,917
Current portion of long-term loans from financial institutions	17	114,628,000	537,335,680	43,428,000	202,122,959
Current portion of finance lease liabilities	17	-	539,647	-	85,272
Income tax payable		43,407,767	43,195,878	23,585,960	17,161,650
<b>Total current liabilities</b>		<b>1,723,591,945</b>	<b>2,464,593,966</b>	<b>580,272,320</b>	<b>803,778,195</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	17	194,670,629	469,485,558	135,070,630	235,085,559
Non-current provisions for employee benefits	20	259,052,228	217,145,726	101,593,297	88,111,461
Other non-current liabilities		806,471	774,072	821,095	769,994
<b>Total non-current liabilities</b>		<b>454,529,328</b>	<b>687,405,356</b>	<b>237,485,022</b>	<b>323,967,014</b>
<b>Total liabilities</b>		<b>2,178,121,273</b>	<b>3,151,999,322</b>	<b>817,757,342</b>	<b>1,127,745,209</b>

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

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
Equity					
Share capital	21				
Authorised share capital		425,193,894	425,193,894	425,193,894	425,193,894
Issued and paid-up share capital		425,193,894	425,193,894	425,193,894	425,193,894
Premium on ordinary shares	21	716,443,452	716,443,452	716,443,452	716,443,452
Retained earnings					
Appropriated	22				
Legal reserve		55,671,181	55,671,181	42,671,181	42,671,181
Unappropriated		5,689,331,230	5,221,455,086	3,844,022,685	3,005,114,117
Other components of equity		-	1,206,247	-	-
Total equity		6,886,639,757	6,419,969,860	5,028,331,212	4,189,422,644
Total liabilities and equity		9,064,761,030	9,571,969,182	5,846,088,554	5,317,167,853

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



# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Statement of income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
<b>Revenues</b>					
Revenue from sale of goods					
and rendering of services	4, 23, 27	8,193,797,424	8,593,221,648	2,564,734,973	2,265,599,811
Revenue from sale of assets	4, 11	-	134,082,547	-	-
Net foreign exchange gain		3,495,491	7,516,693	169,684	-
Dividend income	4, 11	4,841,202	3,692,228	883,981,300	-
Other income	4	105,799,036	63,769,946	164,487,218	144,670,078
<b>Total revenues</b>		<b>8,307,933,153</b>	<b>8,802,283,062</b>	<b>3,613,373,175</b>	<b>2,410,269,889</b>
<b>Expenses</b>					
	25				
Cost of sale of goods and					
rendering of services	4	6,684,015,660	7,262,153,120	1,881,564,098	1,676,936,048
Distribution costs	4	111,260,591	105,465,402	46,295,069	37,591,141
Administrative expenses	4	571,210,197	574,558,233	356,464,363	314,060,177
Net foreign exchange loss		-	-	-	882,445
Finance costs		22,890,643	57,850,887	10,530,769	22,453,183
<b>Total expenses</b>		<b>7,389,377,091</b>	<b>8,000,027,642</b>	<b>2,294,854,299</b>	<b>2,051,922,994</b>
Share of profit of investments in					
associates and joint venture	10	88,885,511	92,129,991	-	-
<b>Profit before income tax expense</b>		<b>1,007,441,573</b>	<b>894,385,411</b>	<b>1,318,518,876</b>	<b>358,346,895</b>
Income tax expense	26	(91,844,871)	(83,144,518)	(47,299,887)	(31,273,460)
<b>Profit for the year</b>		<b>915,596,702</b>	<b>811,240,893</b>	<b>1,271,218,989</b>	<b>327,073,435</b>
<b>Basic earnings per share (Baht)</b>					
	28	2.15	1.91	2.99	0.77

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

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
<b>Profit for the year</b>	<b>915,596,702</b>	<b>811,240,893</b>	<b>1,271,218,989</b>	<b>327,073,435</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	-	(621,500)	-	-
Gains on remeasuring available-for-sale investments	1,201,533	1,305,641	-	-
Net change in fair value of available-for-sale investments transferred to profit or loss	(2,507,174)	-	-	-
Income tax relating to items that will be reclassified	99,394	(99,394)	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>(1,206,247)</b>	<b>584,747</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>				
Gains (losses) on remeasurements of defined benefit plans	(24,760,056)	1,912,048	(8,328,277)	-
Income tax relating to items that will not be reclassified	2,229,242	-	1,207,600	-
<b>Total items that will not be reclassified to profit or loss</b>	<b>(22,530,814)</b>	<b>1,912,048</b>	<b>(7,120,677)</b>	<b>-</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>-23,737,061</b>	<b>2,496,795</b>	<b>(7,120,677)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>891,859,641</b>	<b>813,737,688</b>	<b>1,264,098,312</b>	<b>327,073,435</b>

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

	Consolidated financial statements							
	Retained earnings		Other components of equity					
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in Baht)	Translating foreign operations	Available-for-sale investments	Total other components of equity	Total equity
Year ended 31 December 2017								
Balance at 1 January 2017	425,193,894	716,443,452	55,671,181	4,688,928,052	621,500	-	621,500	5,886,858,079
Transaction with owners, recorded directly in equity								
Distributions to owners of the Company								
Dividends to owners of the Company	-	-	-	(280,625,907)	-	-	-	(280,625,907)
Total transaction with owners, recorded directly in equity	-	-	-	(280,625,907)	-	-	-	(280,625,907)
Comprehensive income for the year								
Profit	-	-	-	811,240,893	-	-	-	811,240,893
Other comprehensive income	-	-	-	1,912,048	(621,500)	1,206,247	584,747	2,496,795
Total comprehensive income for the year	-	-	-	813,152,941	(621,500)	1,206,247	584,747	813,737,688
Balance at 31 December 2017	425,193,894	716,443,452	55,671,181	5,221,455,086	-	1,206,247	1,206,247	6,419,969,860

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# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Statement of changes in equity

Consolidated financial statements						
		Retained earnings			Other components of equity	
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
	Note			(in Baht)		
Year ended 31 December 2018						
Balance at 1 January 2018		425,193,894	716,443,452	55,671,181	5,221,455,086	1,206,247
						6,419,969,860
Transaction with owners, recorded directly in equity						
Distributions to owners of the Company						
	29	-	-	-	(425,189,744)	-
		-	-	-	(425,189,744)	(425,189,744)
Total transaction with owners, recorded directly in equity						
Comprehensive income for the year						
		-	-	-	915,596,702	-
		-	-	-	(22,530,814)	(1,206,247)
		-	-	-	893,065,888	(1,206,247)
						891,859,641
Balance at 31 December 2018						
		425,193,894	716,443,452	55,671,181	5,689,331,230	-
						6,886,639,757

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

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

	Note	Issued and paid-up share capital	Share premium	Separate financial statements Retained earnings			Total equity
				Legal reserve (in Baht)	Unappropriated		
<b>Year ended 31 December 2017</b>							
<b>Balance at 1 January 2017</b>		<b>425,193,894</b>	<b>716,443,452</b>	<b>42,671,181</b>	<b>2,958,666,589</b>		<b>4,142,975,116</b>
<b>Transaction with owners, recorded directly in equity</b>							
<b><i>Distributions to owners of the Company</i></b>							
Dividends to owners of the Company	29	-	-	-	(280,625,907)		(280,625,907)
<b>Total transaction with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(280,625,907)</b>		<b>(280,625,907)</b>
<b>Comprehensive income for the year</b>							
Profit		-	-	-	327,073,435		327,073,435
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>327,073,435</b>		<b>327,073,435</b>
<b>Balance at 31 December 2017</b>		<b>425,193,894</b>	<b>716,443,452</b>	<b>42,671,181</b>	<b>3,005,114,117</b>		<b>4,189,422,644</b>

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

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
Statement of changes in equity

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Retained earnings	
Year ended 31 December 2018							
Balance at 1 January 2018		425,193,894	716,443,452	42,671,181	3,005,114,117		4,189,422,644
Transaction with owners, recorded directly in equity							
Distributions to owners of the Company							
Dividends to owners of the Company	29	-	-	-	(425,189,744)		(425,189,744)
Total transaction with owners, recorded directly in equity		-	-	-	(425,189,744)		(425,189,744)
Comprehensive income for the year							
Profit		-	-	-	1,271,218,989		1,271,218,989
Other comprehensive income		-	-	-	(7,120,677)		(7,120,677)
Total comprehensive income for the year		-	-	-	1,264,098,312		1,264,098,312
Balance at 31 December 2018		425,193,894	716,443,452	42,671,181	3,844,022,685		5,028,331,212

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



# Notes to the financial statements

Somboon Advance Technology Public Company Limited and its Subsidiaries  
For the year ended 31 December 2018

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# **Somboon Advance Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2018**

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 14 February 2019.

## **1 General information**

Somboon Advance Technology Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at

Head Office : 129 Moo 2, Bangna-Trad Road, Tambon Bangchalong, Amphur Bangplee, Samutprakarn 10540.

Branch : 300/10 Moo 1, Tambon Tasit, Amphur Pluak Daeng, Rayong 21140.

Branch : 7/389 Moo 6, Tambon Mapyangporn, Amphur Pluak Daeng, Rayong 21140.

The Company was listed on the Stock Exchange of Thailand in January 2005.

The Company’s major shareholders during the financial year were Somboon Holding Company Limited (29.9% shareholding) and Kitaphanich family (13.9% shareholding). Both companies were incorporated in Thailand.

The principal activities of the Company are the manufacture of pick-up axles and truck trunnion shafts. Details of the Company’s subsidiaries as at 31 December 2018 and 2017 are given in note 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) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for 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 33.

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i><b>Items</b></i>	<i><b>Measurement bases</b></i>
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (n)

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**(c) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Group'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 estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and 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.

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 3 (s)	Current and deferred taxation
Note 20	Measurement of defined benefit obligations

*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 and liabilities.

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 chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, 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's 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).

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.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

**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 and joint venture.

*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.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

*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 and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures 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.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Transactions eliminated on consolidation*

Intra-group balances 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 and joint ventures 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 the Group entities at the 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.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

**(c) Derivative**

Derivative are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative are not used for trading purposes.

The Group is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rate. These financial instruments, which mainly comprise forward foreign exchange contracts and interest swap contract are not recognised in the financial statements on inception but deferred and accounted for on a settlement basic.

**(d) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

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**(e) Trade and other accounts receivable**

Trade and other accounts receivable 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.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost of finished goods and works in process are calculated using the average cost principle. Raw materials, factory supplies and spare parts for machinery are calculated using the first in first out principle. Cost of inventories 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 is calculated using standard cost adjusted to approximate average cost including 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 complete and to make the sale.

**(g) Investments**

*Investments in subsidiaries and associates and joint ventures*

Investments in associates, subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint venture in the consolidated financial statements are accounted for using the equity method.

*Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, where these investments are derecognised the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.



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*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 weighted average 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 impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

**(i) *Property, plant and equipment***

*Recognition and measurement*

*Owned asset*

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. The cost of self-constructed assets includes the cost of materials and direct labour, 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 or 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.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

*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:

Buildings and other constructions	5 - 40 years
Machinery and factory equipment	1.5 - 30 years
Office furniture, fixtures and equipment	3 - 5 years
Vehicle	5 years

No depreciation is provided on freehold land, assets under construction and spare parts for machinery.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) *Intangible assets***

*Goodwill*

Goodwill is measured as the excess of the cost of acquisition over the fair value of the identifiable assets acquired.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (k). Negative goodwill is recognised immediately in profit or loss.

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software licences	3 - 10 years
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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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other 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.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at cost less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

**(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(n) 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 annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income ("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, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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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.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*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.

**(o) 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. The unwinding of the discount is recognised as finance cost.

**(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebate.

*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 over the term of lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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*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 incomes are recognised in profit or loss as it accrues.

**(q) 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 period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in profit or loss using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**(r) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, 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 fulfilment 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.

**(s) 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 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 to the extent that it is probable that they will not reverse in the foreseeable future.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

**(t) *Earnings per share***

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic earnings per share 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 year.

**(u) *Segment reporting***

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

**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.



**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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Relationships with associates, joint venture and subsidiaries are described in notes 10 and 11.  
Relationship with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Somboon Holding Company Limited	Thailand	Major shareholders, 29.9% shareholding
Yongkee Co., Ltd.	Thailand	A common shareholder of the Company
Key management personnel	Thailand	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

Significant transactions for the years ended 31 December 2018 and 2017 with related parties were as follows:

<i>Year ended 31 December</i>	<b>Pricing policies</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
<i>(in million Baht)</i>					
<b>Subsidiaries</b>					
Sales of goods	Approximates market prices	-	-	130	108
Dividend income	Right to receive	-	-	884	-
Interest income	Contractually agreed rate	-	-	3	1
Management fee income	Contractually agreed price	-	-	81	90
Facilities income	Approximates cost	-	-	9	9
Rental income	Contractually agreed price	-	-	4	6
Sales of scraps	Approximates market prices	-	-	11	8
Other income	Approximates market prices	-	-	1	3
Rental expense	Contractually agreed price	-	-	2	2
Facilities expense	Approximates cost	-	-	3	3
<b>Joint venture</b>					
Sales of goods	Approximates market prices	5	-	-	-
Sales of raw material	Approximates market prices	1	-	-	-
Rental income	Contractually agreed price	21	-	1	-
Management fee income	Contractually agreed price	14	-	14	-
Interest income	Contractually agreed rate	9	-	9	-
Other income	Contractually agreed price	3	-	-	-
<b>Associate</b>					
Purchases of goods	Approximates market price	47	38	-	-
Dividend income	Right to receive	25	14	-	-

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<i>Year ended 31 December</i>	Pricing policies	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in million Baht)</i>					
<b>Key management personnel</b>					
Key management personnel compensation					
Short-term benefits		59	68	58	67
Other long-term benefits		<u>2</u>	<u>3</u>	<u>2</u>	<u>2</u>
<b>Total key management personnel compensation</b>		<b>61</b>	<b>71</b>	<b>60</b>	<b>69</b>

**Other related parties**

Sales of goods	Approximates market prices	10	98	10	10
Rental income	Contractually agreed price	1	-	-	-
Purchases of					
raw material	Approximates market prices	-	1	-	-
Management fee	Contractually agreed price	20	-	20	-

Balances as at 31 December 2018 and 2017 with related parties were as follows:

**Trade accounts receivable**

<i>Trade accounts receivable</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	27,253	17,715
<b>Other related party</b>				
Yongkee Co., Ltd.	2,908	35,485	2,908	3,627
<b>Total</b>	<b>2,908</b>	<b>35,485</b>	<b>30,161</b>	<b>21,342</b>

**Other receivables**

<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	23,556	18,538
International Casting Products Co., Ltd	-	-	19,037	13,873
Somboon Forging Technology Company Limited	-	-	5,640	6,996
Bangkok Spring Industrial Company Limited	-	-	60	12,005
<b>Joint venture</b>				
Mubea Somboon Automotive Co., Ltd.	8,820	11,931	3,786	-
<b>Other related party</b>				
Yongkee Co., Ltd.	204	204	-	-
<b>Total</b>	<b>9,024</b>	<b>12,135</b>	<b>52,079</b>	<b>51,412</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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<i>Short-term loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Somboon Forging Technology Company Limited	-	-	140,000	60,000
<b>Joint venture</b>				
Mubea Somboon Automotive Co., Ltd.	200,000	200,000	200,000	200,000
<b>Total</b>	<b>200,000</b>	<b>200,000</b>	<b>340,000</b>	<b>260,000</b>

Movements during the years ended 31 December 2018 and 2017 of loans to related parties were as follows:

<i>Short-term loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	60,000	33,000
Increase	-	-	450,000	180,000
Decrease	-	-	(370,000)	(153,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>140,000</b>	<b>60,000</b>
<b>Joint venture</b>				
At 1 January	200,000	-	200,000	-
Increase	100,000	200,000	100,000	200,000
Decreased	(100,000)	-	(100,000)	-
<b>At 31 December</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Total short-term loans to related parties</b>				
At 1 January	200,000	-	260,000	33,000
Increase	100,000	200,000	550,000	380,000
Decrease	(100,000)	-	(470,000)	(153,000)
<b>At 31 December</b>	<b>200,000</b>	<b>200,000</b>	<b>340,000</b>	<b>260,000</b>

Short-term loans to related parties carry interest at MMR (Money Market Rate) per annum.

<i>Trade account payable</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Associate</b>				
Tsuchiyoshi Somboon Coated Sand Co., Ltd.	13,134	10,636	-	-
<b>Other related party</b>				
Yongkee Co., Ltd.	-	402	-	-
<b>Total</b>	<b>13,134</b>	<b>11,038</b>	<b>-</b>	<b>-</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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***Other payables***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	4,025	59
Bangkok Spring Industrial Company Limited	-	-	902	848
International Casting Products Co., Ltd.	-	-	11	9
<b>Joint venture</b>				
Mubea Somboon Automotive Co., Ltd.	67	-	-	-
<b>Associate</b>				
Tsuchiyoshi Somboon Coated Sand Co., Ltd.	58	49	-	-
<b>Other related parties</b>				
Somboon Holding Company Limited	1,739	-	1,739	-
<b>Total</b>	<b>1,864</b>	<b>49</b>	<b>6,677</b>	<b>916</b>

***Land and building lease agreement***

A subsidiary had land and building lease agreement with joint venture for the period of 3 years and 1-2 years, respectively with effective from the date of the subsidiary's business was transferred to the joint venture. The subsidiary will receive land and building rental as stipulated in the agreement.

***Management service agreement with joint venture***

The Company has management service agreement with joint venture effective from the date of the subsidiary's business was transferred to the joint venture to 31 December 2019. Under the terms of the agreement, the Company will provide management services and will receive service fee as stipulated in the agreement.

***Management service agreement with related party***

On 1 January 2018, the Company entered into a management service agreement with a related company whereby the latter will provide consulting services as stipulate in the agreement. The Company is committed to pay annual fees amounting to Baht 19.5 million. The agreement is effective from 1 January 2018 to 31 December 2020.

**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	250	320	90	90
Cash at banks - current accounts	7,281	8,882	4,975	8,295
Cash at banks - savings accounts	1,255,245	1,875,423	470,694	143,633
Highly liquid short-term investments	100,000	-	-	-
<b>Total</b>	<b>1,362,776</b>	<b>1,884,625</b>	<b>475,759</b>	<b>152,018</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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**6 Current investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institution	705,620	153,214	303,862	102,141
Investment in mutual funds	-	301,305	-	-
<b>Total</b>	<b>705,620</b>	<b>454,519</b>	<b>303,862</b>	<b>102,141</b>

Current investments represents short-term deposits at financial institutions with maturity period over 3 months but less than 1 year and had annual interest rates of 1.45-1.75% as at 31 December 2018 (2017: 1.30%) and investment in available-for-sales mutual fund which are valued at fair value as at period end.

**7 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	2,908	35,485	30,161	21,342
Other parties		1,384,528	1,355,916	449,084	391,017
<b>Total</b>		<b>1,387,436</b>	<b>1,391,401</b>	<b>479,245</b>	<b>412,359</b>
Less allowance for doubtful accounts		-	-	-	-
<b>Net</b>		<b>1,387,436</b>	<b>1,391,401</b>	<b>479,245</b>	<b>412,359</b>

Aging analyses for trade accounts receivable were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Within credit terms	4	2,908	35,485	30,161	21,342
<b>Other parties</b>					
Within credit terms		1,384,528	1,355,364	449,084	391,011
Overdue:					
Less than 3 months		-	552	-	6
3-12 months		-	-	-	-
Over 12 months		-	-	-	-
		<b>1,384,528</b>	<b>1,355,916</b>	<b>449,084</b>	<b>391,017</b>
Less allowance for doubtful accounts		-	-	-	-
		<b>1,384,528</b>	<b>1,355,916</b>	<b>449,084</b>	<b>391,017</b>
<b>Net</b>		<b>1,387,436</b>	<b>1,391,401</b>	<b>479,245</b>	<b>412,359</b>

The normal credit term granted by the group is 30-90 days.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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**8 Other receivables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	<b>4</b>	<b>9,024</b>	<b>12,135</b>	<b>52,079</b>	<b>51,412</b>
<b>Other parties</b>					
Revenue department receivable		69,669	102,635	6,121	1,475
Prepaid expenses		6,407	5,618	4,198	1,060
Accrued incomes		2,952	4,280	1,151	4,176
Others		4,283	3,403	1,264	2,210
<b>Total</b>		<b>92,335</b>	<b>128,071</b>	<b>64,813</b>	<b>60,333</b>

**9 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	236,539	212,385	52,587	50,414
Work in process	37,016	41,817	3,953	5,200
Raw materials	31,585	15,944	24,041	8,001
Factory supplies	107,366	108,097	18,624	17,113
Spare parts for machinery	107,274	104,883	29,560	35,405
Goods in transit	2,728	2,537	170	106
<b>Total</b>	<b>522,508</b>	<b>485,663</b>	<b>128,935</b>	<b>116,239</b>
<i>Less allowance for decline in value</i>	<i>(46,296)</i>	<i>(57,798)</i>	<i>(6,850)</i>	<i>(10,815)</i>
<b>Net</b>	<b>476,212</b>	<b>427,865</b>	<b>122,085</b>	<b>105,424</b>

**10 Investments in associates and joint venture**

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Associates</b>		
At 1 January	417,770	339,203
Share of net profit of associates	89,947	92,778
Dividend income	(24,990)	(14,211)
<b>At 31 December</b>	<b>482,727</b>	<b>417,770</b>
<b>Joint venture</b>		
At 1 January	349,852	-
Acquisitions	-	350,500
Share of net loss of joint venture	(1,061)	(648)
<b>At 31 December</b>	<b>348,791</b>	<b>349,852</b>
<b>Total</b>		
At 1 January	767,622	339,203
Acquisitions	-	350,500
Share of net profit of associates and joint venture	88,886	92,130
Dividend income	(24,990)	(14,211)
<b>At 31 December</b>	<b>831,518</b>	<b>767,622</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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	<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>	
<b>Joint venture</b>		
At 1 January	350,500	-
Acquisitions	-	350,500
<b>At 31 December</b>	<b><u>350,500</u></b>	<b><u>350,500</u></b>

*Acquisition of investments in joint venture*

On 27 July 2017, the Company entered into a joint venture agreement with MUBEA ENGINEERING AG as a result of resolution of the Board of Directors' meeting held on 20 July 2017 and established a joint venture, Mubea Somboon Automotive Co., Ltd., and registered with the Ministry of Commerce on 9 November 2017 for selling auto parts and other supporting parts. The Company has a shareholding of 50.01% in this joint venture.



**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2018**

Investments in associates as at 31 December 2018 and 2017, and dividend income for the years then ended were as follows:

Consolidated financial statements											
	Type of business	Country of incorporation	Ownership Interest (%)		Paid-up capital		Cost method		Equity method		Dividend income
			2018	2017	2018	2017	2018	2017	2018	2017	
(in thousand Baht)											
Associates											
Tsuchiyoshi Somboon Coated Sand Co., Ltd	Manufacture and sale of plastic- coated sand and dry sand	Thailand	21.25	21.25	72,000	72,000	15,300	15,300	60,062	60,508	4,590
Yamada Somboon Company Limited	Manufacture and Sale of auto parts	Thailand	20.00	20.00	150,000	150,000	30,807	30,807	422,665	357,262	9,621
							<u>46,107</u>	<u>46,107</u>	<u>482,727</u>	<u>417,770</u>	<u>14,211</u>
Joint venture											
Mubea Somboon Automotive Co., Ltd.	Manufacture and sale of auto parts	Thailand	50.00	50.00	701,000	701,000	350,500	350,500	348,791	349,852	-
							<u>396,607</u>	<u>396,607</u>	<u>831,518</u>	<u>767,622</u>	<u>24,990</u>
											<u>14,211</u>

None of the Group's associates and joint venture are publicly listed and consequently do not have published price quotations.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**11 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	2,542,012	2,542,012
<b>At 31 December</b>	<b><u>2,542,012</u></b>	<b><u>2,542,012</u></b>

*Disposal of subsidiary's business*

On 27 December 2017, Bangkok Spring Industrial Company Limited, a subsidiary, disposed net assets and liabilities to Mubea Somboon Automotive Co., Ltd. according to a joint venture agreement dated 27 July 2017 between Somboon Advance Technology Public Company Limited and MUBEA ENGINEERING AG. Mubea Somboon Automotive Co., Ltd. paid preliminary paid of Baht 1,048 million. The Group considered this transaction as sales of asset.

*The transferred assets and liabilities comprised of the followings:*

	<b>Net book value (in million baht)</b>
Inventories	156
Property, plant and equipment	815
Intangible assets	1
Tooling	9
Employee benefits obligation	(58)
<b>Total transferred assets and liabilities</b>	<b><u>923</u></b>
<b>Consideration received</b>	<b><u>1,055</u></b>
Gain from sales of business	<b><u>132</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income for the years then ended were as follows:

Separate financial statements											
	Type of business	Country of incorporation	Ownership interest 2018 (%)	Ownership interest 2017 (%)	Paid-up capital		Cost method		Dividend income 2018	Dividend income 2017	
					2018	2017	2018	2017			
(in thousand Baht)											
Subsidiaries											
	Somboon Malleable Iron Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100	500,000	500,000	875,989	875,989	-	-
		Rent of real estate and investment company in 2018 / manufacture and sale of auto parts in 2017									
Bangkok Spring Industrial Company Limited		Thailand	100	100	130,000	130,000	519,989	519,989	883,981	-	
International Casting Products Co., Ltd	Manufacture and sale of auto parts	Thailand	100	100	785,000	785,000	796,034	796,034	-	-	
Somboon Forging Technology Company Limited	Manufacture and sale of auto parts	Thailand	100	100	350,000	350,000	350,000	350,000	-	-	
Total						2,542,012	2,542,012	2,542,012	883,981	-	

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**12 Other long-term investments**

		Consolidated financial statements				
	Type of business	Paid-up capital	Ownership Interest		Cost	
			2018	2017	2018	2017
			(%)		(in thousand Baht)	
Nisshinbo Somboon Automotive Company Limited	Manufacture and sale of auto parts and brake systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic Manufacturing Company Limited	Manufacture and sale of auto parts	300,000	1.80	1.80	5,401	5,401
Total					26,651	26,651

**13 Investment properties**

Investment properties are land not used in its operation of a subsidiary and were revalued by an independent professional valuer in June 2016, at market comparison approach. The appraised value was Baht 90 million.

*Fair value hierarchy*

The fair value of investment property 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.

The fair value for investment property of Baht 90 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 14 Property, plant and equipment

#### Consolidated financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<b>Cost</b>								
<b>At 1 January 2017</b>	622,727	1,930,406	9,425,642	174,624	13,889	463,900	63,702	12,694,890
Additions	-	1,561	44,532	8,504	215	201,977	38,638	295,427
Transfers	-	28,194	447,370	6,062	-	(460,782)	(20,844)	-
Disposals of subsidiary's business	(83,299)	(246,343)	(1,365,854)	(6,129)	-	(76,751)	(4,324)	(1,782,700)
Disposals	-	(1,182)	(94,364)	(1,425)	(2,034)	-	-	(99,005)
<b>At 31 December 2017 and 1 January 2018</b>	<b>539,428</b>	<b>1,712,636</b>	<b>8,457,326</b>	<b>181,636</b>	<b>12,070</b>	<b>128,344</b>	<b>77,172</b>	<b>11,108,612</b>
Additions	-	673	53,830	5,479	3	258,191	39,124	357,300
Transfers	-	6,064	275,683	2,425	-	(269,520)	(14,652)	-
Disposals	-	(888)	(108,397)	(1,682)	(586)	(4,531)	(8,957)	(125,041)
<b>At 31 December 2018</b>	<b>539,428</b>	<b>1,718,485</b>	<b>8,678,442</b>	<b>187,858</b>	<b>11,487</b>	<b>112,484</b>	<b>92,687</b>	<b>11,340,871</b>
<b>Depreciation</b>								
<b>At 1 January 2017</b>	-	805,919	6,312,763	155,547	11,095	-	-	7,285,324
Depreciation charge for the year	-	103,630	658,609	11,020	777	-	-	774,036
Disposals of subsidiary's business	-	(80,495)	(881,554)	(5,215)	-	-	-	(967,264)
Disposals	-	(918)	(93,061)	(1,386)	(2,034)	-	-	(97,399)
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>828,136</b>	<b>5,996,757</b>	<b>159,966</b>	<b>9,838</b>	<b>-</b>	<b>-</b>	<b>6,994,697</b>
Depreciation charge for the year	-	92,939	543,404	10,617	776	-	-	647,736
Disposals	-	(379)	(102,992)	(1,678)	(586)	-	-	(105,635)
<b>At 31 December 2018</b>	<b>-</b>	<b>920,696</b>	<b>6,437,169</b>	<b>168,905</b>	<b>10,028</b>	<b>-</b>	<b>-</b>	<b>7,536,798</b>

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### Consolidated financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<i>Net book value</i>								
<b>At 1 January 2017</b>								
Owned assets	622,727	1,124,487	3,110,590	18,701	2,794	463,900	63,702	5,406,901
Assets under finance leases	-	-	2,289	376	-	-	-	2,665
	<b>622,727</b>	<b>1,124,487</b>	<b>3,112,879</b>	<b>19,077</b>	<b>2,794</b>	<b>463,900</b>	<b>63,702</b>	<b>5,409,566</b>
<b>At 31 December 2017 and 1 January 2018</b>								
Owned assets	539,428	884,500	2,458,547	21,530	2,232	128,344	77,172	4,111,753
Assets under finance leases	-	-	2,022	140	-	-	-	2,162
	<b>539,428</b>	<b>884,500</b>	<b>2,460,569</b>	<b>21,670</b>	<b>2,232</b>	<b>128,344</b>	<b>77,172</b>	<b>4,113,915</b>
<b>At 31 December 2018</b>								
Owned assets	539,428	797,789	2,241,273	18,953	1,459	112,484	92,687	3,804,073
	<b>539,428</b>	<b>797,789</b>	<b>2,241,273</b>	<b>18,953</b>	<b>1,459</b>	<b>112,484</b>	<b>92,687</b>	<b>3,804,073</b>

**Notes to the financial statements**  
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## Notes to the financial statements

## Separate financial statements

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**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounting to Baht 3,914 million (2017: Baht 3,537 million).

As at 31 December 2018, land of the Company valued at Baht 2.3 million comprises land for which the legal ownership has yet to be transferred which is in accordance with the agreements to purchase and to sell the land.

The Company and its subsidiaries have mortgaged a majority of their land with structures thereon and machineries as collateral for credit facilities granted by commercial banks.

**15 Intangible assets**

	<b>Consolidated financial statements</b>		
	Software licences	Software under installation <i>(in thousand Baht)</i>	Total
<b><i>Cost</i></b>			
At 1 January 2017	134,315	-	134,315
Additions	10,436	4,680	15,116
Transfer	(22,871)	-	(22,871)
<b>At 31 December 2017 and 1 January 2018</b>	<b>121,880</b>	<b>4,680</b>	<b>126,560</b>
Additions	4,657	1,456	6,113
Transfer	5,026	(5,026)	-
<b>At 31 December 2018</b>	<b>131,563</b>	<b>1,110</b>	<b>132,673</b>
<b><i>Amortisation</i></b>			
At 1 January 2017	93,552	-	93,552
Amortisation charge for the year	14,484	-	14,484
Disposals	(19,788)	-	(19,788)
<b>At 31 December 2017 and 1 January 2018</b>	<b>88,248</b>	<b>-</b>	<b>88,248</b>
Amortisation charge for the year	15,721	-	15,721
<b>At 31 December 2018</b>	<b>103,969</b>	<b>-</b>	<b>103,969</b>
<b><i>Net book value</i></b>			
At 1 January 2017	40,763	-	40,763
<b>At 31 December 2017 and 1 January 2018</b>	<b>33,632</b>	<b>4,680</b>	<b>38,312</b>
<b>At 31 December 2018</b>	<b>27,594</b>	<b>1,110</b>	<b>28,704</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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	<b>Separate financial statements</b> Software licences (in thousand Baht)
<b>Cost</b>	
At 1 January 2017	56,901
Additions	1,261
<b>At 31 December 2017 and 1 January 2018</b>	<b>58,162</b>
Additions	1,945
<b>At 31 December 2018</b>	<b>60,107</b>
<b>Amortisation</b>	
At 1 January 2017	38,083
Amortisation charge for the year	7,050
<b>At 31 December 2017 and 1 January 2018</b>	<b>45,133</b>
Amortisation charge for the year	6,354
<b>At 31 December 2018</b>	<b>51,487</b>
<b>Net book value</b>	
At 1 January 2017	18,818
<b>At 31 December 2017 and 1 January 2018</b>	<b>13,029</b>
<b>At 31 December 2018</b>	<b>8,620</b>

## 16 Deferred tax

Deferred tax assets as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	(in thousand Baht)			
Deferred tax assets	39,374	38,061	15,274	15,986
Deferred tax liabilities	-	(99)	-	-
<b>Net deferred tax assets</b>	<b>39,374</b>	<b>37,962</b>	<b>15,274</b>	<b>15,986</b>

Movements in total deferred tax assets during the year ended 31 December 2018 and 2017 were as follows:

	<b>Consolidated financial statements</b> (Charged) / Credited to:			
	At 1 January 2018	Profit or loss	Other comprehensive income (Note 26)	At 31 December 2018
	(in thousand Baht)			
<b>Deferred tax assets</b>				
Inventories	8,399	(2,180)	-	6,219
Employee benefit obligations	29,662	1,264	2,229	33,155
<b>Deferred tax liability</b>				
Investments held as available-for-sale	(99)	-	99	-
<b>Total</b>	<b>37,962</b>	<b>(916)</b>	<b>2,328</b>	<b>39,374</b>

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<b>Consolidated financial statements</b>			
<b>(Charged) / Credited to:</b>			
	<b>At 1 January 2017</b>	<b>Profit or loss (Note 26) (in thousand Baht)</b>	<b>Other comprehensive income At 31 December 2017</b>
<b>Deferred tax assets</b>			
Inventories	8,901	(502)	-
Employee benefit obligations	29,999	(337)	-
<b>Deferred tax liability</b>			
Investments held as available-for-sale	-	-	(99)
<b>Total</b>	<b>38,900</b>	<b>(839)</b>	<b>37,962</b>

<b>Separate financial statements</b>			
<b>(Charged) / Credited to:</b>			
	<b>At 1 January 2018</b>	<b>Profit or loss (Note 26) (in thousand Baht)</b>	<b>Other comprehensive income At 31 December 2018</b>
<b>Deferred tax assets</b>			
Inventories	1,747	(754)	-
Employee benefit obligations	14,239	(716)	1,208
<b>Total</b>	<b>15,986</b>	<b>(1,470)</b>	<b>15,724</b>

<b>Separate financial statements</b>			
<b>(Charged) / Credited to:</b>			
	<b>At 1 January 2017</b>	<b>Profit or loss (Note 26) (in thousand Baht)</b>	<b>Other comprehensive income At 31 December 2017</b>
<b>Deferred tax assets</b>			
Inventories	2,212	(465)	-
Employee benefit obligations	9,508	4,731	-
<b>Total</b>	<b>11,720</b>	<b>4,266</b>	<b>15,986</b>

Deferred tax assets have not been recognised in respect of the following items:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Tax losses	188,449	251,052	-	-
<b>Total</b>	<b>188,449</b>	<b>251,052</b>	<b>-</b>	<b>-</b>

The tax losses expire during 2019 to 2024. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that there will be sufficient future taxable profit against which subsidiaries can utilise the benefits therefrom.

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**17 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Short-term loan from financial institution				
- unsecured	-	200,000	-	200,000
Current portion of long-term loans from financial institutions - secured	114,628	537,336	43,428	202,123
Current portion of finance lease liabilities	-	539	-	85
<b>Total current liabilities</b>	<b>114,628</b>	<b>737,875</b>	<b>43,428</b>	<b>402,208</b>
<b>Non-current</b>				
Long-term loans from financial institutions				
- secured	194,671	469,485	135,071	235,086
<b>Total non-current liabilities</b>	<b>194,671</b>	<b>469,485</b>	<b>135,071</b>	<b>235,086</b>
<b>Total</b>	<b>309,299</b>	<b>1,207,360</b>	<b>178,499</b>	<b>637,294</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	114,628	737,336	43,428	402,123
After one year but within five years	194,671	464,698	135,071	230,299
After five years	-	4,787	-	4,787
<b>Total</b>	<b>309,299</b>	<b>1,206,821</b>	<b>178,499</b>	<b>637,209</b>

As at 31 December 2018, the Group and the Company had outstanding long-term loans with financial institutions which are repayable within 2023. These loans are subject to interest at fixed rates of 4.75% per annum and at floating rates (fixed deposit rates, plus 2.10% per annum and BIBOR rate, plus 1.25% per annum) (2017: at fixed rates of 4.60% - 4.80% per annum and at floating rates of fixed deposit rates, plus 2.00% - 2.75% per annum and BIBOR rate, plus 1.25% per annum).

Long-term credit facility of the Company contains certain covenants such as dividend payment, pertaining to matters such as there shall be no effect on the total debt to equity ratio, loan repayment ability, and other conditions stipulated by the financial institutions.

The long-term credit facilities are mortgaged by a majority of the land with premises and machinery of the Group.

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**18 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	13,134	11,038	-	-
Other parties		1,133,804	1,205,064	390,382	301,320
<b>Total</b>		<b>1,146,938</b>	<b>1,216,102</b>	<b>390,382</b>	<b>301,320</b>

**19 Other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	4	1,864	49	6,677	916
<b>Others</b>					
Accrued operating expenses		194,902	144,659	79,662	51,177
Deposits and advances received		44,826	39,971	3,942	483
Revenue department payable		26,568	73,423	12,194	11,116
Others		103,613	99,422	11,217	7,624
<b>Total</b>		<b>371,773</b>	<b>357,524</b>	<b>113,692</b>	<b>71,316</b>

**20 Non-current provisions for employee benefits**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Post-employment benefits	231,688	195,961	94,623	83,048
Other long-term employee benefit	27,364	21,185	6,970	5,063
<b>Total</b>	<b>259,052</b>	<b>217,146</b>	<b>101,593</b>	<b>88,111</b>
<b>For the year ended 31 December</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	36,994	27,258	19,804	9,719
Other long-term employee benefits	7,740	3,411	2,427	668
	<b>44,734</b>	<b>30,669</b>	<b>22,231</b>	<b>10,387</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial (gain)/losses recognised in the year	24,760	(1,912)	8,328	-
Cumulative actuarial losses recognised	94,801	70,041	37,278	28,950

The Group and the Company operate defined benefit plans 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.

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Movement in the present value of the defined benefit obligations:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January		217,146	277,276	88,111	89,883
<b>Included in profit or loss:</b>					
Current service cost		35,280	24,013	18,971	8,135
Past service cost		4,195	-	1,143	-
Interest on obligation		5,259	6,656	2,117	2,252
		<u>44,734</u>	<u>30,669</u>	<u>22,231</u>	<u>10,387</u>
<b>Included in other comprehensive income</b>					
Actuarial loss		24,760	-	8,328	-
		<u>24,760</u>	<u>-</u>	<u>8,328</u>	<u>-</u>
<b>Others</b>					
Benefit paid		(27,588)	(33,165)	(17,077)	(12,159)
Transfer employees to related party	11	-	(57,634)	-	-
		<u>(27,588)</u>	<u>(90,799)</u>	<u>(17,077)</u>	<u>(12,159)</u>
<b>Defined benefit obligations at 31 December</b>		<b><u>259,052</u></b>	<b><u>217,146</u></b>	<b><u>101,593</u></b>	<b><u>88,111</u></b>

Actuarial gains and losses recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	12,366	-	3,052	-
Financial assumptions	(9,542)	-	(3,321)	-
Experience adjustment	21,936	-	8,597	-
<b>Total</b>	<b><u>24,760</u></b>	<b><u>-</u></b>	<b><u>8,328</u></b>	<b><u>-</u></b>



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***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
		(%)		
Discount rate	2.90	2.50	2.90	2.50
Future salary increases	5.00	5.00	5.00	5.00

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 9 years (2017 : 6 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	(in thousand Baht)			
<b>Defined benefit obligation</b>	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(11,192)	12,014	(3,850)	4,115
Future salary growth (1% movement)	24,236	(21,321)	8,554	(7,604)

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 recognized during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 32 million and Baht 12 million, respectively

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**21 Share capital**

	Par value per share (in Baht)	2018		2017	
		Number	Baht	Number	Baht
(thousand shares / thousand Baht)					
<i>Authorised</i>					
At 1 January					
- Ordinary shares	1	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>
<b>At 31 December</b>					
- Ordinary shares	1	<u><b>425,194</b></u>	<u><b>425,194</b></u>	<u><b>425,194</b></u>	<u><b>425,194</b></u>
<i>Issued and paid-up</i>					
At 1 January					
- Ordinary shares	1	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>
<b>At 31 December</b>					
- Ordinary shares	1	<u><b>425,194</b></u>	<u><b>425,194</b></u>	<u><b>425,194</b></u>	<u><b>425,194</b></u>

**Share premium**

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

**22 Reserves**

**Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a 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.

**Other components of equity**

**Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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**23 Segment information**

The Group has two 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* Pick-up axles and truck trunnion shafts
- *Segment 2* Other auto parts

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax 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.

# Somboon Advance Technology Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

## Information about reportable segments

For the year ended 31 December	Consolidated financial statements						
	Pick-up axles and truck trunnion shafts		Other auto parts		Total		Net
	2018	2017	2018	2017	2018	2017	
	<i>(in million Baht)</i>						
External revenue from sale of goods and rendering of services	2,435	2,158	5,759	6,435	8,194	8,593	8,593
Inter-segment revenue from sale of goods and rendering of services	130	108	2,122	1,735	2,252	1,843	-
<b>Total</b>	<b>2,565</b>	<b>2,266</b>	<b>7,881</b>	<b>8,170</b>	<b>10,446</b>	<b>10,436</b>	<b>8,593</b>
Profit before income tax	1,319*	358	571	576	1,890	934	894
Segment assets as at 31 December	5,846	5,317	6,412	7,239	12,258	12,556	9,572
Segment liabilities as at 31 December	818	1,128	2,051	2,509	2,869	3,637	3,152

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

\*Profit before income tax was included dividend income from subsidiary.

## Major customer

Revenues from certain customers of the Group represents approximately Baht 6,156 million (2017: Baht 5,982 million) of the Group's total revenues.

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**24 Provident fund**

The defined contribution plan 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 ranging from 3% to 15% of their basic salaries and by the Group at rates ranging from 3% to 6% of the employees' basic salaries. In 2018, the contributions of Baht 20.4 million and Baht 8.6 million were paid by the Group and the Company, respectively (2017: Baht 24.2 million and Baht 8.2 million, respectively). The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

**25 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Employee benefit expenses	1,313,369	1,352,490	433,474	378,345
Depreciation and amortisation expense	663,456	788,520	237,451	255,238
Raw materials and consumables used	4,116,272	3,996,497	1,183,619	1,019,574
Changes in inventories of finished goods and work in process	(18,529)	73,595	(927)	4,126
Reversal of inventories devaluation	(11,502)	(27,184)	(3,965)	(10,091)
Utilities expense	549,864	542,623	126,617	109,629
Finance costs	22,891	57,851	10,531	22,453
Others	753,556	1,215,636	308,054	272,649
<b>Total expenses</b>	<b>7,389,377</b>	<b>8,000,028</b>	<b>2,294,854</b>	<b>2,051,923</b>

**26 Income tax expense**

***Income tax recognised in profit or loss***

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		90,929	82,306	45,830	35,539
<b>Deferred tax expense</b>					
Movements in temporary differences	16	916	839	1,470	(4,266)
<b>Total income tax expense</b>		<b>91,845</b>	<b>83,145</b>	<b>47,300</b>	<b>31,273</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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***Income tax recognised in other comprehensive income***

	<b>Consolidated financial statements</b>					
	Before tax	2018 Tax expense	Net of tax (in thousand Baht)	Before tax	2017 Tax benefit	Net of tax
Difference from fair value on investment available-for-sale	<b>(1,305)</b>	<b>99</b>	<b>(1,206)</b>	<b>1,305</b>	<b>(99)</b>	<b>1,206</b>

***Reconciliation of effective tax rate***

	<b>Consolidated financial statements</b>			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit before income tax expense		1,007,442		894,385
Income tax using the Thai corporation tax rate	20	201,488	20	178,877
Income not subject to tax		(60,588)		(41,476)
Expenses can be additionally deductible for tax purposes		(15,298)		(47,897)
Recognition of previously unrecognised tax losses		(40,881)		(13,533)
Current year losses for which no deferred tax asset was recognised		1,334		972
Expenses not deductible for tax purposes and others		5,790		6,202
<b>Total tax expense</b>	<b>9</b>	<b>91,845</b>	<b>9</b>	<b>83,145</b>

	<b>Separate financial statements</b>			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit before income tax expense		1,318,519		358,347
Income tax using the Thai corporation tax rate	20	263,704	20	71,669
Income not subject to tax		(208,908)		(26,787)
Expenses can be deductible for tax purposes		(12,992)		(15,205)
Expenses not deductible for tax purposes and others		5,496		1,596
<b>Total tax expense</b>	<b>4</b>	<b>47,300</b>	<b>9</b>	<b>31,273</b>

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**27 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 relating to The privileges granted significantly include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations, to the extent that the amount of tax exemptions do not exceed investment capital exclusive of land and working capital;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above.

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:

<b>Consolidated financial statements</b>						
	2018			2017		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	99,291	74,446	173,737	50,349	268,738	319,087
Local sales	4,624,547	5,647,465	10,272,012	4,515,548	5,601,891	10,117,439
Eliminate	(1,255,168)	(996,784)	(2,251,952)	(1,019,793)	(823,511)	(1,843,304)
<b>Total</b>	<b>3,468,670</b>	<b>4,725,127</b>	<b>8,193,797</b>	<b>3,546,104</b>	<b>5,047,118</b>	<b>8,593,222</b>

<b>Separate financial statements</b>						
	2018			2017		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	99,291	37,676	136,967	50,349	36,598	86,947
Local sales	604,393	1,823,375	2,427,768	527,135	1,651,518	2,178,653
<b>Total</b>	<b>703,684</b>	<b>1,861,051</b>	<b>2,564,735</b>	<b>577,484</b>	<b>1,688,116</b>	<b>2,265,600</b>



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**28 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the years then ended 31 December 2018 and 2017 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>915,597</b>	<b>811,241</b>	<b>1,271,219</b>	<b>327,073</b>
<b>Number of ordinary shares outstanding</b>	<b>425,194</b>	<b>425,194</b>	<b>425,194</b>	<b>425,194</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>2.15</b>	<b>1.91</b>	<b>2.99</b>	<b>0.77</b>

**29 Dividends**

Dividends from:	Approved		Dividends		Payment date
	By	Date	Per share (Baht)	Total (in million Baht)	
<b>2018</b>					
2018 Interim	Board of director	10 August 2018	0.35	149	6 September 2018
2017 Final	Shareholders	20 April 2018	0.65	<u>276</u>	2 May 2018
				<u><b>425</b></u>	
<b>2017</b>					
2017 Interim	Board of director	11 August 2017	0.25	106	6 September 2017
2016 Final	Shareholders	19 April 2017	0.41	<u>174</u>	2 May 2017
				<b>280</b>	

2018 interim dividends, totaling to Baht 149 million, were paid from the promoted business (BOI) in amounting to Baht 47 million, at Baht 0.11 per share and non-promoted business in amounting to Baht 102 million, at Baht 0.24 per share (2017 interim dividend: totaling to Baht 106 million, were paid from the promoted business (BOI) in amounting to Baht 19 million, at Baht 0.05 per share and non-promoted business in amounting to Baht 87 million, at Baht 0.20 per share).

2017 final dividends, totaling to Baht 276 million, were paid from the promoted business (BOI) in amounting to Baht 40 million, at Baht 0.09 per share and non-promoted business in amounting to Baht 236 million, at Baht 0.56 per share (2016 final dividend: paid from the promoted business (BOI)).

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**30 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates. The Group does not hold or issue derivative 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's 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.

***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 because loan interest rates are mainly floating rate. The Group is primarily exposed to interest rate risk from its borrowings (Note 17). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

The interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price were as follows:

	Interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2018</b>					
<b>Current</b>					
Short-term loans to related parties	MMR	<b>340,000</b>	-	-	<b>340,000</b>
<b>2017</b>					
<b>Current</b>					
Short-term loans to related parties	MMR	<b>260,000</b>	-	-	<b>260,000</b>

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The interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

<b>Consolidated financial statements</b>					
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2018</b>					
<b>Current</b>					
Loans from financial institutions	FDR.6M/BIBOR + fixed	114,628	-	-	114,628
<b>Non-current</b>					
Loans from financial institutions	FDR.6M/BIBOR + fixed	-	194,671	-	194,671
<b>Total</b>		<b>114,628</b>	<b>194,671</b>	<b>-</b>	<b>309,299</b>
<b>2017</b>					
<b>Current</b>					
Loans from financial institutions	FDR.3,6M/BIBOR + fixed	737,336	-	-	737,336
<b>Non-current</b>					
Loans from financial institutions	FDR.3,6M/BIBOR + fixed	-	464,698	4,787	469,485
<b>Total</b>		<b>737,336</b>	<b>464,698</b>	<b>4,787</b>	<b>1,206,821</b>
<b>Separate financial statements</b>					
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2018</b>					
<b>Current</b>					
Loan from financial institution	BIBOR+fixed	43,428	-	-	43,428
<b>Non-current</b>					
Loan from financial institution	BIBOR+fixed	-	135,071	-	135,071
<b>Total</b>		<b>43,428</b>	<b>135,071</b>	<b>-</b>	<b>178,499</b>
<b>2017</b>					
<b>Current</b>					
Loans from financial institutions	FDR.3M/BIBOR + fixed	402,123	-	-	402,123
<b>Non-current</b>					
Loans from financial institutions	FDR.3M/BIBOR + fixed	-	230,299	4,787	235,086
<b>Total</b>		<b>402,123</b>	<b>230,299</b>	<b>4,787</b>	<b>637,209</b>

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***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>United States Dollars</i></b>				
Trade accounts receivable	60,874	13,391	60,874	13,332
Other receivables	70	71	-	-
Trade accounts payable	(958)	(75,738)	-	-
Other payables	(1,555)	(187)	(1,555)	-
<b>Net exposure</b>	<b><u>58,431</u></b>	<b><u>(62,463)</u></b>	<b><u>59,319</u></b>	<b><u>13,332</u></b>
<b><i>Japanese Yen</i></b>				
Trade accounts receivable	-	12,118	-	-
Trade accounts payable	(9,164)	(12,405)	(3,136)	(5,415)
Other payables	(6,555)	(6,720)	-	(152)
Accounts payable				
- purchase of assets	(6,125)	(5,264)	(534)	(1,967)
<b>Net exposure</b>	<b><u>(21,844)</u></b>	<b><u>(12,271)</u></b>	<b><u>(3,670)</u></b>	<b><u>(7,534)</u></b>
<b><i>Euro</i></b>				
Other payable	(68)	-	-	-
<b>Net exposure</b>	<b><u>(68)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

***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 balance sheet. 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.

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***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 orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Since the majority of financial assets and liabilities of the Group were short-term, interest rates of loans and borrowings are approximate to market rate. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

As at 31 December 2018, the Group had no fair value of interest swap contract as liabilities. (2017: Baht 0.4 million)

The fair values for investments in available-for-sale mutual fund are determined as Level 2 based on net asset value of investments as at period end.

Fair value of interest swap contract is based on contractor as at the report date.

**31 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within one year	27	25	15	16
After one year but within five years	29	11	16	10
<b>Total</b>	<b>56</b>	<b>36</b>	<b>31</b>	<b>26</b>
<b><i>Other commitments</i></b>				
Unused letters of credit for goods and supplies	5	-	-	-
Bank guarantees	61	61	15	14
<b>Total</b>	<b>66</b>	<b>61</b>	<b>15</b>	<b>14</b>

The Group entered into technical assistance agreements with several foreign companies covering assistance of the production processes, whereby the Group is to pay fees at the rate as specified in the agreement. The agreements are valid for 5 years, expiring in various periods up to 2020, and are renewable for a further 5 years.

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**32 Events after the reporting period**

*Dividends*

At the Board of Directors' meeting of the Company held on 14 February 2019, the Board of Directors approved the appropriation of dividend from the operation for the year 2018 at the rate of Baht 1.35 per share, totalling Baht 574 million. The dividends for the year 2018 which will be paid from the promoted business (BOI) at Baht 0.27 per share in amounting to Baht 116 million and non-promoted business at Baht 1.08 per share in amounting to Baht 458 million. The interim dividend at the rate of Baht 0.35 per share, totalling Baht 149 million were paid from the promoted business (BOI) at Baht 0.11 per share in amounting to Baht 47 million and non-promoted business at Baht 0.24 per share in amounting to Baht 102 million. Therefore, the remaining dividend of Baht 1.00 per share, totalling to Baht 425 million which will be paid from the promoted business (BOI) at Baht 0.16 per share in amounting to Baht 69 million and non-promoted business at Baht 0.84 per share in amounting to Baht 356 million will be paid to shareholders on 7 May 2019. The dividend is subject to the approval of the shareholders at the Annual General Meeting.

**33 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.

<b>TFRS</b>	<b>Topic</b>	<b>Effective</b>
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TFRS 16	Leases	2020
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

\* TFRS - Financial instruments standards

**(a) 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 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 assessed the impact of application of TFRS 15 and found that there is no material impact on the consolidated and separate financial statements.

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**(b) 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.

**(c) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the consolidated and separate financial statements.