



SOMBOON ADVANCE TECHNOLOGY PCL.

ANNUAL REPORT 2019

CREATE VALUE FOR ALL STAKEHOLDERS



SMART
PEOPLE



BUSINESS
TRUST



GROWTH
SOCIETY

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In the past year, the world economy has slowed down because, firstly, the uncertainty in business from trade war between the United States and China, resulting to the adaptation in various productions and trades in order to cope with the continuous changes. Secondly, in early 2020, the epidemic COVID-19 is causing the economic disruption as the tourism industry drops and some industries have to shut their assembly and manufacturing lines which rely on main parts and materials supplied from China. This impact is widespread rapidly, hence, many countries have to implement their preventive measures to handle with this situation seriously.

The industrial manufacturing and business operation sectors are facing a situation where technology is rapidly changing particularly in digital transformation to integrate the digital technology into all areas of a business to reach the customer faster. In addition, the behavior and experience of customer has changed and influenced a business adjustment to sustain business growth.

Moreover, the industrial manufacturing sector has an emphasis on the significant issues of global warming and pollution emission, whereby the automotive industry has played an important role on both increasing the energy efficiency and reducing pollution emission. During the past year, the automotive industry has increase in the production and sales of hybrid electric passenger cars and electric cars, including lightweight auto part design and vehicle design to conform to the reduction of carbon dioxide (CO₂) under CO₂ emission standards impacting on the transformation in the automotive industry to deal with such change.

The companies in Somboon Group, as a part supplier for customers of many brands in Original Equipment Manufacturers (OEMs), have short-term and long-term plans in order to support business operations in amidst of the changes in the automotive industry and technology transformation as well as improved management efficiency to carry on the business operations as planned.

In order to response the customers' demands, both in terms of product design and production technology, in 2017, the Company had joint venture with Mubea Engineering AG under the name of Mubea Somboon Automotive Co., Ltd by cooperation in the study, research and development of spring and stabilizer bar products to support the shift in the automotive industry, which demanded for lightweight

parts with higher efficiency. Furthermore, in September 2019, the companies in Somboon Group acquired shares of Nippon Kikai Engineering Co., Ltd., which was an important step in the progress towards the development in design and installation of the automation system business in various industries, including the production system of the companies in Somboon Group.

In 2019, the business performance of the companies in Somboon Group had a sales revenue of 8,006 Million Baht, a profit of 895 Million Baht, in which the profit was similar to the past year as a result of business operations in accordance with the plan and prudent management. It deems that the Company continues to retain its strength and stability in terms of its business operations.

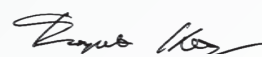
The companies in Somboon Group still remain commitment to development under the SBG's philosophy "Somboon Triple Bottom Line" in order to create balance which consists of Smart People, Business Trust and Growth Society to achieve sustainable growth by determination in the development of personnel to be higher effectiveness and efficiency in order to increase competitiveness as well as support the growth and technology transformation. Furthermore, the Company has promoted, supported and developed the potentials of personnel at every level by developing the process to empower such personnel to take part in creating innovations at work, apply the mentioned creative ideas and then finally adapt and manifest that concepts into tangible actions, as well as cultivate and develop personnel in terms of knowledge in parallel with morality to become a good people and smart people, thus, further creating "Somboon Smart People."

In this opportunity, we would like to thank the Board of Directors, executives and employee for their steadfast commitment and diligence as we continue to work and drive the expansion of the companies in Somboon Group's business and steer our journey towards truly sustainable business growth by transparency, good governance and social responsibility.

On behalf of the Board of Directors and executives, we would also like to express our gratitude to shareholders, customers and business partners for your trust and confidence in the potential of the Company and we look forward to your continuous support in the future.



Mr. Sansern Wongcha-um
Chairman of the Board



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	: www.satpcl.co.th
Registered Capital	: 425,193,894
Paid-up Capital	: 425,193,894

Subsidiaries	1. Somboon Malleable Iron Industrial Company Limited Auto part manufacturing which major products are Disc Brake, Drum Brake and part of agriculture machinery 2. International Casting Products Company Limited Auto part manufacturing in Casting Products which major products are Disc Brake, Drum Brake, Bracket and casting part of agriculture machinery 3. Somboon Forging Technology Company Limited Auto part manufacturing from Hot/Cold Forging process 4. Bangkok Spring Industrial Company Limited Rent of real estate and investment in other companies
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Financial Highlight

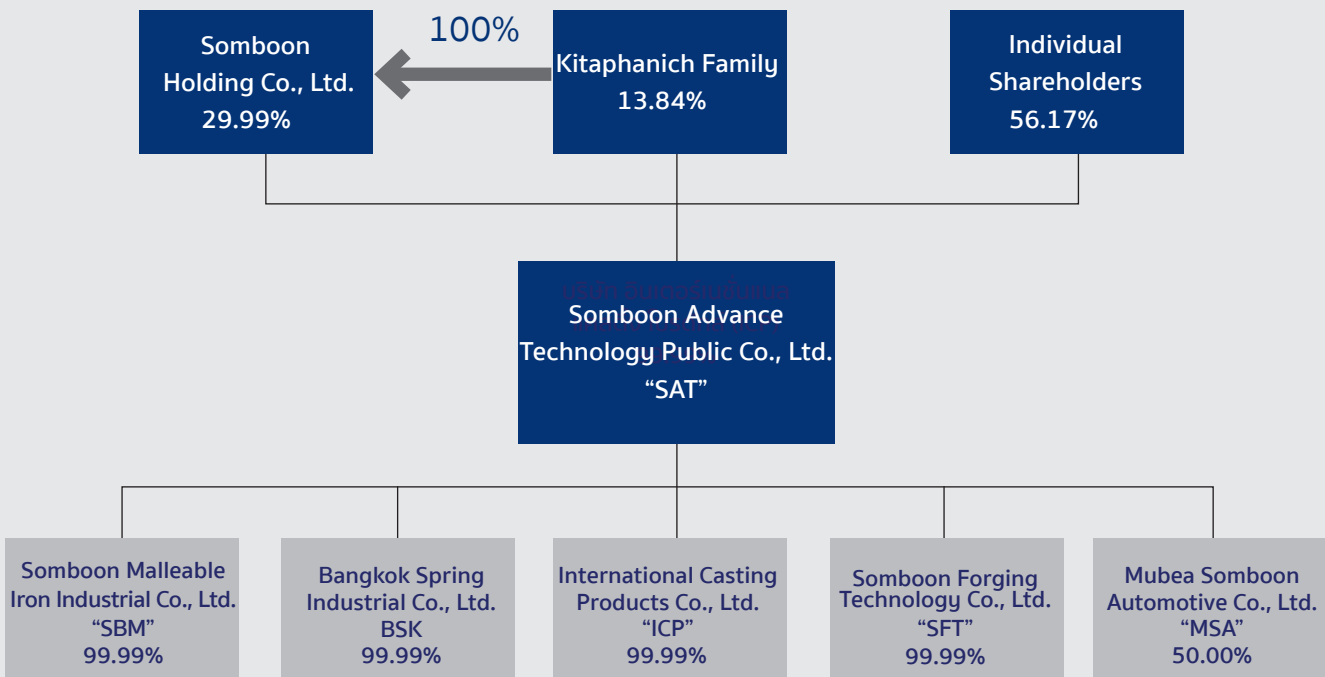
For the Fiscal year ended December 31	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
Stock Data						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value (Baht) *	15.60	15.30	15.10	11.60	11.83	9.85
Earning per share (Baht) *	2.11	2.15	1.91	1.18	2.99	0.77
Operating (Thousand Baht)						
Sales revenue	8,005,588	8,193,797	8,593,222	2,547,970	2,564,735	2,265,600
Total income	8,198,588	8,307,933	8,802,283	2,927,691	3,613,373	2,410,270
Net profit	898,666	915,597	811,241	500,589	1,271,219	327,073
Balance Sheet (Thousand Baht)						
Current assets	4,580,744	4,224,378	4,486,481	1,692,838	1,785,764	1,092,275
Total assets	9,311,490	9,064,761	9,571,969	5,634,534	5,846,089	5,317,168
Current liabilities	1,635,510	1,723,592	2,464,594	478,692	580,277	803,778
Total liabilities	2,108,202	2,178,121	3,151,999	702,159	817,757	1,127,745
Paid-up capital	425,194	425,194	425,194	425,194	425,194	425,194
Shareholders' equity	7,203,288	6,886,640	6,419,970	4,932,375	5,028,331	4,189,423
Financial Ratio						
Returns on shareholders' equity (%)	12.80%	13.76%	13.18%	10.05%	27.58%	7.85%
Returns on fixed assets (%)	41.68%	39.89%	33.60%	66.65%	123.82%	41.59%
Returns on assets (%)	9.78%	9.83%	8.54%	8.72%	22.78%	6.16%
Gross profit (%)	18.66%	18.43%	15.49%	24.18%	26.64%	25.98%
Current assets ratio to items of current liabilities (times)	2.80	2.45	1.82	2.80	3.08	1.36
Liquidity ratio to liabilities (times)	2.28	2.01	1.51	2.27	2.17	0.83
Debt ratio to shareholders' equity (times)	0.29	0.32	0.49	0.14	0.16	0.27

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”). 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 follow up with the result by the Executive Meeting regularly.

The shareholding structure of the Company as at March 5, 2020



Tsuchiyoshi Somboon Coated Sand Co., Ltd.*
21.25%

Yamada Somboon Co., Ltd.*
20.0%

Nisshinbo Somboon Automotive Co., Ltd.*
2.90%

Somboon Somic Manufacturing Co. Ltd.*
1.80%

Nippon Kikai Engineering Co. Ltd.*
50.99%

Notes :

- * No persons who may have conflict of interest are holding shares in the related companies exceeding 10%.
- Bangkok Spring Industrial Co., Ltd. Made investment Nippon Kikai Engineering Co. Ltd. on September 27, 2019.

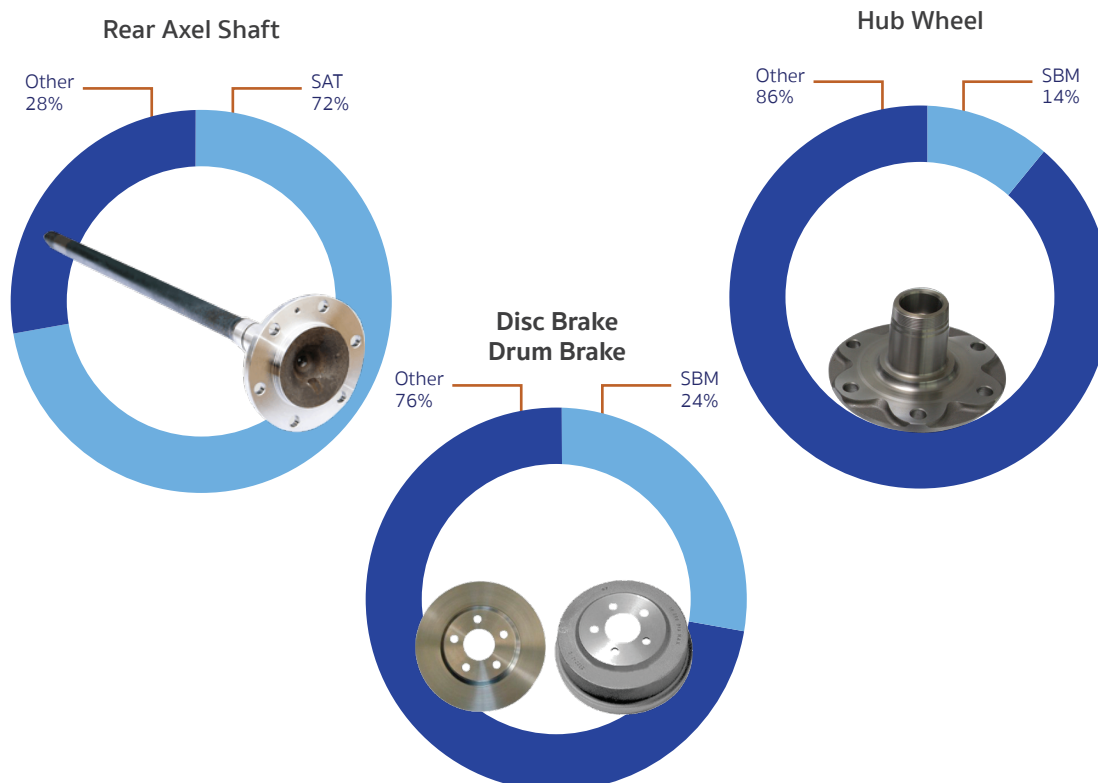
Income Structure by Products

The Company and subsidiaries' income structures in 2017, 2018 and 2019 can be classified as followings;

Products	Operated by	% of share holding	Balance Sheet 2019		Balance Sheet 2018		Balance Sheet 2017	
			Income	%	Income	%	Income	%
Axle shaft	SAT		2,340	29	2,353	28	2,056	24
Disc & Drum Brake	SBM	99.99	1,800	22	1,950	24	1,860	21
Parts of Agriculture Machinery	SBM	99.99	1,570	19	1,503	18	1,388	16
Leaf Spring*	BSK	99.99	-	-	-	-	420	5
Coil Spring*	BSK	99.99	-	-	-	-	450	5
Stabilizer Bar*	BSK	99.99	-	-	-	-	380	4
Others**			2,290	28	2,388	29	2,039	23
Total income from sale			8,006	98	8,194	99	8,593	98
Other incomes			193	2	114	1	209	2
Total income			8,199	100	8,308	100	8,802	100

- Note: : 1. *In December 2017, BSK sold its spring production lines to the joint venture company, called Mubea Somboon Automotive Co., Ltd. ("MSA"). The Company holds shares as of 50% of total shares. According to accounting standard, Company has not consolidated sales revenue from the spring businesses of 2018 and 2019.
2. **Other products such as hub, spring shaft, valve, push rod, brackets and other products are in total of more than 20 items.

Market Share 2019



Corporate Governance towards Sustainability

The Board of Directors are committed to develop a sustainable growth of the organization, develop a transparent organization, and with a true good governance, under a responsibility of looking after the benefits of the stakeholders and the overall society, develop the personnel to become a good person, a capable person equipped with knowledge alongside with morality, promoting knowledge and quality of life as well as developing and saving the environment for the better, in order to progress towards social responsibility through the business philosophy of “Somboon Triple Bottom Line”.

The Board of Directors has created a “Corporate Governance Policy” in order to promote the organization’s corporate governance principles by focusing on operating the business with transparency, morals, ethics and honesty on the basis of “Business ethics and the code of conduct at work”, which is used as a best practice guideline for the directors, executives and employees at every level in

the companies within the Somboon Group, as well as all groups of stakeholders which will lead the organization towards achieving a true sustainability.

The Board of Directors have created a Corporate Governance manual and a manual for Ethics and Code of Conduct at Work in writing, and it is required that both manuals are to be revised yearly in order to be consistent with the context of the business and the related law, rules and regulations, and publish on the Company’s website under the corporate governance section according to the good corporate governance code (CG code) by the Securities and Exchange Commission and Thai Institute of Directors (IOD), including guidelines at the international level in order cohere with the various guidelines such as ASEAN CG Scorecard, as an example.

In this regard, in 2019, the Board of Directors have supervised and monitored to ensure that all directors, executives and employees at every level apply the corporate governance policy and the manual of ethics and code of conduct at work into practice by taking into consideration the stakeholders in all dimensions and create sustainable values to the business, environment and society.

Summary of the results of good corporate governance practice of listed companies and awards received are as follows;

1. Received a first place evaluation out of 193 listed companies in Corporate Governance Report of Thai Listed Companies (CGR) which have been rewarded Excellent CG Scoring of 2019 from Thai Institute of Directors (IOD) for the 12th consecutive year with all scores being in the category of “excellent”.
2. Received a full AGM Checklist score at 100 for the 2019 Annual General Meeting of Shareholders from the Thai Investors Association.
3. Received a certification as a member of Thailand’s Private Sector Collective Action Coalition against Corruption (CAC) which is the Company’s 3rd renewal of the certification.
4. Revision of Ethics and Code of Conduct at Work manual in regards to human rights policy, tax administration policy, qualifications of independent directors and notification of complaints and suggestions.
5. To ensure that the executives have the knowledge and understanding on the corporate governance policy including Ethics and Code of Conduct at Work, and able to perform their duties correctly, the Company requires

ผลการสำรวจการกำกับดูแลกิจการ (CGR)
บริษัทจดทะเบียนไทย ประจำปี 2562

SET ได้รับผลการสำรวจการกำกับดูแลกิจการประจำปี 2562 ในระดับ 5 ดาว “ดีเยี่ยม” โดยมีคะแนนเฉลี่ยรวม คือ 94 และคะแนนรวม ภาพรวม 200 จาก 200 แห่งของบรรษัทจดทะเบียนที่มีผลการสำรวจทั้งหมด (กลุ่มบริษัทจดทะเบียนและบริษัทในหุ้น SET 100)

หมวด	รายชื่อผู้ถูกจัดอันดับ	2562	2561
ดัชนีชี้วัด ESG	▲▲▲▲▲	100	100
การปฏิบัติตามกฎหมายอย่างเคร่งครัด	▲▲▲▲▲	99	99
การดำเนินงานอย่างโปร่งใสและเปิดเผย	▲▲▲▲▲	94	94
การเปิดเผยข้อมูลและรายงานไปรษณีย์	▲▲▲▲▲	95	97
ความรับผิดชอบต่อสังคมและการ	▲▲▲▲▲	90	92
ภาพรวม	▲▲▲▲▲	94	95

ระดับคะแนน 90-100 = ดีเยี่ยม 80-89 = ดีมาก 70-79 = ดี 60-69 = พอใช้ 50-59 = ผ่าน



all executives to take a test of understanding on anti-corruption through the Company's intranet system and uses the results to evaluate the level of knowledge and understanding in order to improve the communication for the executives to obtain the understanding, and requests that executives whose scores did not meet the required level to acquire further knowledge and retake the test until the required score level is surpassed.

6. Organize training for the new employees at every level through "Ethics and sustainability of the organization" course to provide knowledge on ethics and code of conduct at work.
7. Received the CAC Change Award from Thai Institute of Directors (IOD) by influencing more than 10 of the Company's SME business partners to announce their intention under CAC SME Certification project in one year.
8. Awards from the Stock Exchange of Thailand includes;
 - Sustainability Awards of Honor, Third year
 - Thailand Sustainability Investment Award (THSI)
 - SET Award of Honor – Excellence in Investor Relations 2017 – 2019
9. Ms. Napatsorn Kitaphanich, President, received the ASEAN Women Entrepreneurs Network (AWEN) award.

Furthermore, the Company followed the principles of good corporate governance covering 5 categories which are shareholders' rights, equitable treatment of the shareholders, the role of stakeholders, disclosure of information and transparency and the responsibility of the board of directors.

Section 1 Rights of Shareholder:

The Company emphasizes on the importance of the shareholders' rights by allowing the shareholders to participate in corporate governance and emphasizes on the importance of good practice in the execution of shareholders' meeting regarding (1) the quality of the meeting invitation (2) the quality of the meeting minutes (3) roles and attendance of the chairman and the sub-committee by preparing the shareholders meeting minutes to inform the shareholders of the meeting's resolutions and the accuracy can be reviewed via the channels of the Stock Exchange of Thailand and the Company's website within 14 days from the date which the meeting took place. The Company has administered in the category of shareholders' rights as follows;

Operations in 2019

- 1.1 The shareholders are given the opportunity to propose matters to be included in the meeting agenda and propose the name of the person whose qualification is suitable to hold the position as a director between 27 September 2019 to 31 December 2019 by informing the shareholders via the news system of the Stock Exchange of Thailand as well as published clear instructions and process on the Company's website at www.satpcl.co.th under the investor relations section, shareholders information, and select sub-heading "the Shareholders' Meeting".
- 1.2 The shareholders are given the opportunity to submit questions that are related to the agenda of the 2019 Annual General Meeting of Shareholders in advance between 18 March 2019 to 5 April 2019 by informing the shareholders via the news system of the Stock Exchange of Thailand as well as published clear instructions and process on the Company's website at www.satpcl.co.th under the investor relations section, shareholders information, select sub-heading "Submission channels for questions regarding the meeting agenda".
- 1.3 The Company announced the number and ratio of the shareholders attending the meeting and the proxies attending the meeting, the voting and counting process prior to the shareholders meeting, and the Company's usage of ballots.
- 1.4 To propose the guidelines and procedures for the proposal of the directors' remuneration by explaining the composition and proposed remuneration for the Company's directors of all arrangements divided into monthly remuneration, meeting allowance, annual remuneration and other privileges for the shareholders consideration on a yearly basis.
- 1.5 To propose the policies, methods and criteria for the remuneration of the directors in each position for the shareholders' acknowledgement.
- 1.6 The opportunity is given for the shareholders to cast an election vote for a director individually by presenting the name of the director for the shareholders to vote one by one.
- 1.7 The Company has an independent inspector, which is a non-stakeholder, from LS Horizon Limited. to perform the duty of counting the quorum, inspect the vote counts and the voting results in order for the meeting

to be conducted in transparency, and in accordance with the law and the Company's regulations.

- 1.8 The Company facilitated and encouraged the shareholders as well as the institutional investors to attend the meeting by organizing the meeting at a location with ease of access by the various public transport systems.
- 1.9 In the 2019 Annual General Meeting of Shareholders, the Company has clearly specified the shareholders meeting agenda divided into different categories without any addition to the meeting agenda or changes of important information without noticing the shareholders in advance and the shareholders are given the opportunity to share their views and raise questions at the meeting, in which the details are recorded in the shareholders meeting minutes.
- 1.10 The Board of Directors altogether does not hold more than 25 percent of the total Company's issued shares.
- 1.11 To promote the ratio of the common shares held by minority shareholders (Free Float) at more than 40% of the total issued shares of the Company.
- 1.12 The shareholders are given the opportunity to connect and communicate among each other without the Company's obstruction or hindrance.
- 1.13 In the event that the shareholders will enter into a shareholder's agreement, the Company will ensure that the agreement between the shareholders does not have a significant impact to the Company or other shareholders.
- 1.14 The Company has prepared personnel and up-to-date technology to facilitate the shareholders' document inspection process in order for the registration, vote counting, results display and the execution of the meeting to be completed quickly, correctly and precisely.

Section 2 Equitable Treatment of the Shareholders

The Company has a policy to treat all shareholders equally, regardless of major shareholders, minority shareholders, institutional investors or foreign shareholders by ensuring that the shareholders have the fundamental rights as required by the law, including the facilitation and promotion for the shareholders to attend and exercise their voting rights at the shareholders meeting. In this matter, the Company has practiced the equitable treatment of the shareholders as follows;

Operations in 2019

- 2.1 In the event that the Company has a connected transaction within the scope of requesting approvals from the shareholders according to the regulation of the stock market prior to making the transaction, the Company discloses the details and reasons for such transactions to the shareholders' acknowledgement every time before the transaction is processed.
- 2.2 The related transactions between each other are processed in fairness according to the market price and in accordance with the normal business trade practices, whereby in 2019, the Company has not breached or violated any transaction regulations between each other.
- 2.3 The Company has attached a proxy form B. together with the meeting invitation letter, which is a form which enables the shareholders to set their own directions in the vote casting in each agenda, in order to allow the excused shareholder to authorize an independent director or other persons to attend the meeting and cast a vote on their behalf. It is also published on the Company's website for the shareholders to download by themselves.
- 2.4 The Company has issued a procedure for shareholders meeting attached with the shareholders meeting invitation letter in order for the attending shareholders and/or the proxies (in the cases where proxies are assigned) to be able to prepare documents/evidence as a self-identification to properly enter the meeting in accordance with the law and the Company's regulation whereby the Company does not stipulate conditions in an obstructive manner or unreasonably create a burden to the shareholders.
- 2.5 The Company has held a total of one shareholders meeting which was the 2019 Annual General Meeting of Shareholders 2019 on 23 April 2019, with all 9 directors presenting at the meeting and has authorized Thailand Securities Depository Co., Ltd., which is the Company's share registrar, to send out the meeting invitation letter in both Thai and English language to the shareholders 32 days in advance, as well as publicized the meeting invitation letter including the supporting documents on the Company's website in both Thai and English language 36 days in advance in order for the shareholders to learn the information prior to the date of the meeting.

- 2.6 The Company grants equal voting rights to the shareholders, which is one share per one vote, according to the number of shares held.
- 2.7 The Company has policies and procedures to prevent the usage of the Company's internal information by not allowing the directors, executives and employees to use an opportunity for personal gains and/or relevant persons which may cause a conflict of interest with the Company. This is stated in the manual of Ethics and Code of Conduct at Work as well as published on the Company's website to inform the directors, executives and employees.
- 2.8 The Company has required that the directors, executives and employees, who have the knowledge of the Company's crucial internal information which may impact the fluctuation of the trading prices of the securities, shall cease to trade the Company's securities during the 1 month prior to the Company's announcement of its operating performance or disclosing that internal information to the public. In this regard, the supervision and inspection department had announced the ceasing of the Company's securities trading via the Company's internal e-mail every quarter for the acknowledgement of all directors, executives and employees to ensure that the directors, executives and employees are aware of the rules and regulations. If such action as mentioned are found to be carried out, it is to be considered as a violation of the Company's regulations.
- 2.9 The directors and executives have the duty to report the first holding of the Company's securities and report the changes in the holding of the securities, inclusive thereof spouses' and underage children's as well as related persons according to section 59 of Securities and Exchange Act 1992 (2535 B.E.) within 3 business days from the date which the buying, selling, transfer or receiving have been carried out to the Securities and Exchange Commission. It is also prohibited to trade the Company's securities during the 1 month period prior to the publication of the financial statements (including additional amendments).
- 2.10 The directors and executives must report the changes in the holding of the securities to the Securities and Exchange Commission as well as noticing the Company at least 1 day in advance prior to the trading of the securities through the supervising and inspection department and report to the inspection and good

governance committee every quarter. The inspection and good governance committee will then make a deliberation on the holding of the securities and make a quarterly report to the Board of Directors.

Section 3 Role of Stakeholders:

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

Operations in 2019

- 3.1 The Company has prepared a sustainability report in accordance with the frame by Global Reporting Initiative (GRI) both in Thai and English language which is separated from the annual report and the Company has published the mentioned sustainability report on the Company's website.
- 3.2 The Company has issued policies and procedure in regards to safety and hygiene in the workplace as well as a disclosure on the statistics of accidents or the rate of absence and the occupational illness rate (the details are in the sustainability report).
- 3.3 The Company has issued policies and procedure in regards to the employees' remuneration and benefits which is in consistent with the Company's operational performance both short and long term as follows;
 - 1)The Company is committed to pay a fair compensation as well as provide fair benefits to the employees, suitable with the economic conditions and in coherent with the law and the compensation paid by other competitive companies in the same industry.
 - 2)The Company gives the opportunity for all employees to showcase their talents to the fullest capacity by arranging an appropriate returns and creating a motivation in a form of either an annual salary raise, bonus and overtime pay.
 - 3)The Company provides a welfare which responds to the basic needs of employees such as provident fund, meal allowance, diligence allowance, providing scholarships for employees, employee uniforms, shuttle bus, and various other financial support for employees, etc.

Fair Remuneration

The Company has set a minimum wage rate for general employees without experiences in accordance with the minimum wage rate set by the law. The Company then proceeds to adjust the employees' entry remuneration rate according to their qualifications and fields used in the work operation in accordance with the specific requirements of the position, as well as adjust the outcome in order to reduce the wage gap from the adjustment of the minimum wage and the mentioned entry wage among the new employees and the current employees.

To provide appropriate welfare to the employees and other supports

The employees of the Company also receive other welfares, in order to reduce the cost of living burden and improve the quality of life for the employees, extending also to their families, which will result in an improvement of the employees work performance and also their way of life, as follows;

- The Company provides (plain) rice for the employees at every meal
- Increase the lunch allowance and control the food cost to remain lower than the market price.
- Infirmary service and scheduled doctor's service
- Employees' health insurance and life insurance by arranging an annual health check for the employees including a group health insurance and group accident insurance.
- Employees' children education funds support and financial support in the event of the death of the employee, the employee's spouse or the employee's parents.
- The employees are given the opportunity to express their opinions through the internal suggestions channel.

In 2019, the Company had organized vaccination for 3 types of influenza including 1. Influenza A/H1N1 2. Influenza A/H3N2 3. Influenza B to the employees at a special price.

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	Not over 3%	• less than 5 years	0
4-7 Years		Not over 4%	• 5 years but less than 6 years	50
More than 7 Years		Not over 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

Remark: The employee can choose to pay money to the provident fund at the rate of 3-5%

The establishment of funds, Provident fund, Compensation fund and Cremation Aid Association

In regards to the provident fund, the Company pays contribution and benefits to the employees in order to promote savings for the employees to have a reserve which can be used once they retire and/or leave the job, as another one of the employees' welfare.

3.4 The Company has issued policies and procedures in regards to the development of knowledge and potentials of employees at every level by building an education center for the companies in the Somboon Group, which was established in 2014 (2557 B.E.), in order to develop and enhance the competency of

employees at every level within Somboon Group as well as the stakeholders and the society, with important mission as follows;

1. Develop and enhance the ethics and morals including knowledge and skills in terms of quality, safety, technology, administration and capabilities according to their career path.
2. Reinforce healthy people's behavior to be consistent with the corporate culture.
3. Develop and improve trading partners in terms of procedures and business ethics.
4. To be the learning center of the community, students,

university students through activities and various projects. Where the imperative goal is to operate under the philosophy of “Somboon Triple Bottom Line”.

In 2019, in terms of the development of personnel's potential, name of the training course, details of employees training in average at 12.5 hours/person/year (Details are stated 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) not to relate to the violation of human rights (2) to fairly practice 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) not to conduct an infringement of intellectual property / copyright. (as detail specified in the annual report under the corporate governance policy... for sustainability)
- 3.7 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)
- 3.8 The Company has issued clear policies and procedures in regards to all groups of stakeholders such as shareholders, employees, clients, trade partners, creditors and competitors in the business ethics manual and code of conduct at work, as well as

emphasizing on the importance of the guidelines on safety, occupational health, environment, community and society including a wide variety of social activities.

- 3.9 To establish policies and procedures on anti-corruption prevention measures on receiving and giving of gifts or other benefits to persuade the other party to commit a wrongful act and cause a conflict, by revealing the practical guidelines to the Company's trading partners' general acknowledgement, as well as establish a procedure to assess risks from corruption, supervising, control, monitoring and evaluation. In this matter, the Company had organized a training session for the employees and trading partners in order to create awareness regarding the policies and procedures in the practice of anti-corruption. Moreover, the Company has a procedure to manage complaints in regards to a possibility of a wrongful act and has a guideline in the protection of the employees or the informant of such behavior.
- 3.10 To support the employees to exercise their political rights in neutrality.
- 3.11 In order to lead to a serious practice, the Company has organized a preparation of a manual on “Code of Conduct” as a discipline in which the directors, executives and all employees must strictly adhere to. If there is a violation or non-compliance, it will be considered as a violation of discipline in accordance with the personnel management regulations.
- 3.12 The Company is consideration of the equal rights and morality in accordance with human rights by treating the employees in the same way as other stakeholders.
- 3.13 The Company has a policy to ensure that the trading partners will be treated equally, fairly and on the basis of fairness for both parties, avoiding situations that can cause conflict of interest as well as adhering to the commitment, providing factual information, accurate reports and strictly comply with the various conditions as agreed with the trade partners. In the event that any of the conditions cannot be fulfilled, the Company must notify the trade partners in advance in order to jointly consider on a solution.

Trade partners selection criteria covering 6 aspects are as follows:

1. Financial status

2. Expertise and experience

3. Technical abilities

4. Complaints history

5. Conflict of interests / connected transaction

6. Anti-corruption policies and quality policies

3.14 The Company has a strict compliance policy with the conditions, contracts and obligations as agreed with the creditors, whether in terms of objectives of the expense, repayment, quality assurance of the collateral and other matters which have been agreed with the creditors. In the event that any of the conditions cannot be fulfilled, the Company will notify the creditors promptly in order to jointly consider on a solution. The Company is committed to maintain a sustainable relationship with the creditors and convey a mutual trust.

The Company has established a guideline in capital management to build a strong stability and prevent the Company from being in a difficult situation in creditors' debt repayment and attach importance to the management of financial liquidity by making debt repayment plan to the creditors and prepared to repay debt to the creditors by the due time.

Nonetheless, the Company's directors attach importance to the monitoring, planning and control of financial liquidity to be suitable with the Company's financial activities by having a process to evaluate the ability of debt repayment and the liquidity to prevent significant risks from all dimensions, both under normal conditions and under crisis.

Section 4: Disclosure and transparency

The Company focuses on the disclosure of the Company's significant information regarding their accuracy, transparency, proper period such as the shareholder's structure, the business operation, the financial performance, the corporate governance policy, the business policy, the inspection and internal control process through the news system of the Stock Exchange of Thailand and the Company's website according to rules and guidelines on good governance in accordance with the laws, rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission so that all stakeholders can equally access to the Company's information.

Operation in 2019

4.1 To submit the financial report certified unconditionally by auditor to the Securities and Exchange Commission / Stock Exchange of Thailand within the specified period.

4.2 To disclose the information in Annual Report and the Company's website such as shareholder structure, information of director and executives, vision and mission, nature of business operation, corporate governance policy, corporate social responsibility policy, financial statement and analysis from the analyst and institutions, annual report, sustainability report, annual registration statement, shareholder's meeting, names of major shareholders, news informed to SET and news from printing media.

4.3 To disclose the criteria on directors and executives' remuneration.

4.4 To disclose the roles and duties of the Board of Directors and the sub-committees, as well as the number of meeting and each meeting attendance records in the past year including professional training program and development consecutively.

4.5 To 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) To acquire and dispose of the Company's share under the policy : Directors and executives shall be responsible for reporting ownership in securities each time they are acquired and disposed to the Office of Securities and Exchange Commission and notify the Company at least 1 day prior conducting the securities' acquired or disposed share to Compliance Department, the Audit and Corporate Governance Committee and report to the Board of Directors.

(2) The Company has policy to prevent the conflict of interest that the Company's directors and executives must report the conflict of interests and every changes of their interest to Compliance Department, the Audit and Corporate Governance Committee quarterly. Besides, the Audit and Corporate Governance Committee shall consider the report of the connected transaction and the conflict of interest to the Board of Directors in every quarter

- 4.6 The Company has the policy for the connected transaction approved by the Board of Directors. In addition, no the connected transaction may cause the significant conflict of interest.
- 4.7 The Company appointed the certified auditors approved by the 2019 Annual General Meeting of Shareholders since they have already performed their duties for 6 consecutive years. All auditors' qualifications had qualified with the requirements of the Stock Exchange of Thailand and the auditing fee including the audit of the Company's BOI promoted business for the year 2019 was 1,491,000 Baht which was increase 65,000 Baht from the year 2018. 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 To disclose the information relating to the directors and executives published at the Company's website, consisting of their name, position, education, shareholding in the Company, work experience and picture.
- 4.9 The Board of Directors established the 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 for personal gain or to operate the business that competes with the Company or related the Company's business as well as not using the internal information to acquire or dispose the Company's share for personal gain or disclose the internal information to others for the benefit to acquire or dispose the Company's share and not to acquire, dispose, or transfer shares in advance at least 1 month before the operation result and/or internal information disclosed to public by news system of SET. In addition, the directors and executives must report ownership in share at the first time and each time acquired and disposed of share to the Office of Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act. B.E. 2535 (1992)
- 4.10 The Board of Directors has specified the principle for the directors of the Company, subsidiaries and executive to report on their conflict of interest and related person according to the Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) and require to revise the report every year and/

or their change of interests every time by sending to Compliance within 7 working days.

The Company has also required the employee of the Company and its subsidiaries at the management level, the manager up level and related employees in manager down level considered by Vice President in each division to provide such report of the conflict of interest according to the Corporate Governance Policy. In 2019, there were the report of 143 persons in total and the results shows that there were no executives, employee and related persons involved with the interest and entering into transaction with the Company and its subsidiaries and then report to the Audit and Governance Committee for further informing to the Board of Directors for acknowledgement.

- 4.11 The Company has the Investor Relation Section to be the channel to communicate all information and question to respond to investor queries via the email address: ir@somboon.co.th and telephone number 02-080-8197.

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) 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 2019, the Company arranged the activities to present direct and indirect information as follows:

1. To present the information to investors (Road Show) 5 times in the country and 1 time abroad (Singapore)
2. 4 quarterly Analyst Meetings to clarify the performance result.
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 26 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. To publish news to mass media and the Executives have interviewed to the domestic newspaper for 6 times.
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 and telephone no. 02-080-8197.

In 2019, the Company received the Excellence in Investor Relations 2017-2019 (SET Award of Honor) which is the award by SET to give to the listed Company to has the best performance in investor relation for 3 years consecutively.

Section 5: Board Responsibilities

The Company recognizes the importance of directors' role and responsibility to protect the shareholders and stakeholders' interests as to establish the business strategy, consider and investigate business operation, conduct the transparency

business. However, the Company has conducted on the following matters:

Operation in 2019

5.1 The Board of Directors reviewed and approved the vision and mission of the Company so that the executives and employee has the same direction and also established a guideline for participation as follows;

- (1) To determine 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 business operation of organization consistently.
- (3) To arrange the discussion session for the Managements to freely discuss and share their opinion in order to determine the direction of organization and be ready for economic change.
- (4) Giving suggestions, opinions and guidelines for the organization management in order to plan the direction to meet the goals.
- (5) To communicate with all levels of the employees in regard to the policy, goal and direction of the Company through the Activity literally so called, "Jub Khao Khui Kun" by the President twice a year.

In 2019, the Board of Directors had reviewed vision and mission 2 times by having long term goal for 5 years as follows: To develop the cooperation with customers and suppliers to meet target to strengthen in supply chain of the Company in part of cost, quality, delivery and create the value for all stakeholders in all matters including to support for the creative innovation and apply new technology to develop and adjust the production process to respond for customer's need both automotive industry and agricultural machinery industry.

5.2 The Board of Directors shall monitor that the Management shall operate business in compliance with the business strategy, therefore he Management shall report the operation result, finance issue particularly strategy plan and financial target to comply with strategy plan to the Board of Directors every quarter.

5.3 In order to perform business operation in compliance with the Corporate Governance with efficiency, the Board of Directors establish the policy for the number of listed Company that the director shall be a position of director as follows:

- (1) The number of not exceeding 5 listed companies that the director shall be a position of director
The performance:

In 2019, each director shall be the position of director in the listed companies not exceeding 5 companies.

- (2) The President and executives shall be the position of director at other companies in the condition to be approval by the Board of directors.

5.4 To determine the rotation of independent director not exceeding 9 years continuously without condition, starting from 1 January 2015 onwards.

5.5 The directors and executives had not been the employee or partner of the external auditor Company provided service for the Company during the past 2 years.

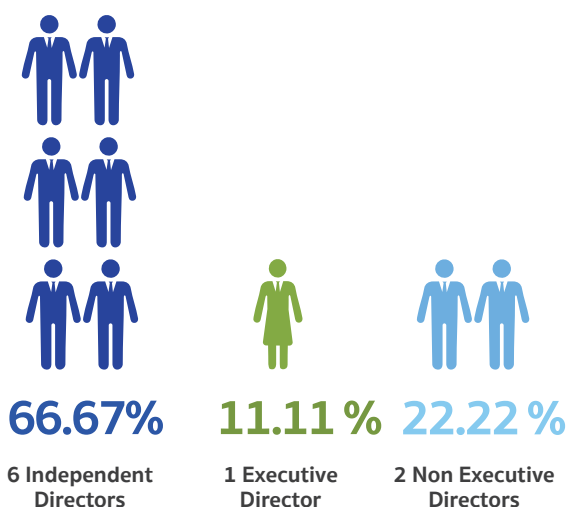
5.6 No directors and executives shall be the position of director in other listed companies not in the scope of business more than 2 companies.

5.7 No record on violating the Regulations of the Securities and Exchange Commission and Stock Exchange of Thailand.

5.8 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 the business operation including to protect the assets. The Company also initiated the Internal Audit Department under the supervision of Mrs. Onanong Yaiyatham which is the independent unit reporting directly to the Audit and Corporate Governance Committee as well as providing the quality report of Audit and Corporate Governance Committee disclosing the number of meeting in such year 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 and Corporate Governance Committee.

5.9 The Board of Directors has established the diversity of director policy which is the important factor to increase efficiency to make decision and the operation of the Board of Directors by considering the necessary skill which has been lacking in the current structure of Board of Directors without restriction on genders, age, the education background, experience professional and specialized skills for specific aspect necessary to the business in order to encourage the Board to be more efficiency in accordance with business strategy and to support the composition of the Board of the Directors to be entirely completed dimensions in knowledge, competency, experiences and diversity dimension to be profitable in high performance efficiency.

In 2019, the Current structure of Directors has completely consisted of 9 persons which are 6 Independent Directors, 8 Non-Executive and 1 Executive Director. Also, there were no directors who held positions in listed companies more than 5 companies.



5.10 The criteria and the process to elect the new directors: In case, there is available in director position, the Nomination and Remuneration Committee for the Directors and Executives has duty to has process with the selection criteria and method by taking into account to qualification, knowledge, working experiences, necessary skill which has been lacking in the current structure of Board of Directors to be consistency with the business operation to fully perform the director duty including no prohibited characteristic under the law and good governance

principle. To select and nominate the director by considering from director pool, it shall diversify in the structure of the Board including to provide the Board Skill Matrix to specify the directors' qualification to be consistency with the business operation. In addition, The Company give an opportunity to shareholders to nominate the names of qualified persons for being considered to be elected as directors in accordance with the nomination process thus the Nomination and Remuneration Committee for the Directors and Executives to screen the qualifications of directors and appropriation of applicant and nominate person or the director who retires by rotation and propose to the Board of Directors to endorse to propose to the shareholder meeting for the director appointment with following qualification:

Qualifications of Directors

The Company's Director shall have knowledge, competency, be prompt 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 that period according to the diversity of the committee structure. The nomination and appointment of the Board of Directors are based on their knowledge, ability and criteria of 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 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.



5.11 The criteria and the process to select the President and executives

The Company has the criteria and the process to select the President and executives. The Board of Directors assigns the Nomination and Remuneration Committee for the Directors and Executives to select and nominate the qualified person to the Board of Directors to consider appointment as follows:

1. To consider from the appropriation of knowledge, experience, competency, expert skill to be necessary to the Company or in relating to the business or core industry of the current operation consistency with the strategy and business direction
2. To consider for the diversity of gender, age, race, nationality, expertise, skill experience and knowledge and academic competency and sustainable factor including having good image, leadership and comply with the good governance principle to bring about the efficiency executives.

5.12 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 at least two-thirds of all members.

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

5.14 The Company has 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 2019, NED were arranged 2 meeting on 24 October 2019 and 19 December 2019 by the Non-Executive Directors 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 jointly discuss and share their opinions.

- 5.15 The Board of Directors establish the Risk Management Policy and the risk management system sufficiently and to follow up frequently. Therefore, the Company has set up the Enterprise Risk Management Committee at operation level 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.
- 5.16 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, Code of Conduct and Work Rules to be up-to-date with 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, Code of Conduct and Work Rules, 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.
- 5.17 To clearly separate the roles, authorities and duties of the President and the Chairman of the Company and to appoint the independent director to be the Chairman and the Chairman of the Executive Board and other Sub-Committees.
- 5.18 The Board of Directors and the Nomination and Remuneration Committee require to have the executives' performance evaluation annually through the form of key performance indicators (KPI) that specified target relating to the remuneration rate as prescribed by the Nomination and Remuneration Committee.
- 5.19 The Board of Director has control, govern and responsibility for the operation of the Company, subsidiaries and affiliates by having mechanism for the benefit in investment and to appoint the representative to be the director, executives or the control person approved by the Board of Directors.
- 5.20 To review the scope of the roles and duties of the Board of Directors and its subsidiary directors at least once a year.
- 5.21 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.
- 5.22 To establish the policy on conflict of interests in the Code of Conduct and Work Rules to prevent the self-benefit action.
- 5.23 The Board of Directors appointed the Sub-Committees which are (1) The Audit and Corporate Governance Committee (2) the Nomination and Remuneration Committee for Directors and Executives and (3) the Executive Board, and clearly defined their scope of powers and duties. (Section: the structure of committee)
- 5.24 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 including the special meeting as necessary. At each meeting, the agenda for consideration, acknowledgement, discussion and opinion sharing will be clearly specified 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 and the Company Secretary will provide the 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 in the table of meeting attendance of each director).

Duty of Board of Directors in 2019

Q1

1. 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 2019 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
2. To consider and approve the financial statement and operating results of the previous year
3. To acknowledge performance of Audit & Corporate Governance Committee of the previous year
4. To review the remuneration of directors comparing with the performance
5. To consider the performance of the corporate strategy.
6. To approve 2019 KPI of President
7. To approve the President remuneration
8. To approve criteria 2019 KPI Bonus for employee
9. To acknowledge SBG air pollution
10. To acknowledge of investor relation performance

Q2

1. To arrange the 2019 Annual General Meeting of Shareholders
2. To consider and approve the financial statement and operating results of the first quarter
3. To acknowledge the performance of Audit and Corporate Governance Committee of the first quarter
4. To certify the minutes of the 2019 Annual General Meeting of Shareholders on 23 April 2019 and acknowledge the suggestion from the 2019 Annual General Meeting of Shareholders
5. To consider the investment projects.
6. To consider to renew the contract of executives
7. To acknowledge the report of risk management in the first quarter
8. Activity for knowledge to the Board and the executives.

Q3

1. Strategic workshop for business direction during 2019
2. To arrange discussion & share opinion of the strategic planning and management to specify the business direction in the middle term - long term
3. 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
4. To approve the payment of interim dividend
5. To consider the Bonus payment and wage adjustment
6. To consider the investment project
7. To consider and approve the financial statement and operating results of the second quarter
8. To acknowledge the performance of Audit and Corporate Governance Committee of the second quarter

Q4

1. To consider to review the Corporate Governance Policy
2. To arrange the Meeting of Non-Executive Director
3. To consider approval the Vision Mission and business strategy
4. To consider approval 2020 budget
5. To consider approval the evaluate the performance to pay the President's remuneration
6. To consider and approve the financial statement and operating results of the Third quarter
7. To acknowledge performance of Audit & Corporate Governance Committee of Third quarter
8. To consider the guideline of human resource management and the management structure
9. To appoint the Executives
10. To approve of Meeting Schedule of the Board of Director and Sub-Committee in advance



5.25 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;

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

In 2019, the Company did not select a new director. However, to keep up with the current and update 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.

2. Knowledge Development for Directors and Executives

The Company supports the directors and 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) and Corporate Governance for Executives (CGE) etc., and joint the training provided by the Company between the directors and executives to exchange their opinion and adjust the operation to be efficiency.

In 2019, the Directors and Executives attended the training courses as follows:

Director			Training Courses
1. Mr. Sanaern Wongcha-um		Chairman of the Board	- Strategic Planning and Management - To drive the strategy for sustainability
			The special instructor in the geosocial and sustainability, Maejo University
2. Mr. Yongyuth Kitaphanich		Vice Chairman	- Strategic Planning and Management - Thailand 2020# Overcoming the Economic Crisis - To drive the strategy for sustainability
3. Dr. Panja Senadisai		Chairman of the Audit & Corporate Governance Committee	- Strategic Planning and Management - To drive the strategy for sustainability
4. Mr. Ajarin Sarasas		Chairman of the Executive Board of Director	- Strategic Planning and Management - To manage the human resource - To drive the strategy for sustainability
5. Mr. Paitoon Taveebhol		Chairman of the Nomination & Remuneration Committee	- Strategic Planning and Management - To drive the strategy for sustainability - Annual General Meeting 2019 - Business Transformation, Thai Institute of Directors (IOD) - Independent Director Forum 1/2019 – Tips and Tricks for Dealing with Questions in AGM, Thai Institute of Directors (IOD) - IOD National Director Conference 2019 - Board of the Future, Thai Institute of Directors (IOD) - Chairman Forum 2019 - Successful Corporate Culture Change: from Policy to Practices, Thai Institute of Directors (IOD) - CAC National Conference 2019 - Innovations in the Fight against Corruption, Thai Institute of Directors (IOD) - Thailand Responsible Business Network
6. Dr. Suthad Setboonsarng		Independent Director	- Strategic Planning and Management - To drive the strategy for sustainability - Cyber Resilience Leadership Mission in Action/2019, Bank of Thailand
7. Mr. Prayong Hirunyawanch		Independent Director	- Strategic Planning and Management - To manage the human resource - To drive the strategy for sustainability
8. Mr. Yongkiat Kitaphanich		Vice Chairman of the Executive Board of Director	- Strategic Planning and Management - To manage the human resource - To drive the strategy for sustainability
9. Ms. Napatsorn Kitaphanich		President	- Strategic Planning and Management - To manage the human resource - To drive the strategy for sustainability - Investment Strategy - The Business of Platforms 2019 - CEO Club 2019 : GLOBAL RISKS – WHAT ARE THE IMPLICATIONS FOR YOUR BUSINESS - Family Business - How to move task in today's world - Thailand Responsible Business Network

5.26 The Evaluation of Director Performance

The Board of Director has evaluation at least once a year to review whether to control and governance in the operation sufficiently and to apply the information to the management to improve and develop in administrative management by apply the form under guideline of SET to be proper ad consistency with the particular category and report the result of evaluation to the Board of Director to analyses the result to develop the business operation. 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 2019

Average score 4.44 in Level Good

Assessment Topics

• Structure and Qualification of Director	average 4.40
• Role/Duty/Responsibility of Director	average 4.39
• The Board of Directors' meeting	average 4.56
• The performance of the Board	average 4.50
• The relationship with Management	average 4.43
• Self-development and Executives	average 4.38

Additional opinion/remark from the self-assessment is that the Directors has pay attention to give opportunity to directors to independently provide opinion and summarize the suggestion in the minutes so that the Management shall comply with such suggestion.

(2) The self-assessment of each director for the Year 2019

Average score 4.44 in Level Good

Assessment Topics

• Structure and Qualification of Director	average 4.38
• The Board of Directors' meeting	average 4.39
• Role/Duty/Responsibility of Director	average 4.56

Additional opinion/remark from the self-assessment is the Board of Directors concentrates on the suggestion that give the best benefit to the Company from the Board of Directors' meeting.

3) The result from self-assessment of the Committee for the Year 2019

3.1 The Executive Board of Director

Average score 4.35 in Level Good

Assessment Topics

• Structure and Qualification of Director	average 4.20
• The Board of Directors' meeting	average 4.25
• Role/Duty/Responsibility of Director	average 4.59
• Self-development	average 4.38

Additional opinion/remark from the self-assessment is the Board of Directors concentrates on the following up of business operation specified by the strategy plan and business operation.

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 /	average 5.00
• Detection Systems	
• 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 4.67 in Level quite excellent

Assessment Topics

• The Structure and director qualification	average 4.67
• Role/Duty/Responsibility of Director	average 4.67
• Director Duty	average 4.67
• Self-development	average 4.67

Additional opinion/remark from the self-assessment is the Nomination and Remuneration Committee focuses on the personal, director and executive development including the evaluation of President and executive performance to be consistency with the strategy and business operation plan.

Self-Assessment Procedures-The Whole Board of Directors

To evaluate the performance of the directors in 6 main items under SET guideline as follows:

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.

The Criteria of Self-Assessment-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 is to provide improvement plan from analysis and additional opinion by the Board of Director

Self-Assessment Procedures-Each Director

To evaluate the performance of each director in 3 main items as follows:

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

The Criteria of Self-Assessment- Each 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 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 director's report to provide improvement plan.

5.27 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. In addition, to evaluate of internal successor readiness, in case, there is not preparedness, the selection criteria will select from external resource as follows:
1. Qualification shall be consistency with competency
 2. Having experience in covering field
 3. To be readiness to manage the organization
 4. To have good relationship with external organization and the Board of Directors

5.28 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.

5.29 President Remuneration Policy in short and long terms including President performance

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 in 2 parts are as follows:

1. Successful Measurement Index
2. Supportive factor for transparency and sustainability growth

To be cover for the specification and operation in compliance with strategy, plan, financial performance, administrative business and employee relationship and competency to lead the organization including problem solving effect to the Company and stakeholders. Hence, the result of evaluation shall be considered to salary increase and bonus of the President approved by the Board of Directors.

จริยธรรมกับความยั่งยืนขององค์กร
(Corporate Governance)

Objective:

1. เพื่อยกระดับนโยบายการกำกับดูแลกิจการและจริยธรรมธุรกิจของบริษัทฯ ให้เกิดประสิทธิภาพมากยิ่งขึ้น
2. เพื่อเป็นการนำไปสู่การเป็น “องค์กรที่โปร่งใส” และมีคุณภาพ สามารถตรวจสอบได้ในทุกระบวนการทำงาน

กลุ่มเป้าหมาย: หัวหน้างาน, หัวหน้าส่วน, ผู้จัดการแผนกที่ยังไม่ผ่านการอบรม

วิทยากร: คุณวิชุดา บุญโต
ผู้ช่วยผู้จัดการทั่วไป-Compliance

วันที่ 1: วันที่ 11 มิ.ย.62 เวลา 13.00 - 16.00 น.
ห้องหมายเลข 9 SLA

วันที่ 2: วันที่ 12 มิ.ย.62 เวลา 13.00 - 16.00 น.
ห้องสุรกิจสมบุรณ์

RIGHT
WRONG

ได้รับใบอนุญาตหลักสูตร - คุณวิชุดา ฝ่ายพัฒนาศักยภาพบุคคล โทร. 8209



Anti-Corruption Policy

The Board of Directors shall stipulate the supporting plan and moral of organization for long term since 2010 as 10 years (2010-2019) 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.

On November 4, 2019 The Private Sector Collective Action Coalition Against Corruption Commission committee (CAC) have resolved to certify for renewal “Somboon Advance Technology Plc.LTD.” is a member of the Private Sector Collective Action Coalition Against Corruption. The certification will be valid for 3 years from the date of approval.

This year, the company has provided support to give advice to business partnerships in the form of self-assessment and the anti-corruption measures to submit a self-assessment form to the Thai Private Sector Collective Action Against Corruption (CAC). The board has approved the 4 business partnership of the company to be members of CAC as follows:

1. Tsushiyochi Somboon Coated Sand Co., Ltd.
2. V.R.P. rubber and trade Co., LTD.
3. Focus Mechanic Co.,LTD.
4. Permpoon EDP Co., LTD

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

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 Directors and the top 4 of 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 in 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.
3. To assign the Compliance Division Responsible for assessing the risk of corruption and prepare an audit plan In accordance with the internal audit plan.
4. 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.
5. 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 items or other benefits of SBG

Receiving gifts 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 the form of organization and organization. It must be signed by the Authorized Director only.
- 3) Except on traditional occasions or festivals that people should treat each other By such goods or other benefits Must have a price or value of not more than 2,000 baht and / or it is necessary to maintain a good relationship between individuals or organizations
- 4) Designate senior management to be the organization's representative to receive items or other benefits and have to deliver it to the company secretary within 5 working days from the date of receipt of goods or other benefits.
- 5) Except gifts during traditional festivals Employees can accept the value of not more than 500 baht, such as a calendar key ring that has the organization's logo on it.

By assigning the senior management to be a representative in accepting and report to the President Through the company secretary office

- 6) To prevent conflicts of interest, the company does not allow employees to be representatives of the organization to receive items or other benefits. Except for force majeure Allowing executives below 1 level (self-employed or other fields) to be assigned And report to senior management immediately.

Giving gifts or any other benefits

- 1) Giving gifts: 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.
- 2) Assigned to Executives as a representative of the organization.

Operation in 2019

1. The company has established strategies for improving good governance, risk management, responsibility to stakeholders and society on the basis of knowledge and moral. Which is 1 of the 6 main missions of the organization's strategy In order for the business to grow sustainably in accordance with the sufficiency economy philosophy and to build good immunity in

business operations. The company encourages employees at all levels throughout the organization to have knowledge, understanding, and consciousness in performing their duties. With responsibility, caution, honesty, through training and seminars under the CG course entitled "Ethics ... and Corporate Sustainability (Anti-Corruption)" for 11 consecutive years.

2. The company has promoted knowledge in the form of, training / seminars, workshops and various activities to lead to a new organizational culture under the plan to promote and instill organizational ethics as follows

2.1 The company has set up a program "Organizing for Sustainable Development" for employees at all levels, with content focusing on the company's policy on work and the expansion of the network of SBG employees to new employees at all levels. In order to understand the management and business of the company "stable organization" and quality can be inspected in every process.

2.2 The Board of Directors has the policy to promote business partners, stakeholders grow together with SBG by defining a business-enhancing strategy starting from a project of Collective Action Coalition on Anti-Corruption of SBG and to ensuring that the entire supply chain is truly transparent. The company has expanded the network of anti-corruption efforts to the partner by promoting cognitive awareness, as well as the importance of anti-corruption to expand a more extensive network of anti-corruption networks.

2.3 The Board of Directors had provided the opportunities for employees and stakeholders, having a channel for complaints and reporting illegal acts direct to the independent director.

The intended to (1) the development / training. (2) modify / update management (3) investigation. The company secretary is serves as the complaints of corporate governance and business ethics of the company are as follows:

Independent directors - Complaints and suggestions can be sent to the following emails.

1 Mr.Sansern Wongcha-um Email : sansern.w@somboon.co.th or

2 Dr. Panja Senadisai Email : panja.sena@somboon.co.th or

3 Mr. Ajarin Sarasas Email : ajarin.s@somboon.co.th or

4 Mr. Paitoon Taveebhol Email : ptaveebhol@somboon.co.th or

5 Dr. Suthad Setboonsarng Email : suthad.setboonsarng@somboon.co.th or

6 Mr. Prayong Hirunyanich Email : prayongh@somboon.co.th or

7 The Company secretary Email : pasucha.s@somboon.co.th

Or sent via mail to : The Company secretary,
e-mail pasucha.s@somboon.co.th or by postal mail to
the Company secretary – Somboon Advance Technology
Plc. Bldg. 11, Floor 2, No. 129 Moo 2, Bangna – Trad
Road, Km. 15, Bangchalong Sub-district, Bangplee
District, Samut Prakan 10540.



Expansion Procedure of the SBG Collective Action Coalition against the Corruption

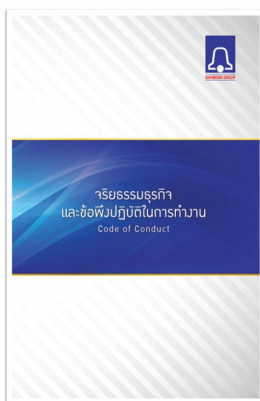
1. The company requests that all partners must sign a declaration of intent to anti corruption before doing business together.
2. The company promotes and educates business partners to understand and recognize the importance of anti-corruption and inviting business partners to announce their intention to against corruption with CAC. In the year 2019, there were 24 suppliers announced their intention with CAC.
3. The company attaches importance to encouraging private sector organizations to have a system and have good anti-corruption measures and have applied to join the CAC Change Agent program to expand the business network that is transparent and without corruption. The company has persuaded business partners of SME companies to join the announcement of intent. Under the CAC SME Certification program for more than 10 companies this year. In this regard, Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), therefore, presented the CAC Change Agent Award to the company at the CAC National Conference Day. On 18 October 2019
4. The company has provided support to give advice to business partnerships in the form of self-assessment and the anti-corruption measures to submit a self-assessment form to the Thai Private Sector Collective Action Against Corruption (CAC). The board has approved the 4 business partnership of the company to be members of CAC in these year.





• Year 2010

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



• Year 2012

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



• Year 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

Year 2011

- Provided trainings to the Board of Directors and top



Year 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





• Year 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.
- Certified by CAC in the preventive corruption measures in 2nd year

• Year 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
- BG visited the partners who joined the announcement of anti-corruption

• Year 2020-2021

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

Year 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



Year 2017

- The suppliers shall declare intention against corruption 100% (636 Company)
- SBG visited the partners who joined the announcement of anti-corruption



Year 2019

- The company promotes and educates business partners to understand and recognize the importance of anti-corruption and inviting business partners to announce their intention to against corruption with CAC. There were 24 suppliers announcing their intention with CAC.
- Received the CAC Change Award from Thai Institute of Directors (IOD) by influencing more than 10 of the Company's SME business partners to announce their intention under CAC SME Certification project in one year.
- Received a certification as a member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) which is the Company's 3rd renewal of the certification.



Business Operations with fairness

The Board of Directors has conducted with policy to treat customers, creditors, suppliers and competitors equally and fairly with honesty. According to the determination to operate business with integrity, fairness, transparency, performing business in compliance with law and regulation, and respect the right of intellectual property, promotion of political right and concern the benefit and effect from business to all stakeholders along with oversee the operation in safety, occupational health and working environment to not affect to all stakeholders as well as strengthening local community and society in the long term to be successful in sustainable development.

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.
- (4) To set system/process for the customer claim for quality, quantity, product safety and service including the speed time to delivery product and do the best way to improve customer response.
- (5) To support the customer to perform business with the corporate social responsibility
- (6) To determine to develop in manufacturing process, packaging and transportation with environment friendly

Operation in 2019

The Company has visited customers 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 2019

- (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, copyright, and patent, moral.

Respect for Human Rights

Operating guideline

- (1) To specify the Code of Conduct and Work Rules in section of supplier and/or creditor treatment.
- (2) To promote executives, employees to use resource and property of the Company efficiently in order to increase the competition customers, to use products and service with legal intellectual property. The Company does not support products or action that has infringement of intellectual property.
- (3) All employees have obligation under the duty of confidentiality not to disclose any intellectual property of the company and shall not use any intellectual property for personal or other person interest without prior written permission.
- (4) All employees shall respect to other intellectual properties and shall not use any part or in whole of other intellectual properties without prior written permission.

Operation in 2019

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 an opportunity for employee to use political right independently without persuasion and domination.

Operation in 2019

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.

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 disabled 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 work in g 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 2019 and operation plan of 2020 (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 custom ersatz is faction 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 in formation
- (8) To give the right under healthy environment

The operation in 2019 and operation plan of 2020 (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 or community.

Operation Guideline

- 1) To create a participation of community to corporat social responsibility service for society
- (2) To create opportunity for art, cultural, and morality education
- (3) To create an occupation and income for community
- (4) To develop quality of life and skill development

The operation in 2019 and operation plan of 2020 (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 S or 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 execution for energy conservation and continuously to reduce global warming
- (4) To teach employee to ensure their knowledge and information about environment and corporate social responsibility.

The operation in 2019 and operation plan of 2020 (as detail specified in the Sustainability Report).

Research and development of the operation of corporate social responsibility

The Board of Directors' vision in 2019 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 2019 and operation plan of 2020 (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

In 2019, the total automotive production was at 2,013,710 units, decreased 7% from last year where the sales were divided into domestic sales at 1,007,552 units, decreased 3% from last year and exported sales at 1,054,103 units, decreased 8% from last year. According to the forecast of 2019 target, the Automotive Industry Club, Federation of Thai Industries (FTI) announced the target of automotive production at 2.15 million units divided into exports of 1,100,000 units. However, the market situation in the world economy and Thailand, which have slowed down continuously, has resulted in the adjustment of the production target down to 2 million units, divided into exports at 1 million units and for domestic use at 1 million units.

Vehicle Production in Thailand

Year	Passenger Car (unit)	Pickup truck (unit)	Commercial Vehicle (unit)	Total Commercial Vehicle (unit)	Total (unit)	Growth (%)
2555	957,622	1,451,843	44,252	1,496,095	2,453,717	68.32
2556	1,069,786	1,331,693	52,439	1,384,132	2,453,918	0.01
2557	742,678	1,114,778	22,551	1,137,329	1,880,007	-23.39
2558	760,688	1,115,818	36,496	1,152,314	1,913,002	1.76
2559	805,033	1,102,816	36,568	1,139,384	1,944,417	1.64
2560	818,440	1,130,058	40,325	1,170,383	1,988,823	2.28
2561	877,015	1,250,483	40,196	1,290,679	2,167,694	8.99
2562	796,304	1,176,976	40,430	1,217,406	2,013,710	-7.10%

Source : Thai Automotive Industry Association (TAIA)

The reason that the automotive assembly volume was below the target was due to the lower domestic demand for cars, the mid-year inundation and the 10% expansion of the household debt rate, which is considered as the highest debt rate in the last 5 years. With regards to exports, the impact from the trade war between the USA and China still had a continuous effect, causing a reduction in orders from each country. Furthermore, in addition to the global economic slowdown, the value of the Thai Baht currency also became a lot stronger in the second half of the year, which resulted in the price of exported cars from Thailand to become higher once they reached the destination country. Consequently, many branded automotive assemblers had to adjust by reducing the production capacity as well as announcing the reduction of working hours, thus affecting the parts manufacturers in some companies whereby the parts manufacturers proceeded to make adjustments in response to the situation, considered utilizing auto-machinery, controlled production and proposed that the Government implement economy stimulation, promoting the development of workers' skills in order to support the upcoming new technology.

Expense on research and technological development in accordance with the guidelines of National Science and Technology Development Agency (NSTDA)

In 2019, the Company had an expense in research and technological development at the total amount of 30 Million Baht, in which the research and technological development can be categorized as follows;

1. Applied research is the study and research into findings of new knowledge with primary objectives or purposes to put the research results into beneficial use in any one of the practices or in order to identify new methods of achieving the pre-specified objectives such as the application of 3-D printing in the industry of manufacturing automotive parts and automation, the development of axle shaft in a form of hollow shaft in order to reduce the shaft's weight, as an example.
2. Experimental development is a systematic study by bringing the existing knowledge to develop further, creating new raw materials, tools, wares, production processes, systems and services or improvement of the existing products or production processes such as the experiment and development of aluminum forging process, the experiment and development of testing and control of NVH < 3% for disc brakes, the development of rotary blade for agricultural machineries, the improvement of the quality of carbon sheet from other manufacturers, who are not from Japan, in order to produce axel shaft as the prototype AGV to be used for towing in the industrial plants, for example. However, experimental development does not include the regular changes according to the duration of the products, production system, production process, services or other operations that are underway although this change would lead to a progress.

Enterprise Risk Management

The companies in the Somboon Group conduct business by recognizing the uncertainty that may occur from both internal and external factors, which affects the achievement of the organization's goals. Therefore, the principles of risk management, in accordance with the international standard (COSO ERM) are applied at all levels of the organization. By covering risk management in terms of strategy, operations, finance, compliance with regulations, the company has compiled various risks, including risks from environmental, social and governance factors, as well as new emerging risks such as those risks from modern technology. With a comprehensive risk management policy, this would ensure the organization to execute its strategy effectively. In addition, the company has established a risk management policy as a guideline practicing throughout the organization consistent with business strategies and goals under the framework of good corporate governance.

The risk management structure of companies in the Somboon Group consists of the Policy Risk Management Committee (BOD) responsible for establishing policies and risk management plans and establish risk management structure covering the entire organization. Secondly, the Enterprise Risk Management Committee (ERM) is responsible for determining the organization's risk management strategy and acceptable risks. Additionally, ERM has defined processes and measures for risk management at the organizational level, followed up on risk reviews and reported to the Audit and Governance Committee. ERM committee is also responsible for setting up a risk management working group at each line of work as Functional Risk Management Committee (FRM). FRM has its responsibility for identifying and assessing the risk at operation level, monitoring and reporting operational risks to comply with the company policy.



Risk Management

The company enhances its risk management by focusing on the organization's strategy responding to the change in the automotive industry and agricultural machinery industry. By focusing on business development with business partners, the company monitors all stakeholders, especially customers, employees, and partners of their expectations leading to sustainable business development.

By reducing risk from various factors and rapid change in the business environment, the company will be ready to grow new business opportunities more sustainably. Moreover, with the changes in laws, regulations, and expectations of various stakeholder groups, the company needs to operate to ensure the right level of satisfaction of all stakeholders.

Enterprise Risk Management

Risks	Impact	Treatment plan
1 Strategic Perspective The risks that the company will lose key customers' orders	Income instability affecting the profits of the company	- Track changes in the automobile and agricultural machinery industry both on the technology and customer purchasing policies - Develop production processes and technology to meet the needs of customers on price and cost - Manage customer relationship and develop business operations with customer. - Distribute the corporate income to a diverse portfolio of clients, products.
Risks arising from the advent of electric vehicle technology and future automotive innovations	Income instability of the company	- Analyze trends and the direction of the growth of BEV cars in the future to assess the risks and the potential impacts on the business, including setting measures and guidelines for monitoring. - Study and develop new business to recover the income probably lost due to the advent of electric vehicle technology through analysis of investment opportunities both domestic and foreign for the sustainable growth of the organization.
2 Operational Perspective Risks from quality management, delivery, production engineering, quality systems, and safety	Inadequate competitive ability to support customer needs leading to business growth	- Develop production management to improve efficiency, quality, production engineering, and quality systems to build customer confidence. - Analyze trends, needs, and define a long-term support plan.
Risk from raw material and supply chain management	Discontinuity in production and fluctuations in production costs	- Develop the measures to assess, monitor, and plan together with customers to reduce the risk that may arise from the shortage of raw materials. - Analyze and develop production processes including finding reserve sources of raw materials to support future needs.
Risks from climate change, environment, technology, and natural disasters	Uncertainty of cost from various production inputs and technology	- Monitor and assess the risks that may occur from environmental changes and disasters. - Create a risk management plan and set supporting measures
3 Financial perspective Risks from exchange rate fluctuations	Uncertainty of the company's revenue and expenses due to the exchange rate	- Analyze the trend of foreign exchange rates, and plan the use of financial tools to prevent the risk of exchange rate fluctuations. - Mitigate the risk by entering into the forward exchange contracts, including managing revenue and expenses in foreign currencies to be consistent
4 Compliance perspective Risks from changes in laws and regulations, and enforcement of law concerning industrial sector, social, environmental, and corporate governance issues.	Confidence in the implementation of laws and regulations relevant to stakeholders	- Monitor new laws, regulations, and their enforcement. - Evaluate risks, impacts and set supporting measures. - Prepare the operational plan that is appropriate and in line with the laws and regulations. - Audit and implement safety measures to be correct, complete, according to the regulations. - Regularly follow up and assess the potential risks.

Promoting Risk Awareness Culture

The companies in Somboon Group are committed to achieving business goals. Therefore, the company promotes a culture of risks at all levels, from directors, executives to all employees to have awareness and practice systematic risk management rigidly. The company has set risk management policies as guidelines for operations throughout the organization, in which all executives and employees have duties and responsibilities in operating

according to risk management principles. Under the supervision of the Audit and Governance Committee, Risk Management Committee has its duty to promote the awareness of the potential risks by bringing the risk issues to be discussed at the main meeting of each company or affiliated departments within the organization, including communication of the principles and risk assessment criteria to practice throughout the organization.

Major Changes and Developments in Past 3 Years



Major Changes and Developments

Year of 2019

October 2018

SAT received SD Awards 2018 from the Stock Exchange of Thailand

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

April 2018

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

August 2018

1. Rewards from Department of Labor Protection and Welfare

- **SAT2** received the Thailand Labor Management Excellence Awards on employee relations and benefits, small size establishment without labor union, for the first year.

- **SAT1, SBM1-2** received the Thailand Labor Management Excellence Awards on employee relations and benefits, medium size establishment without labor union, for 13 consecutive years.

- **SBM3** received the Thailand Labor Management Excellence Awards on employee relations and benefits, medium size consecutive years.

- **ICP1** received the Thailand Labor Management Excellence Awards on employee relations and benefits, small size establishment without labor union, for 9 consecutive years.

- **ICP2** received the Thailand Labor Management Excellence Awards on employee relations and benefits, small size establishment without lab or 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.

November 2018

SAT received SD Awards 2018 from the Stock Exchange of Thailand.

- 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:
HINO (**SBM3**)
- Winner Group E: THCC QCC:
HINO (**SFT**)
- Silver Award Gamba Kaizen: Technology Promotion Association (Thailand-Japan) (**SBM1, SBM3**)

Major Changes and Developments Year of 2018

November 2017

1. **SAT** received SET Awards 2017 from the Stock Exchange of Thailand (SET) in collaboration with Money & Banking Magazine as follow:

- 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)

August 2017

1. Publicized the changing of President due to retirement.
2. **SAT,BSK**la: **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.

July 2017

SAT has resolved to enter into 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.

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)

December 2017

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

Awards from Customers and external organization for 2017

- Quality Award and Deliverables: Kubota (**SAT**)
- Quality Award and Delivery: ISUZU (**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**)

Major Changes and Developments Year of 2017

Major Shareholders

The first top 10 major shareholders of the Company as of March 5, 2020 are as follows:

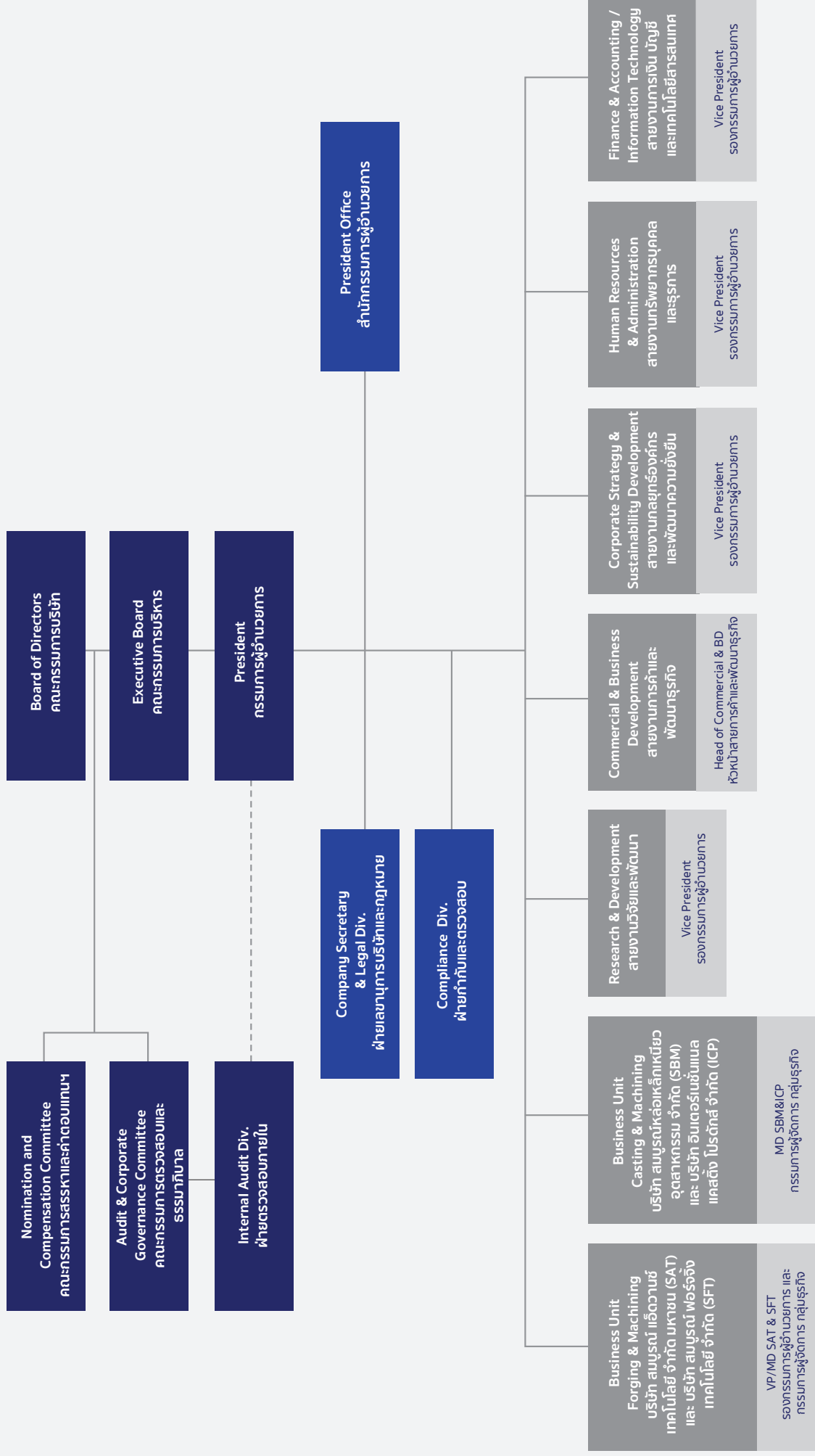
	List of Shareholders	No. of Shares	Percentage
1.	SOMBOON HOLDING COMPANY LIMITED	127,502,750	29.99
2.	KITAPHANICH FAMILY	58,827,649	13.84
3.	THAI NVDR COMPANY LIMITED	54,708,486	12.87
4.	NORTRUST NOMINEES LTD-CL AC	25,935,400	6.10
5.	BBHISL NOMINEES LIMITED	18,803,500	4.42
6.	NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	7,439,600	1.75
7.	AIA COMPANY LIMITED-EQDP-D FUND 1	7,170,500	1.69
8.	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	5,599,641	1.32
9.	DBS BANK LTD	3,437,500	0.81
10.	krungsri Thai All Stars Dividend LTF	3,433,300	0.81

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 March 5, 2020 the foreign shareholders held 19.98 percent of total shares.

Organization Structure (Year 2019)

SOMBOOM ADVANCE TECHNOLOGY PUBLIC COMPANY LIMITED



Management Structure

The Company's management structure consists of the Board of Directors and Sub-committee which are the Board of Directors, Executive Board, Audit and Corporate Governance Committee and Nomination and Remuneration Committee containing the name list and scope of power and authority as follows:

1. Board of Directors consists of

	Name	Position
1.	Mr. Sansern Wongcha-um	Chairman /Independent Director
2.	Mr. Yongyuth Kitaphanich	Vice Chairman/ Directo
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	Independent Director
8.	Mr. Yongkiat Kitaphanich	Director
9.	Ms. Napatsorn Kitaphanich	Director

Remark: Please find the photos of the Board of Directors on page
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 Powers 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 shall comply with laws, objectives and articles of Association of the Company and the resolution of the shareholder's with honesty and care for

the shareholders' interests including in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In perform their duties, the Board of Directors shall appoint the President to be responsible for the Company's business operation. To supervise 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 to consider 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 coin vestment 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. Connected 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, salary adjustment 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 Directors, the Company Secretary and the Board of Directors' secretary.
16. Authorization of power and duties to the Chairman, the President, or anyone of 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. To monitor and supervise the business management in accordance with the good corporate governance principle.
19. To appoint the director in subsidiaries.
20. Approval to change and modify the organization structure in Vice President Level up.
21. To enter into the agreement in relation to management or Consulting agreement or technical assistance agreement in connection with core business of the Company.
22. Any other actions to be in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholders.

2. Executive Board,

3 non-executive director (2 independent director) and 1 executive and a Chairman of Executive Board an independent director, consists of

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

The Executive Director holds a term for 3 years.

Ms. Pasucha Sinchai is a secretary of Executive Board.

Scope of Powers 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 exceeding 10 million baht
- Improvement, change and modify the organizational structure in Department Level and report to the Board of Directors (lower than Department level approved by President)
- 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 financial performance of the Company
- The transaction approved or not be approved by the Executive Board

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.

Mrs. Onanong Yaiyatham is a secretary of secretary of the Audit and Corporate Governance Committee

Scope of Powers 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, terminate and propose Company external auditor emolument; determine auditor independency; hold a meeting with auditors at least once a year without management participation.
7. Concur with appointment, transfer, terminate 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 for Directors and Executives

consists of all independent directors.

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

The Nomination and Remuneration Committee holds term for 3 years

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

Scope of Powers 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. Vacharatorn	Kitaphanich	Director
8. Mr. Varasa	Saundee	Director

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

Scope of Powers 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	Managing Director SBM and ICP
4. Mr. Mongkol	Sae-jew	Vice President – Research & Development
5. Mr. Nuttakajorn	Yanpirat	Vice President – Finance & Accounting / Information Technology
6. Mr. Thanthach	Ritthinam	Vice President – President Office and Managing Director MSA
7. Dr. Anotai	Mohjhaw	Vice President – Human Resources and Administration

Scope of Powers 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 or 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.

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. (6 of them are Independent Directors)

Independent Director is 66.67 % 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
6. Mr. Prayong Hirunyawanich

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

- (1) holding no more than 0.5 percent of the total voting shares of the Company, parent company, subsidiary, associate company, major shareholder or controlling person of the Company, including shares held by the connected persons of such independent director;
- (2) not being or having been an executive director, employee, staff, advisor earning regular monthly salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended for at least two years prior to the appointment date. In this regard, such prohibited characteristics shall exclude the case where an independent director used to be a government official or advisor of a governmental agency, which is a major shareholder or the controlling person of the Company;
- (3) not being a person who is related by blood or legal registration as father, mother, spouse, sibling and child, including spouse of child, other directors, executives, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
- (4) not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with independent discretion,

which includes not being or having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended for at least two years prior to the appointment date.

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

- (5) not being or having been an auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, unless the foregoing relationship has ended for not less than two years prior to the appointment date;
- (6) not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than two million baht per year by the Company, its parent company, subsidiary, associated company,

majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than two years prior to the appointment date;

- (7) not being a director who is appointed as the representative of directors of the Company, major shareholder, or shareholder who is a connected person of a majority shareholder;
- (8) not undertaking any business of the same nature and in significant competition with the business of the Company or its subsidiary, or not being a significant partner in a partnership, or an executive director, employee, staff, advisor earning regular monthly salary, or holding more than one percent of the voting shares of another company that undertakes a business of the same nature and in significant competition with the business of the Company or its subsidiary;
- (9) not having any other characteristics that cause the inability to express independent opinions on the business operation of the Company; and
- (10) Determining term of independent director for not exceeding 9 consecutive years, starting from 1 January 2015 onwards.

The Role of Chairman

- 1. To be the Chairman in the Board of Director's meeting.
- 2. To summon the Board of Director's meeting.
- 3. To have a decision vote in the meeting, in the event of a tie vote.
- 4. To be the Chairman in the Shareholder meeting.

Director's 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 2019, the non-executive director's meeting was arranged 2 time, on October 24, 2019 and December 19, 2019. 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	12/12	-	-	-	2/2
2. Mr. Yongyuth Kitaphanich	Director/Vice Chairman	12/12	-	-	-	-
3. Dr. Panja Senadisai	Independent director/ Chairman of the Audit & CG Committee/ Member of the Nomination & Remuneration Committee	12/12	-	6/6	3/3	2/2
4. Mr. Ajarin Sarasas	Independent director/ Chairman of Executive Board/ Member of the Nomination & Remuneration Committee	12/12	12/12	-	3/3	2/2
5. Mr. Paitoon Taveebhol	Independent director/ Member of the Audit & CG Committee/ Chairman of the Nomination & Remuneration Committee	12/12	-	6/6	3/3	2/2
6. Dr. Suthad Setboonsarng	Independent director/ Member of the Audit & CG Committee	11/12	-	6/6	-	2/2
7. Mr. Prayong Hirunyawonich	Independent director/ Executive Board	12/12	12/12	-	-	2/2
8. Mr. Yongkiat Kitaphanich	Director/ Vice Chairman of the Executive Board	12/12	12/12	-	-	-
9. Ms. Napatsorn Kitaphanich	Director/ President	11/12	12/12	-	-	-

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.

Tenure Committee

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 (6 of them are Independent Directors) which is 66.67% 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 (2019)	Type of Director	Nomination/ Appointment to be director in 2020	Next due for Appointment
1.Mr. Sansern Wongcha-um	2008	2017	Chairman/ Independent Director	Yes	2020
2. Mr. Yongyuth Kitaphanich	2004	2019	Non-Executives	No	2022
3. Mr. Panja Senadisai	2004	2018	Independent Director	No	2021
4. Mr. Ajarin Sarasas	2009	2017	Independent Director	Yes	2020
5. Mr. Paitoon Taveebhol	2008	2017	Independent Director	Yes	2020
6. Dr. Suthad Setboonsarng	2018	2018	Independent Director	No	2021
7. Mr. Prayong Hirungawanich	2017	2019	Independent Director	No	2022
8. Mr. Yongkiat Kitaphanich	2004	2018	Non-Executives	No	2021
9. Ms. Napatsorn Kitaphanich	2004	2019	Executive Director	No	2022

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) Others business assigned by the Board of Directors

Biographies

Ms. Pasucha Sinchai

- Master of Indiana University, Bloomington INUSA, LLM.
- Bachelor of Laws Thammasat University

Qualification:

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

Training Program:

- Effective Minutes Taking (EMT) 44/2019 (IOD)
- Company Secretary Program (CSP) 83/2017 (IOD)
- Company Reporting Program (CRP) 18/2017 (IOD)
- Basic Course Company Secretary 1/2015 (Thai LCA)
- Effective Minutes Taking (EMT) 44/2019 (IOD)

The Board of Directors and Management



The Board of Directors

1. Mr. Sansern Wongcha-um

- Chairman of the Board of Directors
- Independent Director (from 2008-present)
- Age (Year) 72

Education

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

Training Program:

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

% Shareholding - None -

- Number of Listed Company (ies) being in a Position of Director 1 Company
- Number of Non-Listed Company (ies) being in Position of Director 1 Company

Work experiences in the last 5 years

- 2008-Present** Chairman/ Independent Director
Somboon Advance Technology Public Company Limited
- Chairman/ Independent Director
Bualuang Securities Public Company Limited
- 2008-Apr 2019** 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) 68

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

% Shareholding 0.85%

- Number of Listed Company (ies) being in a Position of Director 1 Company
- Number of Non-Listed Company (ies) being in Position of Director 4 Companies

Work experiences in the last 5 years

- 2547 - ปัจจุบัน** Vice Chairman/ Director
Somboon Advance Technology Public Company Limited
- 2557 - ปัจจุบัน** Director, International Casting Products Company Limited
- 2555 - ปัจจุบัน** Director, Somboon Forging Technology Company Limited
- 2537 - ปัจจุบัน** Director, Somboon Malleable Iron Industrial Company Limited
- Director, Bangkok Spring Industrial Company Limited**
- 2547 - 2560** Member of the Executive Board
Somboon Advance Technology Public Company Limited

3. Dr. Panja Senadisai

- Chairman of the Audit and CG Committee
- Member of the Nomination and Remuneration for Directors and Executives Committee•
Independent Director (from 2004-present)
- Age (Year) 71

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, USA

Training Program

- Director Certification Program
- Audit Committee Program
- Role of the Compensation Committee Program
- 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) 15/2016 %
- Risk Management Program for Corporate Leaders (RCL) 12/2018

% Shareholding - None -

- Number of Listed Company (ies) 4 Companies
being in a Position of Director
- Number of Non-Listed Company (ies) - None -
being in a Position of Director

Work experiences 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 and Remuneration Committee
Somboon Advance Technology Public Company Limited
- 2006-Present Chairman of the Audit and Corporate
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 Remuneration Committee
Trinity Watthana Public Company Limited
- 19837-Present Director, KCE Electronics Public
Company Limited

4. Mr. Ajarin Sarasas

- Chairman of the Executive Board
- Member of the Nomination and Remuneration for Directors and Executives Committee
- Independent Director (from 2009-present)
- Age (Year) 76

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

% Shareholding - None -

- Number of Listed Company (ies) 4 Companies
being in a Position of Director
- Number of Non-Listed Company (ies) - None -
being in a Position of Director

Work experiences in the last 5 years

- 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
- 2018-Present Chairman of the Executive Board
Somboon Advance Technology Public Company Limited
- 2009 - Present Independent Director/ Member of the
Nomination and Remuneration for
Directors and Executives Committee
Somboon Advance Technology
Public Company Limited
- 2009- 2018 Member of Audit and Corporate
Governance 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 and Remuneration for Directors and Executives Committee
- Member of the Audit and Corporate Governance Committee
- Independent Director (from 2008-present)
- Age (Year) 69

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

% Shareholding - None -

Number of Listed Company (ies)	4 Companies
being in a Position of Director	
Number of Non-Listed Company (ies)	1 Company
being in a Position of Director	

Work experience in the last 5 years

2016-Present	Chairman of the Enterprise Risk Policy Committee/ Member of the Nomination and Remuneration 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 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 for Directors and Executives Committee/ Member of the Audit and Corporate Governance 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 and Corporate Governance Committee
- Independent Director (from 2018-present)
- Age (Year) 69

Education

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

Training Program

- Director Certification Program

% Shareholding - None -

Number of Listed Company (ies)	
being in a Position of Director	2 Companies
Number of Non-Listed Company (ies)	
being in a Position of Director	1 Company

Work experiences in the last 5 years

2018-Present	Independent Director/Member of Audit and Corporate Governance Committee Somboon Advance Technology Public Company Limited
2015 – Present	Member of the Board/ Chairman of the Audit Committee/Member of Risk Oversight Committee Bank of Thailand
2014 – Present	Independent Director/ Member of the Audit Committee Banpu Public Company Limited
2013 – Present	Chairman, Nawachione Foundation
2013 – Present	Member, Board of Trustee, International Rice Research Institute (IRRI) Los Banos, the Philippines



7. Mr. Prayong Hirunyawanich

- Executive Board
- Independent Director (from 2019-present)
- Age (Year) 68

Education

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

Training Program

- Director Accreditation Program

% Shareholding - None -

Number of Listed Company (ies) 1 Company

being in a Position of Director

Number of Non-Listed Company (ies)

being in a Position of Director 1 Companies

Work experiences in the last 5 years

2019-Present	Independent Director Somboon Advance Technology Public Company Limited
2017-Present	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
2017-2018	Director, Somboon Advance Technology Public Company Limited
2015-2016	Advisor, Siam Sindhorn Company Limited
2012-2016	Advisor to President, Somboon Advance Technology Public Company Limited
2010-2015	Chairman, Yongkee Company Limited

8. Mr. Yongkiat Kitaphanich

- Vice Chairman of the Executive Board
- Director (from 2004-present)
- Age (Year) 57

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

% Shareholding 0.92%

Number of Listed Company (ies) 1 Company

being in a Position of Director

Number of Non-Listed Company (ies)

being in a Position of Director 4 Companies

Work experience in the last 5 years

2017-Present	Vice Chairman of the Executive Board Somboon Advance Technology Public Company Limited
2017-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

- President
- Director
- Age (Year) 55

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
- Strategic IQ - Executive Education Harvard Business School
- Executive Course Capital Market Academy (Class 25)

% Shareholding 1.66%

Number of Listed Company (ies) 1 Company
being in a Position of Director

Number of Non-Listed Company (ies) 5 Companies
being in a Position of Director

Work experience in the last 5 years

2018-Present	President, Somboon Advance Technology Public Company Limited
2018-Present	Director, Mubea Somboon Automotive Company Limited
2014-Present	Director, Somboon Malleable Iron Industrial Company Limited
2012-Present	Director, Somboon Forging Technology Company Limited
2007-Present	Director International Casting Products Company Limited 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





Managing Directors

1. Dr. Cheerawit Sureerattanan

- Managing Director - SBM & ICP
- Age (Year) 53

Education

- Doctor of Philosophy in Industrial Business Administration (Ph.D.) King Mongkut's Institute of Technology Ladkrabang
- Master of Business Administration (MBA), Khon Kaen University
- Master of Mechanical Engineering (M.E.) -Course work, Kasetsart University
- Bachelor of Mechanical Engineering (M.E.), Rajamangala Institute of Technology

% Shareholding 0.001%

Training Program

- Director Certification Program

Work experiences in the last 5 years

2019-Present	Managing Director - SBM & ICP Somboon Malleable Iron Industrial Company Limited International Casting Products Company Limited
2014-2018	Vice President - Sales & Marketing Somboon Advance Technology Public Company Limited
2013-2014	Vice President - Operation SAT / Managing Director - SFT Somboon Advance Technology Public Company Limited Somboon Forging Technology Company Limited

2. Mr. Patpong Weerasin

- Vice President - Operation SAT
- Managing Director - SFT
- Age (Year) 51

Education

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

% Share held 0.00005%

Training Program

- Director Certification Program
- Anti- Corruption for Executive Program
- Leadership Development Program (LDP6)

Work experience in the last 5 years

2015-Present	Vice President - Operation SAT /Managing Director – SFT Somboon Advance Technology Public Company Limited 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

3. Mr. Mongkol Sae-jew

- Vice President – Research & Development
- Age (Year) 57

Education

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

% Shareholding 0.002%

Work experience in the last 5 years

2019	Vice President – Research & Development Somboon Advance Technology Public Company Limited
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

4 . Mr. Nuttakajorn Yanpirat

- Vice President - Finance & Accounting/ Information • •
- Technology
- Age (Year) 43

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

% Shareholding - None -

Training Program

- Director Certification Program

Work experience in the last 5 years

2019 – Present	Director, Nippon Kikai Engineering Company Limited
2018- Present	Director Somboon Malleable Iron Industrial Company Limited Bangkok Spring Industrial Company Limited International Casting Products Company Limited Somboon Forging Technology Company Limited
2017- Present	Director, Mubea Somboon Automotive Company Limited
2016- Present	Vice President - Finance & Accounting/ Information Technology Somboon Advance Technology Public Company Limited



5. Mr. Thanthach Ritthinam

- Vice President – President Office
- Managing Director - MSA
- Age (Year) 47

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 Manchester Institute of Science and Technology (UK)
- Bachelor of Science in Petrochemical (1st Class Honor) King Mongkut's Institute of Technology North Bangkok

% Shareholding 0.01%

Training Program

- Director Certification Program
- Executive Development Program

Work experience in the last 5 years

2019-Present	Vice President – President Office/ Managing Director - MSA Somboon Advance Technology Public Company Limited and Mubea Somboon Automotive Company Limited
2016-Present	Director, Thai Autoparts Manufacturers Association
2016-2018	Vice President – Corporate Strategy & Business Development Somboon Advance Technology Public Company Limited

6. Dr. Anotai Mohjhaw

- Vice President- Human Resources
- Age (Year) 49

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

% Shareholding - None -

Work experiences in the last 5 years

2019-Present	Vice President – Human Resources and Administration Somboon Advance Technology Public Company Limited
2017-2018	Vice President – Human Resources Somboon Advance Technology Public Company Limited
2015-2017	General Manager – Human Resources Division, Bangkok Komatsu Sales Co., Ltd.



Shareholding of the Board of Directors and Management

Director		Number of Ordinary Shares March 5, 2020	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	Indirect (Spouse)	-
Ms. Napatsorn	Kitaphanich	2,861,590	Direct	-
		4,217,386	Indirect (minor children)	-
Mr. Patpong	Wiyahara	250	Direct	-
Dr. Cheerawit	Sureerattanun	5,000	Direct	-
Mr. Mongkol	Sae-jew	9,350	Direct	-
Mr. Nuttakajorn	Yanpirat	-	Direct	-
Mr. Thanthach	Ritthinam	6,150	Direct	-
		45,000	Indirect (Spouse)	-
Dr. Anotai	Mohjhaw	-	-	-

Movement of shareholding of Directors and Management Personnel

Name		Ordinary shares		
		March 5, 2020	February 28, 2019	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	Hirunyawanich	-	-	-
8. Mr. Yongkiat	Kitaphanich	3,920,343	3,920,343	0
9. Ms. Napatsorn	Kitaphanich	7,078,976	7,078,976	0
10. Mr. Patpong	Wiyahara	250	250	0
11. Dr. Cheerawit	Sureerattanun	5,000	5,000	0
12. Mr. Mongkol	Sae-jew	9,350	9,350	0
13. Mr. Nuttakajorn	Yanpirat	-	-	-
14. Mr. Thanthach	Ritthinam	51,150	51,150	0
15. Dr. Anotai	Mohjhaw	-	-	-

- Information from the Record Date on March 5, 2020

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 2019 (Proposed year)	Year 2018	Year 2017	Year 2016	Year 2015
1. Net profit (Baht)	894,639,797	915,596,702	811,240,893	607,557,665	641,538,005
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	1.35	0.90	0.60	0.60
4. Total amount of dividend (Baht)	574,011,756.90	574,011,756.90	382,674,504.60	255,116,336.40	255,116,336.40
5. Dividend pay out against net profit after tax (Percentage)	64.16	63.00	47.17	42.00	39.77

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. The Remuneration of Directors Policy and Payment Criteria

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. The Remuneration of Management Policy and Payment Criteria

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. 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. Bonus

2.1 The Remuneration of the Board of Directors for the year ended 31 December 2019

The Remuneration of the Board of Directors for the year ended 31 December 2019. The Remuneration of the Board of Directors in form of allowances and remuneration totally Baht 13,643,000 is as following:

Name		Bonus of 2019 (Baht)	Monthly Remuneration and Meeting Allowance (Baht)					Total (Baht)
			Board of Directors	Executive Board	Audit and Corporate Governance Committee	Nomination and Remuneration Committee	NED	
1 Mr. Sansern	Wongcha-um	895,524	1,080,000				108,000	2,083,524
2 Mr. Yongyuth	Kitaphanich	621,892	750,000					1,371,892
3 Dr. Panja	Senadisai	497,512	600,000		270,000	90,000	60,000	1,517,512
4 Mr. Ajarin	Sarasas	497,512	600,000	540,000		90,000	60,000	1,787,512
5 Mr. Paitoon	Taveebhoḷ	497,512	600,000		180,000	135,000	60,000	1,472,512
6 Dr. Suthad	Setboonsarng	497,512	570,000		150,000		60,000	1,277,512
7 Mr. Prayong	Hirunyawanich	497,512	600,000	360,000			60,000	1,517,512
8 Mr. Yongkiat	Kitaphanich	497,512	600,000	450,000				1,547,512
9 Ms. Napatsorn	Kitaphanich	497,512	570,000					1,067,512
Total								13,643,000

Note: Bonus was calculated from the 2019 Company's business performance and paid in 2020

2.2 Other remunerations

There were no other remunerations other than 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 2019	Number of executives	Y 2018
Salary	7	27,966,000	8	29,183,400
Bonus	7	11,275,077	8	10,247,360
Total	7	39,241,077	8	39,430,760

Note: In 2019, the Management consisted of 7 executives which are Ms. Napatsorn Kitaphanich, Dr. Anotai Mohjhaw, Mr. Mongkol Sae-jew, Dr. Cheerawit Sureerattanun, Mr. Patpong Weerasin, Mr. Nattakajorn Yanpirat and Mr. Thanthach Ritthinam

2. Other remunerations

Contributions to the Provident Fund

In 2019, the Company paid the following contributions to the Company's executives:

Units : Baht	Number of executives	Y 2019	Number of executives	Y 2018
Provident Fund	6	1,128,447.40	7	1,268,790

Note: - In 2019, the Management consisted of 6 executives which are Ms. Napatsorn Kitaphanich, Dr. Anotai Mohjhaw, Dr. Cheerawit Sureerattanun, Mr. Patpong Weerasin, Mr. Nattakajorn Yanpirat, and Mr. Thanthach Ritthinam

Employees

Number of employees

Number of employees as at 31 December 2019 and at 31 December 2018 of the Company and its subsidiaries are as follows;

Company	Number of (people)			
	31 December 2019		31 December 2018	
	Male	Female	Male	Female
1. Somboon Advance Technology Public Company Limited	491	153	502	161
2. Somboon Malleable Iron Industrial Company Limited	826	132	978	142
3. Bangkok Spring Industrial Company Limited	3	1	-	49
4. International Casting Products Company Limited	552	52	514	52
5. Somboon Forging Technology Company Limited	50	4	44	2
Total	1,922	342	2,038	406
Amount of Employee by type of employment	Male	Female	Male	Female
Employee	1,882	339	1,938	400
Subcontract	40	3	100	6

Number of employees as at 31 December 2019 and at 31 December 2018 of the Company and its subsidiaries can be classified by the primary work as follows:

Department	Number of (people)	
	31 December 2019	31 December 2018
1. Production Department/ Engineering Laboratory-Jig Shop	1,346	1,396
2. Engineering Department	96	149
3. Maintenance/Warranty/Planning	378	384
4. Warehouse Sourcing and Procurement	131	143
5. Human Resources and Administration (including individual BU)	75	86
6. Finance and Accounting	46	43
7. Sales and Marketing	29	24
8. Quality Development/Product Development/ Development Pprocess	26	17
9. Management/Operations Management	92	75
10.Information Technology Department / Division BPI	11	12
11Others (CSBD/Legal/SEE/Audit/SAM/BOI/SQMR	34	60
Total	2,264	2,389

Note : The Company has not had the labor Union and not have 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 2019	Number of employees	Y 2018
Salary	2,346	655,851,575	2,484	637,421,281.89
Bonus	2,240	207,831,578	2,274	213,368,316.00
Total		846,193,871		850,789,597.89

2. Other remunerations

Contributions to the Provident Fund

In 2019, the Company paid the following contributions to the Company's employees:

Units : Baht	Number of employees	Y 2019	Number of employees	Y 2018
Provident Fund	1,712	22,007,947.39	1,647	20,529,927.43

Note : In 2019, the number of MSA employees are not included.

Internal control

In the Board of Directors 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 Award of Honor - Excellence in Investor Relations 2017-2019 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 renewly certified for (Recertification) continuously for the third time in 2019. 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 "ISO 14001" 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 Board of Directors, Meeting in 2019 for the total of 12 times and the Executive Board for 12 times in order to follow up the operation in each level starting from the Board of Directors, the Executive Board 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 management 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 2018 and 2019 were as follows;

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

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
List of ordinary transactions	0.71	0.30	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
1. SAT sold scraps material to SBM			
2. SAT sold Semi-finished products to SBM	133.85	148.49	Market price
3. SAT received utilities payment from SBM	11.99	12.40	Price was close to the Cost/ SBM used utilities of SAT
4. SAT received management fee from SBM	40.14	42.44	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	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
1. SAT paid utilities fee for BSK	4.98	6.38	Price was close to the Cost/ SAT used utilities of BSK
2. SAT received utilities payment from BSK	0.40	1.73	Price was close to the Cost/ BSK used utilities of SAT
3. SAT Dividends received from BSK	883.98	199.30	

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

International Casting Products Co., Ltd. (ICP)

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
1. SAT sold scraps material to ICP	10.75	7.73	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	30.31	30.89	Price was close to the Cost/ Services for ICP
3. SAT received utilities payment from ICP	1.77	2.28	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	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
List of ordinary transactions	140.00	220.00	According to loan agreement
1. SAT was the short-term loan lender of SFT			
2. SAT received interest of loan from SFT	2.87	5.05	According to loan agreement
3. SAT received utilities payment from SFT	0.64	0.72	Price was close to the Cost/ SFT used utilities of SAT
4. SAT received management fee from SFT	10.28	11.47	Price was close to the Cost/ Services for SFT

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

Tschiyoshi Somboon Coated Sand Co., Ltd.

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
List of ordinary transactions	46.58	46.58	
1. ICP purchased dry sand from Tschiyoshi Somboon Coated Sand Co., Ltd.			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	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
List of ordinary transactions	200.00	200.00	According to loan agreement
1. SAT was the short-term loan lender of MSA			
2. SAT had management service agreement with MSA	14.36	14.36	According to the agreement/ provide management service
3. SAT received interest of loan from MSA	8.99	8.99	According to loan agreement
4. SAT received utilities payment from MSA	1.68	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	20.11	According to the agreement/ renting land and building
6. BSK received utilities payment from MSA	16.38	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.

Nippon Kikai Engineering Co., Ltd. (NKE)

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
List of ordinary transactions	-	30.00	According to loan agreement
1. BSK was the short-term loan lender of NKE			
2. BSK received interest of loan from NKE	-	0.20	According to loan agreement
3. SAT purchased machine and had service expenses from NKE	-	7.94	Price was close to the Cost/ MSA used utilities of SAT

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

Yongkee Co., Ltd.

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
1. BSK and SAT sale of goods to Yongkee Co., Ltd.	11.21	13.17	Approximates market prices/ sales as the normal business

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

Somboon Holding Co., Ltd. (SBH)

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2018	2019	
1. BSK received the utilities fee from SBH.	0.14	0.14	Price was close to the Cost/ SBH used utilities of BSK
2. SAT had management service agreement with SBH.	19.50	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 2019, the Audit Committee held a total of 6 meetings and regularly reported to the Company Board of Directors the operational result every quarter. Each Audit Committee member attended the meetings detailed as follows:

Dr. Panja Senadisai	Chairman of Audit and Corporate Governance Committee attending 6/6 meetings
Mr. Paitoon Taveebhol	Member of Audit and Corporate Governance Committee attending 6/6 meetings
Dr. Suthad Setboonsarng	Member of Audit and Corporate Governance Committee attending 6/6 meetings

In each 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 2019, 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.

In addition, there was supervision for the Company risk management to have management process, suitable standard risk, efficiency and effectiveness by receiving the risk management result report in last year, improvement recommendation and various risk viewpoints.

Supervision on anti-corruption

After the Company received the certification to be a Thai private sector operation member in fighting corruption and corruption on July 5, 2013 and wenewly certified continuously for the third time on November 4, 2019. The Audit and Corporate Governance Committee had prioritized the operation supervision according to fighting corruption method by assigning the internal audit to review the operation according to fighting corruption criteria.

Related items or items that might have conflict of interest

The Audit and Corporate Governance Committee had audited the financial budget and important financial activity between the Company and subsidiaries or joint company by prioritizing an importantly-related transactions or transactions that might have Conflict of Interest to follow the Law and specification of the Stock Exchange of Thailand. The Audit and Corporate Governance Committee saw that related transactions could be normal business with general trade condition, reasonableness, fairness and highest benefits to the Company.

Suitability of auditor, consideration, selection and proposition of auditor

The Audit and Corporate Governance Committee had evaluated the independence and work operation result of the year 2019. The overall work operating evaluation was in a good level. Auditor had enough independence. The Audit and Corporate Governance Committee had discussed with an auditor without management for one time to know the auditor opinion on the work operation for auditing of operation problem relating to management department.

The consideration for choosing and appointing the auditor for the year 2020, the Audit and Corporate Governance Committee had considered the work operating result, scope, work experience, knowledge, ability, credibility, sufficiency of an audited work resource including independence of auditor comparing to auditing suitable cost for the year 2020. Therefore, the Audit and Corporate Governance Committee was approved to the Board of Directors to propose in the shareholders meeting to appoint an auditor of KPMG Phumchai Audit Co., Ltd as the auditor to audit and comment to the company financial statement and subsidiary for the year 2020.

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

The Audit and Corporate Governance Committee had audited compliance on Securities and Exchange Law, the regulation of the Stock Exchange of Thailand and the related Law to the Company business and follow up the management revision guideline regularly. The Audit and Corporate Governance Committee saw that the Company had followed the Securities and Exchange Law, the regulation of the Stock Exchange of Thailand and the related Law to the Company business strictly and regularly.

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

Audit and Corporate Governance Committee had evaluated their own performance and Corporate Governance Committee in each committee for the year 2019 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.

The Audit and Corporate Governance Committee had overall opinion that have performed the duty and responsibility specified in the charter. The audit committee had been approved from the committee of the company sufficiently by using the knowledge, ability, care, and sufficient independence for the benefit of people with interest 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 for Directors and Executives and there are the independent directors performing the duty in the Nomination and Remuneration Committee for Directors and Executives namely; Dr. Panja Senadisai and Mr. Ajarin Sarasas .

In 2019, 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 who retired by rotation for the Year 2020 as required by recruitment process not less than 90 days in advance from September 27, 2019 to December 31, 2019 through the website of the Company.



Mr. Paitoon Taveebhol

Chairman of Nomination and Remuneration Committee for Directors and Executives

Report of Board of Directors' Responsibility for Financial Report

The management has prepared the financial statement ended on December 31, 2019 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, 2019 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. Napatsorn 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 the company group is from selling automotive parts such as Axle shaft, disc brake, drum brake, etc. The sale is for car maker manufacturer (Original - Equipment Manufacturer) in the country mostly.

Profit and loss analysis

In the year 2019 and 2018, the Company has total income of 8,199 million baht and 8,308 million baht (accordingly) which has decreased by 109 million baht or 1%. The net income from sale of goods and rendering of services for the year 2019 is 8,006 million baht, decreased by 188 million baht or 2% from the same period last year. This can be explained by, the revenue from sale of goods and rendering of services of the year 2019 would have been lower compared to the same period last year driven decrease in automotive industry's production volume but was partly compensated by an increase in agricultural machineries industry's production volume and additional sale from a new orders this year.

Cost and expense Analysis

• Selling and Service Cost

In the year 2019 and 2018, the company has the total selling and service cost of 6,512 million baht and 6,684 million baht (accordingly), decreased by 172 million baht or 3%; decrease compared to last year as due to lower sale volume.

• The expense from selling and service

In the year 2019, the company has the expense in the selling and service of management for the amount of 736 million baht, increased by 54 million baht or 8% due to increase in delivery expense for overseas customer and a provision for employee benefit according to the amendment of the Labor Protection Act

• Corporate income tax

In the year 2019, the company has corporate income tax for the amount of 100 million baht, increased 8 million baht or 9% mainly from profit management in line with granted privilege from the Board of Investment

• Profit from the work operation

The company's operating profit, excluding share of profit from investment in associates, financial cost, and corporate income tax in 2019 in the amount of 950 million baht, increased by 9 million baht from last year or 1% due to higher of profit from operation.

• Net Profit

The company's net profit is the amount of 899 million baht, increased by 17 million baht or 2% from the previous year, mainly from the decrease was mainly caused by lower sale volume.

Financial position analysis

• Asset

According to the consolidated financial statement the total asset as at 31 December 2019 and 31 December 2018, are the amount of 9,311 million baht and 9,065 million baht (accordingly), increased by 247 million baht or 3% mainly from Cash and cash equivalent increased by Baht 295 million and the during of year The group, through its subsidiary, completed the acquisition of 51% equity interest in Nippon Kikai Engineering Co., Ltd. which have total net assets increase of Baht 70 million while loan repayment and dividend paid during the period while fixed-assets decreased by the depreciation on period while the additional investment.

• Trade customers

The Company has net trade receivables as at 31 December 2019 for the amount of 1,359 million baht and as at 31 December 2018 for the amount of 1,387 million baht, decreased by 28 million baht. The average debt collection period was 63 days.

• Investments

According to the consolidated financial statements as at 31 December 2019, the Company's net investment in related companies is the amount of 862 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 afore-mentioned companies is for the amount of 423 million baht.

• Land, Property and Equipment

The Company's land, property and equipment as at 31 December 2019 is the amount of 3,596 million baht, and as at 31 December 2018 is the amount of 3,804 million baht, decreased by 208 million baht or 5% due to the depreciation on period for the amount of 631 million baht. The Company and subsidiaries has made additional investment totaling of 351 million baht in production line to improved productivity and increased from acquisition of 85 million baht.

• Debt

As at 31 December 2019, the Company's total liabilities is 2,108 million baht. The short-term liabilities is 1,635 million baht and long-term liabilities is 473 million baht, decreased by 70 million baht or 3% from the previous year. The long-term loans from financial institution decrease by 115 million baht due to the repayment and account payable – trade decreased by 262 million baht while increased from short-term loans of Baht 109 million and additional provisions for employee benefits of Baht 91 million

Part of shareholders

• Capital structure

The Company's shareholders' equity as at 31 December 2019 is 7,158 million baht, increased by 271 million baht from the year ended 31 December 2018 of which the shareholders' equity equal to 6,887 million baht. This is the result of the interim operating profit and Non-Controlling interest of Baht 45 million

The company's profit appropriation in 2019 includes dividends for 2019 operating and retained earnings at the rate of 1.35 baht per share, totaling 574 million baht. The dividend will be paid from paid from the operation for the year 2019 at the rate of Baht 1.25 per share, in amounting to Baht 532 million and the retain earnings at the rate of Baht 0.10 per share, in amounting to 42 million. The interim dividends at the rate of Baht 0.35 per share, in amounting to Baht 149 million were paid in September 2019. Therefore, the remaining dividends of Baht 1.00 per share, in amounting to Baht 425 million will be paid to shareholders in May 2020.

The company's profit appropriation in 2018 includes dividends for 2018 operating at the rate of 1.35 baht per share, totaling 574 million baht. The dividend will be paid from paid from the operation for the year 2019 at the rate of Baht 1.35 per share, in amounting to Baht 574 million. The interim dividends at the rate of Baht 0.35 per share, in amounting to Baht 149 million were paid in September 2018. Therefore, the remaining dividends of Baht 1.00 per share, in amounting to Baht 425 million will be paid to shareholders in May 2019.

As at 31 December 2019, the company's capital structure consists of total liability for the amount of 2,108 million baht and the shareholders' equity for the amount of 7,158 million baht; the debt-to-equity ratio is approximately 0.29 times.

Analysis of Cash Flow Statement

According to the consolidated financial statements as at 31 December 2019 and 31 December 2018, the company's net cash inflow from operating activities is 1,297 million baht and 1,453 million baht (respectively). The company's net cash outflow from investing activities is 237 million baht and 628 million baht (respectively), this is the result of the investment in production line, to enhance productivity capacity. Net cash outflow from financing activities is 721 million baht and 1,347 million baht (respectively), which is the result of the repaid long-term loan for investment project for the amount of 115 million baht and the total cash dividend paid for the amount of 574 million baht.

Main factors and influences that might effect on operation and financial status in the future

In 2019 automotive industry, the overall automotive market has contracted by 7.6% since 2018. With the domestic automotive sales decreased by 6.8% and the automotive export sales decreased by 7.9%, the total number of automotive production was at 2.02 million cars in 2019. However, the automobile & agricultural market, especially tractors and harvesters, has continuously thrived about 9%. Thailand's unstable economic conditions and industry mentioned previously has slightly decreased in the overall sales of companies in Somboon Group. Reasons for the market contraction include Thailand's unstable economic conditions, domestic and international politic problems. These have huge impact on the country's economy and industries. Thereby, the Somboon Group is developing its ability to design system for automotive and agricultural parts production, new technologies include automation system, installation and connection systems, production engineering, as well as the development of cooperation to increase value of products. These are to compete in costs and technology. Meanwhile, the companies have also improved personal management strategy together with the companies' sustainable growth.

Somboon Advance Technology Public Company Limited and its Subsidiaries

**Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report**

Independent Auditor's Report

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 2019, 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 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories	
Refer to Note 3 and 10 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
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.	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.



(Sakda Kaothanthong)
 Certified Public Accountant
 Registration No. 4628

KPMG Phoomchai Audit Ltd
 Bangkok
 20 February 2020

Somboon Advance Technology Public Company Limited
and its Subsidiaries
Statement of Financial Position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	1,702,734,121	1,362,776,137	415,089,626	475,758,921
Current investments	7	660,243,943	705,619,939	256,041,130	303,862,417
Trade accounts receivable	5, 8	1,359,181,658	1,387,435,906	414,299,585	479,244,563
Other receivables	5, 9	88,825,978	92,334,694	75,262,600	64,812,654
Short-term loans to related parties	5	200,000,000	200,000,000	420,000,000	340,000,000
Inventories	10	569,758,373	476,211,665	112,141,933	122,085,385
Total current assets		4,580,744,073	4,224,378,341	1,692,834,874	1,785,763,940
<i>Non-current assets</i>					
Restricted deposit at financial institution	17	24,955,154	-	-	-
Investments in associates	11	515,339,544	482,727,273	-	-
Investments in subsidiaries	12	-	-	2,542,012,202	2,542,012,202
Investments in joint venture	11	347,071,375	348,790,917	350,500,100	350,500,100
Other long-term investments	13	26,651,146	26,651,146	-	-
Investment properties	14	58,561,500	58,561,500	-	-
Property, plant and equipment	15	3,596,205,201	3,804,072,711	1,011,827,130	1,137,610,648
Goodwill	4	44,590,813	17,934,556	-	-
Intangible assets	16	29,360,166	28,703,860	13,755,118	8,620,012
Deferred tax assets	26	57,779,426	39,374,449	19,805,984	15,724,303
Other non-current assets		30,231,926	33,566,277	3,798,569	5,857,349
Total non-current assets		4,730,746,251	4,840,382,689	3,941,699,103	4,060,324,614
Total assets		9,311,490,324	9,064,761,030	5,634,533,977	5,846,088,554

Somboon Advance Technology Public Company Limited
and its Subsidiaries
Statement of Financial Position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
		(in Baht)			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	108,898,301	-	-	-
Trade accounts payable	5, 18	885,395,646	1,146,937,852	286,788,506	390,381,557
Other payables	5, 19	454,200,020	371,772,994	121,029,953	113,692,246
Accounts payable - purchase of assets		49,436,801	46,845,332	7,692,811	9,184,557
Current portion of long-term loans					
from financial institutions	17	90,401,673	114,628,000	43,428,000	43,428,000
Current portion of finance lease liabilities	17	1,059,587	-	-	-
Income tax payable		46,117,537	43,407,767	19,752,983	23,585,960
Total current liabilities		1,635,509,565	1,723,591,945	478,692,253	580,272,320
Non-current liabilities					
Long-term loans from financial institutions	17	117,559,528	194,670,629	91,642,630	135,070,630
Finance lease liabilities	17	4,324,718	-	-	-
Non-current provisions for employee benefits	20	349,990,874	259,052,228	130,989,506	101,593,297
Other non-current liabilities		817,420	806,471	834,190	821,095
Total non-current liabilities		472,692,540	454,529,328	223,466,326	237,485,022
Total liabilities		2,108,202,105	2,178,121,273	702,158,579	817,757,342

Somboon Advance Technology Public Company Limited
and its Subsidiaries
Statement of Financial Position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
<i>(in Baht)</i>					
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		5,960,657,018	5,689,331,230	3,748,066,871	3,844,022,685
Total equity		7,157,965,545	6,886,639,757	4,932,375,398	5,028,331,212
Non-controlling interests		45,322,674	-	-	-
Total equity		7,203,288,219	6,886,639,757	4,932,375,398	5,028,331,212
Total liabilities and equity		9,311,490,324	9,064,761,030	5,634,533,977	5,846,088,554

Somboon Advance Technology Public Company Limited
and its Subsidiaries
Statement of Income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
		(in Baht)			
Revenues					
Revenue from sale of goods and rendering of services	5, 23, 27	8,005,588,435	8,193,797,424	2,547,969,975	2,564,734,973
Net foreign exchange gain		220,269	3,495,491	-	169,684
Dividend income	5, 12	54,276,213	4,841,202	199,297,858	883,981,300
Other income	5	138,502,718	105,799,036	180,422,749	164,487,218
Total revenues		8,198,587,635	8,307,933,153	2,927,690,582	3,613,373,175
Expenses	25				
Cost of sale of goods and rendering of services	5	6,512,033,328	6,684,015,660	1,931,841,647	1,881,564,098
Distribution costs	5	140,486,775	111,260,591	76,628,520	46,295,069
Administrative expenses	5	595,720,721	571,210,197	358,182,197	356,464,363
Net foreign exchange loss		-	-	3,922,145	-
Finance costs		10,664,327	22,890,643	5,044,975	10,530,769
Total expenses		7,258,905,151	7,389,377,091	2,375,619,484	2,294,854,299
Share of profit of investments in associates and joint venture	11	58,741,729	88,885,511	-	-
Profit before income tax expense		998,424,213	1,007,441,573	552,071,098	1,318,518,876
Income tax expense	26	(99,758,461)	(91,844,871)	(51,482,384)	(47,299,887)
Profit for the year		898,665,752	915,596,702	500,588,714	1,271,218,989
Basic earnings per share (Baht)	28	2.11	2.15	1.18	2.99
Profit attributable to					
Owners of the parent		894,639,797	915,596,702	500,588,714	1,271,218,989
Non-controlling interests		4,025,955	-	-	-
Profit for the year		898,665,752	915,596,702	500,588,714	1,271,218,989

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	
	2019	2018	2019	2018
	(in Baht)			
Profit for the year	898,665,752	915,596,702	500,588,714	1,271,218,989
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Gains on remeasuring available-for-sale investments	-	1,201,533	-	-
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	-	-
Total items that will be reclassified subsequently to profit or loss	-	(1,206,247)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Losses on remeasurements of defined benefit plans	(58,428,633)	(24,760,056)	(26,360,158)	(8,328,277)
Income tax relating to items that will not be reclassified	8,798,831	2,229,242	3,822,223	1,207,600
Total items that will not be reclassified to profit or loss	(49,629,802)	(22,530,814)	(22,537,935)	(7,120,677)
Other comprehensive income for the year, net of tax	-49,629,802	-23,737,061	(22,537,935)	(7,120,677)
Total comprehensive income for the year	849,035,950	891,859,641	478,050,779	1,264,098,312
Total comprehensive income attributable to				
Owners of the parent	845,332,381	891,859,641	478,050,779	1,264,098,312
Non-controlling interests	3,703,569	-	-	-
Total comprehensive income for the year	849,035,950	891,859,641	478,050,779	1,264,098,312

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

	Note	Consolidated financial statements					Total equity
		Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	
				Legal reserve	Unappropriated (in Baht)	Available-for-sale investments	
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							
<i>Distributions to owners of the Company</i>							
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		-	-	-	915,596,702	-	915,596,702
Other comprehensive income		-	-	-	(22,530,814)	(1,206,247)	(23,737,061)
Total comprehensive income for the year		-	-	-	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

Consolidated financial statements						
	Note	Issued and paid-up share capital	Shares premium	Retained earnings		
				Legal reserve	Unappropriated (in thousand Baht)	Equity attributable to owners of the parent
Year ended 31 December 2019						
Balance at 1 January 2019		425,193,894	716,443,452	55,671,181	5,689,331,230	6,886,639,757
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	29	-	-	-	(574,006,593)	(574,006,593)
Total distributions to owners of the Company		-	-	-	(574,006,593)	(574,006,593)
<i>Changes in ownership interests in subsidiaries</i>						
Acquisition of non-controlling interests with a change in control	4	-	-	-	-	-
Total changes in ownership interests in subsidiaries		-	-	-	-	41,619,105
Total transactions with owners, recorded directly in equity		-	-	-	(574,006,593)	(532,387,488)
Comprehensive income for the year						
Profit		-	-	-	894,639,797	898,665,752
Other comprehensive income		-	-	-	(49,307,416)	(49,629,802)
Total comprehensive income for the year		-	-	-	845,332,381	849,035,950
Balance at 31 December 2019		425,193,894	716,443,452	55,671,181	5,960,657,018	7,203,288,219

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	
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.

**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	Retained earnings		
				Legal reserve (in Baht)	Unappropriated	
Year ended 31 December 2019						
Balance at 1 January 2019		425,193,894	716,443,452	42,671,181	3,844,022,685	5,028,331,212
Transaction with owners, recorded directly in equity						
Distributions to owners of the Company						
Dividends to owners of the Company	29	-	-	-	(574,006,593)	(574,006,593)
Total transaction with owners, recorded directly in equity		-	-	-	(574,006,593)	(574,006,593)
Comprehensive income for the year						
Profit		-	-	-	500,588,714	500,588,714
Other comprehensive income		-	-	-	(22,537,935)	(22,537,935)
Total comprehensive income for the year		-	-	-	478,050,779	478,050,779
Balance at 31 December 2019		425,193,894	716,443,452	42,671,181	3,748,066,871	4,932,375,398

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

Somboon Advance Technology Public Company Limited
and its Subsidiaries
Statement of Cash Flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	898,665,752	915,596,702	500,588,714	1,271,218,989
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	99,758,461	91,844,871	51,482,384	47,299,887
Finance costs	10,664,327	22,890,643	5,044,975	10,530,769
Depreciation and amortisation	643,400,136	663,456,220	215,668,333	237,451,245
Written-off property, plant and equipment	11,613,460	19,221,368	333,445	89,895
Interest income	-29,665,888	-20,853,229	-19,495,802	-16,853,157
Bad and doubtful debts expenses	1,644,296	-	-	-
(Reversal of) losses on inventories devaluation	8,557,801	-11,501,559	(1,246,686)	(3,964,700)
Unrealised loss on exchange	31,593	701,817	462,951	780,269
Gain on disposal of property, plant and equipment	-2,072,963	-911,944	(199,769)	(449,584)
Share of profit of investments in associates and joint venture	-58,741,729	-88,885,511	-	-
Dividends income	-54,276,213	-4,841,202	(199,297,858)	(883,981,300)
Provisions for employee benefits	61,655,356	44,734,032	17,745,782	22,230,979
	<u>1,591,234,389</u>	<u>1,631,452,208</u>	<u>571,086,469</u>	<u>684,353,292</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	127,686,980	3,204,519	64,465,016	-67,646,548
Other receivables	20,034,725	36,823,190	-9,364,120	-4,805,543
Inventories	22,394,757	-36,845,377	11,190,138	-12,696,485
Other non-current assets	5,049,175	-9,036,865	2,058,781	-1,719,380
Trade accounts payable	-338,421,831	-69,221,059	-103,576,041	89,042,371
Other payables	10,679,124	14,772,824	7,384,130	42,837,043
Other non-current liabilities	10,962	32,398	13,095	51,101
Net cash generated from operating	<u>1,438,668,281</u>	<u>1,571,181,838</u>	<u>543,257,468</u>	<u>729,415,851</u>
Employee benefit paid	-34,097,666	-27,587,586	-14,709,731	-17,077,420
Income tax paid	<u>-107,141,968</u>	<u>-90,716,720</u>	<u>-55,574,819</u>	<u>-39,405,784</u>
Net cash from operating activities	<u>1,297,428,647</u>	<u>1,452,877,532</u>	<u>472,972,918</u>	<u>672,932,647</u>

Somboon Advance Technology Public Company Limited
and its Subsidiaries
Statement of Cash Flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Acquisition of subsidiaries, net of cash acquired	-34,889,535	-	-	-
Interest received	28,561,408	19,764,288	18,409,977	17,179,048
(Increase) decrease in current investments	45,460,904	-252,406,190	47,821,287	-201,721,440
Dividends received	82,125,213	29,831,202	199,297,858	883,981,300
Short-term loans to related parties	-	(100,000,000)	-780,000,000	-550,000,000
Proceeds from repayment of short-term loans to related parties	-	100,000,000	700,000,000	470,000,000
Acquisition of property, plant and equipment	-348,927,078	-420,217,092	-87,350,145	-72,158,890
Proceeds from sale of property, plant and equipment	3,569,467	1,096,936	205,389	449,610
Acquisition of intangible assets	-12,618,029	-6,113,303	(9,500,588)	(1,945,450)
Net cash from (used in) investing activities	-236,717,650	-628,044,159	88,883,778	545,784,178
<i>Cash flows from financing activities</i>				
Interest paid	-10,733,560	-23,292,611	-5,091,398	-10,950,469
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	-306,285	-539,647	-	-85,272
Proceeds from borrowings	-20,380,364	-	-	-
Repayment of borrowings	-115,326,211	-897,659,896	-43,428,000	-458,750,558
Dividends paid to owners of the Company	-574,006,593	-425,189,744	-574,006,593	-425,189,744
Net cash used in financing activities	-720,753,013	-1,346,681,898	-622,525,991	-894,976,043
Net increase (decrease) in cash and cash equivalents	339,957,984	-521,848,525	-60,669,295	323,740,782
Cash and cash equivalents at 1 January	1,362,776,137	1,884,624,662	475,758,921	152,018,139
Cash and cash equivalents at 31 December	1,702,734,121	1,362,776,137	415,089,626	475,758,921
<i>Non-cash transactions</i>				
Increase (decrease) in payable for purchase of assets	2,591,469	-63,051,364	-1,491,746	-2,588,360

Somboon Advance Technology Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 20 February 2020.

1 General information

Somboon Advance Technology Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in January 2005. The Company’s 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’s major shareholders during the financial year were Somboon Holding Company Limited (29.9% shareholding) which was incorporated in Thailand and Kitaphanich family (13.9% shareholding).

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 2019 and 2018 are given in note 12.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3(q).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33.

(b) 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.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the policies. 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 (v)	Current and deferred taxation
Note 4	Acquisition of subsidiary
Note 20	Measurement of defined benefit obligations

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.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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.

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.

(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 uses financial instruments that reduce exposure to fluctuations in foreign currency exchange. These financial instruments, which mainly comprise forward foreign exchange contracts is not recognised in the financial statements on inception but deferred and accounted for on a settlement basis.

(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.

(e) Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an 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 an 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.

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.

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	2 - 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.

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.

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 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.

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) Measurement of fair values

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 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 or indirectly.
- *Level 3:* inputs for the asset or liability that are based on unobservable input.

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

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

(q) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The stage of completion is assessed based on surveys of work performed. The related costs are recognised in profit or loss when they are incurred.

Accounting policies for revenue recognition in 2018

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.

(r) *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(s) *Investment income*

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(t) *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.

(u) *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.

(v) *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.

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.

(w) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(x) *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.

(y) *Segment reporting*

Segment results that are reported to the Group's CODM (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 Acquisition of subsidiary

On 27 September 2019, The Group, through its subsidiary, Bangkok Spring Industrial Company Limited, completed the acquisition of 51% equity interest in Nippon Kikai Engineering Co., Ltd., as per a share purchase agreement dated 8 August 2019 by acquiring 268,100 ordinary shares in amounting to Baht 70 million. The transaction is accounted for as a business combination. During the period from acquisition date to 31 December 2019, Nippon Kikai Engineering Co., Ltd. contributed revenue of Baht 126 million and profit of Baht 4 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by Baht 276 million and consolidated profit for the year would have increased by Baht 4 million.

Management believe that this acquisition will provide supporting new business and technology.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Identifiable assets acquired and liabilities assumed

		Fair value as at 27 September 2019 <i>(in million Baht)</i>
	<i>Note</i>	
Cash and cash equivalents		35
Current investment		25
Trade and other receivables		117
Inventories		124
Property, plant and equipment	15	85
Intangible assets		1
Deferred tax assets		2
Other non-current assets		1
Trade and other payables		(149)
Loans and borrowings		(143)
Finance lease liabilities		(6)
Income tax payables		(2)
Non-current provisions for employee benefits		(5)
Total identifiable net assets		85
<i>Less Non-controlling interests (49 %)</i>		<i>(42)</i>
Total identifiable net assets received		43
Goodwill arising from the acquisition		27
Purchase consideration transferred		70
Net cash acquired with the subsidiary		35
Cash paid		(70)
Net cash outflows		(35)

The key valuation techniques used to determine the fair value of net assets acquired is fair value assessment of land and building is based on market value approach.

Acquisition-related costs

The Group incurred acquisition-related costs of Baht 1.52 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2019.

5 Related parties

Relationships with subsidiaries, associates and joint ventures are described in notes 11 and 12. Other related parties that the Group had significant transactions with during the year were as follows:

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

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

<i>Year ended 31 December</i>	Pricing policies	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Subsidiaries					
Sales of goods	Approximates market prices	-	-	148	130
Dividend income	Right to receive	-	-	199	884
Interest income	Contractually agreed rate	-	-	5	3
Management fee income	Contractually agreed price	-	-	85	81
Facilities income	Approximates cost	-	-	9	9
Rental income	Contractually agreed price	-	-	5	4
Sales of scraps	Approximates market prices	-	-	8	11
Other income	Approximates market prices	-	-	4	1
Rental expense	Contractually agreed price	-	-	3	2
Facilities expense	Approximates cost	-	-	3	3
Other expense	Approximates market prices	-	-	4	-
Joint venture					
Sales of goods	Approximates market prices	1	5	-	-
Sales of raw material	Approximates market prices	-	1	-	-
Rental income	Contractually agreed price	17	21	1	1
Management fee income	Contractually agreed price	12	14	12	14
Interest income	Contractually agreed rate	7	9	7	9
Other income	Contractually agreed price	3	3	-	-
Associate					
Purchases of goods	Approximates market price	42	47	-	-
Dividend income	Right to receive	11	25	-	-
Key management personnel					
Key management personnel compensation					
Short-term benefits		63	59	62	58
Other long-term benefits		7	2	7	2
Total key management personnel compensation		70	61	69	60

<i>Year ended 31 December</i>	Pricing policies	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in million Baht)</i>					
Other related parties					
Sales of goods	Approximates market prices	12	10	12	10
Rental income	Contractually agreed price	2	1	-	-
Management fee	Contractually agreed price	20	20	20	20

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>Trade accounts receivable</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	27,391	27,253
Joint venture	226	-	-	-
Other related parties	4,408	2,908	4,408	2,908
Total	4,634	2,908	31,799	30,161
Other receivables				
Subsidiaries	-	-	49,177	48,293
Joint venture	6,977	8,820	3,210	3,786
Other related parties	313	204	7	-
Total	7,290	9,024	52,394	52,079

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

	Consolidated financial statements			
	As at 31 December 2018	Increase	Decrease	As at 31 December 2019
		<i>(in thousand Baht)</i>		
Joint venture	200,000	-	-	200,000
Total	200,000	-	-	200,000
	Separate financial statements			
	As at 31 December 2018	Increase	Decrease	As at 31 December 2019
		<i>(in thousand Baht)</i>		
Subsidiaries	140,000	780,000	(700,000)	220,000
Joint venture	200,000	-	-	200,000
Total	340,000	780,000	(700,000)	420,000

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade account payable				
Subsidiaries	-	-	8,060	-
Associates	10,258	13,134	-	-
Total	10,258	13,134	8,060	-
Other payables				
Subsidiaries	-	-	5,671	4,938
Joint venture	7,539	67	-	-
Associates	73	58	-	-
Other related parties	1,739	1,739	1,739	1,739
Total	9,351	1,864	7,410	6,677

Land and building lease agreement

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

Management service agreement with joint venture

The Company had a management service agreement with a joint venture effective from the date of the subsidiary's business being 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. However, the new agreement was in process of consideration of conditions and preparation by both parties.

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 stipulated 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.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	435	250	90	90
Cash at banks - current accounts	14,864	7,281	10,013	4,975
Cash at banks - savings accounts	1,333,227	1,255,245	353,935	470,694
Highly liquid short-term investments	354,208	100,000	51,052	-
Total	1,702,734	1,362,776	415,090	475,759

7 Current investments

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 1.40 - 1.75% as at 31 December 2019 (2018: 1.45 - 1.75%)

8 Trade accounts receivable

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		4,593	2,908	31,799	30,161
Overdue:					
Less than 3 months		41	-	-	-
	5	<u>4,634</u>	<u>2,908</u>	<u>31,799</u>	<u>30,161</u>
Other parties					
Within credit terms		1,250,217	1,384,528	382,501	449,084
Overdue:					
Less than 3 months		58,123	-	-	-
3 - 6 months		45,401	-	-	-
6 -12 months		1,894	-	-	-
Over 12 months		1,489	-	-	-
		<u>1,357,124</u>	<u>1,384,528</u>	<u>382,501</u>	<u>449,084</u>
Less allowance for doubtful accounts		(2,576)	-	-	-
		<u>1,354,548</u>	<u>1,384,528</u>	<u>382,501</u>	<u>449,084</u>
Net		<u><u>1,359,182</u></u>	<u><u>1,387,436</u></u>	<u><u>414,300</u></u>	<u><u>479,245</u></u>

The normal credit term granted by the Group ranges from 30 days to 90 days.

9 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	5	7,290	9,024	52,394	52,079
Other parties					
Revenue department receivable		57,004	69,669	13,598	6,121
Prepaid expenses		14,718	6,407	2,574	4,198
Accrued incomes		4,165	2,952	2,407	1,151
Others		5,649	4,283	4,290	1,264
Total		<u><u>88,826</u></u>	<u><u>92,335</u></u>	<u><u>75,263</u></u>	<u><u>64,813</u></u>

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Finished goods	271,852	236,539	56,240	52,587
Work in process	82,311	37,016	7,498	3,953
Raw materials	42,376	31,585	8,223	24,041
Factory supplies	115,888	107,366	16,865	18,624
Spare parts for machinery	114,725	107,274	28,812	29,560
Goods in transit	8,463	2,728	107	170
Total	635,615	522,508	117,745	128,935
<i>Less allowance for decline in value</i>	<i>(65,857)</i>	<i>(46,296)</i>	<i>(5,603)</i>	<i>(6,850)</i>
Net	569,758	476,212	112,142	122,085

11 Investments in associates and joint venture

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

Consolidated financial statements										
	Type of business	Ownership Interest (%)		Paid-up capital		Cost method		Equity method		Dividend income for the years
		2019	2018	2018	2017	2019	2018	2019	2018	
(in thousand Baht)										
<i>Associates</i>										
Tsuchiyoshi Sombon Coated Sand Co., Ltd	Manufacture and sale of plastic-coated sand and dry sand	21.25	21.25	72,000	72,000	15,300	15,300	52,125	60,062	10,710 7,650
Yamada Sombon Company Limited	Manufacture and Sale of auto parts	20.00	20.00	150,000	150,000	30,807	30,807	463,215	422,665	17,139 17,340
						<u>46,107</u>	<u>46,107</u>	<u>515,340</u>	<u>482,727</u>	<u>27,849</u> <u>24,990</u>
<i>Joint venture</i>										
Mubea Sombon Automotive Co., Ltd.	Manufacture and sale of auto parts	50.00	50.00	701,000	701,000	350,500	350,500	347,071	348,791	- -
Total						<u>396,607</u>	<u>396,607</u>	<u>862,411</u>	<u>831,518</u>	<u>27,849</u> <u>24,990</u>

	Separate financial statements					
	Ownership Interest		Paid-up capital		Cost method	
	2019	2018	2019	2018	2019	2018
	(%)		(in thousand Baht)			
Joint venture						
Mubea Somboon Automotive Co., Ltd.	50.00	50.00	701,000	701,000	350,500	350,500
Total			701,000	701,000	350,500	350,500

All associates and joint venture were incorporated and operate in Thailand.

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

12 Investments in subsidiaries

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

	Type of business	Ownership interest (%)		Paid-up capital		Separate financial statements Cost method (in thousand Baht)		Dividend income For the years	
		2019	2018	2019	2018	2019	2018	2019	2018
Direct Subsidiaries									
Somboon Malleable Iron Industrial Company Limited	Manufacture and sale of auto parts	100	100	500,000	500,000	875,989	875,989	99,998	-
Bangkok Spring Industrial Company Limited	Rent of real estate, investment company, service	100	100	130,000	130,000	519,989	519,989	20,800	883,981
International Casting Products Co., Ltd	Manufacture and sale of auto parts	100	100	785,000	785,000	796,034	796,034	78,500	-
Somboon Forging Technology Company Limited	Manufacture and sale of auto parts	100	100	350,000	350,000	350,000	350,000	-	-
Total						2,542,012	2,542,012	199,298	883,981

Details of the Company's indirect subsidiary as at 31 December were as follows:

Name of party	Type of business	Ownership Interest 2019	2018
<i>Indirect subsidiary</i>			
Nippon Kikai Engineering Co., Ltd. (see note 4)	Manufacture and assembly of machinery, automatic equipment and parts	51	-

All subsidiaries were incorporated and operate in Thailand.

13 Other long-term investments

	Type of business	Consolidated financial statements				
		Paid-up capital	Ownership Interest		Cost	
			2019	2018	2019	2018
			(%)		(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

14 Investment properties

Investment properties are land not used in its operation of a subsidiary and were revalued by an independent professional valuer in February 2019, at market comparison approach. The appraised value was Baht 102 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 102 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

15 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
Cost							
At 1 January 2018	539,428	1,712,636	8,457,326	181,636	12,070	128,344	11,108,612
Additions	-	673	53,830	5,479	3	258,191	357,300
Transfers	-	6,064	275,683	2,425	-	(269,520)	-
Disposals	-	(888)	(108,397)	(1,682)	(586)	(4,531)	(125,041)
At 31 December 2018 and 1 January 2019	539,428	1,718,485	8,678,442	187,858	11,487	112,484	11,340,871
Additions	-	1,668	57,541	9,150	14	228,961	351,453
Acquisitions through business acquisition	58,344	4,666	929	1,410	12,759	6,666	84,774
Transfers	-	31,436	211,828	11,350	-	(209,024)	-
Disposals	-	-	(197,018)	(5,375)	(16)	-	(202,409)
At 31 December 2019	597,772	1,756,255	8,751,722	204,393	24,244	139,087	11,574,689
Depreciation							
At 1 January 2018	-	828,136	5,996,757	159,966	9,838	-	6,994,697
Depreciation charge for the year	-	92,939	543,404	10,617	776	-	647,736
Disposals	-	(379)	(102,992)	(1,678)	(586)	-	(105,635)
At 31 December 2018 and 1 January 2019	-	920,696	6,437,169	168,905	10,028	-	7,536,798
Depreciation charge for the year	-	88,762	530,816	9,889	1,450	-	630,917
Disposals	-	-	(184,962)	(4,253)	(16)	-	(189,231)
At 31 December 2019	-	1,009,458	6,783,023	174,541	11,462	-	7,978,484

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
Net book value								
At 31 December 2018								
Owned assets	539,428	797,789	2,241,273	18,953	1,459	112,484	92,687	3,804,073
At 31 December 2019								
Owned assets	597,772	746,797	1,968,699	29,852	4,432	139,087	101,216	3,587,855
Assets under finance leases	-	-	-	-	8,350	-	-	8,350
	597,772	746,797	1,968,699	29,852	12,782	139,087	101,216	3,596,205

Separate financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles (in thousand Baht)	Assets under construction and installation	Spare parts for machinery	Total
Cost								
At 1 January 2018	91,781	524,109	3,175,453	75,557	8,565	18,768	7,681	3,901,914
Additions	-	404	6,055	3,066	3	55,546	4,496	69,570
Transfers	-	2,373	32,368	201	-	(31,878)	(3,064)	-
Disposals	-	-	(60,807)	(915)	-	-	-	(61,722)
At 31 December 2018 and 1 January 2019	91,781	526,886	3,153,069	77,909	8,568	42,436	9,113	3,909,762
Additions	-	-	9,747	5,013	14	65,494	5,591	85,859
Transfers	-	7,551	51,412	9,222	-	(66,856)	(1,329)	-
Disposals	-	-	(10,701)	(1,789)	(16)	-	-	(12,506)
At 31 December 2019	91,781	534,437	3,203,527	90,355	8,566	41,074	13,375	3,983,115
Depreciation								
At 1 January 2018	-	226,037	2,305,137	64,978	6,535	-	-	2,602,687
Depreciation charge for the year	-	33,883	190,560	5,921	734	-	-	231,098
Disposals	-	-	(60,719)	(915)	-	-	-	(61,634)
At 31 December 2018 and 1 January 2019	-	259,920	2,434,978	69,984	7,269	-	-	2,772,151
Depreciation charge for the year	-	26,942	178,225	5,405	732	-	-	211,304
Disposals	-	-	(10,368)	(1,783)	(16)	-	-	(12,167)
At 31 December 2019	-	286,862	2,602,835	73,606	7,985	-	-	2,971,288
Net book value								
At 31 December 2018	91,781	266,966	718,091	7,925	1,299	42,436	9,113	1,137,611
At 31 December 2019	91,781	247,575	600,692	16,749	581	41,074	13,375	1,011,827

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounting to Baht 4,243 million (2018: Baht 3,914 million).

As at 31 December 2019, 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.

16 Intangible assets

	Consolidated financial statements		
	Software licences	Software under installation (in thousand Baht)	Total
Cost			
At 1 January 2018	121,880	4,680	126,560
Additions	4,657	1,456	6,113
Transfer	5,026	(5,026)	-
At 31 December 2018 and 1 January 2019	131,563	1,110	132,673
Additions	9,028	3,590	12,618
Acquisitions through business acquisition	521	-	521
At 31 December 2019	141,112	4,700	145,812
Amortisation			
At 1 January 2019	88,248	-	88,248
Amortisation charge for the year	15,721	-	15,721
At 31 December 2018 and 1 January 2019	103,969	-	103,969
Amortisation charge for the year	12,483	-	12,483
At 31 December 2019	116,452	-	116,452
Net book value			
At 31 December 2018	27,594	1,110	28,704
At 31 December 2019	24,660	4,700	29,360

	Separate financial statements		
	Software licences	Software under installation <i>(in thousand Baht)</i>	Total
Cost			
At 1 January 2018	58,162	-	58,162
Additions	835	1,110	1,945
At 31 December 2018 and 1 January 2019	58,997	1,110	60,107
Additions	5,911	3,590	9,501
At 31 December 2019	64,908	4,700	69,608
Amortisation			
At 1 January 2018	45,133	-	45,133
Amortisation charge for the year	6,354	-	6,354
At 31 December 2018 and 1 January 2019	51,487	-	51,487
Amortisation charge for the year	4,366	-	4,366
At 31 December 2019	55,853	-	55,853
Net book value			
At 31 December 2018	7,510	1,110	8,620
At 31 December 2019	9,055	4,700	13,755

17 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Bank overdrafts	34,024	-	34,024	-	-	-
Short-term loans from financial institutions	74,875	-	74,875	-	-	-
Long-term loans from financial institutions	207,961	-	207,961	309,299	-	309,299
Finance lease liabilities	-	5,384	5,384	-	-	-
Total interest-bearing liabilities	316,860	5,384	322,244	309,299	-	309,299

	Separate financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Long-term loans from financial institutions	135,071	-	135,071	178,499	-	178,499
Total interest-bearing liabilities	135,071	-	135,071	178,499	-	178,499

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within 1 year	199,300	114,628	43,428	43,428
1 - 5 years	115,965	194,671	91,643	135,071
After 5 years	1,595	-	-	-
Total	316,860	309,299	135,071	178,499

As at 31 December 2019, the Group and the Company had outstanding long-term loans with financial institutions which are repayable within 2025. These loans are subject to interest at fixed rates of 4.75% per annum and at floating rates (BIBOR rate, plus 1.25% per annum, MLR rate per annum and MLR rate minus 1.0% per annum) (2018: at fixed rates of 4.75% per annum and at floating rates of fixed deposit rates, plus 2.10% per annum and BIBOR rate, plus 1.25% per annum).

Long-term credit facilities of the Group contain 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 bank overdrafts and short-term credit facilities of a subsidiary are mortgaged by fixed deposit and guaranteed by certain directors of the subsidiary.

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

18 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	5	10,258	13,134	8,060	-
Other parties		875,138	1,133,804	278,729	390,382
Total		885,396	1,146,938	286,789	390,382

19 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			<i>(in thousand Baht)</i>		
Related parties	5	9,351	1,864	7,410	6,677
Others					
Accrued operating expenses		234,604	194,902	80,540	79,662
Deposits and advances received		73,320	44,826	831	3,942
Payable to Revenue department		27,824	26,568	12,506	12,194
Others		109,101	103,613	19,743	11,217
Total		454,200	371,773	121,030	113,692

20 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
Defined benefit plan	316,762	231,688	122,781	94,623
Other long-term employee benefits	33,229	27,364	8,208	6,970
Total	349,991	259,052	130,989	101,593

The Group operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
At 1 January	259,052	217,146	101,593	88,111
Include in profit or loss:				
Current service cost	27,290	35,280	10,018	18,971
Past service cost	27,538	4,195	5,222	1,143
Interest on obligation	6,827	5,259	2,506	2,117
	61,655	44,734	17,746	22,231
Included in other comprehensive income				
Actuarial loss				
- Demographic assumptions	61	12,366	-	3,052
- Financial assumptions	39,537	(9,542)	13,715	(3,321)
- Experience adjustment	18,831	21,936	12,645	8,597
	58,429	24,760	26,360	8,328
Others				
Benefit paid	(34,098)	(27,588)	(14,710)	(17,077)
Transferred employees as a result of acquisition of subsidiary	4,953	-	-	-
	(29,145)	(27,588)	(14,710)	(17,077)
At 31 December	349,991	259,052	130,989	101,593

On 5 April 2019, the Labor Protection Act was amended 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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(%)		
Discount rate	1.60-1.75	2.90	1.60	2.90
Future salary growth	4.89-5.00	5.00	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 10-12 years (2018: 9 years)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
Defined benefit obligation	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.

21 Share capital

	Par value per share (in Baht)	2019		2018	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Authorised shares at 31 December		425,194	425,194	425,194	425,194
Issued and paid-up shares					
At 1 January					
- Ordinary shares	1	425,194	425,194	425,194	425,194
At 31 December					
- Ordinary shares	1	425,194	425,194	425,194	425,194

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

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.

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.

Information about reportable segments

	Consolidated financial statements						
	Pick-up axles and truck trunnion shafts		Other auto parts		Total		Net
	2019	2018	2019	2018	2019	2018	
For the year ended 31 December	<i>(in million Baht)</i>						
External revenue from sale of goods and rendering of services	2,399	2,435	5,607	5,759	8,006	8,194	8,194
Inter-segment revenue from sale of goods and rendering of services	149	130	2,142	2,122	2,291	2,252	-
Total	2,548	2,565	7,749	7,881	10,297	10,446	8,194
Profit before income tax	552*	1,319*	654	571	1,206	1,890	1,007
Segment assets	5,635	5,846	7,005	6,412	12,640	12,258	9,065
Segment liabilities	702	818	2,184	2,051	2,886	2,869	2,178

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

The Group's revenue is recognised at a point in time.

*Profit before income tax included dividend income from subsidiary Baht 200 million (2018: Baht 884 million).

Major customer

Revenues from certain customers of the Group represents approximately Baht 5,909 million (2018: Baht 6,156 million) of the Group's total revenues.

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 2019, the contributions of Baht 22.1 million and Baht 9.2 million were paid by the Group and the Company, respectively (2018: Baht 20.4 million and Baht 8.6 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:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Employee benefit expenses	1,330,357	1,313,369	455,403	433,474
Depreciation and amortisation expense	643,400	663,456	215,669	237,451
Raw materials and consumables used	3,988,093	4,116,272	1,239,569	1,183,619
Changes in inventories of finished goods and work in process	10,508	(18,529)	(7,198)	(927)
(Reversal of) losses inventories devaluation	8,558	(11,502)	(1,247)	(3,965)
Utilities expense	537,321	549,864	128,773	126,617
Finance costs	10,664	22,891	5,045	10,531
Lease expense	45,338	39,372	14,770	26,328
Others	684,666	714,184	324,835	281,726
Total expenses	7,258,905	7,389,377	2,375,619	2,294,854

26 Income tax expense

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	107,002	90,929	51,742	45,830
Deferred tax expense				
Movements in temporary differences	(7,244)	916	(260)	1,470
Total income tax expense	99,758	91,845	51,482	47,300

Consolidated financial statements						
	Before tax	2019 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2018 Tax benefit	Net of tax
Income tax						
Recognised in other comprehensive income						
Difference from fair value on investment available-for-sale	-	-	-	(1,305)	99	(1,206)
Defined benefit plan actuarial losses	(58,429)	8,799	(49,630)	(24,760)	2,229	(22,531)
Total	(58,429)	8,799	(49,630)	(26,065)	2,328	(23,737)

Separate financial statements						
	Before tax	2019 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2018 Tax benefit	Net of tax
Income tax						
Recognised in other comprehensive income						
Defined benefit plan actuarial losses	(26,360)	3,822	(22,538)	(8,328)	1,207	(7,121)
Total	(26,360)	3,822	(22,538)	(8,328)	1,207	(7,121)

Consolidated financial statements				
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Reconciliation of effective tax rate				
Profit before income tax expense		998,424		1,007,442
Income tax using the Thai corporation tax rate	20	199,685	20	201,488
Income not subject to tax		(44,171)		(60,588)
Expenses that can be additionally deductible for tax purposes		(10,875)		(15,298)
Recognition of previously unrecognised tax losses		(62,051)		(40,881)
Current year losses for which no deferred tax asset was recognised		3,041		1,334
Expenses not deductible for tax purposes and others		14,129		5,790
Total tax expense	10	99,758	9	91,845

		Separate financial statements	
		2019	2018
<i>Reconciliation of effective tax rate</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		552,071	1,318,519
Income tax using the Thai corporation tax rate	20	110,414	263,704
Income not subject to tax		(57,660)	(208,908)
Expenses that can be deductible for tax purposes		(6,256)	(12,992)
Expenses not deductible for tax purposes and others		4,984	5,496
Total tax expense	9	51,482	47,300

	Consolidated financial statements		Separate financial statements	
	Assets		Assets	
<i>Deferred tax</i>	2019	2018	2019	2018
<i>At 31 December</i>		<i>(in thousand Baht)</i>		
Deferred tax assets	58,025	39,374	19,806	15,274
Deferred tax liabilities	(246)	-	-	-
Net deferred tax assets	57,779	39,374	19,806	15,274

Consolidated financial statements

	At 1 January 2019	(Charged) / Credited to:			At 31 December 2019
		Profit or loss	Other comprehensive income	Acquired in business combination	
<i>Deferred tax</i>			<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>					
Trade accounts receivable	-	728	-	-	728
Inventories	6,219	3,242	-	2,200	11,661
Employee benefit obligations	33,155	3,274	8,799	408	45,636
<i>Deferred tax liability</i>					
Property, plant and equipment	-	-	-	(246)	(246)
Total	39,374	7,244	8,799	2,362	57,779

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

Separate financial statements			
(Charged) / Credited to:			
At 1 January 2019	Profit or loss	Other comprehensive income	At 31 December 2019
(in thousand Baht)			
Deferred tax assets			
Inventories	993	(180)	813
Employee benefit obligations	14,731	440	18,993
Total	15,724	260	19,806

Separate financial statements			
(Charged) / Credited to:			
At 1 January 2018	Profit or loss	Other comprehensive income	At 31 December 2018
(in thousand Baht)			
Deferred tax assets			
Inventories	1,747	(754)	993
Employee benefit obligations	14,239	(716)	14,731
Total	15,986	(1,470)	15,724

Unrecognised deferred tax assets	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Tax losses	163,567	188,449	-	-
Total	163,567	188,449	-	-

The tax losses expire during 2020 to 2025. 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.

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:

Consolidated financial statements						
	2019			2018		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	331,737	59,752	391,489	99,291	74,446	173,737
Local sales	2,225,772	7,678,066	9,903,838	4,624,547	5,647,465	10,272,012
Eliminate	(651,078)	(1,638,660)	(2,289,738)	(1,255,168)	(996,784)	(2,251,952)
Total	<u>1,906,431</u>	<u>6,099,158</u>	<u>8,005,589</u>	<u>3,468,670</u>	<u>4,725,127</u>	<u>8,193,797</u>

Separate financial statements						
	2019			2018		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	331,737	34,995	366,732	99,291	37,676	136,967
Local sales	210,024	1,971,213	2,181,237	604,393	1,823,375	2,427,768
Total	<u>541,761</u>	<u>2,006,208</u>	<u>2,547,969</u>	<u>703,684</u>	<u>1,861,051</u>	<u>2,564,735</u>

28 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>				
Profit attributable to ordinary shareholders of the Company (basic)	<u>898,666</u>	<u>915,597</u>	<u>500,589</u>	<u>1,271,219</u>
Number of ordinary shares outstanding	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>	<u>425,194</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>2.11</u>	<u>2.15</u>	<u>1.18</u>	<u>2.99</u>

29 Dividends

The shareholders of the Company have approved dividends as follows

	Approval date	Payment schedule	Dividend rate per share <i>(Baht)</i>	Amount <i>(in million Baht)</i>
2019				
Interim dividend 2019	8 August 2019	September 2019	0.35	149
Annual dividend 2018	23 April 2019	May 2019	1.00	425
				<u>574</u>
2018				
Interim dividend 2018	10 August 2018	September 2018	0.35	149
Annual dividend 2017	20 April 2018	May 2018	0.65	276
				<u>425</u>

2019 interim dividends, totaling to Baht 149 million, were paid from the promoted business (BOI) in amounting to Baht 27 million, at Baht 0.06 per share and non-promoted business in amounting to Baht 122 million, at Baht 0.29 Baht per share. *(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 Baht per share.)*

2018 final dividends, totaling to Baht 425 million, were paid from the promoted business (BOI) in amounting to Baht 69 million, at Baht 0.16 per share and non-promoted business in amounting to Baht 356 million, at Baht 0.84 Baht 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 Baht per share.)*

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.

Consolidated financial statements					
At 31 December	Interest rate (% per annum)	Within 1 year	Maturity period		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2019					
Financial Assets					
Short-term loans to related party	MMR	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Financial Liabilities					
Loans from financial institutions	FDR/BIBOR + fixed, MOR, MLR, MLR-1	<u>199,300</u>	<u>115,964</u>	<u>1,595</u>	<u>316,859</u>
2018					
Financial Assets					
Short-term loans to related parties	MMR	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Financial Liabilities					
Loans from financial institutions	FDR.6M/BIBOR + fixed	<u>114,628</u>	<u>194,671</u>	<u>-</u>	<u>309,299</u>

<i>At 31 December</i>	Interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2019					
Financial Assets					
Short-term loans to related parties	MMR	<u>420,000</u>	<u>-</u>	<u>-</u>	<u>420,000</u>
Financial Liabilities					
Loans from financial institutions	BIBOR + fixed	<u>43,438</u>	<u>91,643</u>	<u>-</u>	<u>135,081</u>
2018					
Financial Assets					
Short-term loans to related parties	MMR	<u>340,000</u>	<u>-</u>	<u>-</u>	<u>340,000</u>
Financial Liabilities					
Loans from financial institutions	FDR.6M/BIBOR + fixed	<u>43,428</u>	<u>135,071</u>	<u>-</u>	<u>178,499</u>

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:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
United States Dollars				
Cash and cash equivalents	2	-	-	-
Trade accounts receivable	66,231	60,874	66,231	60,874
Other receivables	65	70	-	-
Trade accounts payable	(1,287)	(958)	-	-
Other payables	(64)	(1,555)	-	(1,555)
Net exposure	<u>64,947</u>	<u>58,431</u>	<u>66,231</u>	<u>59,319</u>
Japanese Yen				
Trade accounts payable	(20,684)	(9,164)	(1,929)	(3,136)
Other payables	(1,057)	(6,555)	(717)	-
Accounts payable				
- purchase of assets	(1,316)	(6,125)	-	(534)
Net exposure	<u>(23,057)</u>	<u>(21,844)</u>	<u>(2,646)</u>	<u>(3,670)</u>

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Euro				
Other payable	-	(68)	-	-
Net exposure	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>-</u>

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.

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.

31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Capital commitments				
Machinery and equipment	14	-	-	-
Total	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Future minimum lease payments under non-cancellable operating leases				
Within 1 year	25	27	10	15
1 - 5 years	13	29	6	16
Total	<u>38</u>	<u>56</u>	<u>16</u>	<u>31</u>

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Other commitments				
Unused letters of credit for goods and supplies	500	5	300	-
Bank guarantees	64	61	16	15
Total	564	66	316	15

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 agreements. The agreements are valid for 5 years, expiring in various periods up to 2020, and are renewable for a further 5 years.

32 Events after the reporting period

Dividends

At the Board of Directors' meeting of the Company held on 20 February 2020, the Board of Directors approved the appropriation of dividends for the year 2019 at the rate of Baht 1.35 per share, totalling Baht 574 million which will be paid from the operation for the year 2019 at the rate of Baht 1.25 per share, in amounting to Baht 532 million and the retain earnings at the rate of Baht 0.10 per share, in amounting to 42 million. The interim dividends at the rate of Baht 0.35 per share, in amounting to Baht 149 million were paid in September 2019. Therefore, the remaining dividends of Baht 1.00 per share, in amounting to Baht 425 million will be paid to shareholders in May 2020. 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.

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

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.