



T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

บริษัท ที.เอ็ม.ซี. อุตสาหกรรม จำกัด (มหาชน)



**THE LEADER IN HYDRAULICS THAILAND**

ANNUAL REPORT 2020



Scan AR Book



## Our Vision

T.M.C. Industrial Public Company Limited  
is leadership in innovation, creation,  
manufacturing and supply machinery which  
were added value and response to  
customer demand according to  
international standards.



## Our Mission

- Continuous Improvement** : Improve and develop every activities of the company.
- Customer Satisfaction** : Respond to customer demand and satisfaction guarantee.
- Quality Product Innovation** : Machinery is an innovation with international standard quality.
- Sustainable Growth** : Create sustainable growth under ethics of business and corporate corporatesocial responsibilities.

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# Company Products









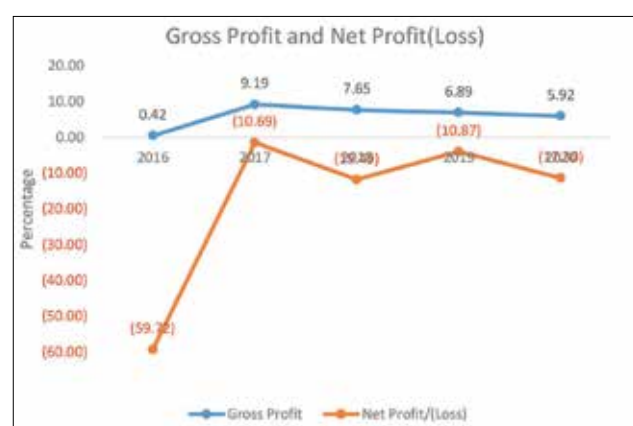
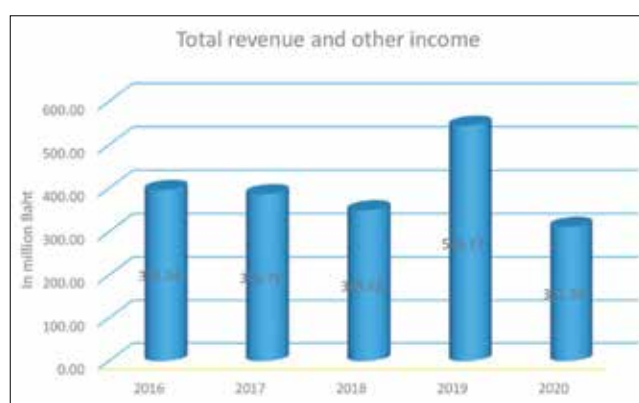
# Company Products





# FINANCIAL HIGHLIGHT

	2020	+/-%	2019	+/-%	2018	+/-%	2017	+/-%	2016	+/-%
<b>Comprehensive income</b>										
Total revenue from sales and service	299.25		542.45		346.16		357.72		395.22	
Total revenue and other income	311.30	-42.79%	544.17	55.65%	349.62	-9.59%	386.71	-2.43%	396.34	-29.94%
Gross Profit	17.71	-52.61%	37.38	41.15%	26.48	-19.43%	32.87	1860.11%	1.68	-95.82%
Net Profit/(Loss)	(53.85)	9.00%	(59.17)	13.17%	(68.15)	-64.86%	(41.34)	82.54%	(236.69)	-249.53%
Total Assets	726.73	-17.58%	881.79	4.69%	842.28	-10.54%	941.53	1.51%	927.57	-17.06%
Total Liabilities	356.51	-22.09%	457.58	33.70%	342.24	-8.33%	373.34	-21.47%	475.43	10.31%
Total shareholders' equity	370.22	-12.73%	424.20	-15.17%	500.04	-12.00%	568.19	25.67%	452.14	-34.22%
Issued and fully paid-up share capital	458.77	0.00%	458.77	0.00%	458.77	0.00%	458.77	26.01%	364.08	0.44%
<b>Financial Ratio</b>										
Gross profit margin (percent)	5.92		6.89		7.65		9.19		0.42	
Net profit margin (percent)	(17.30)		(10.87)		(19.49)		(10.69)		(59.72)	
Liquidity ratio (times)	0.41		0.58		0.60		2.23		0.51	
Debt to Equity Ratio (Times)	0.96		1.08		0.68		0.66		1.05	
Return on equity (percentage)	(14.55)		(13.95)		(13.63)		(7.28)		(52.35)	
Return on assets (percent)	(7.41)		(6.71)		(8.09)		(4.39)		(25.52)	
Dividend ratio (percent)	N/A		N/A		N/A		N/A		N/A	
Earnings per share	(0.12)		(0.13)		(0.15)		(0.11)		(0.65)	



# MESSAGE FROM THE CHAIRMAN



To shareholders of  
T.M.C. Industrial Public Company Limited

Due to the epidemic of COVID-19 and the political situation in Thailand, the economic policy and investment direction are uncertain leading to the economic slowdown, the deceleration of investment of the entrepreneurs, intensive competition, and the request for the deferral of payment from the customers which affect the performance of T.M.C. Industrial Public Co., Ltd. as such factors have the impacts on the sale volumes and service.

In the year 2020, the company has manufactured and installed the production line and production line testing with a company to install the machinery for work piece and work piece head forming to support the cannonball manufacturing in the development project of cannonball production line of Weapon Production Centre, defense Industry and Energy Centre.

From above factors, the result of the year 2020 performance, the company was unable to close sales of products and services according to the target. The company closed sales of products and services by Baht 299.25 million Baht, a decrease of 44.83% from the previous year impact from the epidemic of COVID-19. For this reason, Board of Directors and executives has a plan to prevent and control the spread of infection COVID-19 strictly that for the company can working continuously, and plan of policy and manpower for the work to come in 2021.

We would like to express my thank you to all shareholders, valuable customers, financial institutions, executives, employees, and relevant persons for the good cooperation. We do promise that we would collaborate with the executive closely to set the strategies to overcome the barriers and competitions, strengthen business potential to achieve the goal, and have the sustainable growth for the benefits of all relevant persons.

A handwritten signature in black ink, appearing to read 'Manu Leopairote'.

(Mr. Manu Leopairote)  
Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'Thaweemit Kamolmongkolsuk'.

(Mr. Thaweemit Kamolmongkolsuk)  
Chairman of the Executive Committee



# BOARD OF DIRECTORS



**1. Mr. Manu Leoparote**

Chairman of the Board of Directors /  
Independent Director /  
Member of the Audit Committee

**4. Mr. Surachet Kamolmongkolsuk**

Director / Executive Director /  
Managing Director

**7. Mr. Arthit Wuthikaro**

Director / Independent Director /  
Chairman of the Audit Committee

**10. Mr. Naphatra Chatvichian**

CFO / Company Secretary

**2. Mr. Thaweemit Kamolmongkolsuk**

Director /  
Chairman of the Executive Committee

**5. Miss Pacharawalai Kamolmongkolsuk**

Director / Executive Director /  
Deputy Managing Director Human Resource  
and Information Technology

**8. Mr. Mitthong Chulitawong**

Director / Independent Director /  
Member of the Audit Committee

**3. Mrs. Tubtim Kamolmongkolsuk**

Director /  
Vice Chairman of the Executive Committee

**6. Miss Pailin Kamolmongkolsuk**

Director / Executive Director /  
Deputy Managing Director Procurement  
and Trading & Production

**9. Mr. Panom Ratanarat**

Director



# REPORT OF THE AUDIT COMMITTEE

Dear Shareholders

T.M.C. Industrial Public Company Limited

The Audit Committee comprises three independent directors with qualification in accounting, finance, law, business management, and organization management. The committee does not take a position as an executive, employee, or consultant. Their qualifications are in line with regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which assigned the committee to supervise and reviews various topics related to the financial reporting and disclosures, internal control system, the compliance to all relevant laws and regulations, as well as the reinforcement for good corporate governance.

In 2020, the Audit Committee organized 4 Audit Committee Meetings, The Audit Committee held the meetings with the attendance of the following members;

<u>Name of the Audit Committee</u>	<u>Position</u>	<u>Number of Attendance</u>
1. Mr. Arthit Wuthikaro	Chairman of the Audit Committee	3/4
2. Mr. Manu Leopairote	Member of the Audit Committee	4/4
3. Mr. Mitthong Chulitawong	Member of the Audit Committee	3/4

The Audit Committee has independently fulfilled its duties and completely in line with the Charter of the Audit Committee as assigned by the Board of Directors. A meeting was held between the Audit Committee, an Internal Auditor, and a Certified Public Accountant to discuss and inquire the Auditor about the cooperation of the operation regarding the audit and the independence from the Management's guidance. The Auditor clarified that the Management disclosed a complete and adequate information and independently conducted the company's financial audit. The Audit Committee's main activities are summarized below.

## 1. Financial Reports Review

The Audit Committee reviewed quarterly and annually financial statements for the year 2020 of the company with the Management and an Internal Auditor and a Certified Public Accountant, including reviewing key accounting policies, alterations in the past year, and further effects which might occur. It comes to the agreement that these financial statements are prepared in accordance with Financial Reporting Standard, present financial status and performance report of the company accurately as it should be in essence, and disclose sufficient and timely information that are beneficial to users of financial statements. No notification of defects affecting the essentials of financial statements reported.

## 2. Connected transactions or potential conflicts of interests

The Audit Committee has considered connected transactions and the potential conflicts of interests and ensure that these transactions are reasonable. Pricing policy and commercial terms are rational. Therefore, the transactions are appropriate and reasonable in accordance with the regulations set forth by the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC). The items of significance have been disclosed and the financial statements and the note to financial statements were correct and complete.

## 3. Review on risk management

The Audit Committee has monitored to ensure that the company has systematic of risk management and covers the risks affecting the company's performance regarding operation risks, risk probability, risk management, effective risk management system, and monitors risk management of all aspects to be at an acceptable level for every quarter.

## 4. Review on internal audit

The Committee has reviewed the sufficiency of internal control system in consideration of internal audit plan and internal audit report of Professional Internal Audit Service Co., Ltd., as well as assessment results on internal control system of the management according to Practice Guidelines of Internal Control of the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) by using "Assessment form of adequacy of internal control system" of the Securities Exchange Commission (SEC) before proposing to the Board of Directors to assess the adequacy of the company's internal control system for the fiscal year 2020 and to disclose the results of the internal control assessment in annual registration statement (Form 56-1) and the annual report.





#### 5. Review on internal audit of the company

The Audit Committee governed internal audit operations to ensure that internal audit activities were proceeded with independency and effectiveness. It provided approval for annual audit plan organized according to relevant risks of the company and evaluated sufficiency of personnel. It also monitored work progress of internal audit department for every quarter.

#### 6. Review on good corporate governance

The Audit Committee reviewed and scrutinized on good corporate governance. The Audit Committee governed to ensure that the company sufficiently and accurately disclosed information, practice in line with code of business ethics in consideration of corporate social and environmental responsibilities, including supporting good governance system and good administration for transparency and ethics which is an important approach to increase confidence for all stakeholders, investors, employees, and all relevant.

#### 7. Review on legal, regulation and policy compliance

The Audit Committee reviewed and governed the company to comply with laws and regulations of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC), including laws and regulations related to businesses of the company to ensure that the company completely complies with those regulations.

#### 8. Consider on nomination for an appointment and proposal the compensation of the auditor

The Audit Committee has considered the selection of auditors for the fiscal year 2020 in order to propose to the Board of Directors for approval before proposing for approval from the 2020 Annual General Meeting of Shareholders by considering the independency of the auditor, the quality of the previous audit work, as well as skills, knowledge and experience of the auditor, including the appropriateness of the auditor's compensation. For the uninterrupted audit, it is agreed to appoint Sam Nak Ngan A.M.C. Co., Ltd. as the company's auditor for the fiscal year 2020 with auditing compensation in amount of 1,130,000 Baht, excluding other expenses, such as travelling expense and accommodation cost for audit cases off-sites.

The list of auditors are as follows.

- |                              |  |
|------------------------------|--|
| 1) Mr. Ampol Chamnongwat     | a Certified Public Accountant Number 4663 or |
| 2) Miss Praphasri Leelasupha | a Certified Public Accountant Number 4664 or |
| 3) Mr. Naris Saowalagsakul   | a Certified Public Accountant Number 5369    |

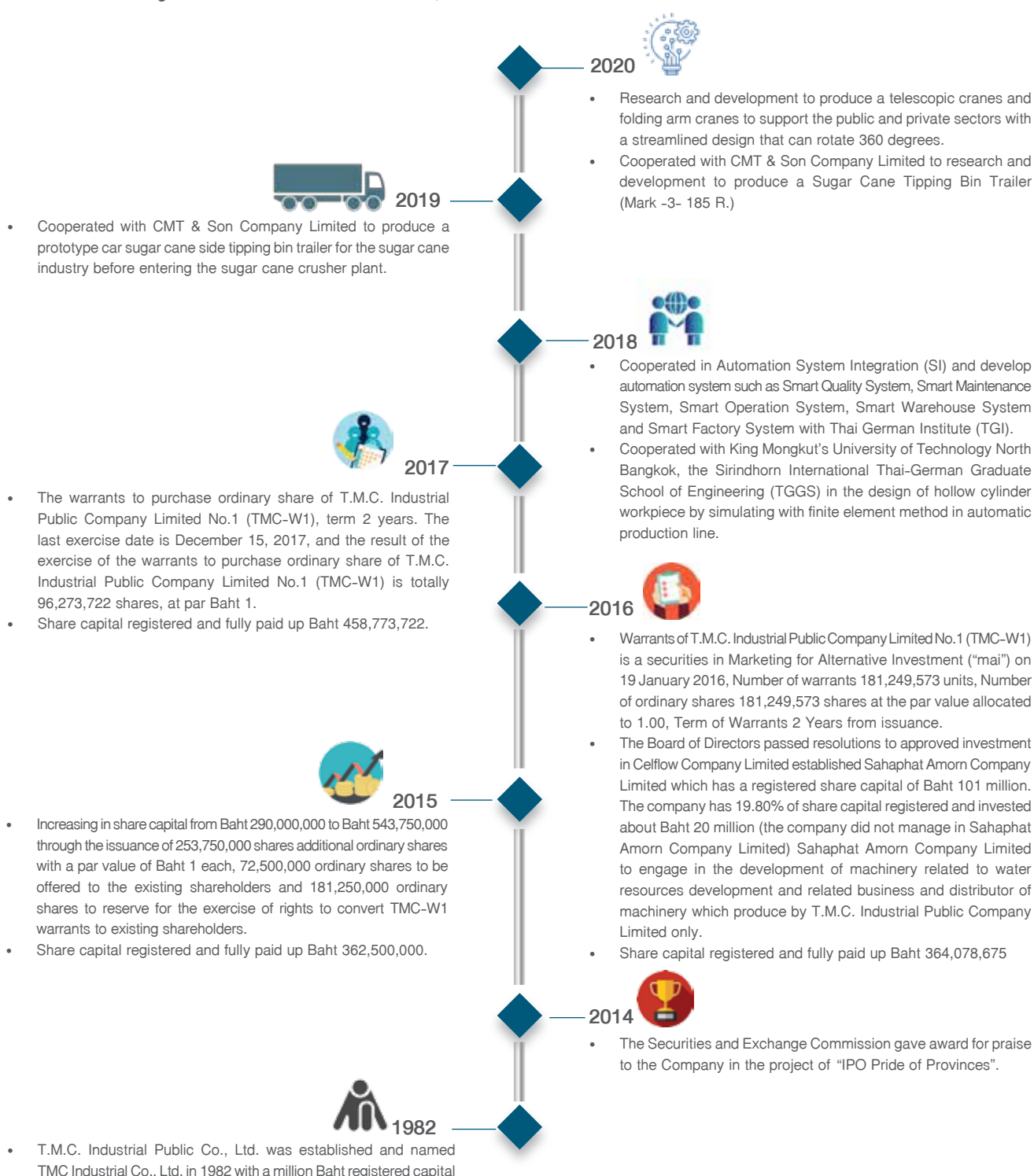
For the accounting period as of December 31, 2020, the auditors responsible for certifying the financial statements of the Company is Mr. Naris Saowalagsakul a Certified Public Accountant Number 5369.

For summary in fiscal year 2020, the Audit Committee performed their duties fully according to the Charter assigned by the Board of Directors with independency and sufficiency. The Audit Committee views that the company has an accurate and creditable essence in financial statements which are sufficiently disclosed and prepared in accordance with Financial Reporting Standard. In regards to the connected transactions or potential conflicts of interests, the company has strictly complied to laws and regulations of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC). The company has fully abided by laws and regulations related to business operation with adequate and appropriate risk management, effective and transparent good corporate governance. The auditor and internal auditor with appropriate qualifications works independently to ensure that the audit and internal control system are tight and effective.

# COMPANY BACKGROUND AND DEVELOPMENT

T.M.C. Industrial Public Co., Ltd. was established and named TMC Industrial Co., Ltd. in 1982 with a million Baht registered capital. We have been manufacturing and selling hydraulic machines and hydraulic materials handling, such as press machine, crane, motorcycle-car lifts, height-adjustable desk etc. More capital has been invested to constantly increase production capacity and develop the products for decades.

In the early 2011, the company raised and paid 200 million Baht registered capital. In the same year, the company increased registered capital up to 290 million Baht and was registered as a public company for listing securities in Market for Alternative Investment (MAI). The company's Initial Public Offering (IPO) was 90,000,000 shares. The first day trade in The Stock Exchange of Thailand was on October 26, 2012.





# GENERAL INFORMATION

## General Information

Name of Company	: T.M.C. Industrial Public Company Limited (“the Company” or “TMC”)
Type of Business	: Manufacture and distribute high quality hydraulic, i.e. Hydraulic Press Machine, Hydraulic Crane, Hydraulic Handling Equipment, Hydraulic repair and Maintenance services, Metal machining, Mechanical Press Machine and Automation System Design for Manufacturing.

## Office Location

Head Office	: 125/10 Moo 5, Bansuan sub-district, Muang district, Chonburi
Branch Office No.1	: 8/42 Moo 6, Bansuan sub-district, Muang district, Chonburi
Branch Office No. 2	: 6/10 Radyindee road, Hatyai sub-district, Hatyai district, Songkhla
Branch Office No. 3	: 88/22 Moo 2, Nong Chak sub-district, Ban Bueng district, Chonburi
Registration No.	: 0107554000089
Home page	: <a href="http://www.tmc.co.th">http://www.tmc.co.th</a>
Telephone	: 6638) 271-933 - 4
Facsimile	: (6638) 271-931
Registered capital	: 543,750,000.00 Baht
Ordinary shares	: 543,750,000 Shares
Par value	: 1.00 Baht per Par
Paid-up capital	: 458,773,722 .00 Baht

## Registrar

Name	: Thailand Securities Depository Co., Ltd
Address	: 93 Ratchadapisek Road, Dindaeng district, Bangkok 10400
Telephone	: (66) 2009 9000
Facsimile	: (66) 2009 9991

## Auditor

Name	: SAM NAK-NGAN A.M.C Company Limited
Address	: 19 <sup>th</sup> Floor, Unit 4, Silom Complex Building : 191 Silom Road, Bangrak, Bangkok 10500
Telephone	: 662-231-3980-7
Facsimile	: 662-231-3988

# NATURE OF BUSINESS

T.M.C. Industrial Public Company Limited : engages in the production and distribution high quality of hydraulic machines which are categorized 7 types as follow:

1. Hydraulic Press Machine with 1 ton pressure up to 3,500 tons pressure.
2. Hydraulic Crane both truck - mounted cranes and fixed crane.
3. Hydraulic Handling Equipment such as motorcycle lifter and table lift.
4. Hydraulic repair and maintenance services and metal machining.
5. Mechanical Press Machine is a metal forming machine using mechanism (Mechanical Press) which have both O-frame and C-frame
6. Automation System Design for manufacturing : designing and manufacturing of automation system through control from master programs and SCADA systems.
7. Sugar Cane Side Tipping Bin Trailer : this product used with sugar cane harvester to reduce sugar cane burning rate and extend sugar cane cycle from 3 years to 5 years.

## Revenue Structure of Company

Unit : Million Baht

Details	Separate Financial Statements									
	2016		2017		2018		2019		2020	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
<u>Income from sales</u>										
1. Hydraulic press	115.32	29.18	89.95	25.15	111.26	32.14	325.10	59.93	80.19	26.80
2. Hydraulic crane	140.74	35.61	141.97	39.69	126.58	36.57	120.68	22.25	143.57	47.97
3. Hydraulic handling equipment	44.04	11.14	22.02	6.15	19.15	5.53	21.48	3.96	12.19	4.07
4. Others	18.34	4.64	26.50	7.41	9.26	2.68	10.41	1.92	19.89	6.65
<b>Total income from sales</b>	<b>318.44</b>	<b>80.57</b>	<b>280.44</b>	<b>78.40</b>	<b>266.25</b>	<b>76.92</b>	<b>477.67</b>	<b>88.06</b>	<b>255.84</b>	<b>85.49</b>
<u>Income from services</u>										
5. maintenance service	48.58	12.29	46.13	12.90	47.19	13.63	46.08	8.49	37.98	12.69
6. Metal machining	28.20	7.14	31.15	8.70	32.72	9.45	18.70	3.45	5.43	1.82
<b>Total income from services</b>	<b>76.78</b>	<b>19.43</b>	<b>77.28</b>	<b>21.60</b>	<b>79.91</b>	<b>23.08</b>	<b>64.78</b>	<b>11.94</b>	<b>43.41</b>	<b>14.51</b>
<b>Total income from sales and services</b>	<b>395.22</b>	<b>100.00</b>	<b>357.72</b>	<b>100.00</b>	<b>346.16</b>	<b>100.00</b>	<b>542.45</b>	<b>100.00</b>	<b>299.25</b>	<b>100.00</b>



## Products and Services

T.M.C. Industrial Public Company Limited engages in operation and distribution hydraulic system machine for all of industrial i.e. Automotive Industrial, Electrical Appliance Industrial, Agro product processing industrial, Mold Industrial and Renewable energy industrial etc. The hydraulic machines are categorized to 7 types as follow:

1. Hydraulic press machine
2. Hydraulic crane
3. Hydraulic handling equipment
4. Hydraulic repair and maintenance services and metal machining
5. Mechanical press machine
6. Smart Factory System Design for Manufacturing
7. Sugar Cane Side Tipping Bin Trailer

### 1. Hydraulic Press

Hydraulic press is the machine that uses fluid (hydraulic oil) to transfer force to drive hydraulic cylinder to generate pressure force on the piece of work for molding products or for other purposes as per design of the machine. Main customers of hydraulic press are automotive industries, electric appliances industries as well as mold and die industries.

Currently, the Company can design and manufacture hydraulic presses that can generate up to 3,500 tons pressures, the highest pressure that can be manufactured in Thailand.



Hydraulic clapper die spotting press (HCD)



Hydraulic molding for hot press

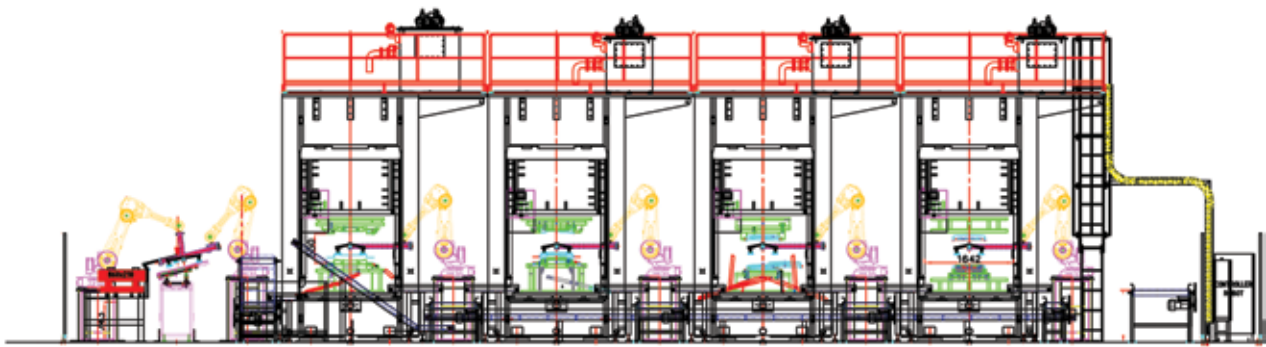


Hydraulic deep drawing press (HDP)



Hydraulic hemming press (HHP)

Automatic machinery with higher labor cost adjustment and lack of labor, especially in the industry that needs labors with intensive workforce, the industry has lost its competitive status for both domestic and international competitions. Hence, "Manufacturing Automation System" is collaboration between Mechanical + Electrical + Electronic and Information Technology to create a collaborative system through the driver system. At present, the company can produce automatic machinery for production in the industry perfectly whether in a single production line, starting from the input of raw materials, the process, and the output. Moreover, it the connection to the robot kit, the conveyor system, and security system are designed which can be extended to the Smart Factory that will be present and widespread in the future.



Automatic System Machine

## 2. Hydraulic cranes

Hydraulic crane is an equipment used for lifting objects vertically and moving them horizontally. There are 2 main types of hydraulic cranes: straight-arm crane and folding-arm crane. The differences are that straight-arm crane cannot fold their arms. The Company manufactures only folding-arm hydraulic crane. The Company produces both fixed cranes for lifting objects within the factory or the regular work area and truck-mounted crane so that crane can be moved to particular areas conveniently without wasting time for installation.





### 3. Hydraulic Handling Equipment

Hydraulic handling equipment is used to lift and move the objects. The Company produces various types of handling equipment to support various types of work which can be divided into 2 main types as follows:

3.1) Handling equipment for lifting and moving objects. It can lift up the objects with weight from 350 kilograms up to 20 tons.



3.2) Handling equipment used in the automobile service center. It is used in the automobile and motorcycle service center and it can lift up materials with weight from 50 kilograms up to 150 tons



#### 4. Metal machining services and hydraulic machines maintenance services.

Apart from the availability machines and production technology, the Company also provides various services to respond to the customers' demand. Services rendered by the Company are:

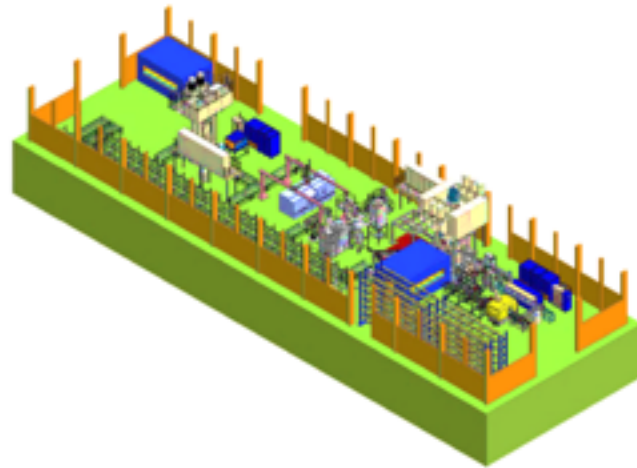
- 4.1) **Metal machining services.** Metal machining is to deform plate steel, cast iron or structural work into the desired form, such as drilling, lathing, milling, surfacing, etc
- 4.2. **Hydraulic machines maintenance service.** The Company has the experienced and skilled maintenance teams in various areas, i.e. mechanic hydraulic, electricity, electronics and other fields relating the machineries to render services for the customers on timely and promptly manner.

#### 5. Mechanical Press Machine

It is a metal pump with metallurgical system, and it is the metal pump that can be used with almost all types of industries by using mechanical techniques in power transmission with the electrical and electronic equipment. Processing of the work piece caused by the pump process has a steady work piece thickness, and it can mold the complex work through the use of device or mold.







## 6. Smart Factory System Design for manufacturing

### 6.1) Automation System Factory (Smart Factory)

Smart factory is an information innovation in factory which the network connection of equipment is the first step of Smart Factory. However, devices and equipment using in electronics production industry are diverse and distinct. Therefore, the development of system that enables the monitoring of devices and equipment is difficult. For this reason, the main challenge to the factory manager is to find the efficient method for gathering production data from each different brand device that uses the different connection protocol in order to analyze the long range monitoring, minimize the operational and maintenance cost, and enhance the efficiency of production process monitoring.

- 6.2) Development of production line for Smart Quality monitoring
- 6.3) Development of Smart Maintenance
- 6.4) Development of Smart Operation
- 6.5) Development of Smart Warehouse



Process Flow Smart Quality & Smart Warehouse



Process Flow Smart Operation & Smart Maintenance

## 7. Sugar Cane Side Tipping Bin Trailer

The efficient utilization of agricultural machine in all processes of domestic sugarcane harvesting around November-March pertaining to the announcement of sugarcane and sugar plants is the key success. The efficient enrichment and harvesting will definitely reduce labour cost, as well as time consuming per Rai. While envisioning the opportunity in supporting sugarcane farmers and relieving PM 2.5 problem from the burning off prior to the transferring to the plants, TMC has collaborated with the partner in researching and developing 8-Tons and 6-Tons Sugar Cane Side Tipping Bin Trailers for transferring the products from the farms. It's can create awareness in reducing the sugarcane burn off among the farmers and can prolong the lifespan of the sugarcane stump from 3-5 years.





# MARKETING AND COMPETITION

The world's manufacturing and "The Internet of Things (IOT)" integration is to integrate manufacturing process with digital technology, or even run the production machine when receiving online orders directly from the customers. Intelligent technology will significantly get involved in the advance to the industry 4.0. It plays the important role in completely change the production pattern and efficiently respond to the alternative demands. This change will alter manufacturing technology. Intelligent automation will be an important factor in the industrial revolution. Organizational administration will then be modernized. To be able to do so, the company requires the modification in pattern and construction which will create the utmost value, the most efficient operations. It must have competitive flexibility and adjustment which is the administrative dominant feature of the modern organization when Thailand is advanced to the industry 4.0. It's the engine development which drives the economic growth (New Engines of Growth).

In 2020, the company focused on the change of manufacturing system and attended to the company's machine manufacturing technology development in order to meet various customer's requirements and the ultimate worthiness. Due to the deflation in automotive industry and others, the company has placed the estimation of product distribution policy for hydraulic press, mobile crane, and other products, as well as constructed the opportunity from the addition of the company's new products. In 2020, the company cooperated with CMT and Sun Co., Ltd. in developing 20 units of Sugar Cane Tipping Bin Trailer (Mark - 2 -185 R), and 40-80 units of Sugar Cane Tipping Bin Trailer (Mark -3 -185 R) to support the manufacture in 2021. It was to also design and develop truck-mounted cranes to support the works of public and private sectors.

## Competitive Strategy

### 1. Quality of Products

The company gives an importance to the quality and efficiency of design and production steps; the design that satisfies the customers' need created by the proficient engineering team and, the use of new technology, as well as the quality control in every production steps to ensure that the products meet international standard and the requirement of customers.

### 2. Ability to manufacture complete service

The company manufactures the complete service to fully support the customers; starts with product design, production, and installation in which the company is able to design the machine and parts, try out the modern program to test the product in order to ensure the ability of bearing strength while using the machine and the production ability. The company has adequacy of human resources who are proficient and skillful in production and assembly in which the company can respond to the need of customers promptly.

### 3. After Sales Service

The company highlights the after sales service by increasing sales channels for preventive maintenance and visiting customers as well as presenting news and product information to the customers who purchase the company's machine and the customers who use the machine of the competitors. The company pays attention to its 24 hours service to ensure that customers business meets their goals. Moreover, the company staff are knowledgeable and very well understand the product so they can analyze the damage and quickly repair the machine accurately.

### 4. Appropriate Pricing

The products of company are variety to support the requirement of customers from all industries. Each type of product manufacturing based on the universal standard that is the same standard with other competitors. Therefore, the company sets the price based on the appropriateness of each product according to the competition and sales channel.

### 5. Customers' Trustworthiness

From the long experience in hydraulic machine manufacturing and repair and service, the company earns the trustworthiness from the customers in customer service, both fair price and high class service, as well as the design that satisfies the customers.

### 6. Technology Development

The company studies and researches the new technology constantly such as engineering design that applies automatic production system to respond to the customer demand. The design of automatic production system integrating Automatic Machine Builder (AMB) to System Integrator (SI) as the Cyber-Physical Production System (CPPS) is the full-automatic production line system or Smart Factory that currently fulfills the customer's need very well, both from current and new production lines.

## Customer Groups and Target Groups

**Customer Groups:** The Company classifies the customers into two groups.

1. **Domestic Customers** The Company distributes the product in the country to the customers in both government and private sector. The customers in private sector are the entrepreneurs in the industries who use the machine directly such as the entrepreneurs of the automotive industry, electric appliances industry, construction industry, renewable energy industry and other industries e.g. sawmill plant, sugar factory and the customers in repair and service center. In 2020, the company added distribution channel through broker. The additional channel included direct sales in order to create a chance for higher distribution, and online selling via Facebook, Line, Shopee and other platforms. For offline selling, the company aimed to conduct the distribution via modern trade showroom and improve catalogue and brochure for customer's convenient access to the products.
2. **Customers in Foreign Countries** The Company distributes the products to foreign countries by exporting by the company and via the customers' supplier, as well as via the brokers that the company explores more market in the foreign countries. This is the policy that creates the new business alliances so that the company can distribute and explore the markets in the foreign countries to increase competitive opportunity.

## Target Groups:

Regarding the overview of company industry, the sales target is the renewable energy industry especially the crane products group and the industrial sectors that are promoted in the Eastern Economic Corridor (EEC) and the customers in automotive and electric appliance industry who wish to develop the production line to become automatic system and produce a prototype car sugar cane side tipping bin trailer for the sugar cane industry before entering the sugar cane crusher plant.

## Distribution and Distribution Channel

In regard to the distribution management, the company sets the distribution pattern to cover all industries which consists of direct sale to provide service for the customers who need special qualification product or made-to-order product, distribution through the suppliers for the low price products and frequently use that distribute to the government/real estate sector, and shop selling which the company operates one shop: at Ban Bueng bypass intersection, Chonburi Province. This shop is not only the shop but also the accessible repair and service center to facilitate the customers. In the past year, the company increased the distribution channel through Modern Trading, by cooperating with other leading companies, as the product distribution center for industrial products, construction system work and other materials. All channels will facilitate the customers to access products and services of the company.

## Materials and Products Supplies

### Capacity and Production Volume

The total capacity

	2014	2015	2016	2017	2018	2019	2020
Maximum Capacity (Ton/Year) <sup>1/</sup>	3,096	3,096	3,096	3,096	3,096	3,096	3,096
Actual Production (Ton/Year) <sup>2/</sup>	1,579	1,400	952	920	541	649	531 <sup>3/</sup>
Capacity Ratio	51.00%	46.00%	30.75%	29.72%	17.49%	20.95%	17.17%

#### Remarks

1/ The maximum capacity per year estimated from the average weight of hydraulic press machine, which is 40 tons/machine multiply by the average number of machine that the company can manufacture per year. The hypothesis is that the company's working hour is 10.5 hrs/day (including overtime 2.5 hrs.)

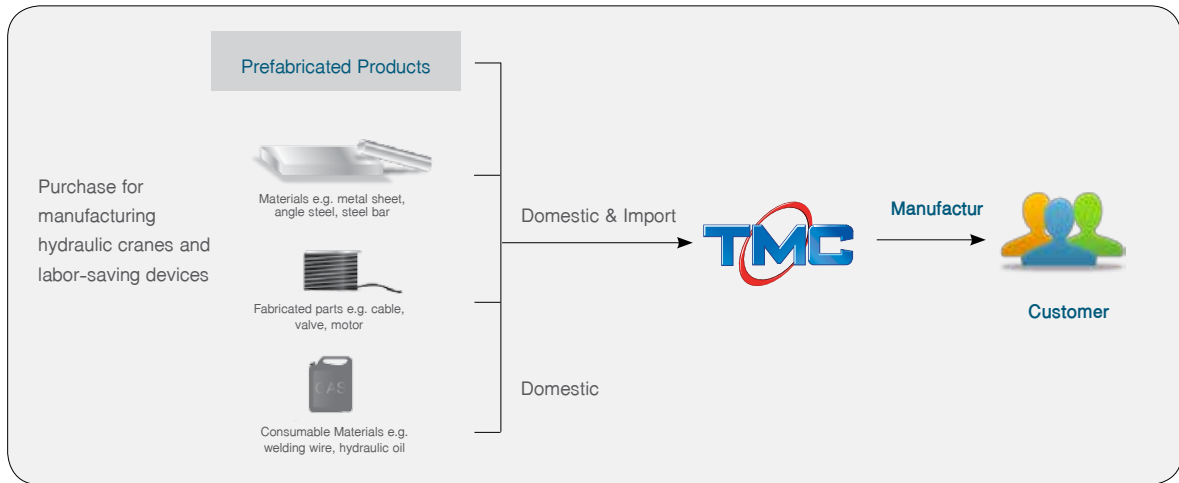
2/ Actual production volume estimated from the weight of hydraulic press machine manufactured each year.

3/ The decreasing production capacity was the result of the decreasing number of press hydraulic machine and higher purchasing order of crane products from overseas. Those affected the decline in production capacity in preparing, welding, and processing jobs. However, the assembly and installation jobs employed normal production capacity.



### Materials and Products Supplies

The company supplies materials, parts, and products from domestic sources and foreign countries as following details.



Materials and fabricated parts used in manufacturing process The company purchases hydraulic materials and parts, as well as consumable for using in hydraulic machine manufacturing for 96% of the total cost of material and product purchase as the following details.

1. **Material:** Main materials used in production process such as types of steels e.g. steel sheet, angle steel, steel bar. The company processes the steels such as cutting, welding, and milling to set the pattern and structure as desired. The steel used in the company can be divided into two main classes.
  - Standard steel that can purchase from general supplier in Thailand. To purchase the steels, the company will place an order with the domestic suppliers by comparing the price from few suppliers to acquire the quality steel in a reasonable price.
  - Special steel i.e. the steel with extra thickness or width which does not manufactured in Thailand. The company will purchase the special steel from foreign countries directly such as China in which the cost is cheaper than purchasing from the supplier. In order to purchase the steel for hydraulic press machine manufacture, the company will process the purchasing when receiving the order from customer. To order the steel used for hydraulic cranes and labor-saving devices, the company will place an order in advance to be enough for manufacture one month.
2. **Fabricated parts:** fabricated parts used in hydraulic machine are hydraulic cable, hydraulic valve, motor, and cable. The company normally orders the fabricated parts from the domestic supplier after having price comparison.
3. **Consumables:** Welding wire, drill bit, and hydraulic oil. The company will purchase consumable materials from the domestic suppliers after having price comparison.

# RISK FACTORS

## Risk Factors

### **1. The Risk from the Fluctuation of Raw Material Prices**

The company uses steel plates, steel bars and hydraulic tubes as the main raw materials for the company's manufacture of engines, which is considered approximately 50.00% of the material costs. The rise and fall of the steel prices depends on the demand and supply that effected world selling price always changed, including import tariffs rate and surcharges, etc. Thus, the company has to face the risk if the steel prices rise, resulting in the company's higher production costs.

The company calculate costing based on price of material at that date. Therefore, the prices of these products can be adjusted in accordance with the material costs before quoting the prices for customers and the company compares the steel prices of many distributors and find raw materials source from other countries to create competition in the quoting of prices. As for the selling prices of the company's standard products, the price list will be created to be used as standard prices and adjust price when cost is increasing by which will be adjusted by using the policy to determine the selling prices of products by considering the company's costs of sales together with the competitors' prices at that moment.

### **2. The Risk from the Foreign Exchange Rates**

The company's business is connected to foreign currency, i.e., the ordering of raw materials, parts and products from overseas and the selling of the company's products in other countries. The payment and the receiving of foreign currencies which was effective in case rate of exchange has changed according to time period.

The company is able to prevent the risk from the US dollar exchange rates by opened a Foreign Currency Deposit Account (FCD) for the transactions which are involved with US dollar currency. In other foreign currency, the company has monitored the change of currency closely so that it can use other financial tools i.e. Forward Contract to prevent the risk from the fluctuation of exchange rates in the future. However, the company shall convert some foreign rate to Thai baht as appropriated to the use and trend of exchange rate.

### **3. Risk of economic situation**

The current Thailand and worldwide economic recession entail the decrease of industrial investment. With this association, the demand in the company's product is inevitably decreased while the price competition is augmented.

The company has been trying to pull down the risk from economic recession by creating and offering new customer's on-demand product, as well as developing the product's efficiency. The company provides post-purchase maintenance and adjustment services so they can be reused as new. The market has been extended to the expanding industrial segments which still need our product. We invent and develop the products which meet the requirement in those industries.

### **4. The Risk from the Lack of Skilled Employees**

Being the machinery manufacturer which requires complicated and specific skill, the company has to rely on the people with those skills such as experienced welders, mechanical engineer and electrical engineer who can write machine codes program etc.,. For this reason, the company has the risk of lacking skillful persons, especially the old labors who have high experience and near retirement and the new recruit labors have unfit working skill for the company requirement.

The company has the policy to retain the human resource of the old labors who have high experience and near retirement to meet work requirement by renew work annually and transfer knowledge to new employees by training for more working skills. At the same time, the relationship with business alliances who are proficient in each area is developed to enable the support to company in the future.



#### **5. The risk in developing new product and expanding market to new customers**

The company has developed and produced the on-demand new products for the company's regular customers. We also improve the existing products or new products to offer to new customers who need the products in that industry. This could lead to the risk of cost and expenses in opening that market whether it would be successful or not. Production cost, as well as the failures, need to be calculated in order to set pricing on market opening which result in the miss-targeted profit.

However, the company has considered the company's expertise in order to reduce the risk in developing new products and to improve and offer products to the appropriate market and customers. The company has also looked into selling opportunities in new market and customers. The company has collected cost and technical data for improving and reducing production cost in order to increase profits in the future.

#### **6. Risk of uncertainty of income**

Sales income is uncertain as it is the project sale and the products are made-to-order that takes a long time to produce, start from the company gives advice the product designs, makes cost estimation and proposes to the customer for making decision. Then, the company starts production and delivers the products to customer at the agreed period. Thus, the income uncertainty occurs. The income showing on the financial statement can be confirmed after the delivery only. Further, the company's product lifetime is quite long so there is no frequent order from customer.

However, the company has a development and wide range of products used in many industries. In addition, the company has continually designed and developed its products to meet the needs of different customers in different industries with different investments in order that the revenue of the company is continuing. The company also has standardized products promptly to be sold to the customers for the company's stable earnings.

#### **7. Risk from customer credit**

On December 31, 2020, the Company had net trade receivables 38.81 million baht, representing 12.97% of sales and service income. The Company has an average debt collection in 2020 equals to 48 days, so the Company may have a risk of debt collection from trade receivables. This may cause the Company to incur debt collection expenses. If the Company's trade receivables are in trouble, it may affect the Company's profit and financial position.

However, the Company regularly monitors the quality of receivables. The company also pays attention to the strict customer credit. The Company will authorize senior management to approve written credit by considering the factors in the customer's business profile, financial status, and order amount. The company is confident to approve credit to each customer and reduce the impact of credit risk as much as possible.

#### **8. Risk of lack of liquidity and burden of interest**

Since the company has been facing the loss problem in the past years from the investment in non-performing asset (new factory), including the high loan interest rate, there is the risk of lack of liquidity and burden of interest in the future. Moreover, the company is producing the high value machinery and may need the short-term loan in the future.

The company has sought for additional financial sources; commercial banks and general individuals, for the company's liquidity in the work that needs high investment. Some extrinsic expenses have been cut down in order to prevent the business' lack of liquidity. In the timely manner, the company might sell non-performing assets to strengthen the liquidity state and to lessen the current interests.

# SHAREHOLDING STRUCTURE

## The Company's Securities

As of December 31, 2020, the capital registered of the Company was Baht 543,750,000 and capital paid-up was Baht 458,773,722 at par value of Baht 1.00.

## Shareholders

Name of top 10 shareholders as per listed in the book of shareholders' registration as of March 12, 2020 were as follows:

	Name	No. of Shares (shares)	Percentage of Shareholding Proportion
1.	Kamolmongkolsuk Family *	140,437,536	30.611
	Mr. Thaweemit Kamolmongkolsuk	36,750,000	8.010
	Mrs. Tubtim Kamolmongkolsuk	29,406,250	6.410
	Miss Pacharawalai Kamolmongkolsuk	25,038,212	5.458
	Mr. Surachet Kamolmongkolsuk	24,853,262	5.417
	Ms. Pailin Kamolmongkolsuk	24,202,312	5.275
	Mrs. Aroonroj Kamolmongkolsuk	187,500	0.041
2.	Mrs. Natthanant T. Tianprasert	22,620,000	4.931
3.	Mr. Sawaeng Sirijantaropas	18,950,000	4.131
4.	Ms. Nalinpat Kittisueethorn	16,839,200	3.670
5.	Ms. Woraphan Phumpakdeephan	14,578,000	3.178
6.	Ms. Pannee Akkarat	12,350,000	2.692
7.	Ms. Woranan Korkerdkiat	8,350,000	1.820
8.	Mrs. Wilai Korkerdkiat	8,242,700	1.797
9.	Mrs. Siriwan Yodsakda	6,600,000	1.439
10.	Mrs. Darawan Thipnate	6,280,200	1.369
11.	Other shareholders	203,526,086	44.362
<b>Total shares</b>		<b>458,773,722</b>	<b>100.00</b>

Remark:

\* Kamolmongkolsuk Family is the executive director's group (total 5 persons, except Mrs. Aroonroj Kamolmongkolsuk).

## Shareholding of the Board of Directors and Management

The Board of Directors and Management are responsible for reporting changes in securities holding to the Securities and Exchange Commission (SEC). And the company has a policy that requires directors and management to report changes in the holding of securities of the company through the company secretary by quarterly basis. Holding securities by the Board and Management as of December 31, 2020 as below;

	Name	31 December, 2019	31 December, 2020	+ / (-)
<u>Directors</u>				
1.	Mr. Manu Leopairote	500,000	500,000	-
	• Mr. Manu Leopairote	-	-	-
	• Mr. Kornkit Leopairote (Son)	500,000	500,000	-
2.	Mr. Thaweemit Kamolmongkolsuk	36,750,000	36,750,000	-
3.	Mrs. Tubtim Kamolmongkolsuk	29,406,250	30,033,850	627,600
4.	Mr. Surachet Kamolmongkolsuk	25,040,762	25,040,762	-
	• Mr. Surachet Kamolmongkolsuk	24,853,262	24,853,262	-
	• Mrs. Aroonroj Kamolmongkolsuk (Spous)	187,500	187,500	-
5.	Ms. Pacharawalai Kamolmongkolsuk	25,038,212	25,038,212	-
6.	Ms. Pailin Kamolmongkolsuk	24,202,312	24,202,312	-
7.	Mr. Arthit Wuthikaro	-	-	-
8.	Mr. Mitthong Chulitawong	-	-	-
9.	Mr. Panom Ratanarat	-	-	-
<u>Management</u>				
1.	Mr. Yotsakorn Bomlai	-	-	-
2.	Mr. Naphatra Chatvichian	-	110,000	110,000

### Other Securities

-none-



# DIVIDEND POLICY



The Company has the policy of paying dividend to shareholders at no less than 40% of net profit according to the separate financial statement after deduction of corporate income tax, legal reserve and other reserves. However, the Company may pay the dividend less than above rate, depending on the necessity of working capital use for business expansion and other factors relating to the business operation and management. In addition, the resolution of the Board of Directors on approval for dividend payment must be proposed and requested for approval from the shareholders' meeting, except for interim dividend payment which can be approved by the Board of Directors and reported at the next shareholders' meeting.

## Dividend Payment Data

Details	2016	2017	2018	2019	2020
Earning / Share (Thai Baht)	- 0.65	- 0.11	- 0.15	- 0.13	- 0.12
Dividend / Share (Thai Baht)	No distribution	No distribution	No distribution	No distribution	No distribution
Dividend Ratio (%)	0	0	0	0	0

# MANAGEMENT STRUCTURE

The Company consists of the Board of Directors, the Audit Committee and the Executive Committee as per the following details:

## Board of Directors

As of December 31, 2020, the Company's Board of Directors composed of 9 members and the attendance for meeting in 2020 are as follows:

	Name	Position	Attendance (4 Times)
1.	Mr. Manu Leopairote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	4/4
2.	Mr. Thaweemit Kamolmongkolsuk	Director	4/4
3.	Mrs. Tubtim Kamolmongkolsuk	Director	4/4
4.	Mr. Surachet Kamolmongkolsuk	Director	4/4
5.	Ms. Pacharawalai Kamolmongkolsuk	Director	4/4
6.	Ms. Pailin Kamolmongkolsuk	Director	4/4
7.	Mr. Arthit Wuthikaro	Director / Independent Director / Chairman of the Audit Committee	3/4 *
8.	Mr. Mitthong Chulitawong	Director / Independent Director / Member of the Audit Committee	3/4 *
9.	Mr. Panom Ratanarat	Director	4/4

Remarks :

\* Mr. Arthit Wuthikaro and Mr. Mitthong Chulitawong did not attend the meeting due to have a mission.

## Authorized Signatories

The authorized signatories are either Mr. Thaweemit Kamolmongkolsuk or Mrs. Tubtim Kamolmongkolsuk or Mr. Surachet Kamolmongkolsuk and Miss Pacharawalai Kamolmongkolsuk or Miss Pailin Kamolmongkolsuk with the Company's seal affixed.

## The Audit Committee

As of December 31, 2020, the Audit Committee consisted of 3 persons and the attendance for meeting in 2020 are as follows:

	Name	Position	Attendance (4 Times)
1.	Mr. Arthit Wuthikaro	Chairman of the Audit Committee	3/4 *
2.	Mr. Manu Leopairote	Member of the Audit Committee	4/4
3.	Mr. Mitthong Chulitawong	Member of the Audit Committee	3/4 *

- Mr. Paiboon Rattanasettachai is a Secretary of the Audit Committee

Remarks :

\* Mr. Arthit Wuthikaro and Mr. Mitthong Chulitawong did not attend the meeting due to have a mission.

### The Executive Committee

As of December 31, 2020, the Executive Committee consists of 5 members as follows:

Name		Position
1.	Mr. Thaweemit Kamolmongkolsuk	Chairman of the Executive Committee
2.	Mrs. Tubtim Kamolmongkolsuk	Vice Chairman of the Executive Committee
3.	Mr. Surachet Kamolmongkolsuk	Executive Director
4.	Ms. Pacharawalai Kamolmongkolsuk	Executive Director
5.	Ms. Pailin Kamolmongkolsuk	Executive Director

### The Management

As of December 31, 2020, The Company's Management was composed of 7 members as follows:

Name		Position
1.	Mr. Thaweemit Kamolmongkolsuk *	Chairman of the Executive Committee
2.	Mrs. Tubtim Kamolmongkolsuk *	Vice Chairman of the Executive Committee
3.	Mr. Surachet Kamolmongkolsuk	Managing Director
4.	Ms. Pacharawalai Kamolmongkolsuk	Deputy Managing Director-Human Resources and Information Technology
5.	Ms. Pailin Kamolmongkolsuk	Deputy Managing Director-Procurement and Trading & Production
6.	Mr. Yotsakorn Bomlai	Deputy Managing Director- Factory Deputy Managing Director- Maintenance and Service Center (Acting)
7.	Mr. Naphatra Chatvichian	Deputy Managing Director- Account-Finance

Remarks :

\* Even though, Mr. Thaweemit and Mrs. Tubtim are the Chairman of the Executive Committee and Vice Chairman of the Executive Committee respectively, both of them manage business in the Company every day like the management and have the monthly salary, therefore the financial advisor regarded them as the Company's management.

### The Company Secretary

The Company's Board of Directors Meeting No.2/2016 held on May 14, 2016 had an appoint resolution to Mr. Naphatra Chatvichian to take a position of Company Secretary from May 15, 2016. The Company Secretary's responsibilities are advised law and regulation of The Stock Exchange of Thailand to the Board of Directors and to coordinate for resolution from directors.

### Remuneration of the Director and Management

#### Remuneration of the Director

The Company has the policy to pay remuneration to the director as the monthly salary and meeting allowance as follows:

Position	Monthly Remuneration	Meeting Allowance/Time
Chairman of the Board of Directors	Baht 50,000	Baht 5,000
Director	Baht 30,000	Baht 5,000
Chairman of the Audit Committee	Baht 40,000	Baht 5,000
Member of the Audit Committee	Baht 30,000	Baht 5,000

Remark:

1. The Director remuneration in 2019 was specified to be not exceeding Baht 3,000,000 (Three million Baht only).
2. The directors who are the Management and the Executive Director are not entitled to the director remuneration.



From the resolution of the AGM 2020 on April 25, 2020, in the name of the company's Chairman of the Board of Director and the Chairman of the Audit Committee, proposed to decrease 25% of monthly compensation to the shareholder's meeting. According to the company's on-going loss and COVID-19 crisis, the agreement is the same every year: the company's Chairman of the Board of Director and the Chairman of the Audit Committee, the Director and the member of the Audit Committee decrease 25% of compensation (only monthly compensation, excluding meeting attendance fee).

In 2017, 2018, 2019 and 2020 total remuneration as monthly salary and meeting allowance have been paid to the directors amounting to Baht 1,430,000, Baht 1,440,000, Baht 1,425,000 and Baht 1,420,000 respectively as follows:

#### Monthly Remuneration

(Unit : Baht)

Name		Position	Monthly Remuneration			
			2017	2018	2019	2020
1.	Mr. Manu Leoparote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	450,000	450,000	450,000	450,000
2.	Mr. Thaweemit Kamolmongkolsuk	Director	-	-	-	-
3.	Mrs. Tubtim Kamolmongkolsuk	Director	-	-	-	-
4.	Mr. Surachet Kamolmongkolsuk	Director / Managing Director	-	-	-	-
5.	Ms. Pacharawalai Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
6.	Ms. Pailin Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
7.	Mr. Arthit Wuthikaro	Chairman of the Audit committee / Independent Director	360,000	360,000	360,000	360,000
8.	Mr. Mitthong Chulitawong	Member of the Audit Committee / Independent Director	270,000	270,000	270,000	270,000
9.	Mr. Panom Ratanarat <sup>1/</sup>	Director	-	157,500	270,000	270,000
•	Ms. Chutipa Obhasanond <sup>2/</sup>	Member of the Audit Committee / Independent Director	270,000	112,500	-	-
Total			1,350,000	1,350,000	1,350,000	1,350,000

Remarks: 1/ Mr. Panom Ratanarat was appointed to director on June 1, 2018.

2/ Ms. Chutipa Obhasanond resigned from director on May 31, 2018.

### Meeting Allowance

(Unit : Baht)

	Name	Position	Monthly Remuneration			
			2017	2018	2019	2020
1.	Mr. Manu Leopairote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	20,000	25,000	20,000	20,000
2.	Mr. Thaweemit Kamolmongkolsuk	Director	-	-	-	-
3.	Mrs. Tubtim Kamolmongkolsuk	Director	-	-	-	-
4.	Mr. Surachet Kamolmongkolsuk	Director / Managing Director	-	-	-	-
5.	Ms. Pacharawalai Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
6.	Ms. Pailin Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
7.	Mr. Arthit Wuthikaro	Chairman of the Audit committee / Independent Director	20,000	25,000	20,000	15,000
8.	Mr. Mitthong Chulitawon	Member of the Audit Committee / Independent Director	20,000	20,000	15,000	15,000
9.	Mr. Panom Ratanarat <sup>1/</sup>	Director	-	10,000	20,000	20,000
•	Ms. Chutipa Obhasanond <sup>2/</sup>	Member of the Audit Committee /Independent Director	20,000	10,000	-	-
Total			80,000	90,000	75,000	70,000

Remarks: 1/ Mr. Panom Ratanarat was appointed to director on June 1, 2018.

2/ Ms. Chutipa Obhasanond resigned from director on May 31, 2018.

### Remuneration of the Management

In 2017, 2018, 2019 and 2020 the Company has 8, 8, 7 and 7 executives respectively and the remuneration paid was as follows:

(Unit : Baht)

Remuneration	2017		2018		2019		2020	
	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)
Total salary	8	14,619,130	8	15,275,172	7	15,539,395	7	15,148,937
Total bonus and other remunerations		793,318		1,255,337		419,656		441,431
Total		15,412,448		16,530,509		15,959,051		15,590,368

Remark: In 2016, The Company has a temporary measure policy to relieve the effective of economic deflation No.3 by reduce remuneration down 10% for deputy managing director, effective dated January 16, 2016 onwards, until this is announcement changing.

## Personnel

In year 2017 - 2020, the number of employees and remuneration are as follows;

Table showing number of employees of the Company (exclude management team)

Business Line	Number of Employees (Person)			
	AS of December 31, 2017	AS of December 31, 2018	AS of December 31, 2019	AS of December 31, 2020
Logistics	20	20	20	22
Engineering	22	22	23	24
Production	170	143	138	129
Administration	12	9	9	6
Sales & Marketing	17	20	20	25
Procurement and Trading & Production	25	23	23	8
Account & Finance	13	11	10	10
Human Resource	25	19	19	18
Quality Control	6	5	3	4
Information Technology	6	5	5	3
Quality Management System	3	2	2	2
Business Development & Marketing	2	1	1	2
Internal Audit	1	1	1	1
<b>Total</b>	<b>322</b>	<b>281</b>	<b>274</b>	<b>254</b>

Table showing employee remuneration (exclude management team)

(Unit : Million Baht)

Employee Remuneration	2017	2018	2019	2020
Employee remuneration i.e. salary, wage, overtime, cost of living, special allowance, contribution to the social security fund and provident fund etc.	139.79	117.69	99.22	96.67
<b>Total</b>	<b>139.79</b>	<b>117.69</b>	<b>99.22</b>	<b>96.67</b>

Labor dispute during the past 3 years

-none-



## **Human Resource Development Policy 2020**

The company envisioned the extremely significant main factor of the business which is employees. Therefore, it's greatly to administrate equitable human resource management under Human Right Code. This corresponds and supports the principal strategy and target by working explicitly, fairly, and impartially in all aspects. We support and develop the employees' competencies and proficiencies; take care and keep them with the company as long as possible. We also support fair pays and welfares for all employees.

Human Resource Development is the company's master plan. The company has set the plan and process in human resource development mainly focusing on the following areas.

### **1. Development of work**

The company develops the employees in both main and support lines. In particular, the employees in the main line have to attend the training course in work knowledge, both in theory and workshop, leading by the expert to build skills and ability to review and enhance specific skills constantly by continuously providing internal and external training to all levels from executive level to operating level for develop knowledge and work potential to improve work in the company even better. Besides, there is the regular review of performance indicator to comply with the company policy.

### **2. Development of employee potential**

The company is aware of the importance of each employee. To achieve the goal the company recruits and employs the competent, knowledgeable, and experienced human resources to perform work to respond to the company growth by organizing the knowledge development project for the employee and formulating plans for the potential development of employees at all levels, from the executive level to operating level in accordance with the company development plan. This is to prepare staff for increased responsibilities and career advancement and the ability to accept higher positions in the future.

### **3. Potential employee retention**

The company takes care the high-potential and capable employees by offering career advancement every year through the clear criteria. Moreover, individual development is provided, especially in the leader level. KPIs is applied to improve the performance evaluation along with the competency factors which would help to retain the competent employees. Also, it will be the tool for employee competency development to acquire the following required quality.

- 1) Self-learning and development for the continuing development as the learning organization.
- 2) Ethics focus to promote performance follow the Good Governance.
- 3) Customer service to offer the quality service for the customer satisfaction.
- 4) Focus on results to determine the goal of success and set the operation plan.

The company has the factual policy and guidelines disclosing the fair and appropriate compensation and welfare to all employees, including the more welfare that required by the law, such as Provident Fund, compassionate support fund, child support benefit, annual health check, 5S activity, and training relating to work or specific long-term training.

### **4. Succession plan**

The company emphasizes on internal recruitment rather than the external recruitment, particularly the positions in the main line, through the promotion process which considering from performance and potential. The company prepares the development of knowledge, capability, and skills of each position.

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5. **Quality management system**

The company adheres to the continuing quality and efficiency improvement by maintaining the service quality under ISO 9001:2015 which the company is certified by SGS (Thailand) Co., Ltd. according to UKAS, England and NAC of Thailand.

6. **Innovation promotion and creation**

The company determines and supports the development of human resources and knowledge to catch up with technology and innovation in digital era such as design, engineering, production, and processes. Furthermore, the company gives importance to innovation and technology development which is part of vision and business strategy of the company.

7. **Key Risk Indicator (KRI)**

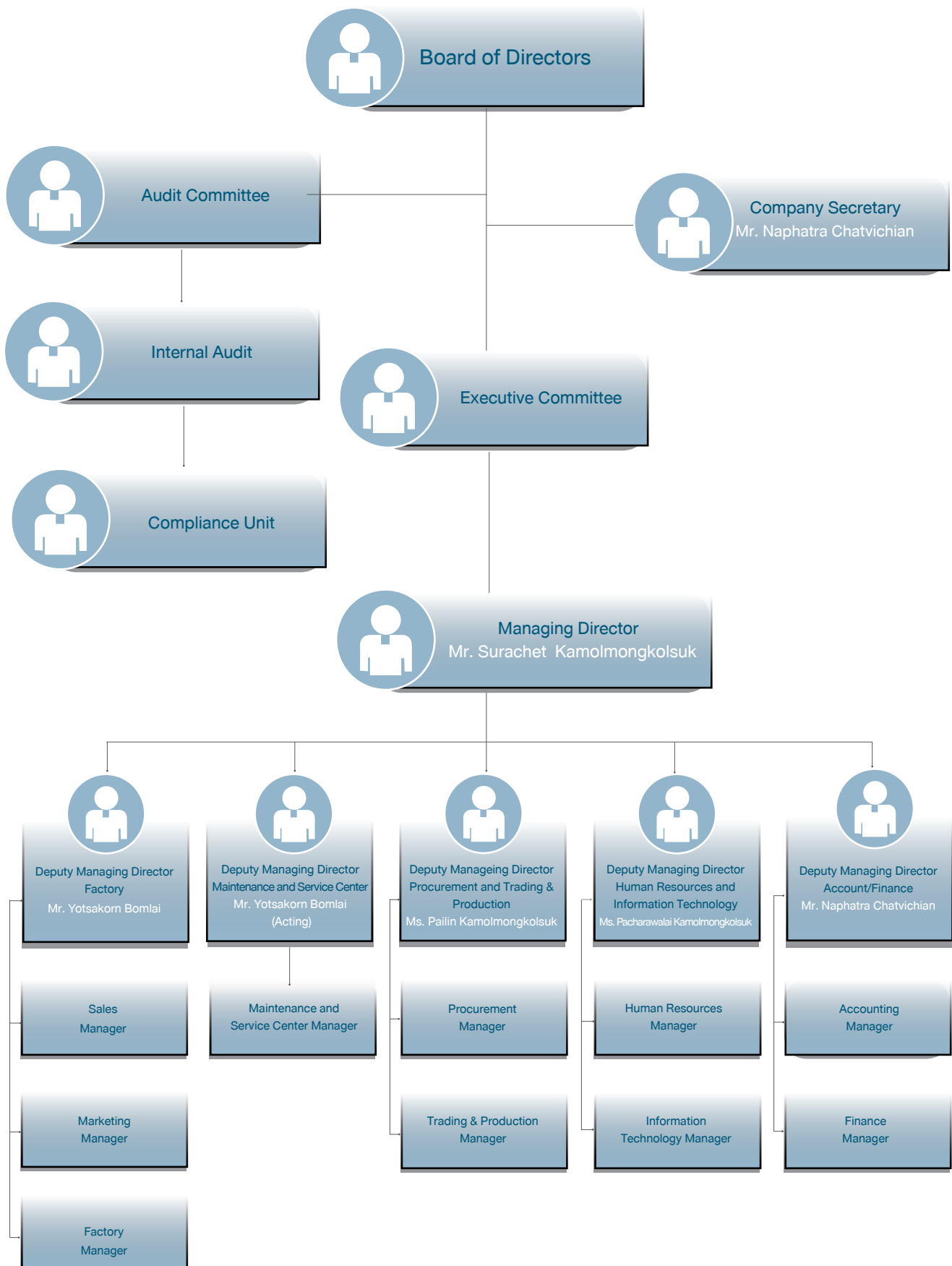
The company places the expectation on the executives and all staff to be responsible in indicating the risk; analyse, evaluate, and rank the risks of their own responsible sections, as well as forming the appropriate risk management protocol. There are following up and supporting on risk management culture in order to create awareness and joint responsibility in risk, controlling, and effects from the company's risks in management procedure and general operation.

**Executive succession plan**

The company has set the succession plan for administrative level and the main positions by greatly considering personal performance and potential. The company gets the successor-to-be prepared by developing substantial knowledge, capability, and skills for the position. The executives who soon to be a successor will not only have the suitable qualification and experience, they also have to be additionally instructed with necessary knowledge, experience, and training. This will support their career future in higher position, smooth transferring, and constant administration which are correspondent with the company's policy.

# ORGANIZATION CHART OF MANAGMENT STRUCTURE

As of 31 December 2020





# CORPORATE GOVERNANCE

The company abides by the good corporate governance principles for listed companies of the Stock Exchange of Thailand and The Securities and Exchange Commission. The company had applied such principles as the Good Corporate Governance Policy and Code of Conducts to guidelines for the company's operation and distributed to the directors, the executives, all employees and also been published on the company's website [www.tmc.co.th](http://www.tmc.co.th).

The company arranged to review the Good Corporate Governance Policy and Code of Conducts regularly to be current, appropriate and conform to business conditions. In 2020, the Board of Director Meeting No.3/2020 dated 11 August, 2020 had resolutions approved the revised "Good Corporate Governance and Code of Conduct Manual year 2020" and the details are as the following;

## Corporate Governance Policies

The company has set up the corporate governance policies as the guidelines for the operation of the directors, the executives and all employees. The details are as follows:

1. The company aims to reach the goals according to the vision and mission of the company in the environmentally and socially friendly manner together with the application of corporate governance for sustainable development.
2. The directors, the executives and all employees are committed to applying the good corporate governance principles and business ethics as the guidelines for the company's works and operations.
3. The directors, the executives and all employees will work with determination, responsibility, honesty, trustworthiness, transparency and respect to human rights and stakeholders' rights by following the laws, the company's rules and related announcements.
4. The directors, the executives and all employees will fight against corruption and intellectual property infringement. After such problems are discovered and the investigations are finalized, the company will have clear and strict penalties.

According to the policy above, the company has operated or practiced in accordance with the corporate governance in 5 sections as follows:

## **Section 1: Rights of Shareholders**

The company realizes and respects the rights of ownership of its shareholders and has the policy to support and encourage all groups of shareholders to exercise their rights, including the basic rights of shareholders, the right to access information sufficiently and in time as well as the right to attend shareholders' meetings to determine the direction of operation and to decide on the matters which significantly affect the company as follows:

1. The Annual General Meeting of Shareholders is scheduled to be held within 4 months from the end of fiscal year, and if there is an urgent need to consider special issues that may be affecting or involve the interests of shareholders, which need to be approved by the shareholders, the Board of Directors can convene an extraordinary meeting of shareholders as the case may be.
2. Prepare and submit the invitation to the Annual General Meeting of Shareholders to all types of shareholders, including institutional investors, and specify that the information on date, time, venue and agenda including all information related to the matters required to make decision during the shareholders' meeting must be sent to the shareholders in advance and on timely manner. The Company shall send an invitation letter to the meeting together with adequate supporting information to the shareholders at least 7 days or 14 days in advance of the meeting date, as the case may be. Notice of the meeting invitation shall be advertised in the newspaper at least 3 days prior to the meeting date and such information shall be posted on the Company's website to provide adequate time for the shareholders to study all agenda in advance and including the organization of conference room which is easy to access by the shareholders
3. To attach power of attorney with the invitation letter to encourage the exercise of voting rights of the shareholders, in case any shareholder is unable to attend the meeting by himself/herself.

4. The shareholders are given the opportunity to express their opinions and ask questions prior to the meeting. The criteria for the submission of questions in advance are clearly defined and informed to the shareholders via the invitation letter. Besides, they are posted on the company's website.
5. Prepare the place for the meeting that is convenient for the shareholders, and prepare the technology which is used for the shareholders' meeting for both registrations of shareholders, scores counting and displaying in order that the meeting can be done quickly and accurately.
6. To specify that at least one half of the total members of the Board of Directors must present in the shareholders' meeting to answer any questions, and at least one member of the Audit Committee must also attend that meeting.
7. Before the meeting, the chairman must inform the participants about the criteria and the procedure of voting, the method of showing the results, the right to vote (in this case, the shareholders who have an interest will not have the right to vote for the subject under consideration) and also the shareholders' right to object to the voting on each item on the agenda. Also, the chairman will allow the shareholders to express their opinions, fix issues and raise questions during the shareholders' meeting.
8. The voting must be done for each item in case that the agenda consists of many items; for example, the agenda to appoint directors in the shareholders' annual general meeting or extraordinary general meeting.
9. An independent person must be assigned to count or examine the votes during the shareholders' annual general meeting or extraordinary general meeting. The data must be revealed during the meeting and recorded in the minute.
10. The minute which reports the result of the voting on each item of the agenda during the shareholders' annual general meeting or extraordinary general meeting must be distributed on the next working day via the electronic media of the Stock Exchange of Thailand.
11. Prepare the minutes of the meeting with complete and accurate information. There should be questions and answers records as well as voting results for each agenda item in order to see how many shareholders agreed, disagreed, and how many of them did not vote. Moreover, the list of directors, attendees and directors who take sick leave should be reported as well. Then, the copy of minutes of the meeting will be sent to the Stock Exchange of Thailand within 14 days after the meeting date. The minutes of the meeting shall be posted on the Company's website, so that the shareholders can review without waiting for the minutes to be submitted to the shareholders for approval at the next meeting.

#### **The Practices in Compliance with the Corporate Governance Principles regarding the Rights of Shareholders**

In 2020, the company organized the shareholders meeting for 1 time. There is 2020 Annual General Meeting on Saturday, April 25, 2020 at 14.00 - 15.10 hrs. at Mongkolsuk meeting room, T.M.C. Industrial Public Company Limited, head office, No.125/10 Moo 5, Tambol Bansuan, Amphur Muang, Chonburi 20000.

- The company informed the shareholders about the decision of the Board of Directors to organize the shareholders' Annual General Meeting 2020 advance 59 days before the meeting date which was February 26, 2020 via the company's website [www.tmc.co.th](http://www.tmc.co.th) and via the Stock Exchange of Thailand's system so that the shareholders could arrange time to attend the meeting.
- The company published the invitation together with the proceedings on the company's website [www.tmc.co.th](http://www.tmc.co.th) on March 24, 2020 (32 days prior to the meeting). The invitation was distributed through the Stock Exchange of Thailand's system and was advertised on daily newspapers 3 days in a row, which were April 2-3 and 7, 2020. Besides, the company assigned Thailand Securities Depository (TSD) which was the company's registrar to send out the documents to the shareholders on April 2, 2020 (23 days prior to the meeting), so that the shareholders had time to study the details of the meeting in advance. Moreover, the shareholders could submit the questions that they wanted the company to clarify in the agenda or ask for other important information from the company before the meeting by contacting the Managing Director at [surachet@tmc.co.th](mailto:surachet@tmc.co.th) or the company's website [www.tmc.co.th](http://www.tmc.co.th).
- The information in the invitation letter consisted of various data which would be useful for the shareholders' consideration of matters during the meeting such as the date, the time and the location of the meeting as well as the map, the meeting agenda with the opinions of the company's Board of Directors as well as the agenda attachments which provided enough information for the shareholders to make decisions.

- The company supported the voting rights of the shareholders in case that they could not attend the meeting by sending out 3 types of proxies: A, B and C to be used according to the will of the grantors. The proxies which were in the forms formulated by the Ministry of Commerce were attached to the invitation letter. They could also be downloaded from the company's website.
- The Board of Directors highly emphasizes the importance of the shareholders' meeting since it is their opportunity to answer the shareholders' questions. It is the Board's duty to attend every meeting. During the shareholders' annual general meeting 2020 on April 25, 2020, the 9 of directors and audit committee (from total 9 persons accounted for 100%) attend the meeting. Also, the company's executives, i.e., Deputy Managing Director of Finance and Accounting, Deputy Managing Director of Factory and acting Deputy Managing Director of Maintenance and Service Center participated in the meeting to explain and answer the shareholders' questions which were related to the meeting's agenda or which required clarification. The company's auditor representative Ms. Siriporn Naruepai from Sam Nak-Ngan A.M.C Co., Ltd. also attended the meeting.
- Before the meeting started, the master of ceremony was assigned by the chairman to inform the participants about the criteria and the procedure of voting, the method to display the result of voting, the right to vote which was not given to the shareholders who had an interest in the matters under consideration and the shareholders' right to object to the voting on each item on the agenda. Also, the shareholders were allowed to express their opinions and ask questions during the meeting. Ms. Marisa Poonmesub representative from the company's auditor Sam Nak-Ngan A.M.C Co., Ltd. was the witness of the counting of votes in 2020 AGM. Such information was informed to the participants and was recorded in the minute.
- The voting to appoint directors was done individually on the agenda to reappoint 3 directors who had retired by rotation. The basic information of the persons who were nominated for the reappointment was sent to the shareholders in advance together with the invitation letter and was also displayed on the screen in the conference room. Since this matter was associated with the directors, related directors were asked to leave the conference room during the consideration.
- During the 2020 annual general meeting, one shareholder from the Thai Investors Association Ms. Jureerat Chuensuwan attended and observed the meeting. She asked for any question and it was recorded in the minute.
- The company used the barcode system to facilitate the registration and the counting of votes on each item on the agenda for greater convenience, promptness, accuracy and precision for the shareholders. Additionally, the company installed the screen which displayed the result of the voting on each item on the agenda so that the shareholders were informed about the result at the same time right after the consideration of each item on the agenda.
- The company distributed the meeting's resolutions and reported the result of the voting on each item on the agenda of the annual general meeting after finished the meeting (on April 27, 2020) via the stock market's system and the company's website so that the shareholders can examine the information without having to wait for the submission of a minute for approval in the next meeting.
- The company prepared the minutes of the 2020 annual general meeting by company secretary. The information was completely, accurately and evidently compiled by the company's secretary. The record showed the names of directors who attended the meeting, the questions and answers and the result of the voting on each agenda including the number of shareholders who voted, voted against and abstained from voting. The minute was signed by the company's president who was also the chairman of the meeting.
- The minute of the annual general meeting was submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days (on May 8, 2020). The minute and the photos of the both meeting were also published on the company's website.



## Section 2: The Equitable Treatment of Shareholders

The Company has an equitable treatment policy for all shareholders, which include the shareholders who are the executive or non-executive as well as the minority shareholders and the foreign shareholders as follows:

1. To send the AGM invitation letter and disseminate information on the shareholders' meeting to all shareholders by equally on the Company's website in both Thai and English versions, and distributed at the same time at least 30 days in advance. The items on the agenda which have not been informed in advance will not be added if not necessary.
2. Open the opportunity for minority shareholders to propose additional agenda items and nominate persons to be directors in the Annual General Meeting of Shareholder for at least 3 months before the fiscal year end by publishing the criteria for exercising the rights, procedures and processes for considering such matters on the Company's website.
3. To allow the shareholders who are unable to attend the meeting proxy other person to attend the meeting on their behalf and they can specify the voting direction of the proxy.
4. To allow the shareholders to exercise their right to elect the director individually.
5. To specify that the shareholders who are the directors or the executives must disclose the interest information of their own including their relevant persons and those who have the transaction with interest shall not have the right to vote.
6. To notify to the directors and the executives about their obligations to report the change of their securities holding to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand pursuant to Section 59 of the Securities and Exchange Act B.E. 2535.
7. To specify that the directors, the executives or the persons who can access to inside information are not allowed to disclose such information to the third parties or the non-related person and they are prohibited to purchase or sell the Company's shares within 1 month before disclosure of financial statement to the public.
8. Directors and Management must report the trading of the Company's securities for at least 1 day prior to the purchase and sale through Company Secretary in order to report to the Board of Directors in the meeting in each quarter.

### The Practices in Compliance with the Corporate Governance Principles regarding Equal Practices for Shareholders

- The company sent out the invitation letter to invite the shareholders to attend the annual general meeting and distributed the information concerning the annual general meeting, the agenda and the opinions of the Board of Directors towards the items on the agenda for consideration as well as the meeting's rules to all shareholders equally through the documents, the website and the stock market's system in both Thai and English, and the company has conducted the meeting in accordance with the agendas as the invitation letter without adding any other agendas in the meeting other than invitation letter.
- The company had announced to invite the shareholders for agenda and name of the director nominee proposal from shareholders in advance from October 1, 2019 to December 27, 2019 on company's website to be fair and transparent to consider that to add agenda and nominate persons for consideration as directors of the company as proposed by minority shareholders
- The company facilitated the shareholders who could not attend the meeting by allowing them to authorize independent directors or other people to represent them in the meeting. The company sent out 3 types of proxies: A, B and C to the shareholders together with the invitation letter. They could also be downloaded from the company's website. The B type of proxy, in particular, allows the shareholders to direct the voting of their proxies. Besides, the company provided revenue stamps for the shareholders to put on their proxies.
- For the consideration on the agenda to reappoint directors who had retired by rotation, the company gave the shareholders the right to vote for the directors individually, and keep back all of the vote card from shareholders after finished the meeting.
- The Board of Directors and management acknowledge to report any changed of shareholding with Securities and Exchange Commission, Thailand, Article 59 an Act of legislation Securities and Exchange Commission, Thailand B.E. 2558 including disclosure in annual report 2020.
- The Board of Directors prohibited the directors, the executives and the employees who were aware of internal information to wrongfully reveal or use such data for their own or other people's benefits. Additionally, the company prohibited the trading of securities 1 month before the financial statement was revealed to the public. Such information

was stated in the “good corporate governance and business ethics” manual which was given to the directors, the executives and all employees and was published in the company’s website, and the company’s members strictly followed the guidelines that had been set forth.

Furthermore, the company has been operating and developing continuously to apply the good corporate governance principles with the organization of the shareholders’ annual general meeting. The company has joined the annual general meeting quality assessment project which adopts the AGM Checklist set up by the Office of the Securities and Exchange Commission (SEC) and the Thai Investors Association since the shareholders’ meeting in 2013. The results of the assessments in 2020 was scored 95.00. The company still has the policy to raise the standard of the company’s corporate governance regarding the organization of the annual general meeting in the future.

### Section 3: Roles of the Stakeholders

The Company has a policy to encourage the cooperation between the Company and all stakeholders, who are the shareholders or the financial supporters, customers, business partners, employees at all levels and the communities the Company is located in and etc. in order to strengthen performance of the Company and sustainable stability of the business. Besides from recognition of the rights of the stakeholders as per stipulated by the laws, the Company also has the policy to oversee the stakeholders to ensure that they shall be equally treated as follows:

Shareholders	The Company respects the rights of shareholders, both major ones and minor ones, by treating all of them equally. Besides, the company has the administration and the mechanism which ensure the shareholders that they will receive accurate information and appropriate returns according to the company’s dividend policy. The transactions are controlled, the measures are set up to prevent conflicts of interest and the use of internal information and confidential news is prevented. Also, the directors and the executives who are aware of internal information are not allowed to make use of such information for their own benefits and for the trading of the company’s securities especially 1 month before the financial statement is revealed to the public.
Customers	The Company takes care of and is responsible for all customers equally. The quality and the standard of merchandises are constantly maintained while the business operates to respond to the customers’ needs in the most complete and comprehensive way possible. In addition, the company offers customer service and after-sale warranty. All these policies aim to create maximum customer satisfaction in the long term.
Partners	The Company treats its partners fairly according to commercial terms under the contract agreed, and should avoid situations that may cause conflict of interest by negotiating a solution based on a business relationship. Moreover, it shall not accept or agree to receive property or any other benefits beyond the trade agreement. In addition, the Company has a system to select partners by selecting and evaluating partners, including suppliers, manufacturers, subcontractors and service providers. Quality and delivery are evaluated on a regular basis every 6 months to create and improve with our partners continuously.
Creditors	The Company holds and performs the actions according to the conditions towards the creditors strictly such as the matter related to the purpose of the money, debt repayment, guarantee conditions, and any other matters that have been agreed with the creditors. In the event that any of the conditions cannot be met, it must be notified to the creditor in advance to find solutions by using the principle of reasonableness, and the company shall report its financial position and financial information to the creditors with accuracy and integrity.
Competitors	The Company operates within the framework of honest and fair competition and develops the market for mutual benefits in the industry.

Employees	The Company treats employees in accordance with their human rights principles equally without having discrimination on gender, race, religion, age or even disability under Labor Laws and Regulations strictly. Moreover, respect the rights of employees is held without physical, verbal or physical abuse, including threats of intimidation, and fair treatment of employment, compensation, welfare and promotion in order to develop knowledge and potential of employees at all levels by providing training on various topics. It also creates a safe and hygienic working environment.
Community/ society and environment	The Company creates a good relationship with the community in which the company is located and makes sure that the company's operation does not affect the environment in the community and society. The company also follows related laws and regulations. In addition, the company has provided knowledge and training for employees regarding the environment. And participate in supporting various activities in the development of communities, society and the environment on a regular basis, including promoting the use of resources efficiently.

#### **Whistle Blowing or Complaint**

The Board of Directors has provided channels for all stakeholders to report complaints or clues in matters involving illegal activities and anything that could cause damage to the company as well as unfair story, violated, or unethical actions of management and employees. In this case, clues, complaints and suggestions will be investigated by the Audit Committee, and then it will be reported to the Board of Directors. The information provided by the notifying person and the complaint will be kept confidential. There are measures to ensure that they will not be affected, and the safety of the reporter and the complaints from the clerk and the complainant are taken into account.

- **Channel of Whistle Blowing or Complaint**

**Via registered post**      Audit Committee  
T.M.C. Industrial Public Company Limited  
125/10 M.5, Ban Suan Sub-District,  
Muang Chonburi District, Chonburi Province 20000  
Email : auditcommittee@tmc.co.th

**Or Secretary to Audit Committee**

Mr. Paiboon Rattanaseththachai  
Secretary to Audit Committee / Internal Auditor  
Tel. 038-271933-4  
Fax. 038-271931  
Email : i\_audit@tmc.co.th

#### **The Practices in Compliance with the Corporate Governance Principles regarding Stakeholders' Roles**

- The company set up the policy regarding practices towards stakeholders under the topic of "Code of Conducts" which was included in the "Good Corporate Governance and Code of Conducts" manual year 2020 which was distributed to the directors, the executives and all employees as the guidelines for their ethical practices so that the directors, the executives and all employees were aware of such practices and adopted them in their work. The company arranged a yearly employee ethical behavior assessment form. This was conformed to the assessment of the adequacy of internal control system and company's operations. The details of "Business ethics year 2020" are as the followings.

1. **Conflict of Interest Policy**

- 1.1 The director and employees of all levels should avoid any acts of conflict of the interests, either from the business communication with, for example, partner, customer, competitor, or use the privilege of being the director or employee for personal benefits. They are expected to avoid owning the competitive business with the company or work other jobs than the company's which affects undesirably to their appropriate duties.

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- 1.2 The director and the employees of all levels are not expected to hold any share in the competitors' businesses if that affects their performance and duties. If those shares have been owned before the start working day or from the legacy, the committee must report to the president and to their supervisor for the general staff.
2. Corporate Assets Policy
- 2.1 The director and employees of all levels hold duty and responsibility securing the company's assets to avoid damage or loss and to effectively use them for the utmost benefits of the company. They shouldn't be used for the personal or other purposes. Those assets are both tangible and intangible assets, such as moveable assets, real estates, technology, academic properties, title deed, patent, copyright, as well as confidential information i.e. business plan, financial estimates and human resource information.
- 2.2 The director and employees of all levels are expected to absolutely avoid the disclosure or the use of confidential information.
3. Gift value, service charge, and other expenses Policy
- 3.1 Directors, executives, and employees can provide gifts and entertain business partners if it is not an action to dominate, induce, or reward any person for any advantage, benefit, or business benefit.
- 3.2 By providing gifts and entertainment, it must be done on behalf of the company, not on behalf of the company, and it should be done openly without concealing. It should be legally performed under the rules and regulations of the company appropriately.
- 3.3 Directors, executives, and employees can receive gifts or benefits ordinarily, or traditionally, but the gift shall not affect business decisions.
- 3.4 If a gift is received from a business associate with a company on a customary or customary occasion excess the value abnormally, it must be reported to the supervisor immediately, and the company will consider giving awards for the employees in major festivals or seeking donations for charitable purposes as appropriate
4. Securities Trading and Inside Information Policy
- 4.1 The director and the employees of all levels should avoid the use of internal information for personal purpose in trading or buying the company's securities or providing the information to the third party for the trading benefits.
- 4.2 The director and the employees of all levels should report securities trading. It is to prevent the trading by using internal information and avoid the criticism on the propriety of the trading of internal employees.
- 4.3 Internal employees should avoid the trading prior to the publication on financial statement, the company's status or any other important information. They should trade after at least 24-48 hours after the publication.
5. Internal Controls and Audits, and Financial Reporting
- 5.1 The company management is responsible for accurate and timely financial report, yearly and quarterly financial statements according to the wild accounting standard.
- 5.2 Organize effective control system and internal audit to assure that the company's conformity to the related standards and laws under the audit of the internal auditor and audit committee.
6. 6. Shareholders Policy
- 6.1 Work dedicatedly with honesty and fair process towards all shareholders.
- 6.2 Always report the true and complete company's status to the shareholders.
- 6.3 Report adequate information of the company's future trends, both positive and negative, with supportive reasons to the shareholders.



7. Customer Relations and Product Quality Policy
  - 7.1 Deliver quality products according to or higher than customer's expectation under the fair conditions.
  - 7.2 Provide correct and enough product's information to the customers timely which assist in their decision making. That information must not be exaggerated both via advertisement or other communication channels who will lead to the misunderstanding about the quality, quantity, or any other conditions of the products and services.
  - 7.3 Secure customer's secrets without improperly take it for personal benefits or of all concerned.
  - 7.4 Quickly respond to customers' requirement and provide claiming system and channel for customers to effectively complain about the quality of products and services.
8. Suppliers/Creditors Policy
  - 8.1 Treat business partners and creditors with equality and fairness - based on the fair compensation of both sides.
  - 8.2 Strictly hold onto the commitment or other agreed conditions. If one of the conditions can't be implemented, the report must be promptly directed to the partners and/or creditors in advance for the collaborative resolution.
  - 8.3 For business negotiation, the demanding, receiving, or paying for any corrupted benefits to the partners and/or creditors must be avoided.
  - 8.4 Any trace of demanding, receiving, or paying for any corrupted benefits will be disclosed to the partners and/or creditors for the prompt and fair collaborative resolution.
  - 8.5 Always report correct and complete financial report to the creditors timely.
9. Employees Policy
  - 9.1 Give fair compensation to the employees
  - 9.2 Keep working environment for life and property safety of the employees.
  - 9.3 The appointment and translocation, as well as rewarding and punishment must be implemented with honesty and based on the employee's right knowledge and capability to the right work.
  - 9.4 Pay attention to knowledge, capability and skill development of the employee by giving chances thoroughly and always.
  - 9.5 Strictly abide by laws and regulations which are related to the employees.
10. Rivals Policy
  - 10.1 Appropriate behavior under good competition rules.
  - 10.2 Not searching for confidential information of business partners with inappropriate or dishonest ways, such as bribery to the employees of the competitor etc.
  - 10.3 Not ruin the reputation of the business rivals with malicious accusation.
11. Employee Practice Policy
  - 11.1 Determination, honesty and transparency are desirable.
  - 11.2 Giving gifts to supervisor or receiving gifts from the subordinates should be avoided.
  - 11.3 Respect the rights of other employees and the management.
  - 11.4 The commander should be a respectful role model for the employees and that no disrespectful act should be behaved towards the commander.
  - 11.5 With or without written statement, discipline and good behaviors under the organizational regulations and gracious traditions are expected.
  - 11.6 Cooperativeness in maintaining the sense of unity among the employees. Any act which might badly affects the reputation and image of the company or is likely to be soon a problem should be avoided.

## 12. Environment and Community Policy

- 12.1 Take responsible and commit in nurturing local environment, customs, and traditions.
- 12.2 Constantly conduct activities, with or without the corporation with government sectors and community, in creating society, community, and environment to make the company's located areas a good quality for a living.
- 12.3 Prevent accident and control the emission under the standard.
- 12.4 Promptly and effectively respond to the circumstances which affect the environment and community resulted from the company's operations with the utmost cooperation with the government officers, and all concerned sectors.

## 13. Political Assistance Policy

- 13.1 Operate the business neutrally in politics without supporting or doing any actions to do favor for any political party.
- 13.2 Do not provide financial support or items to any political party, politician, or political candidate by having the purpose to provide business benefits to the company.
- 13.3 Employees have the right of freedom to participate in political activities under the provisions of the Constitution. It must not impersonate an employee or bring any property, equipment or tools of the company to use for any purposes in politics. If there is participation, be careful not to take any action to be understood that the company has sponsored or dedicated to a political party.

## 14. Charity Donation Policy and financial support

- 14.1 It is the donations for charity in the form of financial assistance or other forms, such as education or time-sharing, and it can be made as part of the social contribution as well as performing public relation and promoting good image for the company without having an expectation for business returns.
- 14.2 Funding, whether for money or property, for any activity or project must be implemented with transparency and legality. The name of the company must be specified by the approval process in accordance with the Company's regulations and ensure that such funding is not used as a means of avoiding bribery. Funding must be objective to promote business and the good image of the company. It can be done in many ways, such as supporting cultural activities, Social and Environmental Activities as well as Educational and Sport Activities, etc.

## **Section 4: Disclosure and Transparency**

- 1. The company distributes important data which are related to the company as well as financial data and non-financial data accurately, completely and accessibly on time. Apart from the revelation of information according to the standards of the stock market and the Office of the Securities and Exchange Commission through the given channels, the company has the policy to distribute the important data which may influence the shareholders' decision to vote or the data which may affect the company's prices of securities through different channels of the stock market and the company's website [www.tmc.co.th](http://www.tmc.co.th), the annual registration statement (Form 56-1) and the annual report as well as the public media which are accessible to the shareholders and the public.
- 2. The company reports the conclusion of results of the operations according to various policies which have been approved such as the corporate governance policy and business ethics through various channels such as the annual report and the company's website, etc.
- 3. The company prepares the Management Discussion and Analysis (MD&A) for the financial statement of every quarter so that the investors are aware of and understand the change of financial status and the result of the company's operation in each quarter better.
- 4. The company reveals the audit fee and other fees for the services have been provided by the auditor in the annual report.

5. The company reveals the roles and duties of the directors and the sub-directors, the number of meetings and the number of times that each director attended the meetings in the past year, the opinions based on the performance of duties as well as the trainings and the continual development of vocational knowledge of the directors in the annual report.
6. Investor Relations Work. The Company has set the person in charge of disclosing important information to investors and related parties to facilitate access to information for stakeholders.
7. The company asks that the important related transactions shall be proposed to the audit committee to consider before proposing for the approval of Board of Directors and/or the shareholders' meeting (as the case may be) based on the related transaction rules required by Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC).
8. In terms of investor relations, the company assigns the persons who will act as the center for the disclosure of important information to the investors and related parties in order to facilitate the stakeholders' access to information through various channels.

**The Practices in Compliance with the Corporate Governance Principles regarding Data Revelation and Transparency**

- The company reveals important information which is related to the company, including the financial information, i.e., the quarterly financial statements and the annual financial statement 2020 which have been prepared in accordance with the accounting standards and approved by the company's auditor Mr. Naris Saowalaksakul, a certified public accountant no. 5369 from SAM NAK-NGAN A.M.C. Company Limited. The information is presented to the Audit Committee and is approved by the company's Board of Directors. As for the non-financial information, it includes the annual registration statement (Form 56-1) and the company's annual report. All of these documents have been prepared accurately, completely and on time according to the standards of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The shareholders and people in general can easily access such information via the company's website [www.tmc.co.th](http://www.tmc.co.th) and the Stock Exchange of Thailand's system. Also, the documents are submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission so that the shareholders can make use of such information to decide on the investment.
- The company sums up the result of operation according to the good corporate governance and business ethics policies in the annual registration statement (Form 56-1), the company's annual report as well as in the company's website.
- The company prepares the management's explanation and analysis of the result of operation which changes more than 20% of the financial statement of every quarter via company's website [www.tmc.co.th](http://www.tmc.co.th) or the Stock Exchange of Thailand's system, and send the document to the Office of the Securities and Exchange Commission, so that the investors are informed about the result of operation and understand the company's changes better.
- The company reveals the audit fee and other fees for the services have been provided by the auditor in the annual registration statement (Form 56-1) under the topic of remuneration for auditor and in the company's annual report.
- The company reveals the roles and duties of the directors and the sub-directors, the number of meetings and the number of times that each director attended the meetings in the past year as well as the trainings and the continual development of vocational knowledge of the directors in the annual report.
- The company by sales and marketing department has conducted a survey on customer satisfaction. As well as receiving complaints from customers in order to improve the quality and service. By evaluating results from service of delivery and quality with an overall score of 93.00% of the customer's satisfaction survey in 2020.
- In terms of investor relations, the company assigns the persons who will act as the center for the disclosure of important information to the investors and related parties in order to facilitate the stakeholders' access to information through various channels. The contact persons are:
  - **Mr. Surachet Kamolmongkolsuk**  
 Managing Director  
 Telephone : 038-271933  
 Fax : 038-271931  
 Email : [surachet@tmc.co.th](mailto:surachet@tmc.co.th)

- **Mr. Naphatra Chatvivhian**  
Chief Financial Officer and Company Secretary  
Telephone : 038-271933 Ext. 411  
Fax : 038-271931  
Email : naphatra@tmc.co.th

Moreover, the company also sends out information through the news alert system to the investors and people who are interested via the e-mail. Also, it is possible to leave questions in the system by subscribing and logging in to the IR Services under the topic "Info Request" in the company's website [www.tmc.co.th](http://www.tmc.co.th).

## **Section 5: Board Responsibilities**

### **Structure of the Board of Directors**

1. The Board of Directors have 9 member, and consists of independent directors which were no less than one third of the whole Board, three of them are independent directors which non-executive and six of them are non-independent directors. All of them are knowledgeable and have experiences in the field of the Company's business. In addition, all three Audit Committee are Independent Directors who has duties to balance the casting vote while considering various matters and to review the performance of the management for maximum benefits of the Company.
2. The Company has a policy that the Chairman of the Board and the Managing Director must not be the same person to prevent unlimited exercise of power. The Board of Directors shall define the powers, duties and select the persons to hold both positions.
3. The Company has appointed the Company Secretary who shall have duties and responsibilities to provide legal recommendations and criteria that the Board of Directors should be well aware of and to oversee the activities of the Board of Directors, as well as to coordinate to ensure the compliance with the resolution of the Board of Directors.

### **The Roles, Duties and Responsibilities of the Board**

1. The Board of Directors consists of the personnel who are equipped with the knowledge and skills in business operation as well as the experts from various fields who can conduct an independent review of the company's operation. It is the Board's duty to determine the vision, the mission, the strategies, the financial goals, the risks, the plans and budgets as well as to supervise, control and manage departments to make sure that the operations are in accordance with the policies and the plans that have been set up with efficiency and effectiveness.
2. The Board of Directors determines the written corporate governance and business ethics policy and assign the directors, the executives and all employees abide it as the guidelines for the operation. The Board also has to constantly review the policy and follow up with the operations to ensure that they comply with the policy.
3. The Board of Directors sets up the system to control and monitor the operations within the company and to assure that the practices are in compliance with the rules, regulations and policies which may have an impact on the company's operation. In doing so, the Board has established the internal audit agency and the compliance unit to make sure that the company operates according to the guidelines that have been set up efficiently. There is also the agency which follows up with and evaluates the operation constantly. These independent agencies report directly to the Audit Committee who has determined the penalties in case of non-compliance. In addition, the company hires the outsource which will work together with the company's internal audit agency to examine and take care of the internal control system and to check important items regularly to ascertain that the company has effective systems which will enhance the financial statement's reliability. Besides, the Audit Committee will also double-check the efficiency of the internal control system which includes the operation, the compliance control and the risk management. Attention is also paid to anomalies.
4. The Board of Directors arranges for risk management by establishing and assessing. The Company's risks Defining and managing risks that may affect the company's operations by assigning management to be the operator and report to the audit committee by monthly and the board of directors by quarter, in order to follow up and evaluate of effectiveness regularly. The Board of Directors arranges for organize a hearing on the sufficiency of internal control system and risk management of the company at least once a year. The details are revealed in the annual report.



#### **The Practices in Compliance with the Corporate Governance Principles regarding the Board's Responsibilities**

- The Board of Directors as of December 31, 2020 consisted of 9 directors which were 5 executive directors, 1 non- executive director and independent directors which were no less than one third of the whole Board, i.e., 3 independent directors. 3 independent directors were appointed audit directors to counterbalance the voting on different matters and to review the management's administration for the company's maximum benefit. The 3 audit directors were the Chairman of the Audit Committee Mr. Arthit Wuthikaro and 2 Audit Directors Mr. Manu Leopairote and Mr. Mitthong Chulitawong. Mr. Mitthong Chulitawong was equipped with enough accounting knowledge and experience to conduct a review of the reliability of the company's financial statements.
- The Company has separated the Chairman and the Managing Director to be different persons to prevent any person from having unlimited power, Mr. Manu Leopairote is the Chairman of the Board of Directors and Mr. Surachet Kamolmongkolsuk, is a Managing Director
- The Board of Directors meeting No.2/2016 on May 14, 2016 resolved to appoint Mr.Naphatra Chatvichian the Company Secretary whose duty was to provide legal advice and other suggestions concerning related regulations according to the Securities and Exchange Act that the directors needed to be aware of. The secretary also had to oversee the Board's activities and coordinate to implement the Board's decisions.
- The company improved the policy of Corporate Governance and Code of Conduct, revision year 2020 which was approved by the Board of Directors meeting No.3/2020 on August 11, 2020 so that the directors, the executives and all employees could apply it as the guidelines for the operation. Besides, the "Good Corporate Governance and Code of Conduct" manual was prepared and distributed to the directors, the executives and all employees. It was also published on the company's website [www.tmc.co.th](http://www.tmc.co.th)."
- The Board of Directors approved the appointment of the compliance unit. Also, the company was in the process of preparing the compliance policy manual by compiling the regulations of all agencies in order to distribute the manual to the directors, the executives and all employees to ensure that the company complies with related regulations, disciplines and laws, both internal and external ones, accurately and efficiently. The regular monitoring and assessment was also arranged. The compliance unit was independent and would directly report the result of operation to the Audit Committee. The penalties for non-compliance were clearly and strictly determined.
- The company hired the outsource called Professional Internal Audit Service Co., Ltd., an experienced and proficient internal audit company, to work with the company's internal audit agency to examine and take care of the internal control system and to check important items regularly to make sure that the company had an efficient internal audit system which would enhance the reliability of the financial statements. Afterwards, the Audit Committee would double-check the efficiency of the internal audit system as well.
- The Board of Directors and the Audit Committee organized a hearing on the sufficiency of the company's internal audit system and risk management at least once a year. The details were described in the annual report.
- The Audit Committee had meeting together with the company's auditor without the executive on February 23, 2021 for enquire of audit process, company cooperation and coordinate, trouble during audit, important issue in the 2020 financial statement.

#### **The Board of Directors' Meetings**

The company organizes the Board of Directors' meetings regularly at least once every 3 months. The meeting schedules of the whole year are fixed in advance so that the directors can properly allocate time to join the meetings or may have a special meeting as necessary. The agenda together with other documents will be sent to every director at least 7 days in advance so that the directors have sufficient time to consider and study the information. The Chairman of the Board encourages every director to attend every meeting or no less than 75% of all meetings of the Board of Directors in a year. It is specified that the minimum number of quorums required by the Board of Directors at the Board of Directors' meeting shall be at least 2/3 of the total number of directors. Moreover, the report of operation is sent to the directors on the months without meeting so that the directors can control and supervise the management's operation continually and in time. The company's secretary is in charge of supervising the activities during each meeting of the Board of Directors and preparing the minute which must be kept properly and exclusively for easy examination.

- The company organizes the meetings of the Board of Directors and the Audit Committee regularly at least once every 3 months. In 2020, there were 4 meetings of the Board of Directors. The meeting schedules of the whole year are fixed in advance so that the directors can properly allocate time to join the meetings. In 2020, the Board of Directors comprised of 9 directors, the directors attend the meeting of the Board of Directors to 100% total 7 persons and to 75% total 2 persons, and while the Board of Directors vote in the meeting the quorum of the directors no less than 2 out of 3 of its members in every meeting. The company's secretary will deliver the agenda together with other documents will be sent to every director at least 7 days in advance so that the directors have sufficient time to consider and study the information beforehand. Also, the company's secretary will be the one who is in charge of supervising the activities during each meeting and preparing the minute which will be presented to the directors for approval in the next meeting. Afterwards, the minute will be kept in the form of folder and electronic document in the secretary department for convenient search and reference.

### The Self-evaluation of Directors

The Company has self-assess the performance of the Board of Directors and the Board of Directors for both group and individual, at least once a year, to collect the scores of the directors and sub-committees, and summarize the performance of the Board during the year to report to the Board of Directors on the performance and problems for further improvement. Moreover, the rules will be set to compare performance, and the results of the assessment shall be disclosed in the annual report

- In 2020, the company evaluated the self-assessment of the directors by group and individual, and the assessment of the MD's result of operation (by the directors) by using the form of the Corporate Governance Center, the Stock Exchange of Thailand. The results of the assessment in 2020 are as follows:
  - 1) the self-assessment of the directors : by group = 3.92 (good), by individual = between 3.55 - 4.00 (good -excellent)
  - 2) the self-assessment of the audit committee : by group = 3.97 (good), by individual = between 3.91 - 4.00 (good - excellent)
  - 3) the assessment of the MD's result : 3.86 (good)

### Remunerations for Directors and Executives

The remunerations for the independent directors include the monthly payment and the meeting allowance per time which must be in accordance with the average standard of the same industry. The remunerations must match the directors' duties and responsibilities. As for the executive directors, they do not receive the monthly payment and the meeting allowance per time. Instead, they gain the salary and the annual bonus which is largely based on the company's result of operation. The sum of the annual remunerations of the directors and the executives must not be unusually high compared to the average remunerations of registered companies in the Stock Exchange of Thailand. The main consideration will be on the shareholders' maximum benefit. Besides, the directors' remunerations must be approved during the annual general meeting.

- The company has determined the remunerations of the independent directors, which include the monthly payment and the meeting allowance per time which are in accordance with the average standard of the same industry and are appropriate to each director's duties and responsibilities. The remunerations of the independent directors in 2020 were approved during the 2020 annual general meeting, and they remained the same as in 2019 without any raise. As for the executive directors, they do not receive the monthly payment and the meeting allowance per time. Instead, they gain the salary and the annual bonus which is largely based on the company's result of operation.

### The Development of Directors and Executives

The company has the policy to support the trainings for those who are related to the company's corporate governance system for continual improvement of operation. Moreover, the documents and the plans are systematically prepared to enable the new directors to continue the work smoothly in case there is replacement in the Board.

In 2020, the company encouraged the directors, the executives and the company secretary section to attend the trainings and the seminars organized by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Thai Institute of Directors Association (IOD) and other agencies as follows:

- "Innovation to promote Morality Private Organization, Moral Business Forum 2020" on January 23, 2020, organized by Moral Promotion Center (Public Organization) and Volunteering Heart Foundation and Thai Health Promotion Foundation. *(Mr. Naphatra Chatvichian CFO / Company Secretary and HR Manager)*
- The development of mechanisms within the workplace to promote positive communication" on March 10, 2020, organized by Thai Health Promotion Foundation. *(Mr. Naphatra Chatvichian CFO / Company Secretary, HR Manager and MIS Manager)*
- "Techniques for solving errors in business accounting errors" on November 7, 2020, organized by Rich Accounting Company Limited. *(Mr. Naphatra Chatvichian CFO / Company Secretary)*
- "Accounting standards related to retail business listed on the Stock Exchange and according recording methods for preparing accurate financial statements" on November 8, 2020, organized by Rich Accounting Company Limited. *(Mr. Naphatra Chatvichian CFO / Company Secretary)*

### Orientation for the new director

The company conducted orientation for the new director who take new position under The Board of Directors for acknowledge all information such as The nature of business, policy, target, performance other rules that relate to his position of listed companies etc. Company Secretary have to provide document set, The Annual report and watch Webcast of the Company, including visit the actual work of the company for highly benefit to new comer. (No new director in 2020)

### Subcommittee

The structure of the Board of Director for management the company has 3 subcommittees, and details are as follows:

#### **1) The Board of Director**

In 2020, The Board of Directors consists of 9 members, 3 of them are Independent Directors and 6 of them are non-independent Directors (5 in 6 of them are executive directors).

#### **Scope of power, duties and responsibilities of the Board of Directors**

The Board of Directors has the powers, duties and responsibilities to manage the Company pursuant to the applicable laws, the Company's objectives and Articles of the Company. A summary of the substantial duties and responsibilities of the Board of Directors is set out below:

1. To perform duties pursuant to the applicable laws, the Company's objectives and Article of Association as well as the resolutions of the shareholders' meeting with honesty and prudence in the best interests of the Company.
2. In charge of specifying the objectives and the main target of the business as well as integrating the business responsibility principles into the main objectives and goals to create a sustainable business value along with the business.
3. To establish vision, policy and operational directions of the Company including to supervise to ensure that the management team effectively and efficiently conducts operations in accordance with the specified policy and work plan to maximize economic values to the business and for maximum stability for its shareholders.
4. To monitor the performance to ensure that they follow the policy and business operation, provided that, the indices to be used as the practical guidelines must be clearly specified, by taking into consideration the possibility and reasonableness, and such policy including its compliance must be reviewed continually.

5. To carefully consider the conflict of interest and the transaction which may cause a conflict of interest by specifying the clear guidelines and they must be for the benefits of the Company and the overall shareholders. The interested person shall not take part in making decision for such transactions. To supervise the transaction which may have a conflict of interest to ensure that it is correctly, completely and transparently compliance with operating procedures and its information is disclosed
6. To authorize and specify the approval level on the conduct of any transaction and activity related to the Company's business to the group of persons or a person as appropriated and pursuant to the relevant laws, by preparing as the authority manual and such manual must be reviewed at least once a year.
7. To arrange for the credible accounting system, financial reporting and audit operations as well as to supervise the evaluation procedure of the internal control. There should be the independent person or unit responsible for auditing such control system and the systems must be reviewed constantly.
8. To specify comprehensive risk management policy throughout the organization. The management must comply with the policies and report to the Board of Directors on continued basis, to review the system or assess the efficiency of the risk management constantly and every time when it is found that risk level has been changed within the defined direction, as well as pay attention to the advance alarm and abnormal activities.
9. To appoint the subcommittee or any person to oversee, monitor and control the essential management work of the Company under the supervision of the Board of Directors and to assess the performance and fix the remuneration of such subcommittee or person, or to assign authority to such subcommittee or person as the Board deems appropriated and within the specified time as the Board of Directors may think fit and the Board of Directors may revoke, cancel, change or modify such authority.

For this purpose, the delegation of authority to the subcommittee or person as mentioned above shall not include the delegation of authority which entitled such subcommittee or person to consider and approve the transaction that such person or the person who may have a conflict, interest or may have a conflict of interest in any other manner with the Company or the subsidiaries. In addition, the approval from the shareholders' meeting is required for conducting any connected transaction or acquisition or disposal of the material assets of the Company so as to be compliance with the regulations of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand. In the event when any director or the potential interest person (pursuant to the notification of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand) has interest or conflict of interest, such director or the potential interest person is not entitled to vote or authorize to approve such transaction. Moreover, the Board of Directors may authorize such subcommittee or person as mentioned above to undertake the transaction concerning the operation and the investment under normal course of business of the Company, provided that, the scope of work and amount of money in each level must be clearly defined. No authorization is granted without limiting any monetary amount.

#### **Roles and duty of the Chairman of the Board of Director**

1. Take responsibility as the leader of the board of director in supervising, instructing, monitoring, and supporting the operation of the management and other subcommittee in order to pursue the determined objectives, policy, and strategy.
2. Support and encourage the board of director in working tirelessly according to the scope of their responsibility and good business governance.
3. Being a person who calls for board of director meeting and acts as a chairman of the meeting. If the request for meeting is proposed by more than 2 directors, the chairman will define the meeting date within 14 days from the request issued date.
4. Being a person who holds the adjudge vote for the tie vote in case there's a vote occurs in the board of director meeting.



5. Being a person who calls for the shareholders meeting and acts as a chairman of the meeting. Participate in defining the meeting agenda with managing director.
6. Efficiently take responsibility in controlling and conducting the board of director meeting and shareholders meetings to follow the company's regulations. Support and give chance for the director or shareholders to independently share their opinions.

## 2) The Audit Committee

Audit Committee has the complete composition and qualifications in line with the guidelines set forth by the SEC and the SET, consisting of three independent non-executive directors, and at least one director must be a member of the Audit Committee. The audit committee is responsible for reviewing the reliability of the financial statements. The audit committee has a term of 3 years. However, the committee that retires by rotation according to the company's regulations may be reappointed. And in case that the position of the Audit Committee becomes vacant for any other reason. In case the expiration of the term, the Board of Directors has appointed a fully qualified person as a replacement audit committee. So the audit committee has the total amount as specified by the board of directors. The newly appointed audit committee will be in the position for the remaining term of the replacement audit committee only.

Audit Committee arranges the meeting for at least once a quarter, with a clearly defined agenda in advance. The meeting documents should be sent to the Audit Committee and the attendees in advance, so that the Audit Committee has time to consider matters or ask for additional information. The agenda covers the topics as assigned by the Board of Directors.

The 3 audit directors were the Chairman of the Audit Committee Mr. Arthit Wuthikaro and 2 Audit Directors Mr. Manu Leopairote and Mr. Mitthong Chulitawong. Mr Mitthong Chulitawong was equipped with enough accounting knowledge and experience to conduct a review of the reliability of the company's financial statements.

### Scope of duties and responsibilities of the Audit Committee

1. To verify that the Company has accurate financial reports and adequate disclosure of information by coordinating with the external auditor and the executives in charge of preparation of the quarterly and annual financial reports before proposal to the Board of Directors.
2. To verify that the Company has proper and effective internal control and internal audit system, to verify the independences of internal audit department, and to approve the appointment, removal and dismissal of the head of the internal audit department or any other department in charge of internal audit.
3. To verify that the Company conforms with laws regarding securities and securities exchange, regulations of the Stock Exchange of Thailand, as well as other laws, rules, regulations and requirements relevant to the business of the Company.
4. To consider, select, propose the appointment of an independent person to perform as the auditor of the Company, to propose remuneration for the auditor to the Board of Directors for further appointment by the general shareholders' meeting, to coordinate with the auditor for the audit purpose, scope, guideline, work plan, problems found during the audit and other important issues, and to attend meeting with the auditor without management attendance at least once a year.
5. To ensure complete and correct disclosure of information concerning the connected transaction or the transactions that may involve conflict of interest in accordance with the laws and regulations of the Stock Exchange of Thailand, as well as to disclose complete and correct information of such transactions to ensure that they are reasonable and are in the best interest of the Company.
6. To verify that the Company's risk management system is appropriate and efficient.
7. To prepare the Audit Committee's report for disclosure in the annual report, and such report shall be signed by the Chairman of the Audit Committee and it must at least contain the followings:
  - Opinion on correctness, completeness and reliability of the financial reports of the Company;

- Opinion on adequacy of the internal control system;
  - Opinion on compliance with the laws regarding securities and securities exchange, regulations of the SET, or the laws relevant to the business of the Company;
  - Opinion on appropriateness and remuneration of the auditor;
  - Opinion on transactions that might have conflict of interest;
  - Number of the Audit Committee meetings and attendance of each member;
  - Opinions or observations in overall from the Audit Committee's performance of duty in compliance with the Charter; and
  - Other issues that should be made known to and acknowledged by the shareholders and investors within the scope of duties and responsibilities assigned by the Board of Directors.
8. To perform other duties within the scope of its responsibilities as assigned by the Board of Directors and to report directly to the Board of Directors. In the performance of such duties, the Audit Committee must have direct accountability to the Board of Directors and the Board of Directors must have accountability regarding the Company's business operation to external parties.
  9. If the Audit Committee finds or suspects that any transaction or action may have material impact on the financial position or operation of the Company, e.g. transaction that causes conflict of interest, fraud or unusual transaction or material deficiency in the Company's internal control system, violation or infringement of laws regarding securities and securities exchange, etc. the Audit Committee shall report to the Board of Directors for rectification and improvement in a timely manner as considered appropriate by the Audit Committee. In case the Board of Directors or the Management fails to rectify or improve such issue or incident in a timely manner as considered appropriate by the Audit Committee, any member of the Audit Committee may report such issue or incident to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

### 3) The Executive Committee

The Executive Committee consists of 5 members.

#### Scope of power, duties and responsibilities of the Executive Committee

1. To supervise the management of the Company to ensure the compliance with the policies specified by the Board of Directors and to report the operational results to the Board of Directors.
2. To specify strategy and business plan, budget, as well as management structure, so as to comply with the policies and targets set by the Board of Directors, and to present them to the Board for consideration.
3. To authorize and specify approval level of each person as appropriated and to segregate the duties which might be favorable for corruption and present to the Board of Directors for approval as well as to supervise the adherence of the approved principles and requirements.
4. To consider the organizational structure, to authorize management power, salary structure of the Company as well as to have power to define scope of duty, assign, appoint, transfer, cut or reduce wage, dismiss, terminate employment, consider benefits, impose disciplinary penalty, reward to Deputy Managing Director and lower. These powers may be assigned to the Managing Director or the authorized person assigned by the Managing Director, to act on the Company's behalf for signing in the employment contract.
5. To consider and approve the financial transaction with the bank/financial institutes for supporting the normal business operation, such as opening bank account, providing loan, borrowing money, procurement of credit, pledge, mortgage, guarantee and etc., including purchase and sale and register for any land ownership for normal business operation pursuant to the approval power and order approved by the Board of Directors.
6. To consider and approve the investment and define the investment budget pursuant to the power specified in the manual.
7. To consider the new business operation or business discontinuation to propose to the Board of Director for further approval.

8. To consider other matters assigned by the Board of Directors. However, the delegation of authority as mentioned above shall not be in the manner of delegation of authority or sub-authority which entitled the Executive Committee or the authorized person of the Executive Committee to approve the transaction that the Executive Committee Director or the person who might have conflict of interest, interest or any other benefits as per specified by the SEC with the Company or its subsidiary, except it is the approval of transaction under the criteria approved by the Board of Directors.

However, the approval of such transaction with conflict of interest must be performed pursuant to the notification of the SET, the Capital Market Supervisory Board and/or the Office of the SEC Re: Criteria, method and disclosure of the connected transactions of the listed companies. In addition, the Executive Committee may be appointed or removed by the Board of Directors' meeting or the shareholder's meeting.

#### **Authority and duty of Managing Director**

1. Authorized by the company in managing the business in accordance with the objectives, regulations, policy, rules, command, the agreement from shareholder's meeting and/or the agreement from the committee and executives meeting.
2. Manage business governance; define strategic plan, and daily administration, as well as command and governing overall operations for the utmost administrative benefits.
3. Prepare and present business policy, plan, objectives, operation plan, strategy, funding, business yearly budget, yearly report, and defined administrative power to be proposed to the executives, audit committee, and company committee.
4. Constantly follow up and assess the company performance. Report the performance and progression to the executives, audit committee, and company committee.
5. Hold the power to direct, contact, command, as well as sign in any contract, letter of command, and announcement as stated in the authorization manual.
6. Consider in making contract about normal business operation, new business investment, or business close down according to the authorization manual.
7. Consider the company profit and loss. Propose interim or yearly dividend payment to the executive for the approval.
8. Consider in approving the payment for normal operational expenditure as stated in the approved authorization regulations.
9. Define organizational structure, management method which covers the information in recruiting, training, employing, and laying off. Determine wage, salary, compensation, bonus, and other welfares for the employees.
10. Scope the duty, appoint, translocate, cut down or reduce wage, relieve, consider meritorious acts, disciplinary punishment, reward the employees from manager downwards.
11. Appoint and manage working groups for good and transparent benefits and efficiency. The power of a right of subrogation and /or assign the third party will act for the company for the specific operation. The subrogation rights and/or that kind of assignment must be conducted under its extent according to the power of attorney and/or assignment regulation and the approved command from the committee.
12. The power to command the rules, announcement, note for the operation to follow the company's policy and benefits and to maintain the organizational rules and discipline. Duty and responsibility assignment of the committee will neither be the assignment nor the subrogation which authorizes the managing director or the committee's attorney to approve the record of conflict (according to the definition of all concerned sectors), the record of interests, or the conflict of interests with subsidiaries, except only it's the regular approval with clear extent.
13. Conduct any process as being assigned from the executive and/or the company committee.

### Define the credit approval power

The Company specified the credit approval power for the operation of the Company which can be summarized as follows:

Type of Transaction	Approval Power		
	Managing Director	Executive Committee	Board of Director
<b>1. Transaction for normal business operation</b>			
1.1 Procurement of raw materials, supplies, hiring or service for production or for sales.	Less than Bht. 10 mil.	Less than Bht. 10 mil.	Less than Bht. 10 mil.
1.2 Procurement of tools and equipment	Less than Bht. 3 mil.	Less than Bht. 20 mil.	More than Bht. 20 mil.
1.3 Procurement of machinery	Less than Bht. 5 mil.	Less than Bht. 40 mil.	More than Bht. 40 mil.
1.4 Provision of credit to customers	Less than Bht. 100 mil.	More than Bht. 100 mil.	-
1.5 Procurement of professional services	Less than Bht. 3 mil.	Less than Bht. 10 mil.	More than Bht. 10 mil.
1.6 Borrow money from financial institute	Less than Bht. 10 mil.	Less than Bht. 50 mil.	More than Bht. 50 mil.
1.7 Lease or lease out asset per year	Less than Bht. 1 mil.	Less than Bht. 5 mil.	More than Bht. 5 mil.
1.8 Sale of assets which are the product	Less than Bht. 30 mil.	Less than Bht. 50 mil.	More than Bht. 50 mil.
<b>2. Other transaction</b>			
2.1 Investment in other business	N/A	N/A	Consider for approval
2.2 Disposal of assets	Less than Bht. 5 mil.	Less than Bht. 20 mil.	More than Bht. 20 mil.
2.3 Building construction, improvement or repair building	Less than Bht. 2 mil.	Less than Bht. 20 mil.	More than Bht. 20 mil.
2.4 Investment in the land	N/A	Less than Bht. 20 mil.	More than Bht. 20 mil.

Remarks : details from the Credit Approval Power Rev.10, approved by the Board of Directors Meeting No.5/2018 held on November 9, 2018

### Recruitment and Nomination of the Directors and Top Management

#### **1. Independent Director**

The Independent Director must possess the qualifications pursuant to the notifications of the Capital Market Supervisory Board No. Tor Jor. 28/2551 RE: Request for permission and approval for offering newly issued share with details as follows:

- 1) Holding shares not exceeding 1 percent of the total number of voting shares of the Company, its parent company, its subsidiary, its associated company or a controlling person of the Company, provided that, the shares held by the related person of such Independent Director shall also be counted for this purpose.
- 2) Not being or having been a director involved in the management, an employee, a consultant with a monthly wage or a controlling person of the Company, its parent company, its subsidiary, its associated company, a subsidiary in the same level, a major shareholder or a controlling person of the Company, except he/she has resigned from such position at least 2 years prior to the date submitting the approval request to the Office of the Securities and Exchange Commission (SEC), provided such prohibition shall not include the case where the independent Director was once a government official or the advisor of the government agency which is the major shareholder or the controlling person of the Company.
- 3) Not being related by blood or legal registration as a father, mother, spouse, sibling and child, including as a spouse of the child of an executive officer, a major shareholder, a controlling person or a person who will be nominated to become an executive officer or a controlling person of the Company or its subsidiary.
- 4) Not having or had a business relationship with the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company in the manner which may interfere the exercise of independent judgment, including not being or having been a major shareholder, or a controlling person of a person having a business relationship with the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, except where such restriction had passed for not less than 2 years prior to the date submitting the approval request to the SEC.



- 5) Not being or having been an auditor of the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, and not being a major shareholder, a controlling person or a partner of an audit office for which the auditor of the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company work, except where such restriction had passed for not less than 2 years prior to the date submitting the approval request to the SEC.
- 6) Not being or having been a professional service provider, including a legal consultant or financial advisor who receives service fees exceeding Baht 2 million from the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, and must not be a significant shareholder, a controlling person or a partner of such professional service provider, except where such restriction had passed for not less than 2 years prior to the date submitting the approval request to the SEC.
- 7) Not being a director appointed to represent the Company's Board of Directors, a major shareholder or a shareholder who is related to the Company's major shareholder.
- 8) Not being in a business of the same nature as, and of significant competition to that of the Company or its subsidiary or not being a significant partner of a partnership or not being a director who is involved with management tasks, a staff member, an employee, a consultant with a monthly wage or holds shares more than 1.0 percent of total shares with voting rights of another company which is engaged in a business of the same nature as and of significant competition to that of the Company or its subsidiary.
- 9) Not possessing any characteristics which prevent the giving of an independent opinion on operations of the Company.

Independent directors have a term of 3 years, which is rotated according to the terms of 1/3 of the total number of directors. Upon expiration of the term, the directors may be considered for further consideration and nominated to the Annual General Meeting of Shareholders for re-election as directors. In this regard, the independent directors can hold the position for not more than 3 consecutive terms or not more than 9 years from the date of holding the position. Unless there is a necessary and appropriate reason that is beneficial to the company, allowing the Board of Directors to consider the extension of the term of independent directors

## 2. Nomination of the directors and top management

With regard to the nomination of the members of the Board of Directors and top management i.e. Managing Director, even though the Company does not have the Nomination and Remuneration Committee in place, but the nomination of the director and managing director shall be made by the Board of Directors by taking into account the qualifications on knowledge, competency, experiences, vision and credibility and such candidate must not possess the qualifications prohibited by the laws. Especially on the part of directors give the shareholders the opportunity to nominate persons for consider being appointed as a director following SET regulation. After that this matter shall be proposed to the shareholders' meeting for further consideration and appointment. Essence of criteria and methods specified by the Company can be summarized as follows:

- 1) The Company's Board of Directors must consist of at least 5 directors and not less than one half of total directors must reside in the Kingdom of Thailand.
- 2) The election of the directors shall be made at the shareholders' meeting pursuant to the following criteria and method:
  - (a) Each shareholder shall have a number of votes equal to the number of shares held.
  - (b) Each shareholder may exercise all the votes he/she has under (a) to elect one or several persons as director or directors, but the shareholder may not allot his/her votes to any person in any number.
  - (c) The election of the directors shall be based on the majority votes. In case of a tied vote, the Chairman is entitled to a casting vote.
- 3) During every annual general meeting, at least one-third of directors shall retire. If the number of directors is not a multiple of three, then the number of director closet to one-third shall retire. The directors who shall retire in the first and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be re-appointed.

- 4) In case of vacancy of director's position due to reasons other than by retirement in due course, the Board of Directors may appoint a person who is qualified and does not possess any prohibited qualifications specified by the laws to be the director in the next Board of Directors' meeting. Except in a case where the remaining term of a director is less than 2 months, then the term of the newly appointed director shall expire at the same time as the director he/she substitutes. Resolution on election of the director to replace the vacant position must consist of not less than three-fourth of the total number of the remaining directors.
- 5) The shareholders' meeting may pass the resolution to dismiss any director from the position before retirement on due course with the majority votes of at least three-fourth of total number of shareholders presented and have the voting rights and the accumulated shares must not less than half of total shares held by the shareholders presented and have the voting rights.

#### Overseeing the operation of its subsidiaries and associated companies

- None-

#### Policy on Supervision on the Usage of the Company's Inside Information of the Management

The Company has established the policy and the supervision method on usage of the Company's inside information which has not yet been disclosed to the public to be observed by the directors and the executives to prevent any abusive use of such information for their personal gain as well as the purchase and sale of the securities are as follows:

1. To provide information to the directors as well as the executives in various departments on their obligations to report about their securities holdings including the securities holding of their spouse and children under legal age to the Office of the SEC and the Stock Exchange of Thailand pursuant to Section 59 and the penalty clause under Section 275 of the Securities and Exchange Act B.E.2535.
2. To specify that the executives are required to file a report on a change of their securities holdings to the Office of the SEC and the Stock Exchange of Thailand pursuant to the Section 59 of the Securities and Exchange Act B.E.2535 and are required to send this report to the Company on the same day they submit to the Office of the SEC and the Stock Exchange of Thailand.
3. To inform that the executive who can obtain the material inside information which may impact to the change of the securities prices shall not purchase and sell the Company's securities within 1 month before the financial or such inside information is disclosed to the public and such material information is prohibited to disclose to other third parties.

The company included such matters in the "Good Corporate Governance and Code of Conduct" manual. Also, the company has imposed disciplinary actions towards those who try to benefit from using or exposing the company's internal information which might cause damages to the company. The degrees of penalties depend on the cases, including verbal warning, text warning, probation and termination of employment by dismissal, discharge or furlough, etc.

#### Audit fee

The 2020 Annual General Meeting of Shareholders has a resolution to approved the appointment of Mr. Amphol Jamnongwat Certified Public Accountant No.4663, or Miss Prapasri Leelasupa Certified Public Accountant No.4664, or Mr. Narit Saowalaksakul Certified Public Accountant No.5369 or other auditors of the SAM NAK-NGAN A.M.C Company Limited to become auditors of the company in 2020.

- **Audit fee**  
The company paid the Audit fee in 2020 was Baht 1,130,000. This fee included audit fee and total accounting review.
- **Non-audit fee**  
In 2020, the Company paid for auditor allowance and transportation expense were Baht 92,363.00.

#### Compliance with good Corporate Governance in other matters

- In 2020, attendance of the Board of Directors in sub-committee to comply with good corporate governance principles. The details are as follows;

Directors Name (Attendance)		Audit Committee Meeting	Executive Committee Meeting	Annual General Meeting of Shareholders
1. Mr. Manu	Leopairote	4/4	-	1/1
2. Mr. Thaweemit	Kamolmongkolsuk	-	6/6	1/1
3. Mrs. Tubtim	Kamolmongkolsuk	-	6/6	1/1
4. Mr. Surachet	Kamolmongkolsuk	-	6/6	1/1
5. Miss Pacharawalai	Kamolmongkolsuk	-	6/6	1/1
6. Miss Pailin	Kamolmongkolsuk	-	6/6	1/1
7. Mr. Arthit	Wuthikaro	3/4	-	1/1
8. Mr. Mitthong	Chulitawong	3/4	-	1/1
9. Mr. Panom	Ratanarat	-	-	1/1

- The company has participated in the Corporate Governance Report of Thai Listed Companies, prepared by the Stock Exchange of Thailand in associated with the Thai Institute of Directors Association. The 2020 score results was 82%, level Good.





# Corporate Social Responsibility

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

T.M.C. Industrial Public Company Limited determines to perform business in accordance with Good Governance and purpose to promote the company to stable growth and good results for the stakeholders with the company. Also adhering to the operations with transparency and morality.

The company issued the CSR report to exhibit the intention administrating for sustainable growth and operation of social, community, natural, environment, and public benefits operation for the inclusive.

## Fair Business Conduct

The company conducts fair, explicit, and accountable business by practicing good corporate governance which conforms to law and regulations of The Securities and Exchange Commission, Thailand (SEC) and Stock Exchange of Thailand (SET). It's believed to be the assurance for shareholders which leads to the sustainable business growth. All employees are encouraged to participate in both in-house and public activities.

## Anti-Corruption Policy

The company has never omitted, neglected, nor got involved in any forms of direct or indirect suspected cases of corruption. In collaboration with public or private sectors, the company has reinforced corporate ethics for employees, society, and environment. The employees can promptly report if they are aware of any corruption incident.

## Respect Human Rights and Fair Operating Practices

The company regards human resource as a valuable and principal part which drives business to success. The company aims to take care of the employees' good quality of life by offering them professional growth, appropriate welfares, and fair employment. All employees are fairly and equitably treated; without racial, religious, gender, and social discriminations.

## Employee's wellness

The company also focuses on making the factory a happy workplace by providing appropriate environment for good mental and physical health, strengthen and sustainably nurture the company's wellness.

1. **Employees' Annual Physical Checkup** Not only abide by the law and regulations, this is a proactive and preventive program in search of chronic diseases risk factors. It is to also show the company's concern on the employee's health.







2. **Organize Children's Day 2020 activities** by cooperating with government sector such as; Bansuan Municipality, Chonburi.





3. **Organize traditional activities** The company invites the monks to receive alms on special occasions such as New Year and Songkran Festival. Set the ethical training course for employees to educate and foster their ethics and virtue.



4. Give scholarship to the children of employee who has good learning achievement.

The company provides scholarship to employee's children every year from Prathomsuksa 1 to High School or Certificate that for the cultivation of consciousness of children about value of education, have gratitude, respect and listen to their parent.





5. “TMC: Fill with Love and Blood”, blood donation project cooperating with Thai Red Cross, Chonburi, to promote the great sacrifice to employee to give life to fellowman.





6. **Soft Drink Service** During April to May every year, the weather in Thailand is very warm. For this reason, the Company provides soft drink to the employee for relaxation and hydration, and heat stroke prevention.



## Occupational Safety, Health and Environment Management

The company pays attention to occupational health and safety in order to strengthen the corporation. The sustainable safety and drugs surveillance systems were placed in order to form the employee's awareness and for the entrepreneur to take part in preventing and solving drug problem. It's to enhance the employee's quality of life and good health, as well as to present the corporate's good image. Therefore, in 2020, the company joined the White Factory: Level 1 project by focusing on educating and allowing the employees of all level to understand the preventions and solutions to drug problems. There're sustainable drugs surveillance systems and 100% drug screening for employees to ensure they are safe from drug issue.





### Environment Management

It is to develop and reinforce awareness among employees and entrepreneur to conserve environment. It is to raise the employee's quality of life and to show the company's good image. In 2020, in collaboration with student nurses, the company initiated "TMC free from chemical" campaign by educating employees regarding daily chemical substances used. To protect environment, the company has altered cleaning chemicals to natural cleaning products; for example, toilet cleaners and hand wash.



### The Effective Use of Resources

According to the company's good corporate governance policy in pursuing the visions and missions by considering environmental and social friendliness principle, the company started "Utilities Maintenance" project in 2020 so the resources were used effectively. It could also ease the cost of the company as follows.

#### **1. Reduce Electricity Usage**

- Checked compressed air system (air pump): checked the air leak of air pump system and reduced the use of air compressor.
- Checked air conditioner system: surveyed and reduced the use appropriately to the area. Air conditioners were cleaned by the company's employees to decrease the cleaning cost.
- Checked machines: hauled up the unused machines and the little-active machines with high repair cost. Reduced the peak value of large machines.

The company could reduce 192,356 Baht for the price of electricity in 2020.

#### **2. Reduce Water Usage**

- Checked the leaking of water supply system
- Surveyed and closed the unused water distribution spot
- Decreased pressure tap in the factory

The company could reduce 192,356 Baht for the price of electricity in 2020.

#### **3. Reduced Carbon dioxide CO<sup>2</sup> and Oxygen O<sup>2</sup>**

- Checked the leaking of Carbon dioxide CO<sup>2</sup> and Oxygen O<sup>2</sup> and repaired
- Controlled gas pressure for carbon dioxide welding

The company could reduce 518,317 Baht for the price of Carbon dioxide CO<sup>2</sup> and 403,599 Baht for Oxygen O<sup>2</sup>.

# ANTI-CORRUPTION POLICY

T.M.C. Industrial Public Company Limited has recognized the importance of combining against corruption and has instituted anti-corruption policy to demonstrate its commitment in the private sector to cooperate in preventing and anti-corruption, and establishing the standard for higher business ethics together. It also supports and encourages personnel at all levels of the company to have consciousness to fight against corruption in all forms in order to establish standards for good and sustainable business. Therefore, the directors, executives, employees, and related persons are required to hold this anti-corruption policy to operate the business to encourage the company to be a good management organization, effective, ethical, and ethical business practices

**Corruption** refers to the practice or negligence to perform duty in a position or using authority illegally to seek for unusual profit for organization, oneself, or family, including friends and acquaintances in various ways such as presentation, commitment, acceptance, request, or requirement for the property, money, articles, rights, or other benefits. It will be a violation of morals, ethics, policies, regulations and laws with government officials, government sector, private sector, or any other person who conducts business with the Company whether domestically or internationally, except in the case where the law, rules, regulations, local traditions or trade traditions allow to do so.

## **Anti-Corruption Policy**

The Board of Directors, executives and employees of the Company shall strictly follow the anti-corruption policy as follows:

1. The company aims to be a transparent without having corruption, and no involvement in corruption.
2. The company prohibits directors, executives and employees of the Company to perform corruption in any forms whether direct or indirect.
3. The company promotes values of honesty and responsibility for the performance of duties.
4. The Company encourages its stakeholders to understand, recognize, and cooperate in any action which is benefit in terms of anti-corruption.
5. The company sets guidelines for suitable anti-corruption which is in accordance with the circumstances and related laws.
6. The company will perform the action and prevent related persons according to the policy fairly such as those who provide clues, employees who refuse to commit corrupt acts or collaborators who are willing to report about the corruption. Moreover, there is an investigating process and punishment fairly on those who perform corruption.
7. The company will review the guidelines and measures regularly to comply with legal changes and business conditions.

## **Guidelines for the implementation to comply with anti-corruption policy**

The Board of Directors, executives and employees of the Company must comply with anti-corruption policy of the company strictly, and it is prohibited to do any form of corruption, either directly or indirectly. The Company has implemented the Anti-Corruption Policy as follows:

1. Perform the duty with honesty and transparency without having any action of misrepresentation of corruption or bribery for both public and private officials, or any other person related to the business of the company in order to gain a business advantage, for the sake of oneself, and for those involved.
2. The Company provides training and information, knowledge, and understanding to employees in the matter that employees must comply with anti-corruption policy, including good moral and ethics values in business as well as honesty in the performance of their duties. Therefore, the company has set up "Code of Conduct"
3. Provide awareness to employees not to neglect or ignore when you see actions of corruption which is associated with the company. It is a duty to inform the supervisor or the person in charge and to cooperate in the investigation.
4. For directors, executives and employees who commit the Corruption action, the Company will conduct a fair investigation. In case of offense, the penalties will be considered in accordance with the Company's employee discipline regulations and may be punished by law if the offense is illegal
5. The Company will ensure fairness and protection of persons who refuse to commit corruption or inform the clerk about the corruption to the company as defined in the complaint protection measure or collaborators in reporting corruption.
6. The Board and executives will monitor the implementation of anti-corruption measures that have been defined, including internal control system and the appropriate and effective monitoring process as always to prevent from doing corruption.
7. The Company will cooperate with the public and private sectors to exchange knowledge and experience, or participate in useful activities to fight against corruption.



### Measures and channels for whistle blowing or complaints about corruption

Whistle blowing refers to the notification to report an information, clues, complaints, or questions related to a suspected action which may violate or not comply with the Code of Ethics and Business Ethics, incorrect financial reporting, or a defective internal control system. The Company has measures and channels to report any clues, complaints or concerns about corruption in various channels. The clerk or complainant must provide details of the clues or complaint, along with the name, address, telephone number that can be contacted, and then send to the following channels:

- Channel of communication between employees and the company  
Employees can contact us for information, providing complaints, and inquiring about corruption, making observations, or reporting corruption issues in writing to the Audit Committee or Internal Audit Department
- Channel of communication between various groups of stakeholders with the Company  
Stakeholders can contact us for information, providing complaints, and inquiring about corruption, making observations, or reporting corruption issues in writing to the company at

<u>Via post</u>	Audit Committee or Internal Audit Department T.M.C. Industrial Public Company Limited 125/10 M.5, Ban Suan Sub-District, Muang Chonburi District, Chonburi Province 20000	
<u>Via E-mail</u>	Audit Committee	auditcommittee@tmc.co.th
	Internal audit plan	i_audit@tmc.co.th

### Protection Measurement and Confidentiality

The company will provide protection to the complainants, the one who provide the information with good faith, and witnesses. The company will seal the name, address, or any data that can indicate the complainants, the information provider, or witnesses. Additionally, the data, complaints, and evidence shall be preserved as confidential. Besides, the company holds the policy not to decrease the position, perform punishment, or provide negative result for the employees who perform with good faith to deny performing corruption.

### The process carried out when the clue is notified

The Audit Committee and the Internal Audit Department shall be responsible for overseeing and investigating the matter in a timely and appropriate manner by collecting facts, evidence, screening details, and evaluating. If the case is serious or complicated, it may be considered by the committee or the ad hoc committee to carry out the task through the consideration process and screening process as necessary or as appropriate.

Thus, if it is found from the investigation that there is a truth or there is a real corruption, the measures to disciplinary action or the law will be proposed, and the related organizations shall consider for the problem solving together to prevent not to have corruption channel again. Thus, the result of the investigation related to telling clues shall be done within 30 days from the date that the matter has been settled and completely.

# INTERNAL AUDIT AND RISK MANAGEMENT

On the meeting of the Board of Directors No. 1/2021, dated on 23 February 2021, with the Audit Committees participated, the board reviewed internal audit sufficiency in T.M.C. Industrial Public Co., Ltd. by inquiring managing team and concluded that the Internal Audit of the company consists of 5 following elements:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information System and Communication
5. Monitoring Activities

The Board regards that internal audit system of the company is sufficient, appropriate and conformable to internal audit assessment of The Securities and Exchange Committee. The company has prepared suitable numbers of personnel to efficiently perform the system, and arranged monitoring and control activities system to prevent the use of the company's asset from wrongful or unauthorized act by its management members, any transaction with personally related party who may lead to conflict and other issues. Thus, the Board approved that the arrangement of 5 elements of audit control system of the company is adequate and effectively able to accomplish our objective.

Regarding to Internal Audit, the company's policy indicates to employ an outsource auditor to audit and evaluated internal control, and submit the result to Audit Committee and the Board of Directors. The company has employed Professional Internal Audit Service Co., Ltd. from 2014 to present, the auditor of the said company recommended about the improvement of internal audit for our higher efficiency. TMC has continuously followed the suggestions. In addition, TMC appointed internal audit department to coordinate and collaborate with the independent (outsources) along with monitoring practice in accordance with the recommendation of auditor, after that, propose to Audit Committee.

Audit Committee approved the audit plan of Professional Internal Audit Service Co., Ltd., on the meeting of the Board of Director No. 4/2019, dated on 12 November 2019, and the Internal Audit Plan was adjusted to suit the situation of the coronavirus (Covid-19) outbreak in Conference 3/2020 on 11 August 2020. Internal audits for the year 2020 have been performed in accordance with 6 audit plans approved by the Audit Committee and has presented the audit results to the Audit Committee by reviewing the operation and evaluating the internal control system of important work systems such as Management of information systems, Controlling Company Assets, Debtor control and debt collection, Liquidity management, Maintenance control in warrantees and Control of nonconforming products.

The auditor's overall evaluation shows that the result is in good level due to the company's essentially sufficient and appreciate control system setting. Anyhow, it's still needed to adjust the existing controls to the change of operating procedure. Consequently, the executives place an attention and follow up with the responsible person in acting up to the auditor's entire recommendations. The improvement progresses have already been presented to the Audit Committee.

# RELATED TRANSACTIONS

## Related Transactions (End of December 31, 2020)

A summary of the related transactions between the Company and its subsidiaries and the parties having conflict of interest in 2020. Transaction between the Company and its subsidiaries and the persons that may have conflict of interest were summarized as follows:

Person that may have conflict of interest	Relation
1. Kamolmongkolsuk Company Limited	Co-directors are Mr. Thaweemit Kamolmongkolsuk, Mrs. Tubtim Kamolmongkolsuk, Mr. Surachet Kamolmongkolsuk, Miss Pacharawalai Kamolmongkolsuk and Miss Pailin Kamolmongkolsuk
2. TPI Polene Power Public Company Limited	Co-director is Mr. Manu Leopairote
3. Kanyong Electric Public Company Limited	Co-director is Mr. Manu Leopairote
4. Mr. Surachet Kamolmongkolsuk	In position of Director and Managing Director of the company

## Nature of Related transactions

Party having Conflict of Interest	Description of Transaction	Value of Related Transaction (Baht)	Necessity and Reasonableness of the Related Transaction
1. Kamolmongkolsuk Company Limited	T.M.C. Industrial Public Company Limited loan from Kamolmongkolsuk Company Limited for use as working capital with the company. Repayment of principle and interest at 0.50% per annum on December 31, 2020. Interest paid Accrued interest <u>Outstanding balance</u> Short term loan Accrued interest	10,000,000.00  14,480.87 66,530.09  0.00 0.00	The Audit Committee is of the opinion that such transaction had a loan agreement with interest rate of 0.50% per annum so that transaction is appropriate and sensible.
2. TPI Polene Power Public Company Limited	<u>Sales incomes from Guerra Crane</u> : The company has sales income from Guerra Crane to TPI Polene Power Public Company Limited. This transaction is normal business of the company and using market pricing that same as other companies.  <u>Outstanding balance</u> Account Receivable	5,640,000.00   0.00	The Audit Committee is of the opinion that such transaction normal business, pricing policy is market price and trade condition is same as other company so that transaction is appropriate and sensible.
3. Kang Yong Electric Public Company Limited	<u>Service income from maintenance press machinery HCD 150/50 Ton</u> : The company has service income from maintenance press machinery HCD 150/50 Ton to Kang Yong Electric Public Company Limited. This service is normal business of company and using market pricing that same as other companies.  <u>Outstanding balance</u> Account Receivable	101,000.00   0.00	The Audit Committee is of the opinion that such transaction normal business, pricing policy is market price and trade condition is same as other company so that transaction is appropriate and sensible.
4. Mr. Surachet Kamolmongkolsuk	T.M.C. Industrial Public Company Limited loan from Mr. Surachet Kamolmongkolsuk, Director and Managing Director of the company for use as working capital with the company. Repayment of principle and interest at 0.50% per annum on demand. Interest paid Accrued interest <u>Outstanding balance</u> Short term loan Accrued interest	10,000,000.00  13,661.20 13,661.20  10,000,000.00 13,661.20	The Audit Committee is of the opinion that such transaction had a loan agreement with interest rate of 0.50% per annum so that transaction is appropriate and sensible.

# MANAGEMENT DISCUSSION AND ANALYSIS

Due to the epidemic of COVID-19 and the political situation in Thailand, the economic policy and investment direction are uncertain leading to the economic slowdown, the deceleration of investment of the entrepreneurs, intensive competition, and the request for the deferral of payment from the customers which affect the performance of T.M.C. Industrial Public Co., Ltd. as such factors have the impacts on the sale volumes and service.

In 2020, the Company has delivered project of manufactured and installed the machinery for work piece and work piece head forming to support the cannonball production according to the cannonball production efficiency development project of Weapons Production Centre, Defence Industry and Energy Centre.

From the above factors, the performance of 2020 was as follows.

## Revenues from Sales and Services

Unit : Million Baht

	2016	%	2017	%	2018	%	2019	%	2020	%
<b>Income from sales</b>										
Hydraulic press	115.32	29.18	89.95	16.58	111.26	32.14	325.10	59.93	80.19	26.80
Hydraulic crane	140.74	35.61	141.97	26.17	126.58	36.57	120.68	22.25	143.57	47.97
Hydraulic handling equipment	44.04	11.14	22.02	4.06	19.15	5.53	21.48	3.96	12.19	4.07
Others	18.34	4.64	26.50	4.89	9.26	2.67	10.41	1.92	19.89	6.65
<b>Total income from sales</b>	<b>318.44</b>	<b>80.57</b>	<b>280.44</b>	<b>51.70</b>	<b>266.25</b>	<b>76.92</b>	<b>477.67</b>	<b>88.06</b>	<b>255.84</b>	<b>85.49</b>
<b>Income from services</b>										
maintenance service	48.58	12.29	46.13	8.50	47.19	13.63	46.08	8.49	37.98	12.69
Metal machining	28.20	7.14	31.15	5.74	32.72	9.45	18.70	3.45	5.43	1.82
<b>Total income from services</b>	<b>76.78</b>	<b>19.43</b>	<b>77.28</b>	<b>14.24</b>	<b>79.90</b>	<b>23.08</b>	<b>64.78</b>	<b>11.94</b>	<b>43.41</b>	<b>14.51</b>
<b>Total income from sales and services</b>	<b>395.22</b>	<b>100.00</b>	<b>357.72</b>	<b>100.00</b>	<b>346.16</b>	<b>100.00</b>	<b>542.45</b>	<b>100.00</b>	<b>299.25</b>	<b>100.00</b>

In 2020, the company income from sale and service was 299.25 million Baht, which decreased 44.83% comparing to the same period of the previous year due to:

- The decreasing sales volume of hydraulic press which was the result of the revenue recognition of machine production and installation for work piece forming and head of work piece forming to support the production of cannonball of the Commanding General, Weapon Production Centre Defence Industry and Energy Centre. Therefore, the sales volume decreased from 211.72 million Baht in 2019 to 43.28 million Baht in 2020, accounting for 79.56% of the income from sales and services.
- The increasing sales volume of hydraulic crane from 120.68 million Baht in 2019 to 143.57 million Baht in 2020, accounting for 18.97% of the income from sales and services because the customers of biomass power invested in purchasing hydraulic crane for clamping.
- The volume of services decreased from 46.08 million Baht in 2019 to 37.98 million Baht in 2020, accounting for 17.58% of the income from sales and services due to the epidemic of COVID-19 and high competition.



### Other incomes

In 2020, the other incomes increased 600.86% from the same period of the previous year because the company confiscated the deposit of selling Ban Bueng factory for 11.00 million Baht as a result of the breach of contract by the buyer.

### Cost of operation

Cost of operation reduced from 505.07 million Baht in 2019 to 281.54 million Baht in 2020, accounting for 44.26% which was the result of non-achievement of sales volume. Consequently, the company had to bear the cost due to the inefficient operation. As a result, the gross profit decreased from 6.89% in 2019 to 5.92% in 2020.

### Selling expense

Selling expenses decreased 24.79% from the same period of the previous year because of the decrease of commission, cost of promotion and employee long-term benefits at 2.41, 0.55, and 0.68 million Baht respectively.

### Administrative expense

Administrative expenses of 2020 decreased 13.66% because of the customs expenses at 6.33 million Baht in Q1/2019.

### Financial cost

Financial cost decreased 3.96% from the same period of the previous year because the company spent money in the production enhancement project in 2019. Thus, the company borrowed the money from the outsider and spent the bank overdraft with the high interest rate. However, the company managed to handle it in 2020.

### Balance Sheet

Unit : Million Baht

Statement of Financial Position	2019	2020
Cash and cash equivalents	9.80	15.58
Total current asset	231.01	113.29
Total non-current asset	640.98	597.86
Total asset	881.79	726.73
Total current liabilities	418.77	314.88
Total non-current liabilities	38.81	41.63
Total liabilities	457.58	356.51
Total liabilities and shareholders' equity	881.79	726.73

## Current Assets

### Trade and Other Receivables

Unit : Million Baht

Details	2019		2020	
Undue Receivables	19.29	13.70%	14.46	39.12%
Overdue Receivables Less than 3 months	9.99	7.09%	20.41	55.22%
Overdue Receivables 3-12 months	3.00	2.13%	2.35	6.36%
Overdue Receivables Over 12 months	5.55	3.94%	5.73	15.50%
<b>Total Receivables</b>	<b>37.83</b>		<b>42.95</b>	
Allowance for Doubtful Accounts	(6.03)	(4.28%)	(5.99)	(16.21%)
<b>Total</b>	<b>31.80</b>		<b>36.96</b>	
Income not yet due	109.04	77.42%	-	
<b>Trade Receivables</b>	<b>140.84</b>	<b>100.00%</b>	<b>36.96</b>	<b>100.00%</b>
Other Receivables	3.97		1.85	
<b>Total Trade and Other Receivables - Net</b>	<b>144.81</b>		<b>38.81</b>	

Net account receivable - Decreased from 140.84 million Baht in 2019 for 36.96 million Baht in 2020, accounting for 73.76% because, in 2019, the company had the revenue recognition of machine production and installation for work piece forming and head of work piece forming to support the production of cannonball of the Commanding General, Weapon Production Centre Defence Industry and Energy Centre at 82.75% of the contract value.

## Inventory

Unit : Million Baht

Details	2019		2020	
Finished goods	13.29	9.08%	12.24	9.07%
Semi — Finished goods	59.76	40.84%	52.25	38.73%
Goods in process	56.43	38.57%	53.37	39.56%
Raw materials	11.31	7.73%	10.30	7.63%
Consumables	0.42	0.29%	0.47	0.35%
Goods in transit	5.09	3.49%	6.29	4.66%
<b>Total</b>	<b>146.30</b>	<b>100.00%</b>	<b>134.92</b>	<b>100.00%</b>
Allowance for diminution in value of inventories	(61.22)		(61.04)	
<b>Net Inventory</b>	<b>85.08</b>		<b>73.88</b>	

At the end of 2020, the net inventory decreased from 85.08 million Baht in 2019 to 73.88 million Baht in 2020, accounting for 13.16% because, in 2020, the company managed the inventory appropriately and controlled the purchasing to suit the sales and services.

## Property, Building, and Equipment

Unit : Thousand Baht

2020 Capital price	Land	Building and Renovation	Machines and Equipment	Decoration and Utility	Vehicles	Assets Pending Installation	Total
Balance carried forward	292,034	402,346	332,616	30,878	60,149	1,787	1,119,810
Additional purchase	-	-	207	37	-	-	244
Amortization	-	-	(6,036)	(4,868)	(4,614)	(290)	(15,808))
As of December 31, 2020	292,034	402,346	326,787	26,048	55,535	1,497	1,104,246

2020 Accumulated depreciation	Land	Building and Renovation	Machines and Equipment	Decoration and Utility	Vehicles	Assets Pending Installation	Total
Balance carried forward	-	(166,956)	(265,853)	(29,519)	(56,683)	-	(519,011)
Depreciation	-	(14,394)	(12,855)	(744)	(261)	-	(28,254)
Amortization	-	-	6,033	4,868	2,653	-	13,554
As of December 31, 2020	-	(181,350)	(272,675)	(25,395)	(54,291)	-	(533,711)
Net book value	292,034	220,996	54,112	652	1,244	1,497	570,535

Depreciation in profit and loss statement of 2019 and 2020 was 27.96 and 28.46 million Baht respectively.

## Trade and Other Payables

Unit : Million Baht

Details	2019		2020	
Trade Payables	109.49	83.21%	47.21	63.09%
Other Payables ;				
Income received in advance	17.42	13.24%	12.16	16.25%
Accrued expense	4.23	3.21%	5.14	6.87%
Deposit of the purchase & sale agreement			10.00	13.36%
Others	0.45	0.34%	0.32	0.43%
Total Other Payables	22.10	16.79%	27.62	36.91%
Total Trade and Other Payables	131.59	100.00%	74.83	100.00%

Account payable and other account payable decreased from 131.59 million Baht in 2019 to 74.83 million Baht in 2020 because the machine production and installation project for work piece forming and head of work piece forming to support the production of cannonball was delivered and the payment had been paid to the partner.

Unit : Million Baht	2019	2020	+/-%
Total assets	881.79	726.73	(17.58%)
Total liabilities	457.58	356.51	(22.09%)
Shareholders' Equity	424.21	370.22	(12.73%)

At the end of 2020, the total assets of the company was 726.73 million Baht, decreased 17.58% from the balance of the previous year because the company received the payment from the customers 106.00 million Baht. Cash and guarantee deposit 8.51 million Baht, fixed assets was 30.26 million Baht, and inventory was 11.21 million Baht. Total liabilities decreased 22.09% because of the payment 56.77 million Baht and 40.85 million Baht of bank loan. Shareholder's equity decreased 12.73%, 53.85 million Baht, because of the loss from the operation during 3 quarters.



# THE BOARD OF DIRECTORS' RESPONSIBILITY REPORT TO WARDS FINANCIAL STATEMENTS

Board of Directors gives priority to the roles and responsibilities for the company operations to have efficient management in accordance with laws, objectives, company regulations, and Good Governance policy by ensuring that the financial report and financial information appeared on the Annual Report 2020 is accurate, complete, and sufficiently disclosed, and issued in accordance with the generally accepted accounting standard of Thailand. The financial statement is verified with unqualified opinion of the independent certified public accountant so it reflects the actual financial status and performance of the company which is useful for the shareholders and general investors.

Board of Directors sets and maintains the efficient and effective risk management and internal control system to ensure the accuracy, completeness, and sufficiency, and prevent the corruption or the misconduct operation with materiality and accountability.

Board of Directors views that the company has good internal control system, risk management, and Good Governance sufficiently and appropriately which is able to give reasonable confidence of financial statement as of 31 December 2020. The auditor performed the audit according to the generally accepted accounting standard and expressed that the financial report and performance was accurate according to the essence of the generally accepted accounting standard.



Mr. Manu Leopaiprote  
Chairman of the Board of Directors



Mr. Thaweemit Kamolmongkolsuk  
Chairman of the Executive Committee

# DETAILS OF THE DIRECTORS, THE EXECUTIVES, THE CONTROLLED PERSON OF THE COMPANY AND COMPANY SECRETARY

**Name / Surname** Mr. Manu Leopaiprote

**position** Chairman of the Board / Independent Director /  
Audit Committee

**Age (Year)** 78

**Appointed as Directors** 7 March, 2011

## Education / Training

- Honorary Doctorate Degree in Business Administration, Thammasat University
- M.Sc. in Economics, University of Kentucky, USA.
- B. Sc. In Economics (Hons.) Thammasat University
- Certificate of Industrial Development, Nagoya Training Center, Japan
- Degree of National Defence College of Thailand - 34
- The Role of Chairman Program 3/2001
- Director Certification Program (DCP) 30/2003
- Director Accreditation Program (DAP) 2003

## % of Shareholding

- None

## Family Relationship among the Executive

- None

## Working Experience

Period	position / Company
2011 - Present	Chairman of the Board / T.M.C. Industrial Public Co., Ltd.
2018 - Present	Audit Committee T.M.C. Industrial Public Co., Ltd.

## Positions in companies listed on the Stock Exchange of Thailand

2016 - Present	Chairman of Audit Committee, TPI Polene Power Public Co., Ltd.
2016 - Present	Chairman of the Board, SVOA Public Co., Ltd.
2010 - Present	Director / Chairman of the Nomination and Remuneration Committee, Kang Yong Electric Public Co., Ltd.
2010 - Present	Chairman of the Board, ARIP Public Co., Ltd.
2010 - Present	Chairman of the Board, Jubilee Enterprise Public Co., Ltd.
2006 - Present	Chairman of Audit Committee, Siam Steel International Public Co., Ltd.
2006 - Present	Chairman of the Board, Asia Precision Public Co., Ltd.
2004 - Present	Chairman of the Board, Bangkok Union Insurance Co., Ltd.
2004 - Present	Chairman of the Board, Polyplex (Thailand) Public Co., Ltd.
2004 - Present	Chairman of the Board, Khon Kaen Sugar Industry Public Co., Ltd.

## Positions in companies non-listed on the Stock Exchange of Thailand

2004 - Present	Director/Audit Committee, Thai Beverage Public Co., Ltd. (listed in Singapore stock exchange)
1999 - 2004	Permanent Secretary, Ministry of Industry

**Name / Surname** Mr. Thaweemit Kamolmongkolsuk

**position** Director / Executive Committee /  
Company's Authorized Director

**Age (Year)** 71

**Appointed as Directors** 7 March, 2011

## Education / Training

- Honorary Degree in Engineering, Rajamangala University of Technology Thanyaburi
- Director Accreditation Program (DAP) 89/2011

## % of Shareholding

14.420%(own 8.010% / spouse 6.410%)

## Family Relationship among the Executive

- Mrs. Tubtim Kamolmongkolsuk's husband
- Mr. Surachet Kamolmongkolsuk's father
- Miss Pacharawalai Kamolmongkolsuk's father
- Miss Pailain Kamolmongkolsuk's father

## Working Experience

Period	position / Company
2011 - Present	Director/Chairman of Executive Committee T.M.C. Industrial Public Co., Ltd.

## Positions in companies listed on the Stock Exchange of Thailand

-

## Positions in companies non-listed on the Stock Exchange of Thailand

1982 - 2011	Chairman of Executive Committee, T.M.C. Industrial Co., Ltd.
1972 - 1982	Business Owner, Thaweemit Kamchang Machine Shop

**Name / Surname** Mrs. Tubtim Kamolmongkolsuk

**position** Director / Vice Chairman of Executive Committee /  
Company's Authorized Directors

**Age (Year)** 74

**Appointed as Directors** 7 March, 2011

**Education / Training**

- Honorary Degree in Industrial, Rajamangala University of Technology Thanyaburi
- Director Accreditation Program (DAP) 89/2011
- Thai Small Business Entrepreneur Development course,
- Generation 17, by the Department of Industrial Promotion

**% of Shareholding**

- 14.420% (own 6.410% / spouse 8.010%)

**Family Relationship among the Executive**

- Mr. Thaweemit Kamolmongkolsuk's wife
- Mr. Surachet Kamolmongkolsuk's mother
- Miss Pacharawalai Kamolmongkolsuk's mother
- Miss Pailin Kamolmongkolsuk's mother

#### Working Experience

Period	position / Company
2011 - Present	Director/ Vice Chairman of Executive Committee

#### Positions in companies listed on the Stock Exchange of Thailand

-

#### Positions in companies non-listed on the Stock Exchange of Thailand

2005 - 2010	Vice Chairman of Executive Committee, T.M.C. Manufacturing Co., Ltd.
1982 - 2010	Vice Chairman of Executive Committee, T.M.C. Industrial Co., Ltd.
1972 - 1982	Business Owner, Thaweemit Karnchang Machine Shop

**Name / Surname** Mr. Surachet Kamolmongkolsuk

**position** Director / Executive Director /  
Company's Authorized Directors

**Age (Year)** 50

**Appointed as Directors** 7 March, 2011

**Education / Training**

- Master Degree in Business Administration, Murray State University, USA.
- Bachelor Degree in Industrial Engineering, King Mongkut's University
- Director Accreditation Program (DAP) 85/2010
- Director Certification Program (DCP) 146/2011

**% of Shareholding**

- 5.458% (own 5.417% / spouse 0.041%)

**Family Relationship among the Executive**

- Mr. Thaweemit Kamolmongkolsuk's son
- Mrs. Tubtim Kamolmongkolsuk's son
- Miss Pacharawalai Kamolmongkolsuk's brother
- Miss Pailin Kamolmongkolsuk's brother

#### Working Experience

Period	position / Company
Mar. 16 - Present	Managing Director, T.M.C. Industrial Public Co., Ltd.
2011 - Present	Director / Executive Committee, T.M.C. Industrial Public Co., Ltd.
Nov.2015 - 2016	Acting - Managing Director, T.M.C. Industrial Public Co., Ltd.
2012 - 2016	Chief Executive Officer, T.M.C. Industrial Public Co., Ltd.
2011 - 2012	Managing Director, T.M.C. Industrial Public Co., Ltd.

#### Positions in companies listed on the Stock Exchange of Thailand

-

#### Positions in companies non-listed on the Stock Exchange of Thailand

2005 - 2010	Managing Director, T.M.C. Manufacturing Co., Ltd.
1997 - 2005	Managing Director, T.M.C. Industrial Co., Ltd.
1994 - 1997	Sales & Marketing Manager, T.M.C. Industrial Co., Ltd.

<b>Name / Surname</b>	Ms. Pacharawalai Kamolmongkolsuk
<b>position</b>	Director / Executive Director / Company's Authorized Directors
<b>Age (Year)</b>	43
<b>Appointed as Directors</b>	7 March, 2011
<b>Education / Training</b>	
<ul style="list-style-type: none"> <li>Master Degree in Business Administration, Commerce, Burapha University</li> <li>B.A in Home Economics, Suan Dusit Rajabhat University</li> <li>Director Accreditation Program (DAP) 89/2011</li> </ul>	
<b>% of Shareholding</b>	
<ul style="list-style-type: none"> <li>5.458%</li> </ul>	
<b>Family Relationship among the Executive</b>	
<ul style="list-style-type: none"> <li>Mr.Thaweemit Kamolmongkolsuk's daughter</li> <li>Mrs.Tubtim Kamolmongkolsuk's daughter</li> <li>Mr.Surachet Kamolmongkolsuk's sister</li> <li>Miss Pailin Kamolmongkolsuk's sister</li> </ul>	

#### Working Experience

Period	position / Company
2011 - Present	Director/Executive Director, T.M.C. Industrial Public Co., Ltd.
2017 - Present	Deputy Managing Director-Human Resources and Information Technology T.M.C. Industrial Public Co., Ltd.
2011 - 2017	Deputy Managing Director-Human Resources T.M.C. Industrial Public Co., Ltd.

#### Positions in companies listed on the Stock Exchange of Thailand

-

#### Positions in companies non-listed on the Stock Exchange of Thailand

2009 - 2011	Deputy Managing Director, T.M.C. Manufacturing Co., Ltd.
2008 - 2009	Assistant Finance Manager, T.M.C. Industrial Co., Ltd.
2001 - 2006	Procurement Manager, T.M.C. Industrial Co., Ltd.

<b>Name / Surname</b>	Ms. Pailin Kamolmongkolsuk
<b>position</b>	Director / Executive Director / Company's Authorized Directors
<b>Age (Year)</b>	39
<b>Appointed as Directors</b>	7 March, 2011
<b>Education / Training</b>	
<ul style="list-style-type: none"> <li>Master Degree in Business Administration, Texas A&amp;M University Commerce, USA</li> <li>Bachelor Degree in Business Administration, Assumption University</li> <li>Director Accreditation Program (DAP) 89/2011</li> <li>Company Secretary Program (CSP) 46</li> </ul>	
<b>% of Shareholding</b>	
<ul style="list-style-type: none"> <li>5.275%</li> </ul>	
<b>Family Relationship among the Executive</b>	
<ul style="list-style-type: none"> <li>Mr.Thaweemit Kamolmongkolsuk's daughter</li> <li>Mrs.Tubtim Kamolmongkolsuk's daughter</li> <li>Mr. Surachet Kamolmongkolsuk's sister</li> <li>Miss Pacharawalai Kamolmongkolsuk's sister</li> </ul>	

#### Working Experience

Period	position / Company
2011 - Present	Director/Executive Director, T.M.C. Industrial Public Co., Ltd.
2017 - Present	Deputy Managing Director-Procurement and Trading and Production T.M.C. Industrial Public Co., Ltd.
2011 - 2017	Deputy Managing Director-Procurement T.M.C. Industrial Public Co., Ltd.
2012 - 2014	Company Secretary, T.M.C. Industrial Public Co., Ltd.

#### Positions in companies listed on the Stock Exchange of Thailand

-

#### Positions in companies non-listed on the Stock Exchange of Thailand

2009 - 2010	Procurement Manager, T.M.C. Industrial Co., Ltd.
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**Name / Surname** Mr. Arthit Wuthikaro

**position** Director / Independent Director /  
Director / Chairman of Audit Committee

**Age (Year)** 64

**Appointed as Directors** 7 March, 2011

#### Education / Training

- Master Degree in Economics Development,  
National Institute of Development Administration
- Bachelor Degree in Economics (Hons.), Ramkhumhaeng University
- National Defence College of Thailand Program - 2548
- Director Certification Program (DCP) 118/2009
- Director Accreditation Program (DAP) 27

#### % of Shareholding

- None

#### Family Relationship among the Executive

- None

#### Working Experience

Period	position / Company
2011 - Present	Director / Independent Director / Chairman of Audit Committee T.M.C. Industrial public Co., Ltd.

#### Positions in companies listed on the Stock Exchange of Thailand

-

#### Positions in companies non-listed on the Stock Exchange of Thailand

2016 - 2020	Director, Thai Cane and Sugar Corporation Limited
2016 - 2019	Director, S.R.T. Electrified Train Company Limited
2015 - 2017	President of The Association of QC headquarters of Thailand
2014 - 2015	Director General, Department of Industrial Promotion
2012 - 2014	Deputy Permanent Secretary, Office of the Permanent Secretary, Ministry of Industry
2011 - 2012	Director General, Industrial Works Department
2009 - 2011	Director General, Department of Industrial Promotion
2008 - 2009	Director, The Office of Industrial Economics
2005 - 2008	Inspector, Office of the Permanent Secretary, Ministry of Industry

**Name / Surname** Mr. Mitthong Chulitawong

**position** Director / Independent Director /  
Audit Committee

**Age (Year)** 54

**Appointed as Directors** 25 April, 2014

#### Education / Training

- Master Degree in Finance, Siam University
- Bachelor Degree in Business Administration, Ramkhumhaeng University
- Bachelor Degree in Accounting, Sukhothai Thammathirat University
- Director Certification Program (DCP) 194/2014

#### % of Shareholding

- None

#### Family Relationship among the Executive

- None

#### Working Experience

Period	position / Company
2014 - Present	Director / Independent Director / Audit Committee T.M.C. Industrial Public Co., Ltd.

#### Positions in companies listed on the Stock Exchange of Thailand

1993 - 2001	Assistant to Stock Exchange Manager KGI Securities (Thailand) Public Co., Ltd. Pinklao Branch
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#### Positions in companies non-listed on the Stock Exchange of Thailand

2019 - Present	Director, Sumrej Consultant Co., Ltd.
2019 - Present	Managing Director, Fitwhey Co., Ltd.
2000 - Present	Managing Director, MSG Consultant Co., Ltd.
2000 - Present	Executive Director, FPM Consultant Co., Ltd.
2000 - 2019	Executive Director, Tax Accounting House Co., Ltd.
1993 - 2001	Assistant to Stock Exchange Manager, KGI Securities (Thailand) Public Co., Ltd., Pinklao branch

**Name / Surname** Mr. Panom Ratanarat

**position** Director

**Age (Year)** 46

**Appointed as Directors** 1 June, 2018

**Education / Training**

- Master Degree in Business Administration, Ramkhumhaeng University
- Bachelor Degree in Business Administration, Banking and Finance, Ramkhumhaeng University
- Director Accreditation Program (DAP) 151/2018

**% of Shareholding**

- None

**Family Relationship among the Executive**

- None

**Working Experience**

Period	position / Company
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Jun.2018 - Present	Director T.M.C. Industrial Public Co., Ltd.
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**Positions in companies listed on the Stock Exchange of Thailand**

Dec. 2020 - Present	Director, One To One Contacts Public Company Limited
2019 - 2020	Director, Ubis (Asia) Public Company Limited
2014 - 2017	Director of Debt Securities, RHB Securities (Thailand) Public Company Limited
2545 - 2557	Relationship Manager, Bank of Ayudhya Public Company Limited

**Positions in companies non-listed on the Stock Exchange of Thailand**

-

**Name / Surname** Mr. Yossakorn Bomlai

**position** Deputy Managing Director -Factory

**Age (Year)** 50

**Appointed as Directors** -

**Education / Training**

- Master Degree in Education Administration, Ramkhumhaeng University
- Bachelor Degree in Industrial Engineering, Rajamangala University of Technology Thanyaburi

**% of Shareholding**

- None

**Family Relationship among the Executive**

- None

**Working Experience**

Period	position / Company
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2016 - Present	Deputy Managing Director - Factory T.M.C. Industrial Public Co., Ltd.
Oct..2018 - Present	Deputy Managing Director - Maintenance & Service Center (Acting) T.M.C. Industrial Public Co., Ltd.
2014 - 2016	Deputy Managing Director - Sales & Marketing T.M.C. Industrial Public Co., Ltd.
2015 - 2016	Deputy Managing Director - Factory (Acting) T.M.C. Industrial Public Co., Ltd.
Oct. 2013 - 2014	Deputy Managing Director - Business and Marketing Development T.M.C. Industrial Public Co., Ltd.
2012 - Sep.2013	Deputy Managing Director-Factory T.M.C. Industrial Public Co., Ltd.

**Positions in companies listed on the Stock Exchange of Thailand**

-

**Positions in companies non-listed on the Stock Exchange of Thailand**

2009 - 2011	Assistant General Manager, Thai Summit PKK Co., Ltd.
2004 - 2009	General Manager, T.M.C. Industrial Co., Ltd.
1999 - 2004	Assistant Plant manager, Summit Advanced Material Co., Ltd.

**Name / Surname** Mr. Naphatra Chatvichian

**position** Deputy Managing Director - Account & Finance  
Company Secretary

**Age (Year)** 52

**Appointed as Directors** -

#### Education / Training

- Bachelor Degree in Accounting at Ramkhumhaeng University
- Company Secretary Program 73/2016

#### % of Shareholding

- None

#### Family Relationship among the Executive

- None

#### Working Experience

Period	position / Company
2015 - Present	Deputy Managing Director - Account & Finance T.M.C. Industrial Public Co., Ltd.
2016 - Present	Company Secretary / T.M.C. Industrial Public Co., Ltd.

#### Positions in companies listed on the Stock Exchange of Thailand

-

#### Positions in companies non-listed on the Stock Exchange of Thailand

2013 - 2015	Consultant to BSC, KL KL, Glaxo Smith Kline (Thailand) Co.,Ltd.
2001 - 2013	Assistant Account&Finance Manager, Glaxo Smith Kline (Thailand) Co.,Ltd.
1997 - 2001	Assistant Account Manager, Smith Kline Beecham (Thailand) Co.Ltd.
1992 - 1997	Auditor, SGV Na Thalang Co.,Ltd.

#### Roles and responsibilities of company secretary

1. Prepare and store the company documents which are director registration, invitation letter and Board of Director Meeting minutes, and annual report.
2. Store the report of interest reported by the directors or the executives of the company and submit the copy of report to the Chief Executive Officer and Chairman of Audit Committee within 7 days after receiving the report.
3. Give advice on relevant laws and regulations, and the procedure of activity operation of the directors to comply with laws , objectives, and regulations of company.
4. Arrange the Board of Directors meeting and the Shareholders' meeting. Coordinate with the internal divisions to follow the resolution of Board of Directors meeting and the Shareholders' meeting.
5. Coordinate with the governance divisions such as SEC and responsible for the information disclosure and report to the governance division and public according to laws.
6. Organize the orientation to the new appointed directors.
7. Other responsibilities assigned by the Board of Directors .

# AUDITOR'S REPORT AND FINANCIAL REPORT AS OF YEAR 2020

## **AUDITOR'S REPORT**

To the Shareholders of T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

### **Opinion**

I have audited the accompanying financial statements of T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at December 31, 2020, and statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements and a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of T.M.C. INDUSTRIAL PUBLIC COMPANY as at December 31, 2020, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



## 1. Revenue recognition

Revenue from sales and services are the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. There are therefore risks with respect to the amount and timing of revenue recognition. For this reason, I have paid particular attention to the Company's revenue recognition in order to ensure that the revenues are recorded correctly and in accordance with the relevant financial reporting standards, Accounting policies and detail of revenues are disclosed in Notes 3.11 and 27 to the financial statements, respectively.

### How my audit addressed the key audit matter

I have examined the Company's revenue recognition by evaluating the effectiveness of the Company's internal controls with respect to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I also examined supporting documents for revenue transactions occurring during the year and near the end of the accounting period. I reviewed credit notes issued by the Company to its customers after the period-end. In addition, gained an understanding of process to assess the percentage of completion for projects construction, checked appropriate of estimates of project costs to the project budgets, examined actual costs against supporting documents and revenue recognition and including performed analytical review procedures on the revenues account to identify possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

## 2. Inventories

The Company shall report the value of the inventory at the lower of cost or net realizable value. The estimation of the net realizable value of inventory is an area requiring management to exercise judgment for policies on allowance for diminution in value of slow-moving and obsolete inventory. This requires detailed analysis of the aging of inventories, competitive environment, economic circumstances and the situation within the industry. The estimation of net realizable value of inventory thus affects both the allowance of inventory expense recorded in profit and loss and the balance of inventories presented at period-end, this is focus area in my audit. The accounting policies and details of allowance for diminution in value of inventory were disclosed in Notes 3.4 and 9 to the financial statements, respectively.

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#### How my audit addressed the key audit matter

I assessed the method, the assumptions and gaining an understanding of the basis applied by management in determining of the policies on determining allowance for diminution in value of inventories on a basis of aging and reviewing the consistency of the application of that basis. I reviewed the preparation of the inventories aging report and tested the calculation of allowance for diminution in value of inventories in accordance with these policies. Apart from this, my procedures included testing the calculation of the measurement of net realizable value of inventories by reviewed the preparation of the comparison report between net realizable value of inventory and the cost of inventory and examined supporting documents on a sampling basis for actual sales transactions occurring after the period-end.

#### **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 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 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 financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

#### **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 Company to cease to continue as a going concern.

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

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 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.

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. CO., LTD.



(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

February 23, 2021

# STATEMENT OF FINANCIAL POSITION

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

AS at December 31, 2020

		(Unit : Baht)	
	Notes	December 31, 2020	December 31, 2019
<u>Assets</u>			
Current assets			
Cash and cash equivalent items	7	15,577,758.24	9,802,012.65
Trade and other receivables	8	38,808,805.76	144,817,622.56
Inventories	9	73,876,684.75	85,081,750.02
Other current assets		606,411.68	1,111,207.19
Total current assets		128,869,660.43	240,812,592.42
Non-current assets			
Restricted bank deposit	10	-	14,287,313.58
Other non-current financial assets	11	19,998,000.00	19,998,000.00
Property, plant and equipment	12	570,534,565.86	600,799,384.35
Right of use assets	13	2,448,928.45	-
Intangible assets	14	858,734.53	2,098,919.82
Other non-current assets		4,024,585.13	3,795,214.41
Total non-current assets		597,864,813.97	640,978,832.16
Total assets		726,734,474.40	881,791,424.58

Notes to financial statements are an integral part of these financial statements.



# STATEMENT OF FINANCIAL POSITION

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

AS at December 31, 2020

(Unit : Baht)

	Notes	December 31, 2020	December 31, 2019
<u>Liabilities and shareholders' equity</u>			
Current liabilities			
Short-term loans from financial institutions	15	140,000,000.00	164,279,682.60
Trade and other payables	5.1 and 16	74,827,879.31	131,594,158.67
Short-term loans from related person and party	5.1	10,000,000.00	10,000,000.00
Short-term loans from other person	17	38,000,000.00	47,000,000.00
Current portion of long-term liabilities			
Long-term loans from financial institutions	18	40,000,000.00	48,000,000.00
Lease liabilities	13	780,393.39	351,882.12
Provision	19	9,749,661.34	11,149,087.11
Other current liabilities		1,521,102.36	6,392,113.89
Total current liabilities		314,879,036.40	418,766,924.39
Non-current liabilities			
Lease liabilities	13	1,276,743.44	943,238.74
Employee benefit obligations	20	40,171,429.77	37,686,427.44
Other non-current liabilities		186,915.89	186,915.89
Total non-current liabilities		41,635,089.10	38,816,582.07
Total liabilities		356,514,125.50	457,583,506.46

Notes to financial statements are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

AS at December 31, 2020

(Unit : Baht)

	Notes	December 31, 2020	December 31, 2019
Shareholders' equity			
Share capital	21		
Authorized share capital			
543,750,000 ordinary shares @ Baht 1.00 each		543,750,000.00	543,750,000.00
Issued and paid-up share capital			
458,773,722 ordinary shares @ Baht 1.00 each		458,773,722.00	458,773,722.00
Premiums on ordinary shares	22	1.59	41,266,007.59
Deficit			
Unappropriated		(88,553,374.69)	(75,831,811.47)
Total shareholders' equity		370,220,348.90	424,207,918.12
Total liabilities and shareholders' equity		726,734,474.40	881,791,424.58



.....Managing Director  
Mr.Surachet Kamolmongkolsuk

.....Director  
Ms.Pacharawalai Kamolmongkolsuk

Notes to financial statements are an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

For the year ended December 31, 2020

(Unit : Baht)

	Notes	2020	2019
Revenue from sales and service		299,251,434.40	542,452,954.46
Cost of sales and service	9	(281,537,846.30)	(505,071,929.68)
Gross profit		17,713,588.10	37,381,024.78
Other income	16	12,053,090.00	1,719,755.79
Selling expenses		(16,726,256.53)	(22,238,032.50)
Administrative expenses		(54,619,026.58)	(63,257,752.45)
Loss from operating activities		(41,578,605.01)	(46,395,004.38)
Finance cost		(12,270,824.28)	(12,777,152.02)
Loss before income tax		(53,849,429.29)	(59,172,156.40)
Income tax expense	25	-	-
Loss for the year		(53,849,429.29)	(59,172,156.40)
Other comprehensive income			
Item that will not be reclassified to profit and loss			
Actuarial loss arising from defined benefit plan	20	-	(16,659,655.07)
Total comprehensive income for the year		(53,849,429.29)	(75,831,811.47)
Basic loss per share	26	(0.12)	(0.13)

Notes to financial statements are an integral part of these financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

For the year ended December 31, 2020

(Unit : Baht)					
	Notes	Issued and paid-up share capital	Premiums on ordinary shares	Deficit	Total shareholders' equity
				Unappropriated	
Balance as at January 1, 2019		458,773,722.00	109,417,060.83	(68,151,053.24)	500,039,729.59
Loss for the year		-	-	(59,172,156.40)	(59,172,156.40)
Other comprehensive income for the year		-	-	(16,659,655.07)	(16,659,655.07)
Total comprehensive income for the year		-	-	(75,831,811.47)	(75,831,811.47)
Premium on shares transferred to eliminate deficit	22	-	(68,151,053.24)	68,151,053.24	-
Balance as at December 31, 2019 - previously reported		458,773,722.00	41,266,007.59	(75,831,811.47)	424,207,918.12
The impact of first-time adoption of new accounting standards	4.1	-	-	(138,139.93)	(138,139.93)
Beginning balance as of January 1, 2020 - restated		458,773,722.00	41,266,007.59	(75,969,951.40)	424,069,778.19
Loss for the year		-	-	(53,849,429.29)	(53,849,429.29)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(53,849,429.29)	(53,849,429.29)
Premium on shares transferred to eliminate deficit	22	-	(41,266,006.00)	41,266,006.00	-
Balance as at December 31, 2020		458,773,722.00	1.59	(88,553,374.69)	370,220,348.90

Notes to financial statements are an integral part of these financial statements.

# STATEMENT OF CASH FLOW

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

For the year ended December 31, 2020

(Unit : Baht)

	2020	2019
Cash flow from operating activities		
Loss for the year	(53,849,429.29)	(59,172,156.40)
Adjustments to reconcile loss for the year for cash received (payment) from operations		
Reversal expected credit loss	(511,575.15)	(510,526.34)
Loss from allowance for decline in value of inventories (reversal)	(179,140.29)	7,825,669.91
Depreciation	28,465,241.59	27,955,078.47
Depreciation - Right of use assets	804,076.49	-
Transfer of construction in progress to expenses	295,000.00	279.40
Transfer of right of use assets to expenses	454.35	-
Amortized intangible assets	1,240,181.29	2,039,773.27
(Gain) loss from disposal and written-off property, plant and equipment	3,826.26	(450,884.50)
Increase (decrease) in provision	2,870,423.16	9,922,220.77
(Gain) loss from unrealized exchange rate	140,646.17	(33,866.95)
Employee benefits expenses	3,109,511.56	9,800,830.49
Interest expenses from lease liabilities	99,248.43	-
Interest expenses	11,787,958.04	12,777,152.02
Profit (loss) from operation before changes in operating assets and liabilities	(5,723,577.39)	10,153,570.14
Operating assets (increase) decrease		
Trade and other receivables	106,381,992.18	(111,316,946.93)
Inventories	11,384,205.56	35,315,256.41
Other current assets	504,795.51	105,734.14
Other non-current assets	-	110,000.00
Operating liabilities increase (decrease)		
Trade and other payables	(69,172,665.64)	44,857,919.71
Provision	(4,269,848.93)	(7,648,390.35)
Other current liabilities	(4,871,011.53)	4,978,863.86
Other non-current liabilities	-	186,915.89
Employee benefits obligations	(624,509.23)	(454,077.41)
Cash received (paid) from operating activities	33,609,380.53	(23,711,154.54)
Cash payment in interest expenses	(9,557,736.53)	(12,609,961.47)
Cash received in income tax	1,791,127.24	2,328,902.07
Cash payment in income tax	(2,020,497.96)	(1,900,481.88)
Net cash received from (used in) operating activities	23,822,273.28	(35,892,695.82)

Notes to financial statements are an integral part of these financial statements.



# STATEMENT OF CASH FLOW

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

For the year ended December 31, 2020

	(Unit : Baht)	
	2020	2019
Cash flow from investing activities		
Cash received from deposit receipt for property and plant	10,000,100.00	-
Decrease (increase) in restricted bank deposit	14,287,313.58	(140,573.52)
Cash paid for purchase property, plant and equipment	(210,023.24)	(2,660,512.42)
Cash received from sales property, plant and equipment	-	454,906.54
Net cash received from (used in) investing activities	24,077,390.34	(2,346,179.40)
Cash flow from financing activities		
Increase (decrease) in Short-term loan from financial institutions	(24,279,682.60)	11,695,612.23
Cash paid to payable of asset purchased	-	(97,862.64)
Cash received for short-term loan from related person	10,000,000.00	-
Cash paid for short-term loan from related parties	(10,000,000.00)	-
Cash received for short-term loan from other person or parties	54,000,000.00	57,000,000.00
Cash paid for short-term loan from other person or parties	(63,000,000.00)	(10,000,000.00)
Cash paid for long-term loans from financial institutions	(8,000,000.00)	(19,500,000.00)
Cash paid for liabilities under finance lease agreement	(839,223.15)	(175,629.14)
Net cash received from (used in) financing activities	(42,118,905.75)	38,922,120.45
Effects of exchange rate on cash and cash equivalents	(5,012.28)	19,316.72
Cash and cash equivalent items increase-net	5,775,745.59	702,561.95
Cash and cash equivalent items at the beginning of the year	9,802,012.65	9,099,450.70
Cash and cash equivalent items at the end of the year	15,577,758.24	9,802,012.65
<u>Additional disclosure</u>		
Significant non-cash items in the financial statements are as follows :-		
- Purchases of property, plant and equipment which had not yet been paid	40,690.72	40,690.72
- Purchase of asset under lease agreement	-	1,470,750.00
- Property, plant and equipment decrease from offsetting with retention payable	-	3,545,800.02

Notes to financial statements are an integral part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

## T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

For the year ended December 31, 2020

### 1. General information

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED is a public company incorporated and domiciled in Thailand. The Company listed with the Stock Exchange of Thailand. The registered office is located at 125/10, Moo 5 Ban Saun Subdistrict, Muang Chonburi, Chonburi.

The major shareholder of the Company is Kamolmongkolsuk family, which holds 30.93% of the Company's capital.

The Company is principally engaged in the manufacture distribution of hydraulic machinery and handling equipment and the provision of machine repair and maintenance and metal machining services.

### 2. Basis of financial statements preparation

#### 2.1 Going concern

As at 31 December 2020 and 2019, the Company's current liabilities exceeded its current assets by Baht 186.01 million and Baht 177.95 million respectively, such above event cause doubt as to whether there will be uncertainly that is materiality which may cause substantial doubt regarding ability in continuous operation of the Company. However, the Company's management is in the process of improving its operating, requesting additional credit facilities from financial institutions and finding new sources of funds. The Company's management believe that it is able to improve its operation and obtain adequate credit facilities for continuing its operation. For these reasons, the financial statements therefore have been prepared on the going concern basis.

2.2 The financial statements are issued for reporting purposes to be used in Thailand are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

- 2.3 The financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“TFAC”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated December 26, 2019, issued under the Accounting Act, B.E. 2543.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

## 2.4 New financial reporting standards

### 2.4.1 New and revised financial reporting standards that became effective in the current year

During the year, the Company has adopted revised financial reporting standards and financial reporting interpretations (revised 2019) including guidance promulgated issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements except the set of TFRSs related to financial instruments and leased which involves changes to key principles as explained in Note to financial statement No. 4.

#### 2.4.2 Financial reporting standards that will become effective in the future

During the current year, The Federation of Accounting Professions issued a number of revised accounting standards, financial reporting standards, accounting standards interpretations and financial reporting standards interpretations including the conceptual framework for financial reporting standards (new), which will be effective for fiscal years beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision to reference to the conceptual framework in Thai financial reporting standards and revision of the definition and accounting requirements. The Company's management believes that these financial reporting standards do not have any significant impact on the financial statements when they are adopted.

- 2.5 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows :-

##### Right of use asset and lease liabilities

In determining right of use asset and lease liabilities, the management needs to make judgment and estimated of the purchase option or renewal option exercised including review the estimate useful lives and residual values of the underlying asset when there are any changes.

In addition, the management is required to review right-of-use asset for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### Lease agreement

Lease – where the Company is the lessor, in determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding significant risk and rewards of ownership of the leased assets have been transferred, taking into consideration terms and conditions of the arrangement.

#### Expected credit loss

In determining the expected credit loss, the management needs to use judgment in estimating the expected loss and forecasts for the future about economic factors affecting credit risk of financial assets

#### Reduce inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

#### Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### Estimate on employee benefit obligations

The obligation under the post-employment benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate and staff turnover rate.



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#### Provision for product warranty

In determining provision for product warranty, the management needs to exercise judgement to estimate expenses, with reference to past experience.

#### Litigation

Contingent liabilities as a result of the litigation, The management has used judgement to assess of the results of the litigation and estimated contingent damage.

Other estimates are disclosed under related caption in these notes to financial statements.

### 3. Summary of significant accounting policies

- 3.1 Cash and cash equivalent items includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed deposits and all highly liquid investments with an original maturity of three months or less from the date of acquisition and not subject to withdrawal restrictions.
- 3.2 Trade and other receivables

#### Accounting policies adopted after January 1,2020

Trade and other receivables are stated at the net realisable value and recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

The Company applies the TFRS 9 simplified approach to measuring expected credit losses which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected credit loss rate are based on the payment profiles and corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors effecting the ability of the customers to settle the receivables. The impairment losses are recognized in profit or loss within administrative. Bad debts are written off when incurred.

#### Accounting policies adopted before January 1,2020

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging. Bad debts are written off when incurred.

### 3.3 Financial assets and financial liabilities

#### Accounting policies adopted after January 1,2020

##### Classification and measurement of financial assets

The Company classifies its debt instruments in the following categories:

- Financial assets measured subsequently at fair value either through other comprehensive income (FVOCI) or through profit or loss (FVPL) and
- Financial assets measured at amortized cost.

At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: A financial asset will be measured at amortized cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented in profit or loss.

- FVOCI: A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in profit or loss.
- FVPL: Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

The equity instrument held must be irrevocably classified to two measurement categories at fair value through profit or loss (FVPL), or at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Classification and measurement of financial liabilities and equity

Financial instruments issued by the Company must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Company has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company's own equity instruments.
- Where the Company has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

At initial recognition, the Company measures financial liabilities at fair value. The Company reclassifies all financial liabilities as subsequently measured at amortized cost.

#### Derivative

Derivative classifies and measured at fair value through profit and loss unless hedge accounting is applied to the derivative contracts.

#### Recognition and derecognition

The Company shall recognize a financial asset or a financial liabilities in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. An entity shall remove a financial liability from its statement of financial position when, and only when, it is extinguished.

#### Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies general approach for credit-impaired consideration.

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## Accounting policies adopted before January 1,2020

### Investment

- General investments are non-marketable equity instruments, shown at cost less by allowance for impairment (if any) and change in value of general investments is recognized in profit or loss when they are sold or impaired

- 3.4 Inventory are valued at the lower of cost and net realisable value. Cost determined by the moving average method. The costs of inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods. In the case of finished goods, semi-finished goods and work-in-progress, cost includes direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Allowance for diminution in value of inventories or slow-moving are recorded by considering obsolete inventories and slow moving inventories.

- 3.5 Property, plant and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

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 labor, 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 capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

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 recognized net within other income or other expense in profit or loss.



Subsequent costs, the cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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 plant and equipment. The estimated useful lives are as follows:

Building and improvements	20 years
Machinery and equipment	5-15 years
Furniture and office equipment	4-5 years
Vehicles	5 years

No depreciation is calculated for land and asset under construction and installation.

- 3.6 The intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss. A summary of the intangible assets with finite useful lives is as follows:

Computer software	5-10 years
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- 3.7 Leases agreement

#### Accounting policies adopted after January 1,2020

##### Leases - where The Company is the lessee

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

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The Company recognizes a right of use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, initial direct costs and estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentive received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company uses the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price, under a purchase option that the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying assets, lease payments in an optional renewal period; and
- Payments of penalties for early termination of a lease if the Company is reasonably certain to terminate early.

The Company measures the ROU asset at cost, less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liability. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. However, if the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the ROU asset reflects that the Company will exercise a purchase option, the Company depreciates the ROU asset from the commencement date to the end of the useful life of the underlying asset. The useful life of the ROU asset is determined on the same basis as those of property, plant and equipment.

Right of use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right of use assets, as follows:

Land	3 years, plus renewal option reasonably certain to be exercised
Building	1 year plus renewal option reasonably certain to be exercised
Vehicles	5 years

The lease liability is re-measured when there is a change in future leases payments arising from the following items:

- A change in an index or a rate used to determine those payments
- A change in the Company's estimate of the amount expected to be payable under a residual value guarantee
- The Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured to reflect changes to the lease payments, the Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the ROU asset. However, if the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Leases - where The Company is the lessor

The Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

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When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term.

Assets leased out under operating leases are included in plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar plant and equipment owned by the Company. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

#### Accounting policies adopted before January 1,2020

Leases of property, plant and equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. 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 the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the year of the lease.

When an operating lease is terminated before the lease year expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which the termination takes place.

### 3.8 Non-financial assets impairment

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in. An impairment loss is recognized when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually, even though there is no indicator of impairment are identified.

Impairment loss is recognized as expenses in profit or loss immediately.

#### Calculation of recoverable amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash-generating unit and its value in use.
- In assessing value in use of an asset, the estimated future cash flows are discounted to their present value which using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The 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 loss

- The loss on impairment of assets excluding goodwill recognized in the prior period will be reversed if the estimation of net realizable value changes since the last impairment loss was recognized. 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 amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.



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### 3.9 Employee benefits

#### Short-term employee benefits

The Company recognize salaries, wages, bonuses and contributions to Social Security Fund as expense when incurred.

#### Post-employment benefits (Defined contribution plans)

The Company and employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

#### Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

- 3.10 Provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

3.11 Revenue are recognized when customer control of the goods and services in an amount that reflects the consideration to which the entity expects to be entitled excludes value added taxes and present net off trade discounts with the following policies:-

3.11.1 Revenue from sales and services are recognized at the point in time when control of the goods and services are transferred to the customer, generally on delivery of the goods and services.

3.11.2 Revenue from rendering of project construction service is recognized over time when services have been rendered considering the progress of completion by input methods by reference to comparison of actual costs incurred up to the end of the period and total anticipated cost to be incurred to completion. The recognized revenue that is not yet due per the contract has been presented under the caption of “Contractual assets” in the statement of financial position, while revenue received before it is earned or before service is rendered is presented as “Contractual liabilities” in the statement of financial position. When the progress of completion cannot be estimated reliably, revenue from rendering of project construction service is recognized only to the extent of contract costs incurred that are likely to be recoverable.

3.11.3 Interest are recognized on an accrual basis based on the effective interest rate.

3.11.4 Other income are recognized on an accrual basis.

3.12 Expenses recognition are as follows :-

3.12.1 The cost of project construction service related to satisfying performance obligations under the contracts is recognized in the profit and loss when the cost incurred and when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in profit and loss immediately.

3.12.2 Finance costs such as 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.

3.12.3 Other expenses are recognized by accrual basis.

- 3.13 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

#### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settle.

The Company recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Company review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

#### 3.14 Basic earning (loss) per shares

Basic earnings (loss) per share are calculated by dividing the profit ( loss) for the year attributable to equity holders (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share are calculated by net income for the years attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares.

3.15 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the reporting date are translated into Baht at the rates ruling on that date. Exchange gains and losses are included as incomes or expenses in profit or loss.

3.16 The related parties and related companies with the Company meant individuals or enterprises which have the controlling power over the Company or are controlled by the Company either directly or indirectly, or under the same control with the Company. Furthermore, the related parties or related companies are also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the operations of the Company including the family members close to the said persons which could persuade or have power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

3.17 The sectoral business operation is disclosed under the separate business sectors of the Company, by the business sector that acquires products or provides services which have different risks and return from the risks and return of the products or services provide by other business sectors.

3.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categorize of input to be used in fair value measurement as follows:-

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 4. The impact of first-time adoption of new accounting standards

The Company has adopted TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Company's financial statements and discloses the new accounting policies that have been applied from January 1, 2020, under the modified retrospective approach which the comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies are therefore recognized in the statement of financial position as at January 1, 2020.

The impact of first-time adoption of new accounting standards of financial position are as follows:

	December 31, 2019	TFRS 9	TFRS 16	(Unit : Baht) January 1, 2020
<u>Statement of financial position</u>				
Current assets				
Trade and other receivables	144,817,622.56	(138,139.93)	-	144,679,482.63
Non-current assets				
Property, plant and equipment	600,799,384.35	-	(1,751,468.60)	599,047,915.75
Right of use asset	-	-	3,261,372.66	3,261,372.66
Total assets	<u>745,617,006.91</u>	<u>(138,139.93)</u>	<u>1,509,904.06</u>	<u>746,988,771.04</u>
Current liabilities				
Current portion of lease liabilities	351,882.12	-	196,320.76	548,202.88
Non-current liabilities				
Lease liabilities	943,238.74	-	1,313,583.30	2,256,822.04
Total liabilities	<u>1,295,120.86</u>	<u>-</u>	<u>1,509,904.06</u>	<u>2,805,024.92</u>
Shareholders' equity				
Unappropriated deficit	(75,831,811.47)	(138,139.93)	-	(75,969,951.40)
Other components of shareholders' equity	-	-	-	-
Total shareholders' equity	<u>(75,831,811.47)</u>	<u>(138,139.93)</u>	<u>-</u>	<u>(75,969,951.40)</u>



#### 4.1 Addition disclosed from first time adoption of the set of TFRSs related to financial instruments

The impact of retained earnings as at January 1, 2020 are as follows :-

	(Unit : Baht)
Unappropriated deficit as at December 31, 2019	(75,831,811.47)
Adjustment to unappropriated deficit from adoption of TFRS 9 on January 1, 2020	
Increase from allowance for expected credit loss of trade and other receivable	(138,139.93)
Unappropriated deficit as at January 1, 2020	<u>(75,969,951.40)</u>

#### Classification and measurement

As at January 1, 2020 (the date of initial application) , the Company's management has assessed which business models applied to the financial assets and liabilities held by the Company and has classified the financial assets and liabilities are as follows :-

		(Unit : Baht)
	<u>FVPL</u>	<u>Amortized cost</u>
<u>Financial assets</u>		
As at January 1, 2020		
Cash and cash equivalents	-	9,802,012.65
Trade and other receivables	-	144,679,482.63
Other current assets	-	1,111,207.19
Restricted bank deposit	-	14,287,313.58
Other non-current financial asset	19,998,000.00	-
Other non-current assets	-	3,795,214.41
Total	<u>19,998,000.00</u>	<u>173,675,230.46</u>
<u>Financial liabilities</u>		
As at January 1, 2020		
Short-term loans from financial institutions	-	164,279,682.60
Trade and other payables	-	131,594,158.67
Short-term loan from related parties	-	10,000,000.00
Short-term loan from other parties	-	47,000,000.00
Other current liabilities	-	6,392,113.89
Long-term loans from financial institutions	-	48,000,000.00
Lease liabilities	-	2,805,024.92
Other non-current liabilities	-	186,915.89
Total	<u>-</u>	<u>410,257,895.97</u>

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## Financial asset impairment

### Trade receivable

The Company applies the TFRS 9 simplified approach to measuring expected credit losses along the lifetime for all of trade receivable. To measure the expected credit losses, trade receivables have been grouped based on the common credit risk and the days past due. The expected loss rates are based on the payment profiles, credit loss profiles and future factor which impact to the expected credit losses. By applying the approach, the impairment losses for trade receivable are as follow :-

	(Unit : Baht)
Allowance for expected credit loss as at December 31, 2019	(6,026,107.00)
The impact from adjustment beginning balance to unappropriated deficit	(138,139.93)
Allowance for expected credit loss as at January 1, 2020	<u>(6,164,246.93)</u>

#### 4.2 Addition disclosed from first time adoption of the TFRSs related to lease

On adoption of TFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17 Leases. The right of use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The Company's incremental borrowing rates applied to the lease liabilities as at January 1, 2020 is 4.55%

	(Unit : Baht)
Operating lease commitments as at December 31, 2019	331,263.12
<u>Less</u> Short-term leases recognized on a straight-line basis as expenses	(64,000.00)
<u>Add</u> Purchase or extension options reasonably certain to be exercised	1,353,789.36
	<u>1,621,052.48</u>
<u>Less</u> Deferred interest expenses	(111,148.42)
Lease liabilities increase from adoption of TFRS 16 on January 1, 2020	1,509,904.06
Lease liabilities as at December 31, 2019	1,295,120.86
Lease liabilities as at January 31, 2020	<u>2,805,024.92</u>
Consist of:-	
Current lease liabilities	548,202.88
Non-current lease liabilities	2,256,822.04
Total	<u>2,805,024.92</u>

The right of use assets as at January 1, 2020 to the following types of assets :-

	(Unit : Baht)
As at January 1, 2020	
Land	654,537.02
Building	855,367.04
Vehicle	1,751,468.60
Total right of use assets	<u>3,261,372.66</u>

#### 5. Related parties transactions

The Company incurred business transactions with related parties, which have the same group of shareholders or mutual directors. Such transactions are based on commercial terms and according to criteria agreed between the Company and those companies which are in ordinary course of business. The transactions are summarized as follows: -

## 5.1 Inter-assets and liabilities

(Unit : Baht)

<u>Type of items/company name</u>	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
- Accrued interest payable		
Kamolmongkolsuk Company Limited	-	50,000.04
Directors	13,661.21	-
	<u>13,661.21</u>	<u>50,000.04</u>
- Short-term loans		
Related Party		
Kamolmongkolsuk Company Limited		
Beginning balance	10,000,000.00	10,000,000.00
Repayment	(10,000,000.00)	-
Ending balance	<u>-</u>	<u>10,000,000.00</u>
Related persons		
Directors		
Beginning balance	-	-
Additional during the year	10,000,000.00	-
Ending balance	<u>10,000,000.00</u>	<u>-</u>
Total	<u>10,000,000.00</u>	<u>10,000,000.00</u>

Short-term loan from related party is loan from related party under agreement with due to repayment with bearing interest rate 0.50% per annum on December 31, 2019, currently the Company has completed repayment.

As at December 31, 2020, the whole amount of short-term loan from related person is loan under the loan agreement which will be repayment within 1 year, bearing interest rate 0.50% per annum and no collateral.

## 5.2 Inter-revenues and expenses

(Unit : Baht)			
<u>Type of items/company name</u>	<u>Transfer pricing policy</u>	<u>For the year ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
- Revenue from sales and service			
Kang Yong Electric Public Company Limited	Market price	101,000.00	229,000.00
TPI Polene Power Public Company Limited	Agreement price, reference to market price	5,640,000.00	869,270.00
Total		<u>5,741,000.00</u>	<u>1,099,700.00</u>
- Interest expense			
Kamolmongkolsuk Company Limited	Contract price	-	50,000.04
Directors	Contract price	13,661.21	-
Total		<u>13,661.21</u>	<u>50,000.04</u>

## 5.3 Directors and management's benefits

(Unit : Baht)			
<u>For the year ended December 31,</u>			
		<u>2020</u>	<u>2019</u>
Short-term employee benefits		15,148,937.00	15,539,395.00
Post-employment benefits		441,430.87	419,655.92
Total		<u>15,590,367.87</u>	<u>15,959,050.92</u>

## 5.4 Guarantees provided by directors

The Company's directors and director's land has guaranteed the Company's credit facilities from banks as mention in the note to financial statement No.15 and No.29.1. No fees are charged for these guarantees.

## 5.5 The relationship

The relationship between the Company and its related person or related parties are summarised below.

<u>Company's name</u>	<u>Relationship</u>
KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	Common director
KANG YONG ELECTRIC PUBLIC COMPANY LIMITED	Common director
TPI POLENE POWER PUBLIC COMPANY LIMITED	Common director



## 6. Financial assets and liabilities

As at December, 2020, the Company's management has assessed which business models applied to the financial assets and liabilities held by The Company and has classified the financial assets and liabilities are as follow:- (The balances as at January 1, 2020 has been disclosed in No. 4)

	(Unit : Baht)	
	<u>FVPL</u>	<u>Amortized cost</u>
<u>Financial assets</u>		
Cash and cash equivalents	-	15,577,758.24
Trade and other receivables	-	38,808,805.76
Other current assets	-	606,411.68
Other non-current financial asset	19,998,000.00	-
Other non-current liabilities	-	4,024,585.13
Total	19,998,000.00	59,017,560.81
<u>Financial liabilities</u>		
Short-term loans from financial institutions	-	140,000,000.00
Trade and other payables	-	74,827,879.31
Short-term loan from related person and party	-	10,000,000.00
Short-term loan from other person and party	-	38,000,000.00
Other current liabilities	-	1,521,102.36
Long-term loans from financial institutions	-	40,000,000.00
Lease liabilities	-	2,057,136.83
Other non-current liabilities	-	186,915.89
Total	-	306,593,034.39

## 7. Cash and cash equivalent items

Consisted of :-

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash on hand	305,949.00	296,998.00
Cheque on hand	381,369.00	189,927.00
Saving accounts deposit	2,091,952.91	9,097,216.72
Current accounts deposit	12,797,485.29	217,870.93
Fixed deposit not over 3 months	1,002.04	-
Total	15,577,758.24	9,802,012.65

8. Trade and other receivables

Consisted of :-

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Trade receivables-other parties	42,953,949.60	37,833,883.53
<u>Less</u> Allowance for expected credit losses	(5,989,822.08)	(6,026,107.00)
Net	36,964,127.52	31,807,776.53
Contractual assets	-	109,037,214.02
Total trade receivables-net	36,964,127.52	140,844,990.55
Other receivables	259,774.84	220,866.00
Advance payment for inventories	952,746.42	1,835,307.40
Prepaid expenses	1,073,342.98	1,722,554.61
Accrued income	2,150.00	960.00
Advance Payment	242,664.00	192,944.00
Total other receivables	2,530,678.24	3,972,632.01
<u>Less</u> Allowance for expected credit losses	(686,000.00)	-
Total other receivables-net	1,844,678.24	3,972,632.01
Total trade and other receivables	38,808,805.76	144,817,622.56

Aging analyzes for trade receivables are as follows :-

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Other receivables-other parties		
Not yet due	14,461,160.80	19,290,701.11
Overdue not over 3 months	20,410,379.30	9,986,079.27
Overdue over 3 months not over 12 months	2,348,436.00	3,003,901.15
Overdue over 12 months	5,733,973.50	5,553,202.00
Total	42,953,949.60	37,833,883.53
<u>Less</u> Allowance for expected credit losses	(5,989,822.08)	(6,026,107.00)
Total trade receivables-other parties	36,964,127.52	31,807,776.53

The normal credit term granted by the Company ranges from 7 days to 90 days.

Contractual asset from project construction service has detail as following :-

(Unit : Baht)

	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Contract price	254,314,590.00	254,314,590.00
Recognized of revenues on percentage of completion basis	254,314,590.00	211,037,214.02
<u>Less</u> Amount of total billed	<u>(254,314,590.00)</u>	<u>(102,000,000.00)</u>
Contractual asset	<u>-</u>	<u>109,037,214.02</u>

Movement of allowance for expected credit loss for the year ended December 31, 2020 and 2019 as follow:-

(Unit : Baht)

	<u>2020</u>	<u>2019</u>
Beginning balance as at January 1,	(6,026,107.00)	(6,536,633.34)
The impact of first-time adoption of TFRS 9 financial instruments (Note 4.1)	(138,139.93)	-
Allowance for expected credit losses	(686,000.00)	-
Reversal of allowance for expected credit losses	174,424.85	510,526.34
Ending balance as at December 31,	<u>(6,675,822.08)</u>	<u>(6,026,107.00)</u>

## 9. Inventories

Consisted of :-

(Unit : Baht)

	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Finished goods	12,242,735.22	13,286,944.25
Semi-finished goods	52,252,057.86	59,756,164.74
Work in process	53,369,575.92	56,432,801.95
Raw materials	10,298,045.56	11,307,000.12
Supplies	466,846.94	423,353.62
Goods in transit	6,291,177.15	5,098,379.53
Total	<u>134,920,438.65</u>	<u>146,304,644.21</u>
<u>Less</u> Allowance for decline in value of inventories	<u>(61,043,753.90)</u>	<u>(61,222,894.19)</u>
Net	<u>73,876,684.75</u>	<u>85,081,750.02</u>

Movement of allowance for decline in value of inventories for the year ended December 31, 2020 and 2019 as follow :-

	(Unit : Baht)	
	<u>2020</u>	<u>2019</u>
Beginning balance as at January 1,	(61,222,894.19)	(53,397,224.28)
(Loss) Reversal allowance for decline in value of inventories	179,140.29	(7,825,669.91)
Ending balance as at December 31,	<u>(61,043,753.90)</u>	<u>(61,222,894.19)</u>

Cost of inventory record as expense and include in the cost of good sold were as follow :-

	(Unit : Baht)	
	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cost of good sold	281,716,986.59	497,246,259.77
(Loss) Reversal for decline in value of inventories	(179,140.29)	7,825,669.91
Total	<u>281,537,846.30</u>	<u>505,071,929.68</u>

#### 10. Bank deposit pledged as collateral

As at December 31, 2019 the Company has bank deposit which not exceed 3 month was pledged for collateral against credit facilities given by financial institution as mention in the notes to financial statement No.15 and 29.1.

#### 11. Other non-current financial asset

Consisted of :-

	(Unit : Thousand Baht)							
	<u>Paid-up</u>		<u>Percentage of</u>		<u>Investment</u>		<u>Dividend</u>	
<u>Company</u>	<u>Share capital</u>		<u>Investment (%)</u>		<u>as measurement at FVPL</u>		<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sahapat Amorn Company Limited	101,100	101,100	19.80	19.80	19,998	19,998	-	-

## 12. Property, plant and equipment

Consisted of :-

	(Unit : Baht)					
	Land	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation
<b>Cost :</b>						
As at January 1, 2019	292,034,088.09	405,891,367.39	333,064,971.05	30,985,993.97	59,258,897.92	1,575,000.00
Purchase	-	-	236,173.74	72,500.00	3,651,000.00	212,000.00
Disposal / written off	-	-	(685,416.31)	(180,542.05)	(2,760,440.00)	-
Transfer in (transfer out)	-	(3,545,800.02)	-	-	-	-
As at December 31, 2019	292,034,088.09	402,345,567.37	332,615,728.48	30,877,951.92	60,149,457.92	1,787,000.00
The impact of first-time adoption of TFRS 16 (No.4)	-	-	-	-	(1,961,000.00)	-
Purchase	-	-	207,677.43	38,036.53	-	5,000.00
Disposal / written off	-	-	(6,036,220.47)	(4,868,482.51)	(2,653,461.14)	-
Transfer of construction in progress to expense	-	-	-	-	-	(295,000.00)
As at December 31, 2020	292,034,088.09	402,345,567.37	326,787,185.44	26,047,505.94	55,534,996.78	1,497,000.00
<b>Accumulated depreciation :</b>						
As at January 1, 2019	-	(63,757,408.67)	(254,513,580.95)	(28,853,285.42)	(58,482,594.95)	-
Depreciation for the year	-	(14,127,852.78)	(12,021,045.04)	(846,751.40)	(959,429.25)	-
Disposal / written off	-	-	681,401.27	180,537.05	2,760,438.00	-
As at December 31, 2019	-	(77,885,261.45)	(265,853,224.72)	(29,519,499.77)	(56,681,586.20)	-
The impact of first-time adoption of TFRS 16 (No.4)	-	-	-	-	209,531.40	-
Depreciation for the year	-	(14,393,908.64)	(12,855,055.17)	(744,425.93)	(471,851.85)	-
Disposal / written off	-	-	6,032,773.98	4,868,109.74	2,653,458.14	-
As at December 31, 2020	-	(92,279,170.09)	(272,675,505.91)	(25,395,815.96)	(54,290,448.51)	-
<b>Allowance for impairment loss :</b>						
As at December 31, 2019	-	(89,070,837.29)	-	-	-	-
As at December 31, 2020	-	(89,070,837.29)	-	-	-	-
<b>Net Book Value:</b>						
As at December 31, 2019	292,034,088.09	235,389,468.63	66,762,503.76	1,358,452.15	3,467,871.72	1,787,000.00
As at December 31, 2020	292,034,088.09	220,995,559.99	54,111,679.53	651,689.98	1,244,548.27	1,497,000.00
<b>Depreciation was show in profit or loss for the years</b>						
Ended December 31, 2019						27,955,078.47
Ended December 31, 2020						28,465,241.59

As at December 31, 2020 and 2019, the Company had land with premises thereon and machineries at net book value of Baht 509.24 million and Baht 461.24 million respectively are pledged as collateral against credit facilities received from financial institutions as mention in the notes to the financial statements No. 15, 18 and 29.1.

As at December 31, 2020 and 2019, the Company had the assets which fully depreciated but still in used. The cost price was Baht 310.77 million and the book value was Baht 173,943.43 Baht million and the cost price was Baht 319.14 million and the book value was Baht 9.56 million respectively.

As at December 31, 2020, the assets under financial lease where The Company is the leasee are presented in part of the above movement including vehicle amount of Baht 1.75 million are as follow :-

	(Unit : Baht)
The cost of assets under financial lease agreement	1,961,000.00
<u>Less</u> accumulated depreciation	(209,531.40)
Net book value	<u>1,751,468.60</u>

Since January 1, 2020 onwards, lease assets are presented in statement of financial position as the right of use assets, as detailed in Note 13. Such change was a result from the first-time adoption of new accounting standards as explained in Note 4.

### 13. Right of use assets and Lease liabilities

For the year ended December 31, 2020, the movement was as follows :-

	(Unit : Baht)			
	Land	Buildings	Vehicles	Total
<u>Right of use assets</u>				
Beginning book value	-	-	-	-
The impact of first-time adoption of				
TFRS 16 (Note 4.2)	654,537.02	855,367.04	1,751,468.60	3,261,372.66
Depreciation for portion shown in				
profit or loss	(163,634.31)	(248,242.39)	(392,199.79)	(804,076.49)
Rental adjustment items	-	(8,367.72)	-	(8,367.72)
Ending book value	<u>490,902.71</u>	<u>598,756.93</u>	<u>1,359,268.81</u>	<u>2,448,928.45</u>

The statement of comprehensive income for the year ended December 31, 2020 for transactions related to lease are as follows :-

	(Unit : Baht)
Depreciation of the right of use assets	804,076.49
Finance cost relating to lease	99,248.43
Expense relating to short term leases (Included in cost of administrative expenses)	538,439.20
Cash outflow for leases	839,223.15



Lease liabilities as at December 31, 2020 and 2019 are as follows :-

	(Unit : Baht)	
	<u>2020</u>	<u>2019</u>
<u>Lease liabilities</u>		
Within 1 year	848,223.15	396,960.03
Over 1 year but not over 5 years	1,313,966.21	992,399.97
Total	2,162,189.36	1,389,360.00
<u>Less</u> Future finance cost for lease liabilities	(105,052.53)	(94,239.14)
Present value finance lease liabilities	2,057,136.83	1,295,120.86

Present value of finance lease liabilities as at December 31, 2020 and 2019 are as follows:-

	(Unit : Baht)	
	<u>2020</u>	<u>2019</u>
Within 1 year	780,393.39	351,882.12
Over 1 year but not over 5 years	1,276,743.44	943,238.74
Total	2,057,136.83	1,295,120.86

14. Intangible assets

Consisted of:-

	(Unit : Baht)
	<u>Computer software</u>
Cost :	
As at January 1, 2019	24,916,189.65
Purchase	-
As at December 31, 2019	24,916,189.65
Purchase	-
Disposal / written off	(131,846.30)
As at December 31, 2020	<u>24,784,343.35</u>
Accumulated amortization :	
As at January 1, 2019	(20,777,496.56)
Amortization for the year	(2,039,773.27)
As at December 31, 2019	(22,817,269.83)
Amortization for the year	(1,240,181.29)
Disposal / written off	131,842.30
As at December 31, 2020	<u>(23,925,608.82)</u>
Net book value :	
As at December 31, 2019	<u>2,098,919.82</u>
As at December 31, 2020	<u>858,734.53</u>
Amortization in profit or loss for the years	
Ended at December 31, 2019	2,039,773.27
Ended at December 31, 2020	1,240,181.29

15. Short-term loans from financial institutions

	(Unit : Baht)	
	<u>2020</u>	<u>2019</u>
Bank overdraft	-	24,279,682.60
Promissory notes	140,000,000.00	140,000,000.00
Total	<u>140,000,000.00</u>	<u>164,279,682.60</u>

As at December 31, 2020 and 2019, the Company obtained loans from financial institutions in form of bank overdrafts and promissory notes with the terms range from 3 months from commercial bank bearing the interest rates at 3.25-4.25% and 4.25-6.875% respectively.

Loans in the form of promissory note have the collateral as mention in the notes to financial statements No. 5.4, 10 and 12.

16. Trade and other payables

Consisted of:-

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Trade payables	47,212,200.62	109,495,063.21
Other payables		
Other payables	263,239.45	363,746.70
Payable for asset purchased	40,690.72	40,690.72
Accrued interest payable-related person and party	13,661.21	50,000.04
Accrued expenses	5,141,128.90	4,227,685.02
Deposit received from contract to sell property and plant	10,000,100.00	-
Unearned revenue	12,156,858.41	17,416,972.98
Total other payables	<u>27,615,678.69</u>	<u>22,099,095.46</u>
Total trade and other payables	<u>74,827,879.31</u>	<u>131,594,158.67</u>

For the year ended December 31, 2020, the Company has received deposit from a buyer whose breached the contract to sell property and plant. Therefore, the Company forfeited the deposit and recognized deposit as other income amount of Baht 11.00 million.

17. Short-term loan from other person

As at December 31, 2020 and 2019, the whole amount of short-term loans from other person is loan under loan agreement in amount of 5 and 7 contracts respectively with bearing interest rate 9.00% per annum and no collateral which can be summarized as follows:-

<u>No.</u>	<u>Credit facility (Unit : Million Baht)</u>		<u>Agreement date</u>	<u>Due to repayment</u>
	<u>2020</u>	<u>2019</u>		
1	-	2.00	October 11, 2019	February 7, 2020
2	-	1.50	October 12, 2019	February 10, 2020
3	-	0.50	October 14, 2019	February 8, 2020
4	-	2.00	October 11, 2019	February 7, 2020
5	4.00	4.00	October 30, 2019	At call
6	-	30.00	October 17, 2019	February 13, 2020
7	4.00	7.00	November 27, 2019	At call
8	15.00	-	February 24, 2020	At call
9	10.00	-	May 5, 2020	At call
10	5.00	-	November 26, 2020	At call
Total	<u>38.00</u>	<u>47.00</u>		

18. Long-term loans from financial institutions

(Unit : Baht)

	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Long-term loans from financial institutions	40,000,000.00	48,000,000.00
<u>Less</u> Current portion of long-term loans	<u>(40,000,000.00)</u>	<u>(48,000,000.00)</u>
Net	<u>-</u>	<u>-</u>

Movement for the year ended December 31, 2020 and 2019, are as follows :-

(Unit : Baht)

	<u>2020</u>	<u>2019</u>
Beginning balance as at January 1,	48,000,000.00	67,500,000.00
Repaid in the year	<u>(8,000,000.00)</u>	<u>(19,500,000.00)</u>
Ending balance as at December 31,	<u>40,000,000.00</u>	<u>48,000,000.00</u>

Long-term loans has revised the installment for repayment and interest in accordance with loan agreement (Revise No.1) dated June 29, 2017 which can be summarized as follows:-

<u>Credit limit (Unit : Million Baht)</u>		<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>
<u>2020</u>	<u>2019</u>			
150.00	150.00	June 2017 to September 2020	BIBOR+3% p.a.	- June-August 2017 payment interest only. - September 2017-August 2018 principal payment of Baht 1.00 million per installment. - September 2018-August 2019 principal payment of Baht 1.50 million per installment. - September 2019-August 2020 principal payment of Baht 2.00 million per installment. - Last installment must be repaid all outstanding.

The Company has received a letter from the lender that the Company has a right to extend the repayment and interest payment for next 6 months period from April 23, 2020 to October 22, 2020. At repayment due, the Company negotiated with financial institution to extension the repayment period of principle and interest without constitute as a default repayment which currently, the contract is in the process of amendment.

The Company has classified the loan as current liability in accordance with the former term of repayment schedule. The revise loan agreement (Revise No.3) has detail of repayment as follow: -

<u>Credit limit (Unit : Million Baht)</u>		<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>
<u>2020</u>	<u>2019</u>			
150.00	150.00	June 2017 to January 2022	BIBOR+3% p.a.	- June-August 2017 payment interest only. - September 2017-August 2018 principal payment of Baht 1.00 million per installment. - September 2018-August 2019 principal payment of Baht 1.50 million per installment. - September 2019-March 2020 principal payment of Baht 2.00 million per installment. - April-October 2020 not payment in accordance with delay loan payment plan. - November 2020-June 2021 not payment principle. - July-December 2021 principal payment of Baht 1.50 million per installment. - January 29, 2022 Last installment must be repaid all outstanding.

Agreements contain covenants of which the Company has to maintain. However, the Company was unable to maintain certain covenant stipulated in an agreement. However the Company has been inform by the lender, grading a waiver for such non-compliance subject. The Company has classified the loan as per original repayment schedule.

The long-term loans are secured by the mortgages certain plots of land with premises thereon as mention in the note to financial statements No. 12.

19. Provision

(Unit : Baht)

	<u>Provision for product warranty</u>	
	<u>2020</u>	<u>2019</u>
As at January 1,	11,149,087.11	8,875,256.69
Increase during the year	2,870,423.16	9,922,220.77
Utilised	(4,269,848.93)	(7,648,390.35)
As at December 31,	<u>9,749,661.34</u>	<u>11,149,087.11</u>

20. Employee benefit obligation

Movement in the employee benefit obligation are as follows :-

(Unit : Baht)

	<u>2020</u>	<u>2019</u>
Employee benefit obligations as at January 1,	37,686,427.44	11,680,019.29
Current service cost	2,172,188.66	2,129,387.84
Interest cost	937,322.90	864,498.05
Past service cost	-	6,806,944.60
Benefit paid	(624,509.23)	(454,077.41)
Actuarial loss arising from defined benefit plan	-	16,659,655.07
Employee benefit obligations as at December 31,	<u>40,171,429.77</u>	<u>37,686,427.44</u>



Expenses recognized in statement of comprehensive income for the years ended December 31, 2020 and 2019 are as follows :-

	(Unit : Baht)	
	<u>2020</u>	<u>2019</u>
<u>Recognized in profit or loss</u>		
Cost of sales and service	1,920,456.36	6,640,877.86
Selling expenses	284,850.28	963,495.87
Administrative expenses	462,774.05	1,776,800.84
Management's benefits	441,430.87	419,655.92
Total	<u>3,109,511.56</u>	<u>9,800,830.49</u>

	<u>2020</u>	<u>2019</u>
<u>Recognized in other comprehensive income</u>		
Actuarial loss arising from defined benefit plan		
Financial assumptions changes	-	41,031.21
Demographic assumptions changes	-	15,862,941.51
Experience adjustments	-	755,682.35
Total	<u>-</u>	<u>16,659,655.07</u>

Principal actuarial assumptions as are as follows : -

Discount rate	2.29%
Salary increase rate	3.00%
Employee turnover rate	1.91-22.92%

### 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.

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Discount increase rate (0.5% movement)	(9,781.19)	(27,745.05)
Discount decrease rate (0.5% movement)	5,922.17	25,177.08
Future salary growth increase (1% movement)	418,378.58	398,556.84
Future salary growth decrease (1% movement)	(360,584.60)	(343,575.75)
Employee turnover increase rate (20% movement)	(230,174.40)	(219,149.54)
Employee turnover decrease rate (20% movement)	262,662.44	250,033.00

### 21. Share capital

Authorized share capital and paid up share capital are movement as follow :-

		2020		2019	
	Par Value	Number of share	Amount	Number of share	Amount
	(Baht)	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)
<b>Authorized share capital</b>					
Beginning ordinary share	1.00	543,750,000	543,750,000.00	543,750,000	543,750,000.00
<u>Add</u> Increase ordinary share	1.00	-	-	-	-
Ending ordinary share	1.00	543,750,000	543,750,000.00	543,750,000	543,750,000.00
<b>Issued and paid up share capital</b>					
Beginning ordinary share	1.00	458,773,722	458,773,722.00	458,773,722	458,773,722.00
<u>Add</u> Increase ordinary share	1.00	-	-	-	-
Ending ordinary share	1.00	458,773,722	458,773,722.00	458,773,722	458,773,722.00

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## 22. Premium on share and legal reserve

### Premium on ordinary share

Premium on ordinary shares is stated in accordance with Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offers the ordinary shares for sale at the price exceeding the registered share price, the Company shall appropriate this surplus as reserve (“Premium on ordinary shares”). This premium on ordinary shares cannot be paid out as dividend.

According to minutes of Annual General of Shareholders' Meeting in 2020 held on April 25, 2020, which approve to transfer premium on ordinary shares amount of Baht 41,266,007.59 to eliminate the Company's deficit amount of Baht 41,266,006.00.

According to minutes of Annual General of Shareholders' Meeting in 2019 held on April 26, 2019, which approve to transfer premium on ordinary shares amount of Baht 109,417,060.83 to eliminate the Company's deficit amount of Baht 68,151,053.24.

### Legal reserve

Section 116 of the Public Limited Company 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 (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

## 23. Capital management

The primary objectives of the Company's capital management are to maintain its ability to continue as a going concern, to maintain an appropriate capital structure and to maintain financial ratios not exceeding that specified by the covenants of the loan agreements.

As at December 31, 2020 and 2019, the financial statements present debt to equity ratio at 0.96 : 1.00 and 1.08 : 1.00 respectively.

24. Expenses by nature

	(Unit : Baht)	
	For the year ended December 31,	
	<u>2563</u>	<u>2562</u>
Salaries, wages and other employee benefits	116,303,148.07	142,379,534.74
Depreciation and amortization	30,509,499.37	29,994,847.59
Loss for declining in value of inventories (reversal)	(179,140.29)	7,825,669.91
Raw materials and consumables used	159,237,227.44	424,888,200.32
Changes in inventories of finished goods, semi-finished goods and work in process	11,169,341.94	(65,609,770.03)
Finance cost	12,270,824.28	12,777,152.02
Other expenses	35,843,052.88	51,089,232.10
Total	<u>365,153,953.69</u>	<u>603,344,866.65</u>

25. Income tax expenses

Income tax recognized in profit or loss for the years ended December 31, 2020 and 2019 with the following details :-

	(Unit : Baht)	
	<u>2020</u>	<u>2019</u>
Accounting loss before tax	(53,849,429.29)	(59,172,156.40)
Applicable tax rate	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(10,769,885.86)	(11,834,431.28)
Tax effect of income and expenses that are not considered		
As taxable income or expense as follows:-		
- Tax loss unrecognized as deferred tax assets	10,993,128.73	5,548,310.72
- Provision	(279,885.15)	454,766.08
- Others	56,642.28	5,831,354.48
Income tax expenses reported in profit or loss	<u>-</u>	<u>-</u>

As at December 31, 2020 and 2019, the Company had deductible temporary differences and tax losses carries forward totaling amount of Baht 419.19 million and amount of Baht 392.93 million respectively, which have not been recognized as deferred tax assets in the statements of financial position. Because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

## 26. Basic loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common share in issue during the year.

	(Unit : Baht)	
	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Loss for the year (Unit : Baht)	(53,849,429.29)	(59,172,156.40)
The number of ordinary shares (Unit : Baht)	458,774,000	458,774,000
Loss per share (Baht/share)	(0.12)	(0.13)

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company are organised into business units based on their products and services, and have three reportable segments, as follows:-

- Manufacture and distribution of machinery segment, which engages in the manufacture and distribution of hydraulic machines such as press machines, cranes, and handling equipment.
- Services segment, which is engaged in the provision of machine repair and maintenance and metal machining services.
- Project construction service segment, which is engaged in the project construction service by supply machines and installation according to the contract.

Financial information is presented as the segment for the year ended December 31, 2020 and 2019 are as follows : -

(Unit : Thousand Baht)

	For the year ended December 31,							
	Manufacture and		Project		Services		Total	
	distribution of machineries		construction service					
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue from sales and services income	205,437	266,637	43,277	211,037	50,537	64,779	299,251	542,453
Segment profit (loss)	14,947	16,069	(8,277)	12,865	11,044	8,447	17,714	37,381
Other income							12,053	1,720
Selling expenses							(16,726)	(22,238)
Administrative expenses							(54,619)	(63,258)
Loss from operating activities							(41,578)	(46,395)
Finance cost							(12,271)	(12,777)
Loss before income tax							(53,849)	(59,172)
Income tax expense							-	-
Loss for the year							(53,849)	(59,172)
Other comprehensive income for the year							-	(16,660)
Total comprehensive income for the year							(53,849)	(75,832)

Revenue from external customer is based on locations of the customers for the years ended December 31, 2020 and 2019 as follows :-

(Unit : Baht)

	For the year ended December 31,	
	<u>2020</u>	<u>2019</u>
Revenue from external customer		
Thailand	298,175,408.80	521,334,408.03
Others	1,076,025.60	21,118,546.43
Total	299,251,434.40	542,452,954.46

For the year ended December 31, 2020 and 2019, the Company has one major customers for the both years, whose revenue from sales and service based on revenue from manufacturing and distribution of machine in local totaling amount of Baht 43.28 million and 211.04 million respectively.



## 28. Provident fund

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and their employees contributed to the fund monthly at the rates depending on the working life of the employees. A local financial institution is managing the provident fund and will be paid to the employees upon termination in accordance with the fund rules. For the year ended December 31, 2020 and 2019, the Company has provident fund expense in amount of Baht 1.71 million and Baht 1.67 million respectively.

## 29. Obligation and contingent liabilities

Apart from liabilities reflected in the statement of financial position as at December 31, 2020 and 2019, the Company held other obligations as follows :-

### 29.1 Obligation of credit lines for loans from financial institutions :-

(Unit : Million Baht)

	<u>As at December 31,</u>					
	<u>2020</u>			<u>2019</u>		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Bank overdrafts	25.00	-	25.00	25.00	24.18	0.82
Letters of guarantee	22.75	15.58	7.17	22.75	18.24	4.51
Trust receipts and letters of credit	22.00	6.42	15.58	22.00	9.85	12.15
Short-term loan	390.00	140.00	250.00	340.00	140.00	200.00
Long-term loan	150.00	150.00	-	150.00	150.00	-

The above credit facilities are guaranteed by the collaterals as mentioned in the notes to financial statements No.5.4, 10 and 12. However, letters of guarantee amount of Baht 12.75 million is guaranteed by director's land and the Company's directors including transfer the right to collect of receivable from customer project.

## 29.2 Obligations in relation to lease contracts and services

As at December 31, 2020 and 2019, the Company has obligations as a lessee regarding operational lease contracts and other services. Future minimum lease payments required under these service contracts and leases contracts were as follows.

	(Unit :Baht)	
	<u>2020</u>	<u>2019</u>
Payable within 1 year	799,800.00	2,669,343.12

## 29.3 Capital commitments

As at December 31, 2020 and 2019, the Company had capital commitments of Baht 0.31 million and Baht 0.64 million respectively, relating to the construction of factory and office buildings and acquisition of equipment.

## 29.4 Litigation

A lawsuit had been filed against the Company regarding non-payment product fee under production contract with interest rate 7.50% per annum. The amount of claim is Baht 13.78 million. However, the Company submitted a filed against a lawsuit and request compensation from the contract party whose is unable to produce the work according to the agreed specifications as determine in the contract with interest rate 7.5% per annum in the amount of Baht 12.53 million.

Later, on October 16, 2020, the Company and creditor are make the compromise agreement at the court that the creditor accept to get machine back within November 30, 2020 and take full responsibility of removal machine expense. Moreover, the company will not refund the deposit in the amount of Baht 2.53 million which the Company has already recognized as expenses in the statement of comprehensive income. Both parties agree not to prosecute each other. The case is ended.

### 30. Financial instruments

#### Policy to manage financial risk

The Company possess risk regarding to the change of market interest rate and in foreign currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Company has no policy to hold or issue any financial instruments for speculation or for trading.

#### Risk on interest rate

The Company's risk on interest rates is derived from the fluctuation of the market interest rates in the future, which will affect upon the Company's operating result and cash flow. The Company obtain risk on interest rate due to bank deposit, short-term loans from related person and loans from financial institution and related party, However, interest rate from financial assets and liabilities are approximate to market rate. The Company believe that risk on interest rate is not materiality.

As at December 31, 2020 and 2019, significant financial assets and liabilities can be classified by type of interest rate as follows:-

(Unit : Baht)

	As at December 31, 2020						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Interest rate 1-5 years	Interest rate 5 years				
<b>Financial assets</b>							
Cash and cash equivalent items	-	-	-	2,092,954.95	13,484,803.29	15,577,758.24	0.05-0.15
Trade and other receivable	-	-	-	-	38,808,805.76	38,808,805.76	-
	-	-	-	2,092,954.95	52,293,609.05	54,386,564.00	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	140,000,000.00	-	140,000,000.00	3.25-4.25
Trade and other payables	-	-	-	-	74,827,879.31	74,827,879.31	-
Short-term loans from related person	10,000,000.00	-	-	-	-	10,000,000.00	0.50
Short-term loans from other person	38,000,000.00	-	-	-	-	38,000,000.00	9.00
Long-term loans from financial institutions	-	-	-	40,000,000.00	-	40,000,000.00	3.55-4.30
Liabilities under long-term lease agreement	780,393.39	1,276,743.44	-	-	-	2,057,136.83	4.55
	48,780,393.39	1,276,743.44	-	180,000,000.00	74,827,879.31	304,885,016.14	

(Unit : Baht)

	As at December 31, 2019						
	Fixed interest rates			Floating	Non-interest		
	Within	Interest rate	Interest rate	interest rate	bearing	Total	Interest rate
	1 year	1-5 years	5 years				(% per annum)
<b>Financial assets</b>							
Cash and cash equivalent items	-	-	-	9,097,216.72	704,795.93	9,802,012.65	0.22-0.50
Trade and other receivable	-	-	-	-	144,817,622.56	144,817,622.56	-
Restricted bank deposit	-	-	-	14,287,313.58	-	14,287,313.58	1.00
	-	-	-	23,384,530.30	145,522,418.49	168,906,948.79	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	164,279,682.60	-	164,279,682.60	4.25-6.25
Trade and other payables	-	-	-	-	131,594,158.67	131,594,158.67	-
Short-term loans from related party	10,000,000.00	-	-	-	-	10,000,000.00	9.00
Short-term loans from other person	47,000,000.00	-	-	-	-	47,000,000.00	9.90
Long-term loans from financial institutions	-	-	-	48,000,000.00	-	48,000,000.00	4.53-4.55
Liabilities under long-term lease agreement	351,882.12	943,238.74	-	-	-	1,295,120.86	3.97
	57,351,882.12	943,238.74	-	212,279,682.60	131,594,158.67	402,168,962.13	

### Risk on exchange rate

Regarding risk on exchange rate of the Company, mainly involves with sales products, purchase raw material in foreign currencies, as at December 31, 2020 and 2019, the Company obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted.

<u>Currencies (Unit : Thousand)</u>	<u>Assets</u>		<u>Liabilities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
USD	7	8	-	89
EUR	-	-	187	214

### Risk on credit loss

The company obtain credit risk from given credit term to customers on a case by case basis. The uncollectible debt from trade receivables, the Company reviewed and adequately recorded the allowance for expected credit loss.

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### Fair Value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company' management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

### 31. Approval of financial statements

These financial statements have been approved for issuance by the Company's board of directors on February 23, 2021.













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