

MASTERKOOOL

Master of Innovative Cooling

Annual Report 2019



ANNUAL REPORT 2019

***MASTER*KOOL**

Masterkool International Public Company Limited

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Message from the Chairman

In the year 2019, the country's gross domestic product (GDP) decreased due to the global economic slowdown resulting from uncertainty in trade protection measures and the appreciation of the baht, especially during the 4th quarter of the year, the GDP figures dropped to only 1.6 percent and affected the overall economic growth for the year 2019 which grew at only 2.4 percent which has decreased significantly when compared to the sales of the economy in 2018 which has a growth rate of 4.2 percent.

The company operates throughout the year with determination, prudence and caution in every period as well as continuously improving internal factors in terms of efficiency, quality and cost control; resulting in the business being able to overcome economic negative factors. The performance of Masterkool International Public Company Limited in the year 2019 therefore has a net profit of 30.97 million baht according to the consolidated financial statements.

Being accepted in the mainstream markets of the industry and from the customers, we intend to develop products and services in the year 2020 to meet the needs of consumers by continuously creating a marketing base among corporate clients to strengthen the business and build a stable, sustainable, long-term growth foundation under good corporate governance along with personnel development to support the rapidly changing world of trends and bring success to all stakeholders.

On behalf of the Board of Directors, I would like to express my appreciation to our shareholders, customers, business partners, executives, and employees as well as all stakeholders for all your continued support and for the confidence that you have placed in Masterkool.

Mr. Sanpat Sapon
Chairman of the Board

Audit Committee Report

The Auditing Committee of Masterkool International PLC consists of 3 independent directors with qualifications and experience from various branches, as follows: -

- Mr. Mongkol Kasaemsun Na Ayudthaya Chairman of the Audit Committee สอบ
- Mr. Sanpat Sapon Audit Committee
- Assoc. Prof. Dr. Prakit Tangtisanon Audit Committee

The Audit Committee has performed its duties as specified in the Audit Committee Charter which the Board of Directors has assigned; and in accordance with the requirements of the Stock Exchange of Thailand. In 2019, the Audit Committee held 4 meetings of the Audit Committee. The Audit Committee meeting reviewed and discussed the essence of the operation with the management, internal auditor, and regular auditors Summary of duties as follows: -

1. Financial Report Review: The Audit Committee meets only with the financial auditors and internal auditors quarterly without management attended the meetings. If there are any items where the Audit Committee has to rely on the details for consideration, the Committee may invite relevant executives to clarify, before commenting and presenting to the Board of Directors.

For financial report of the year 2019, the Audit Committee considered that the company's financial report was prepared in accordance with generally accepted auditing standards, with sufficient disclosure of material information in the notes to the financial statements.

2. Reviewing Transactions that may lead to conflict of interests: The Audit Committee has reviewed the disclosure of information from transactions that may lead to conflict of interests, and they have been deemed to be adequate and in compliance with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

3. Management Review and Risk Management: The Audit Committee has considered risk policies and programs, as well as the risk performance report, by meeting with the Risk Management Task Force to provide better guidelines and suggestions for improvement.

4. Review of Good Corporate Governance: The Audit Committee has directed and reviewed the operations in accordance with the Corporate Governance Policy, as well as business ethics requirements and defined work practices, to ensure compliance with good corporate governance principles to ensure that all stakeholders are respected¹.

5. Review of Internal Control System and Internal Auditing Oversight: The Audit Committee employed ACC-PLUS Consultant Co., Ltd., the third-party internal auditor, to be the company's internal auditor for the independence of the inspection work. Internal audit results were reported directly to the Audit Committee, and therefore continuous monitoring of internal auditing results is required. In the year 2019, the Audit Committee found no significant internal control deficiencies within the year.

6. Considering on Auditor and Audit Fee: The Audit Committee has considered SP Auditing Co., Ltd by expertise, based on knowledge, ability, qualifications, and experience, by the standard auditing of listed companies in the Stock Exchange of Thailand. Moreover, the auditing fee is in line with the size of the company's budget. It has proposed to the Board of Directors to consider the appointment of the auditor and the remuneration of the auditor at this Annual General Meeting of Shareholders.

Summary of Audit Committee Report

The Audit Committee has performed its duties and responsibilities as its charter approved by the Board of Directors with full knowledge, ability, prudence, caution, and sufficient independence to equally benefit all stakeholders.

The Auditing Committee is of the opinion that the company's financial report is accurate and consistent with generally accepted accounting standards. The company also manages the risk from internal control and proper internal auditing with compliance to the law, good corporate governance principles and to the requirements in business.

Mr. Mongkol Kasaemsun Na Ayudthaya
Chairman of the Audit Commit

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee has performed the duties assigned by the Board of Directors in the charter of the Nomination and Remuneration Committee.

In 2019, the Nomination and Remuneration Committee has one meeting to consider the importance in various topics, include the progress of the work in accordance with the scope of duties, and follow up on assigned responsibilities as follows: -

1. Nomination of Persons to be Independent Directors and Company's Directors: The Nomination and Remuneration Committee is responsible for recruiting qualified persons according to the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. There are to be no prohibited characteristics as required by law, qualifications, experience, and knowledge that are beneficial to the business. The Committee then presents them at the Board of Directors and the shareholders' meeting for approval. The interested directors will not participate in the consideration and abstain from such issues.

To present persons to become the Company's Directors in the year 2019, the Nomination and Remuneration Committee assigned the Company Secretary to publish an announcement on the Company's website to invite the shareholders to nominate candidates to be elected as Directors.

2. Review of Committee and Sub-Committee Remuneration: The NRC considers remuneration packages for directors and sub-committees by reducing these remunerations to meet the the Company's performance. The Board of Directors has resolved as approval for proposing to the shareholders

3. Review of Remuneration Structure for Executives and Employees: The NRC considered remuneration structure, together with top management and HR, to be consistent with the company's performance and motivational an essential in maintaining talented employees.

4. Organizational Structuring: The NRC has reviewed the organizational structure with senior executives and HR to achieve better management efficiency and business performance. The organization structure has found suitable for the business; therefore, the Committee resolved the structure as effective structure for the further year

5. Formation of the Company's and its Subsidiaries' Succession Plan: The Nomination and Remuneration Committee determined that the direction of the Board of Directors, the criteria for evaluation / assessment, and the main objective plan in collaboration with senior management and HR, prepared the organization's readiness in advance and ensured that there would be continuous business conduct

6. Designing Guidelines for Personnel Development Plan: The Nomination and Remuneration Committee reviewed the employee development plan with the Human Resources Department. In addition to the development of knowledge and skills, The Company has planned to develop health personnel to drive the organization to sustainable growth.

In addition, the focus on the implementation of the happy workplace project aimed to propel the company towards a more sustainable growth.

Summary Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has performed its duties as approved by the Board of Directors with careful transparency and impartiality, taking into account the maximum benefit of the Company and all relevant stakeholders.

In addition, the Nomination and Remuneration Committee encourages all directors to attend training or activities to increase their knowledge of the self-assessment of the Board of Directors and sub-committees which has been provided for both the group and individual. The reports are regularly made to the Board of Directors to further improve the operations.

Assoc. Prof. Dr. Prakit Tangtisanon
Chairman of the Nomination and Remuneration Committee

Part 1 Business Operations

1. Policy and Business Overview

Masterkool International Public Company Limited ("Company") was established on June 3, 2002. Its main business relies on supply of cooling products, i.e. evaporative air cooler, misting fan, and industrial fan under the brand of "MASTERKOOL" and "Cool Top". The business includes services and rental cooling products for outdoor area, design and installation of cooling system inside a plant or warehouse, after-sale warranty, and maintenance. The Company has been listed on the Market for Alternative Investment (mai) with the security name as KOOL since 23rd September 2015.

In addition, the Company has 99.98% shares in 1 subsidiary, Innov Green Solutions Company Limited ("Subsidiary" or "Ingreen"). Ingreen is a seller and service provider of ozone system that can be applied in various system, e.g. indoor cooling system, washing system for efficiency increase, energy saving, and chemical reduction, including use with pipe water system to reduce organic used in water which cause cancer.

The Company is the first of the industry as an innovator of refrigeration products, using evaporation technology offered to consumers; in line with the slogan of **"Masterkool, the Real Leader in Modern Cool"**

The company operates in accordance with the strategic plan which is the direction of business operation; taking into account important environmental factors; both inside and outside including a vision for the strategic goals.

1.1 Vision, Mission, Goals and Business Strategies

In order to determine the direction and goal of the group of companies, the Board has clearly defined the vision, mission and core values of the organization. The vision is the image that the organization wants to reach. Mission is the important task and practice that the personnel in the organization will use to conduct business. Core values are shared values that executives and employees will adhere to and use in their operations to achieve their goals.

Vision	We are an authentic leader of modern cooling products and solutions for air-cooling, energy saving, environment care to meet all needs of customers and to gain recognition on international standards; aiming to contribute to our core sustainability mission by driving well-being for our employees with positive impact on their families, customers, and stakeholders.	Mission	MASTERKOOL, an innovative organization who creates quality; for the happiness organization of Masterkool
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Shared Values

Masterkool Group with the share values of the organization that comes from giving importance to customers and stakeholders, the company has instilled the values of "Commitment, Continuous development, By Heart" to the company's personnel for continued growth, including: -

Commitment: All personnel are important to the organization's goals. Therefore, be aware and keep in mind that any operations of any units shall support the organization's goal as the first priority; that is everyone participates in the goal.

Development: When everyone is involved in the goal, performing duties of all duties, therefore, should consider, think, analyze, find the way and decide on the worthiness of the resources used; and for the maximum benefit of the organization to finally achieve the goal.

By heart: Every work can not be achieved solely. All personnel should therefore see the value of teamwork, which has both help, support, being responsible on the goal. As well as creating and maintaining a good working atmosphere based on principles "Happy Workplace" as the core of the operation; to create sustainable value for all organizations and stakeholders

Business Goal

The company aims at customer satisfaction as the main goal of the organization in order to continuously generate revenue and grow steadily. The company therefore focuses on responding to customer needs. Target groups in all groups has set financial goals as revenue of the business group which means the Company and its subsidiaries which is expected to be the main proportion of revenue from 3 main market segments as follows: -

▶ Retail Market (Modertrade, Dealer, and Online Channels)	50% of total sales target
▶ Export Market	30% of total sales target
▶ Corporate Market	20% of total sales target

Business Strategies

● Marketing Strategy

The Company aims to make Masterkool a recognized brand by integrating through-the-line marketing, which encompasses both above the line advertising and continuing below the line public relations through corporate branding, which puts emphasis on being the leader in various fields, under the slogan **“Authentic Leader of Modern Cooling”** and product branding, which is characterized by the product's cooling efficiency and energy saving qualities, as a new alternative product of cooling under the slogan **“Super Cool Super Save”**

● Product Strategy

The company focuses on being an innovative organization for continuous product improvement and development. in order to meet customer satisfaction. The company has determined the process of collecting comments and recommendations from customer satisfaction surveys after sales and services

The company plans to operate in 2019 by focusing on the development of products and services to meet the needs of the three main market segments. For corporate customer market, the company operates by applying of new age technology for energy management; that create energy saving and as well as environmental protection.

For retail customers, the company has started to sell products that are not limited in terms of season to be sold since the second half of the year 2019, such as home fans, air purifiers; moreover, still considering products that do not have seasonal restrictions on other additional programs in order to reduce the fluctuation of income that occurs during off-season between the 3rd and 4th quarters of every year. Anyhow, the company still focusing on quality issues and supplemented by functions that are different or in addition to the same product in the market.

As for those foreign customers, they have specific needs in each area, each continent, due to the different popularity. Currently, Masterkool products have been exported to more than 34 countries worldwide by highlights of different products both in appearance and usage functions. Most importantly, the efficiency of cooling that is actually cool.

● Distribution Strategy

The company focuses on 3 main market groups, which are retail customers. International customer groups and corporate customers in the past, it was found that the retail market has the highest proportion of revenue. However, due to the compensation terms of department stores, this channel does not have a high gross profit, so the company considers to open a selling point only with a potential selling point or a selling point in a location that is appropriate for the business. To reduce the risk of transportation costs that must be brought back when the off-season sales are closed and must be closed during the year. In the year 2019, the company plans to open the sales points at the Modern Trade Department Store in 122 locations.

As for international business groups Last year the company Has researched and developed evaporative fan products that are based on the needs of foreign customers who like to use Personal Cooling or Personal Cooling. The company has a plan to bring this model to expand the old market and add new markets together. Continuously with other product models. In the year 2019, the company has continuous sales from countries in the southern hemisphere.

For corporate customers, there is a business type of project Which takes longer than normal sales cycle. Therefore, the company emphasizes on opening sales to expand the market base continuously to be a way to make a consistent income throughout the year in the future.

● HR Strategy

Human resource development of the company There are both short and long term. In the short-term, it is the development of the annual human resource development plan which can be divided into Orientation Development of practice (OJT), development of knowledge and management skills and others that are in line with the organization's goals.

For long-term personnel development guidelines for the purpose of creating sustainable growth, the company uses the principles and guidelines of the Happy Workplace of the Office of Health Promotion Foundation under the core values of "Commitment, Continuous development, by heart". The company has the intention to produce long-term results that is employee engagement to the organization for the sustainable growth of the company.

1.2 Major changes and development

2002-2010	Masterkool International PLC was established on 3 rd June 2002 by Mr. Noppachai Veeraman and friends, with an initial registered capital of 2,000,000 Baht divided into 200,000 ordinary shares with a par value of 10 Baht each, to operate misting fan production and distribution. The Company was the first to research and develop misting fans in order to solve the problem of extreme heat in places where air conditioning could not be installed. The company increased its registered capital four times from 2,000,000 Baht to 44,000,000 Baht in 2009, divided into 4,400,000 ordinary shares with a par value of 10 Baht each, by offering shares to existing shareholders for the support of expanding the business. In the fourth capital increase, the Company offered 440,000 shares to K-SME at the price of 20 Baht/share (with par value of 10 Baht)
2008	The Company won the 2008 Prime Minister's Export Award (for Thai-Owned Brand)
2009	The Company and the three shareholders signed a joint venture agreement and an agreement between the shareholders and K-SME. In addition, the company began to import new cooling fans for domestic distribution.
2011	The company co-founded Innov-Green Solutions Co., Ltd. ("Ingreen") with unrelated parties, with a starting capital of 1,000,000 Baht, divided into 10,000 shares with a par value of 100 Baht. The Company holds 49.99 percent shares in the ozone product market.
2013	The Company increased its registered capital from 44,400,000 Baht divided into 4,440,000 ordinary shares with a par value of 10 Baht each, to 70,000,000 Baht divided into 7,000,000 ordinary shares with a par value of 10 Baht each, offering and selling shares to existing shareholders, directors, executives and employees at par value of 10 Baht. The Company acquired Ingreen shares from its existing 5,000 non-related shareholders, with a par value of 100 Baht each at the book value. Ingreen owns a 99.98 percent in shares, which makes Ingreen a subsidiary of the company.
2014	The Extraordinary General Meeting of Shareholders No. 2/2011 held on 9 th September 2014 approved the following resolutions: 1) The transformation into a public company 2) Changing the par value from 10 Baht to 0.25 Baht per share 3) Increased registered capital from 70,000,000 Baht divided into 280,000,000 ordinary shares with a par value of 0.25 Baht each to 120,000,000 Baht divided into 480,000,000 ordinary shares with a par value of 0.25 Baht per share. • 80,000,000 new ordinary shares to be allocated to the existing shareholders in proportion to their shareholding

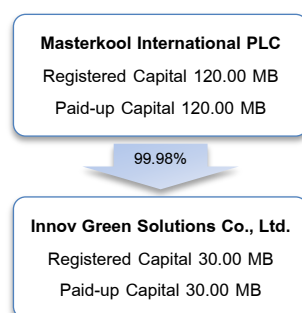
- 120,000,000 new ordinary shares allotted to the public.

The Company increased its paid-up capital from 70,000,000 Baht divided into 280,000,000 ordinary shares with a par value of 0.25 Baht each to 90,000,000 Baht divided into 360,000,000 ordinary shares with a par value of 0.25 Baht each. These were allocated to the existing shareholders in proportion to the shareholding at a par value of 0.25 Baht.

2015	On 23 rd September 2015, the Company was listed on the mai stock exchange and offered initial public offering (IPO) shares in the service industry with stock code KOOL
2016	The company introduced the innovative Koolbot air cooling appliance, with increased cooling capabilities
2017	The Board of Directors Meeting No. 1/2560 held on 23 rd February 2017 resolved to increase the registered capital of Innov-Green Solutions Co., Ltd. (subsidiary) from 1,000,000 Baht to 30,000,000 Baht.
2018	Innovative products "Evaporative air-cooler with mosquito repellent function with high frequency" released to the market.
2019	The company has sponsored the installation of an air purification tower to filter out small dust particles to the Bangkok office to help mitigate the effects of air pollution on the general public.

1.3 Shareholder Structure

Innovation Green Solutions Company Limited is a subsidiary of the Company. In which the holding of the subsidiary's shares is 299,940 shares or 99.98% of the total paid-up shares of all subsidiaries. The remaining 60 shares, representing 0.02 percent, are held by Mr. Noppachai Veeraman, Managing Director., and Miss Sunanta Wanwat, Director and Executive in the same proportion.



1.4 Relationship with Major shareholders' Business Group

Even though the company holding shares of subsidiaries at 99.98%, but the Company and its subsidiaries have different business structures that focus on different marketing bases. Therefore, there is no significant competition among the companies within the Group.

2. Business Operations

By ddividing the income into groups of goods and services, the income structure according to the product group of the company with details as follows: -

Type of Revenues	2016		2017		2018		2019	
	MB	%	MB	%	MB	%	MB	%
Revenue - Evaporative Air Cooling	698.19	78.54	393.45	57.00	455.26	79.49	547.73	76.65
Revenue - Misting Fan	34.46	3.88	24.86	4.00	22.51	3.93	21.86	3.02
Revenue - Industrial and Ventilation Fan	21.89	2.46	23.4	5.00	19.78	3.45	15.08	2.11
Revenue - Project Sales	-	-	23.06	4.24	4.5	0.79	11.17	1.56
Revenue - Spare Parts and Ozone Products	66.23	7.45	1.75	0.32	11.03	1.93	14.60	2.04
Total Sales Revenues	820.77	92.33	466.52	85.76	513.08	89.59	610.44	85.42
Revenue (Service)	60.19	6.77	62.60	11.51	52.46	9.16	91.09	12.75%

Total Sales and Service Revenues	880.96	99.10	529.12	97.26	565.54	98.75	701.53	98.17
Revenue (Others) **	8.04	0.90	14.89	2.74	7.18	1.25	13.09	1.83
Total Revenues	889.00	100.00	544.01	100.00	572.72	100.00	714.62	100.00

* Revenue from service include rental fee, maintenance and warranty fee

** Other revenues include government subsidy, interest revenue, profit (loss) from exchange rate, and profit (loss) from sale of property

2.1 Product or Service Characteristics

The company's products have 3 main categories which are products for reducing heat and ventilating. Ozone products in the form of solutions for energy saving / environmental protection and other products in addition, the company also provides fan rental services and after sales service as well.

2.1.1 Cooling and ventilation products

2.1.1.1 Misting Fan

Misting fan is a cooling system comprises a fan and a misting generator operates based on sudden evaporating of mist that agglomerates with heat in the air. This system can help reduce ambient temperature around 5 – 15 degree Celsius and also reduce heat in part line, machine heat, and electrostatics to meet manufacturing standard. It can also reduce dust, odor, and smoke for natural fresh air. It is suitable for outdoor or ventilating building. The misting fan is sold under the brand of "MASTERKOOL" with 2 systems.

2.1.1.1.1 High Pressure

High pressure misting fan system consists of high pressure water pump, fan and small nozzle. It sprays for generating 5-micron mist that can absorb heat from the air very well. The high pressure misting fan is available for sale in table type, wall type, mobile type and system type that is suitable for outdoor, clear area, or ventilating building. The fan is produced at the Company's factory at Panasnikom by using either import parts or domestic parts.



2.1.1.1.2 Centrifugal Force

Centrifugal force misting fan using centrifugal force for generating 8-15-micron mist with adjustable size and be able to set spraying time. The centrifugal force misting fan is available for sale in either table type, wall type or mobile type in the size of 24 inches and 26 inches.



2.1.1.2 Evaporative Air Cooling

The Company starts importing evaporative fan for sale in 2009. The evaporative air cooling is a new innovation fan for generating cool air without mist and wet. It is also saver then using air conditioner 40 – 60%.

Evaporative Air Cooling is the new technology that can evaporate water through cooling pad for heat reduction. This technology uses water as heat exchanger with air, then can reduce ambient temperature around 4-15 degree Celsius, increase internal circulation for purer air. The evaporative air cooling is designed for using with general air conditioner. It not only has high efficiency in cooling and energy saving, but also has ozone sterilization system that can clean the air.

The Evaporative Air Cooling are available in both mobile and through-the-wall types under the trademark "MASTERKOOL" Mostly the Company's products are designed by our team, and manufactured for finished goods in China by the Company's partner-contractors. Those finished goods are imported into domestic and export abroad. By the models that designed by the Company, all products had been applied for the design patents with the Department of Intellectual Property, Ministry of Commerce. There are 2 types of evaporative air cooling: Mobile MASTERKOOL I-Kool ("MIK"), and Through-the-wall MASTERKOOL U-Kool ("MUK") (Large Size) which

designed for industrial applications The Evaporative Air Cooling mobile are ideal for retail customers, household appliances, stores, restaurants, hotels, etc.

2.1.1.2.1 MASTERKOOL I-Kool ("MIK")

Mobile evaporative fan suitable for retail customers, household use, shops, hotels, restaurants, etc.



2.1.1.2.2 MASTERKOOL U-Kool ("MUK")

Large cold-wind generator is an air duct installation system suitable for installation in large buildings that cannot install air conditioners or not worth the installation of air conditioning such as industrial plants, Warehouses etc.

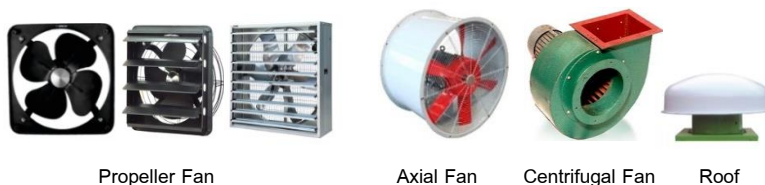


2.1.1.3 (Industrial Fan and Ventilation Fan)

Industrial fans: The company sells and supplies industrial fans under the trademark "MASTERKOOL". There are 3 sizes: 20", 24" and 30 inches wide fans, which use high durability materials. It can be adjusted 90 degrees and adjustable wind speed of 3 levels to covering 30-50 square meters, which can be used to cool, easy airflow and reduce the temperature as well.



Ventilation fans: The Company sells and supplies ventilation fan for controlling ventilation direction in desired area, e.g. exchanging the air outside and inside, blowing the air inside to outside, or controlling circulation or movement of the air to cover all area in a building. The Company applies a ventilation fan in cooling system installed to our customers.



Propeller Fan

Axial Fan

Centrifugal Fan

Roof

Home fans: The Company plans to introduce a fan for housing in the year 2019. The company will continue to focus on efficiency and quality with differences with the speed adjustment function of up to 15 levels and save electricity. By now, the brand has been awarded the energy saving symbol of "NUMBER 5 WITH 3-STAR RATING"



House Fan

2.1.2 Ozone System Product

2.1.2.1 Ozone for Cooling Tower

The calculation of Ozone design for cooling tower must be designed to have the residual ozone residue in the water that is reversed from the condenser set to be not less than 0.02 ppm by Measuring the amount of ozone in the water flowing through the filler sheet of the cooling tower to ensure sufficient ozone content and remain in the water throughout the cooling system



2.1.2.2 Ozone for Water Quality Improvement

The design of the ozone system for water quality improvement is based on the principle Corona Discharge in the production of ozone in water by oxidation for wastewater treatment or water quality improvement which before the system design requires the collection of data and calculations as well.



2.1.2.3 Cold Plasma for Air Quality Improvement

Cold Plasma system will create a high level of Plasma until the high performance Active Oxygen; released into the air mass by the active oxygen that will cause severe oxidation reaction, causing germs, fungi, odors, dust or toxic smoke Disintegrate or change to a state that is not dangerous or not being



polluted in the air anymore. All of these processes use only a small amount of electrical energy to operate

In addition to the large ozone system, the company has also applied ozone to develop products for household use, including 1) ozone vegetable washing machine, which has introduced ozone technology for washing fruits and vegetables. With this machine is fresh, clean, free from disease and residual chemicals Where the company Be the designer of the product itself and hire foreign manufacturers to produce 2) Ozone deodorizing machine which the company Have brought products to sell Which applied ozone to destroy bacteria quickly Making it possible to eliminate bacteria that accumulate in the shoes very well The products are sold under the trademark "Ingreen" online.

2.1.3 Other Products

In addition to the water dispenser products that were previously released to the market The company brought other products to sell in the existing main channels. By the end of the year 2019, the company introduced air purifiers to be distributed in modern trade and online channels in order to continuously generate revenue. In this regard, the company hired foreign manufacturers to produce.



2.1.4 Rental Services

The Company provides equipment, products, or system for reducing hot and making cool for outside a building or outdoor, where cannot install air conditioner, suitable for any event. The Company's rental services also include other equipment to provide one-stop service, which includes consultancy service and offering suitable options for each customer, run by skill and expert engineers.

In addition, the Company provides rental service for other products such as misting fan, evaporative fan, industrial fan, fog generation, and other related equipment such as air conditioner, stage, tent, table, chair for outdoor activities, e.g. party, sport day, publication, etc



2.1.5 After-sales Services

The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. The Company has service center nationwide by contacting our Call Center at 02 953 8800 or our Service Hotline 08 1353 1848. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products

2.2 Marketing and Competition

2.2.1 Business Strategy

The company The goal is to be a leading manufacturer and distributor of mist fans and evaporative fans. Therefore, focus on marketing communication under the slogan "Masterkool, the true leader, new era of coldness" to emphasize that The company's products Is the product of choice between fans and air conditioners Which combines the advantages of both Providing cool air more than fans and save electricity costs more than air conditioners.

In addition, the company Will focus on designing and recruiting quality products and good performance with product warranty and have customer service centers covering all regions throughout the country In order to impress the customers when receiving the experience of using the products of the company under the slogan "Cool, heart, can save", in which the company has set important strategies in business operations As follows: -

2.2.1.1 Marketing and Advertising Strategy

The Company always updates advertisement, promotion, and information on its website (www.masterkool.com) to make all customers reach information and create their awareness about the Company and its products. Moreover, the Company provides other specified website for niche requirement that are www.masterkoolevent.com (for retail services), <https://ingreen.co.th> for energy and environment saving solutions, and <https://shop.masterkool.com> for online sales. The Company also communicates through social medias: -

- Facebook: <http://www.facebook.com/MasterkoolFan>
- YouTube: <http://www.youtube.com/user/masterkoolfan>
- Line ID: MasterkoolFan
- Instagram: <https://www.instagram.com/masterkoolfan>

In addition to the above channels, the Company also concerns about direct approach to customers to create more awareness. The Company assigns our sales and product consultants (PC) to work at the booths in modern trades' branches for promoting products and creating of brand awarenes.

Apart from the above marketing and public relations channels, the company recognizes the importance of direct access to customers in order to create awareness of the company's products. By arranging for staff to be

at the sales point at the branches of Modern Trade Mall to publicize Give advice and create awareness about the products and brands of the company.

2.2.1.2 Product Development and Product Selection Strategy

The company focuses on the process of research, development and selection of quality products that meet the needs of customers continuously with the cooperation of all parties in the company. In some projects, it cooperated with King Mongkut's Institute of Technology Ladkrabang and the National Science and Technology Development Agency. The demand of customers is an important goal.

In addition, The Company also has product and service control process by selecting reliable manufacturers who have production standard according to the Company's regulation. The Company shall perform random testing regularly to ensure that consumers to create customers' acceptance and reliability on the Company, then cause word-of-mouth and create the Company's reputation, which attract new customer.

2.2.1.3 Pricing Strategy: Reasonable Price

The Company positions its product as good quality and worthwhile for consumers, including provision of after-sale service, warranty, having repair and service centers nationwide. This makes the Company different from some small competitors those focuses on low price product with a few repair centers.

In addition to quality and service, the Company also has pricing strategy that concerns its target group, i.e. home user and corporate user or warehouse. The Company may consider the price of products with high competition and sale in comparison with similar model of competitors.

The Company believes that good quality and suitable pricing can be one factor that makes the Company and its brand is acceptable in both local and international market of evaporative fan.

2.2.1.4 Sales and Distribution Management Strategy

While having good quality with reasonable price product, the Company will consider the procedure to deliver good products to customer and also product distribution. There are 4 distribution channels: -

- Direct sales
- Moderntrade
- Local Dealers
- Overseas agents

The Company has the policy to assign one PC for each branch of modern trades where sell the Company's products and enhance knowledge and skill development,

1. Provide training before work so that they can have some knowledge and understand the products, then can offer and suggest suitable products for customer.
2. Set appropriate goal and compensation for motivation
3. Monitor sales' performance closely to support and help them solve some problem, including arrange monthly meeting for information exchange and build up good relationship
4. Mobile Application Reporting on Sales Inventory at the point of sale to optimize inventory management and marketing planning.

2.2.1.5 After-sale and customer satisfaction strategy

Generally, the Company shall provide 1-year warranty for customers because it concerns about product quality, after-sale service, and customer satisfaction as they are key factor to create product reliability, reorder, and word-of- mouth, resulting to high sales in the future. The Company deems customer satisfaction as key target, thus

it makes satisfaction survey either by using questionnaire or via phone call then use analysis result for making product and service development plan.

2.2.2 Target Customers

The Company has various target groups, i.e. industrial, public sector, education institute, hotel, hospital, department store, touring place, restaurant, home appliance customers, etc. The target group can be categorized by products as follows:

Products	Target Customers
Misting fan	Outdoor activities, touring places, hotel, restaurant, outdoor area, temple, sport field, factory, etc.
Evaporative Air Cooling	Individual customers, touring place, hotel, restaurant, hospital, temple, sport field, factory, school, warehouse, etc.
Ventilation Fan and Industrial Fan	Touring place, restaurant, hospital, temple, sport field, factory, warehouse, etc.
Ozone system	Department store, hotel, hospital, pipe water plant, Individual customers (for ozone vegetable washer and ozone shoe deodorizer) etc.

2.2.3 Sales and Distribution Channels

The company has organized the sales structure into 3 main channels: Retail Channel, Corporate Customer Channel, and Export Channel with the expected proportion of income at 50 percent, 20 percent and 30 percent, respectively. Details of the channels are as follows:

2.2.3.1 Retail Channel

This channel manages sales operations for the B2C (Business-to-Consumer) segment, which is distributed from the company. Directly to retail customers or through distribution channels to retail customers Which can be divided into business units as follows: -

1) BU: Moderntrade

Modern Trade Business Unit is responsible for managing sales through modern trade retail stores. The company distributed through HomePro Department, Makro Department Store, Mega Home Department Store and The Mall Department Store. In the year 2019, the company has implemented the plan of screening points of modern trade department stores that have sufficient potential to match by opening sales at approximately 122 Modern Trade stores and in 2020 is expected to open around 150 branches.

Moderntrade	2017	2018	2019	e 2020
HomePro	81	59	70	73
Makro	84	71	35	46
MegaHome	11	12	12	12
Thaiwasadu	18	13	-	-
Global House	17	-	-	-
Big C	96	43	-	14
Boonthavorn	-	-	-	-
The Mall	5	7	5	5
Power Buy	26	6	-	-
Tesco Lotus	154	49	-	-
Baan & Beyond	2	-	-	-
Grand Home Mart	3	-	-	-
Homework	3	-	-	-
Tops	2	-	-	-
Chic Republic	2	-	-	-
Central Food Retail	2	-	-	-
Total (Branches)	506	260	122	150
Growth (%)	94%	-49%	-53%	23%

For the implementation plan in 2020, the company will operate the business with the strategy to stabilize the existing market that the company has. By setting the selling point for 150 branches, compared to the peak season of 2019 which is increased by 23%. Attempting to reduce cost of transportation when the sales points closed, therefore, the Company has launched AIR-PURIFIER products, in order to reduce the volatility of income during the off-season.

2) BU: Dealer

This business unit is distributed through local distributors with representatives in major provinces throughout the country which some dealers are service repair centers for customers and also have Masterkool fan rental services in their own provinces and surrounding area as well. For distribution through local distributors, there is not much in sales value; but in order for the company's products to reach every consumer target. The company therefore maintains this channel continuously.

3) BU: Online

The company has launched online distribution channel in the form of distribution via online shopping such as Lazada, Shopee, Top Value, JD Central etc. and the year 2018, the company started to focus more on online sales in responding to consumer behavior changed. The company has created its own website to sell products directly online via <https://shop.masterkool.com>.

4) BU: Event Direct

The company has its own sales team that responsible for organizing marketing activities together with selling products in the form of exhibition booths. Main activity of this business unit is for product PR to retail market.

Products distributed through retail channels are evaporative cooling fans, and mobile industrial fans which are suitable to retail customers' use.

2.2.3.2 Corporate Channel

In addition to products for cooling and ventilation which are proposed as a installation system to corporate customers, the channel is responsible for ozone products and concerning services for energy saving and environmental protection.

Currently, Innov Green Solutions Co., Ltd., a subsidiary, is the key unit for presenting products and services to corporate customers; due to the business model is different from other sales units and requires specialized expertise in applying ozone production technology to solve problems or for saving energy in various ways which shall present specified details to individual customer. Thus the channel runs its business in forms of Project Management with long-term sales cycle,

2.2.3.3 Export Channel

The company has exported evaporative air cooling to overseas which the main market is the countries of the ASEAN Economic Community (AEC), Europe, South America, Asia, America and Africa. Beginning in the year 2018, The Company expanded its sales to Southern Hemisphere and Oceania as well.

In addition to selling products according to the above main channels, the company also offers rental services for fans and equipment for organizing activities both outdoor and indoor. Also warranty services and maintenance services are provided as well.

2.2.4 Industry and Competition

2.2.4.1 Industry Information

The company's main products and services is an evaporative fan and mist fan Which is a new alternative way to cool and save energy and there is no any agency that clearly explores the market value in the country However, at present, most other brand distributors import from abroad. Especially from China Due to having a lower cost than domestic production However, when considering the value of imports Evaporative air blower for the area around 20-50 sq.m., changed during 2015-2019 as per the table.

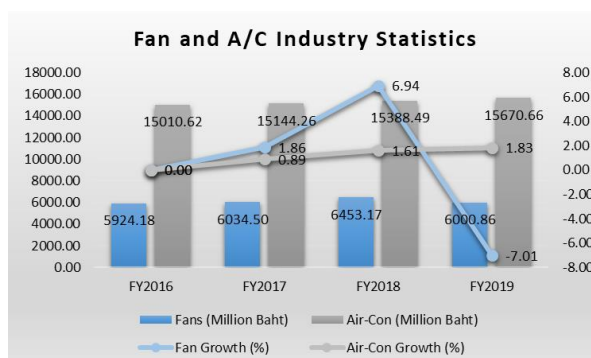
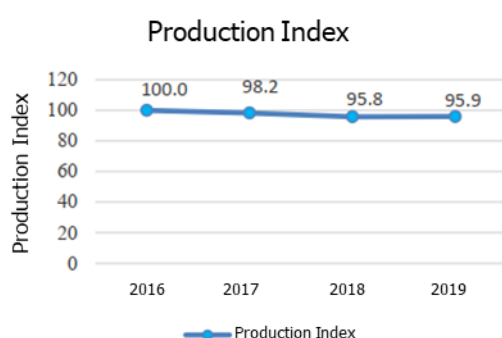
Million Baht

Import of Evaporative Fan	2015	2016	2017	2018	2019
Import Value of Evaporative Air Coolers	819.45	1,276.60	1,169.01	514.85	661.35
Growth (%)	31.32%	55.79%	-8.43%	-55.96%	28.45%

Source: Thai Customs Department

According to the Customs Department statistics, the overall image of the evaporative fan industry in the year 2019 has started to increase somewhat. But not much as the business of this group of products normally has the highest sales volume during the first six months of the year. And when entering the second half of the year, there will be a period of importing products to support sales in the next year as well,

Although, not much increase but since 2019, the overall direction of the evaporative fan market has improved that reflects the demand of the market which has started to return since the continuous contraction since 2017. In addition, the product of evaporative fan has received more acceptance from the market.



Reference: Report of Industrial Economics Year 2019 of the Office of Industrial Economics Ministry of Industry If considering the production index The production of electrical appliances in 2019 is stable compared to the previous year. With a production index of 95.9, an increase of 1.7 percent (% YoY), with the increase of electrical appliances with air conditioners The rate increased at 15.0 percent, which increased because of orders from foreign countries. In line with the domestic air conditioner market value report, with a market value in 2019 increased by 1.83 percent.

From the said production index The decreasing electrical appliances also included home fan products. The production decreased by 5.5 percent, in line with the decreasing fan market value by 7.01 percent.

The domestic air conditioner market fell -4.70 percent but due to foreign orders increasing 5.2 percent and the fans seemed to increase. But when considering the origin of market value Found that the increase was due to Especially air conditioners that have been exported to the ASEAN, EU, and Japan markets with an increase of 5.2% and the overall sales value of air conditioners and fans has increased.

2.2.4.2 Competitor

Operators that distribute mist fans and evaporative fans which are the main products of the company Which may be considered as competitors of the company The number has decreased since the end of 2017 and in the year 2019 increased from the re-entry into the market of some small competitors that operate in the business of trading (Trading) selling many types of electrical appliances. And not seriously marketing the evaporative fan or mist fan These competitors will use price strategies. Since there is no design cost Product research and development After sales service Since the last quarter of 2018 until throughout the year 2019, the said competitors brought the products to reduce the price to release the stock.

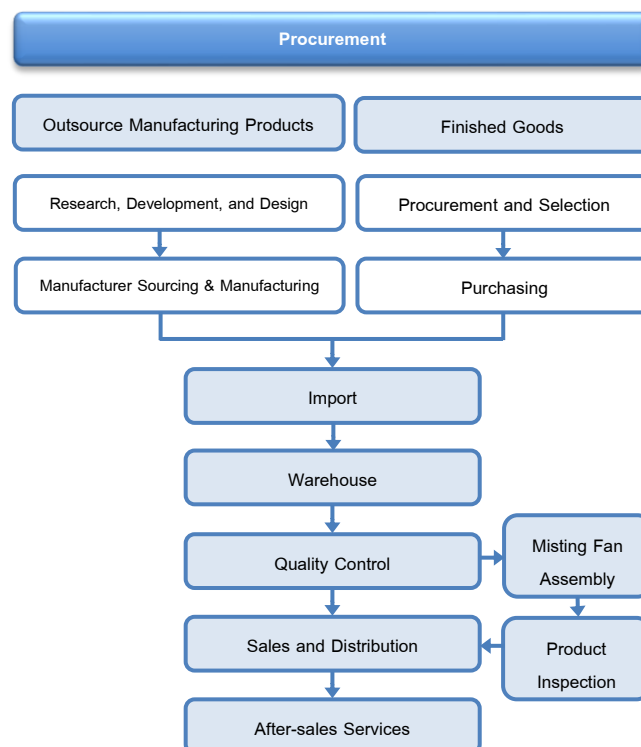
However, the company still focuses on the quality and efficiency of the product. Therefore, is a product with outstanding quality and cooling efficiency There is an ozone system to kill germs in the water. With humidity control system Reduce the temperature immediately after opening. Including the outstanding brand "MASTERKOOL" which is recognized in the market for quality cooling products.

Another competitor will be a manufacturer and distributor of similar products to the company, such as the manufacturer and distributor of fans. Enter the evaporative fan market by using their brand which is recognized by the original product sales. But there are still many models of evaporative fan products and currently, there are no competitors in the market with world class brands selling the same products as the company.

Considering the nature of business and expertise, the company is one of the leaders in the evaporative cooling fan and water evaporative fan, which the company has been marketing seriously and steadily towards this 19th year in 2020 and in line with he slogan ""Masterkool, real Leader of modern cool"

2.3 Procurement of Product and Service

2.3.1 The Company has the following procedures for product procurement



The company attaches importance to product quality that needs continuous improvement and innovation. But the production cost of some products is not worth the investment due to many reasons such as investment in machinery or equipment with high value, high level of expertise and experience required in the production of machine operators And labor used in production, etc., causing the company to choose to order various parts to be assembled into finished products and order the finished products to be sold The ordered product must have quality and standard as according to the company's regulations. And under reasonable costs.

Raw material procurement, the components and finished products of the company are divided into purchasing for the products that the company designed by themselves and the purchasing is the finished products. The company procures the finished products and finished product parts for assembling, mainly from traders or manufacturers. (Supplier) in China mainly.

The company procures products from suppliers or suppliers by considering the quality and price of the products. Including reliability, supply ability, delivery ability and expertise of the manufacturer is important. The company has set the process of procurement systematically which has a register of vendors or manufacturers that have been approved by the management of the company (Approved Vendor List) and the comparison of prices proposed by more than one supplier in order to maximize benefits to the company states.

2.3.1.1 Procurement of Designed Product

The Company invents, researches, and designs products by referring to information from many sources, e.g. sale volume, customers' opinion, and the management's guideline. After that the Company selects and hires international outsource based on required quality and qualification under the lower cost than local production. The designed products can be categorized into 2 types as follows:

1. Finished goods are i.e. mobile evaporative fan (Masterkool I-Kool) and ozone vegetable washer. After outsource manufacturers produce the Company's products by compliance with the Company's specification, the Company shall import them as ready products with packaging.

In addition, the Company makes agreement to have its 'outsource' guarantee quality of mobile evaporative fan. If the product fails to comply with the quality specify by the Company, then the Company is entitled to claim the 'outsource'
2. Part for assembly for misting fan that the Company purchases parts from many suppliers and assembly at the factory.

2.3.1.2 Procurement of Finished Goods

In term of finished goods, the Company will procure and select quality products from international suppliers by using the Company's brand and import finished goods with package. The examples of finished goods imported for sale are mobile evaporative air cooling, industrial and ventilation fan, and ozone shoe deodorizer.

Moreover, the Company also imports big evaporative air cooling for installation in system, which is in the range of U-KOOL Model MUK-30 MUK-18 and MUK-16. The Company will assembly and install at site as per agreement with customer.

For brand new products, if they are subjected to permit of Thai Industrial Standards Institute (TISI), the Company will proceed with TISI and may require sending sample for testing according to standard and examine quality control system at the manufacturing plant, including plant visit. If the product's quality and the manufacturing plant meet standard, TISI will issue the permit for the Company. However, TISI can monitor the result after permission by sampling products on sale and visit the plant time by time.

2.3.2 Product Import

When the products are ready, suppliers or the Company will hire a shipping agent who has export license, subjecting to agreement between the Company and manufacturer. The Company will always monitor products' quality to ensure that the products have certain quality and qualification as specified by the Company.

The Company manages transportation risk by identifying in the agreement that the Company acknowledge the products when they are shipped. In case the agreement has not the Clause of acknowledge, the Company will apply for transportation insurance to prevent some damage.

When the products are delivered to the port, the Company will hire custom clearance officer to make custom clearance and take goods from the port and deliver finished goods to warehouse and assembly parts to the Company's factory.

2.3.3 Warehouse Management

After goods are delivered to the Company warehouses, which located in 2 locations, Panasnikom and Pathumthani, a warehouse supervisor will check goods quantity to be matched with the number notified by the manufacturer; then, key-in details of goods receipt to Warehouse Management System Program. The products will be counted before storage and upon withdrawal, and monitored the inventory by using such program.

In case the inventory is lower than designed level (Minimum Safety Stock Level), the Company will purchase the product for replenishment to avoid shortage and any effect on sale. In addition, the Company will make physical check of the products in warehouse on monthly basis by reconcile with the system

2.3.4 Quality Control

The Company, by quality control department, will examine finished goods and assembly parts of misting fan when arrival the Company warehouse by checking readiness and completion. For finished goods with package, the Company will do random check. Moreover, the Company has the policy to provide 1-year warranty to customer, and then the Company shall be responsible for repair product until it completely works.

However, the Company has claimed either failure product or part to ask the manufacturer compensate to the Company at goods price or deliver replacement. Moreover, the Company specifies in the agreement that the manufacturer shall warranty mobile evaporative fan. If the product fails to meet specified quality, the Company is entitled to claim the manufacturer.

2.3.5 Product Assembly

For misting fan, after its parts pass quality checking, the Company will bring them for assembly at the Company's own factory at Panasnikom, under the standard of ISO 9001:2015. After assembly, the Company will examine the quality again before storage at the Company's warehouse for delivery to customer.

2.3.6 Product Sales and Distribution

2.3.6.1 Product Sales

The Company sells its products through many distribution channels, i.e. Direct sales, Modern trades, Dealers and Agents. Besides, the Company has Online Marketing for promoting sales.

2.3.6.2 Product Distribution

The Company distributes products to customers and distribution channels by either the Company's truck and via delivery service. The Company hires delivery service providers by paying delivery charge per distance, weight, and volume of products. If there is any damage during transportation, the service providers shall compensate any damage to the Company.

2.3.7 After-Sales Services

The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. The Company has service center nationwide by contacting our Call Center at 02 953 8800. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products.

2.4 Work-in-process

At present, the group of companies Has focused on expanding the market base of corporate customers by consulting Sale and installation of ozone technology system for water treatment Deodorization and energy saving in which the operation is a project work which is Project Management as normal process Therefore, there may be projects that are in the process of installation during the year.

2.5 Environment Impact

None environment impact

3. Risk Factors

3.1 Risk of the Business

3.1.1 Risk of the Price War

The continued growth of our business by quality products of Masterkool that proved to our customers the real cooling efficiency, combining with the market growth opportunity, leads to a better-known of the misting fan and evaporative fan to the market. As a result, many new entrepreneurs had entered into the market and became our direct competitors; this may have a direct impact on the Company's performance.

However, the Company's perpetual marketing of the "MASTERKOOOL" brand has caused it to become widely accepted in the market of open air cooling appliances. In addition, the company emphasizes on quality of products plus emotional design for the products in 2018. MIK-28EX with the minimal design, and also a memorable and worth-sharing advertisement are expecting to reduce a severe situation of a price war that may occur.

With our strong quality, strong brand and real cooling efficiency; along with an emotional design; the Company believes that it will be able to operate its business under increasing competition by low-pricing strategy and has no significant impact on the performance of the Company.

3.1.2 Risk of Income Fluctuations

Most of the products of Masterkool are air-cooling solutions; as such the Company may face with the seasonal income fluctuations during the year. The cooling business mostly has seasonal business model which the summer months, February-June, generate peak sales; resulting the first-half of the year earns higher than the second-half of the year; which the highest revenue is in the second quarter.

The company is well aware of the risks of income fluctuation and therefore there are measures in place to counter such risks. The company has its direct sales team, responsible on proposing cooling systems and/or energy saving solutions to large industrial factories, warehouses, or even retail outlets, which can lead off-seasonal revenue or concerning revenue. Typically, the installation of these systems / solutions are done throughout the year; and as these customers are direct customers of the company, this makes the direct sales channel less affect on seasonal fluctuations when compared to the other channels. Furthermore, if the sales of the systems are higher, the Company will earn more from non-seasonal services as well.

With reference to the 2018 plan for selling of non-seasonal products, the Company has launch HOME-FAN and AIR-PURIFIER to sell via moderntrade channel in the second half of 2019. Also the Company planned to launch further appliabce in the year 2020. As well as, the Company has planned to increase in the proportion of export sales revenue by expansion of the market in the countries in the Southern Hemisphere.

The above measures with the close control of expenses can reduce the impact of fluctuations in revenue during the year. The Company expects that the fluctuations in revenue during the year will not have a significant impact.

3.1.3 Risk of counterfeited products

Most of the company's products are related to innovation and new products are constantly designed and invented and there is always the possibility that the products will be imitated by competitors, which will directly impact revenue sales. The company will apply for patents and petty patents over the products that the company invents, designs, and produces, through the Department of Intellectual Property, Ministry of Commerce, in order to be the sole patentee. In which case, if the Patent Act of 1979 is violated, the company may take legal action.

3.1.4 Risk of inventory damage

From the fourth quarter of the previous year to the first quarter of the current year, the company will prepare finished goods in our warehouses in order to accommodate for sales during the summer season. If damage to the product occurs, such as through fire, earthquakes, or other natural disasters; the company must recognize losses of such damage in term of recognition in accounting; including a lost selling opportunity. Therefore, the Company deposits the finished goods by separating to two warehouses, namely warehouse in Phanatnikhom and warehouse in Pathumthani, in order to reduce the impact of risk from the aforementioned disasters. In addition, the company has insured inventories to reduce the risk of damage to the goods.

3.1.5 Risk from dependency of a major manufacturing contractor and product distributor exceeding 50% of the Company's product purchase volumes

The Company has had a major manufacturing contractor and product distributor of evaporative air cooler product in foreign country. In 2018, the Company's product purchase volumes from such manufacturing contractor and distributor of evaporative air cooler product was estimated over 50% of total of productordering volumes in 2018 which was the OEM manufacturing for evaporative air cooler in I-Kool family. Thus, in case that there is any cause making such major manufacturing contractor cannot produce or deliver product to the Company, it may result in short supply of the product in the market and opportunity loss in product sales. This will affect the Company's turnover. However, the Company always assesses product demand and plans production orders in advance. In case of forecast for high product demand, the Company will prepare products in advance to prior-support these demands in order to support sales in summer since Q3 of former year. This will help abate the impact in case that the product manufacturing contractor cannot deliver products to the Company on schedule.

Moreover, the Company also prepares plan to support manufacturing discontinuity from such major manufacturing contractor through employment of other manufacturer for replacement, having the same nature of product manufacturing capability. The Company then believed that the impact from dependency of major manufacturing contractor will not significantly affect the Company's turnover.

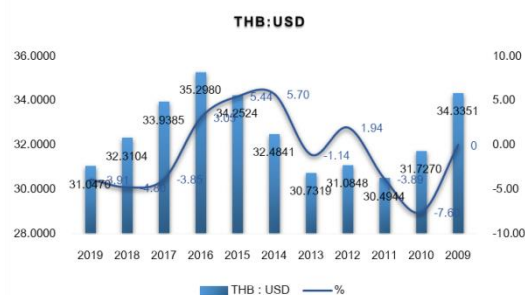
3.2 Risk on Inventment of securities holders

3.2.1 Financial risk on currency rate fluctuations

Fluctuations in foreign exchange rates have had an impact on the Company's earnings due to the fact that the Company operates mainly by importing goods from abroad and paying for them in US Dollars, while the income will be converted to the Thai Baht. In the case that the US Dollar inflates - or the Thai Baht deflates, the product costs will immediately become higher, while the Company will be unable to adjust their own prices with the same rapidity, causing a loss and affecting the Company's performance.

However, the Company has a part of the revenue in US dollars from sales to distributors abroad. In the past year, the company has screened specific agents that have the potential and can generate export revenue for the company. At present, there are active agents in more than 34 countries around the world. States That has both income and expenses in US dollars Causing the business operations of the company Natural hedge is managed at the same time, which will help reduce the impact of exchange rate fluctuations to a certain extent. In the year 2019, the Thai baht fluctuates depending on the statistical chart from the Bank of Thailand.

At present, the Company keeps a close track on the fluctuations of the US Dollar and manages the risk of the exchange rate volatility by primarily using the foreign exchange forward contracts. The Company will consider the financial cost of entering into forward foreign exchange contracts together with the fluctuation of exchange rates in the market for consideration of entering into future contracts.



4. Property for Business Purpose



4.1 Fix Assets

As of 31 December 2019, the Company and its subsidiaries have the following main fixed assets used in business operations:

Types of assets	Ownership	Obligation	Net book value
			31 December 2019
Land which located in Phanatnikhom, Nawanghin sub-district, Phanatnikhom District, Chonburi with total area of 6 Rai and 1 Ngan	Owner	Mortgage collateral for loan	0.90
Building, Leasehold Improvements	Owner	-	9.61
Molds, Machinery, tools and Equipments	Owner	-	17.13
Renting-out assets	Owner	-	7.33
Computers, Furnitures, and Office equipments	Owner	-	1.48
Vihecles	Owner	Some vihecles under hire purchase contracts	9.68
Total			46.15

4.1.1 Trademarks

The Company and its subsidiaries have fixed assets used for business purposes; which details shown:

Trademark	Registration	Product	Protection Period
	Kor 184112	Misting Fans, Evaporative Air Coolers, Industrial Fans and Ventilation Fans	28 March 2012 to 27 March 2022
	Kor 394331	Misting Fans, Evaporative Air Coolers, Industrial Fans and Ventilation Fans	9 April 2015 to 8 April 2025

Trademark	Registration	Product	Protection Period
	Kor 311567	Misting Fans	30 April 2019 to 29 April 2029
	Kor 311568	High Pressure Misting Fans	Renewal Requisition 15 January 2019*
	Kor 311569	Centrifugal Forced Misting Fans	30 April 2019 to 29 April 2029
	Kor 311570	High Pressure Misting Fans	28 June 2019 to 27 June 2029
	18117698	Other Equipments and Appliances (Vacuum Cleaner)	25 July 2018 to 24 July 2028
	161113104	Static Pressure Industrial Fans - Cool Top	19 December 2016 to 18 December 2026
	190106596	Body Spray, Cooling Scent	Requisition on 15 February 2019

* Renewal of certificate of trademark registration for a period of 10 years

4.1.2 Patent / Petty Patent

4.1.2.1 Patent

Registration No.	Patent	Type	Patented Inventions	Protection Period
1302003212	52159	Design Patent	Water purifier	12 November 2013 to 11 November 2023
1702000097	69309	Design Patent	Air-Cooling (09EX)	10 January 2014 to 9 January 2024
1802003798	74302	Design Patent	Air-Cooling (02EX)	7 September 2018 to 6 September 2028
1702003279	67460	Design Patent	Air-Cooling (14EX)	24 August 2017 to 23 August 2027
1502001255	60159	Design Patent	Air-Cooling (45EX)	23 April 2015 to 22 April 2025
1502002112	-	Design Patent	Air-Cooling	2 July 2015 to 1 July 2025
1702000098	67459	Design Patent	Air-Cooling (55EX)	24 August 2017 to 23 August 2027
1402001972	53590	Design Patent	Air-Cooling (25EXN)	24 July 2014 to 23 July 2024
1302002540	51773	Design Patent	Air-Cooling (20EX)	12 September 2013 to 11 September 2023
1302002542	51775	Design Patent	Air-Cooling (70EX)	12 September 2013 to 11 September 2023
1502002220	-	Design Patent	Air-Cooling	9 July 2015 to 8 July 2568
1302002543	51776	Design Patent	Air-Cooling (U-Kool)	12 September 2013 to 11 September 2023
1702003278	67458	Design Patent	Air-Cooling (28EX)	24 August 2017 to 23 August 2027
1802003797	74303	Design Patent	Air-Cooling	7 September 2018 to 6 September 2028

Registration No.	Patent	Type	Patented Inventions	Protection Period
1502003063	58711	Design Patent	Air-Cooling (07EC)	12 September 2015 to 11 September 2025
1502001256	60158	Design Patent	Air-Cooling	23 April 2015 to 22 April 2025
1302002541	51774	Design Patent	Air-Cooling (35EX)	12 September 2013 to 11 September 2023
1402000402	53589	Design Patent	Ozone Vegetable Washer	4 March 2014 to 3 March 2024
1002002474	42234	Design Patent	Pump Control	9 September 2010 to 8 September 2020
1502001601	58708	Design Patent	Fan	18 May 2015 to 17 May 2025

4.1.2.2 Petit Patent

Registration No	Petty Patent	Type	Patented Inventions	Protection Period
1403001530	9763	Petit Patent	Condensing Temperature Controller for Large Air-Conditioner	20 November 2014 to 19 November 2020
1403001531	10833	Petit Patent	High Pressure Centrifugal Force Misting Fan	20 November 2014 to 19 November 2020

Reference: Department of Intellectual Property Ministry of Commerce

4.1.3 Important contract in business

4.1.3.1 Rental contracts of office and warehouse as of 1 January 2020

Location	Monthly Fee	Area	Period
<u>Contract for showroom and office</u> Three commercial buildings at 12/16-17, 12/20 Thesabansongkro Road, Ladyao, Chatuchak, Bangkok	96,000 Baht	3 commercial buildings	1 January 2020 to 31 December 2022
<u>Contract for warehouse in Patumthani</u> 39 Moo 6 Phaholyothin Rd, Klong Nueng, Klong Luang, Patumthani	492,000 Baht	6,480 Sq.m.	1 October 2019 to 30 September 2022
<u>Contract for service office</u> 22 Soi 2 Thesabanrangsang Nua Road, Ladyao, Chatuchak, BKK	7,000 Baht	98 Sq.wah	16 November 2017 to 15 November 2020
<u>Contract for event rental business office</u> 795 Pracharat 1, Bangsue, Bangsue District, Bangkok	57,895 Baht	435 Sq.wah	1 January 2018 to 31 December 2020

4.1.3.2 Key Insurance Policy

Insurer	Bangkok Insurance PLC
The assured	Masterkool International PLC
Insured property	Warehouse
Location of property	Warehouse, 39 Moo 6 Phaholyothin Road, Klong Nueng, Klong Luang, Patumthani 12120
Protection limit	50,000,000 Thb
Protection period	14 October 2019 to 14 October 2020
Protection	<ol style="list-style-type: none"> 1. Wind storm 15,000,000 Thb 2. Earthquake or volcanic eruption 15,000,000 Thb 3. Water hazard (Flood is excluded) 50,000,000 Thb 4. Explosion 50,000,000 Thb

Insurer	Bangkok Insurance PLC
The assured	Masterkool International PLC
Insured property	Buildings include furnitures, fixtures, tools, electrical appliances, inventory
Location of property	<ol style="list-style-type: none"> 1. Showroom and Office, 12/16-17 and 12/20 Thesabansongkroao Road, Ladyao, Chatuchak, Bangkok 2. Assembly Factory, 184 Moo 10 Nawanghin sub-district, Phanutnikhom, Chonburi 20240 3. Warehouse 1, Service office, 2 Thesabanrangsang Nua Road, Ladyao, Chatuchak, Bangkok 4. Warehouse 2, 259/14 Moo 4 Soi Vibhavadi-rangsit 70, Talad Bangken, Laksi, Bangkok
Protection limit	96,475,000 Thb
Protection period	5 January 2020 to 5 January 2021
Protection	<ol style="list-style-type: none"> 1. Disaster from fire and lightning 2. Disaster from Explosion, storm, water hazard 3. Aerial disaster 4. Disaster from earthquake, volcanic eruption, seismic sea waves from underwater landslide, tsunami 5. Disaster from hail or smoke 6. Disaster from collision of vehicles 7. Threat of strikes, riots, malicious acts or accidental external factors 8. Damage from robbery, which appeared evidence 9. Disaster to electrical appliances Electrical injury

4.1.3.3 Four production contracts with a Manufacturer

Contractual Party	<ol style="list-style-type: none"> 1. A manufacturer who is not a related person ("the Contractual Party") 2. Masterkool International PLC ("the Company")
Type of Products	Evaporative air cooler; both wall type and portable which its model is specified in each contract.
Contractual Duration	10 years (the first contract will be ended on 31 December 2022)
Pricing	Price and payment condition are agreed upon in each contract
Contractual Cancellation	<ol style="list-style-type: none"> 1. In case any failure by a party to perform any of its obligations under the contract 2. In case the party cannot deliver goods or cannot pay the payment in agreed time
Credit Term	Number of days agreed upon in each delivery
Conclusion of Contractual Essence	<ol style="list-style-type: none"> 1. The Company is the exclusive distributor for the above products for sale in Thailand and other countries worldwide; except in some countries as agreed and specified in each contract. 2. The Contractual Party and the Company agreed in term of investment in mold for each product; and ownership of the mold after the contract termination. 3. The Company agreed to purchase some models of the products from the Contractual Party at the minimum volume; and some models of the products, the Contractual Party agreed to manufacture them according to the Company's purchase order without a minimum quantity. 4. The Contractual Party agreed to control the quality of products at the standard level of the product as prescribed by the Company; so that the product life is at least 1 year-warranty which the Company provided to customers.^{/1} 5. The Company agreed to inspect the product at 10% of delivered number; and the Contractual Party agreed to pay compensation within 30 days after receiving of product defect report^{/1} 6. In case of products do not meet the Company's requirements over 1% of delivered number of products as a cumulative amount for 15 months after delivery; the Contractual Party shall pay compensate to the Company as agreed.^{/1}

4.1.3.4 Vendor contract with Moderntrade

The Company has entered into vendor agreements with moderntrade stores, mostly are consignment agreements of evaporative air coolers, misting fans, and industrial fans; include water dispenser and air purifier. The summary is as follows:

Contractual Party	<ol style="list-style-type: none"> 1. Moderntrade stores who are not related persons ("the Contractual Party") 2. Masterkool International PLC ("the Company")
Contractual Duration	1 Year with automatic contractual renewal until contractual cancellation from any party
Contractual Cancellation	When any party violates the Contract or cancels the Contract in advance in defined duration.
Credit term	As mutually agreed with each Contractual Party.
Conclusion of Contractual Essence	<ol style="list-style-type: none"> 1. The distributed product shall be the product that is legal and correctly paid for taxation. The Company complies with relevant laws such as trademark, copyright, patent, industrial standard safety and rights of other intellectual properties with other products, etc. The product shall be the product that meets the standard without damage and defect. If the product is not in line with aforesaid guarantee, the Company shall get the product in return or replacement without condition or with compensation of fine and damage to the Contractual Party. 2. The Contractual Party shall pay according to condition and agreement within defined credit term period from the date of receiving Receipt or Tax Invoice from the Company and in line with the payment date of the Contractual Party. 3. The negotiation on trade discount shall be made for once a year, depending on ordering quantity and sales volume target mutually defined in each year except special discounts such as programming product and sales promotion items shall be occasionally negotiated. 4. The Company shall support other expenses such as allowance for sales promotion items, marketing allowance, festival discounts, annual special discount based on purchase target, product distribution service charge to branches and service charges of different systems, etc. 5. The Company shall get the products that are not in line with the agreement in return and the Company has duty to get the product in return within defined duration from the notification date from the Contractual Party to get products in return. If it is overdue as notified, the Contractual Party shall be irresponsible for any damages occurred with the Company's products. 6. The Company shall not provide any assets, privileges, reward or commission or other benefits to employees or the representative of the Contractual Party. 7. The Company shall not persuade the customer of the Contractual Party to directly buy products from the Company and shall not directly sell products to general customers in cheaper price than the price already distributed by the Contractual Party. 8. The Company shall arrange salespersons stationed at the branches throughout office hours under responsibility of the Company on damages occurred from the Company's salespersons. 9. If the Company defaults the Contract, the Contractual Party is entitled to postpone the product cost payment and reserves its right to claim for damage that may occur from contractual default, and also is entitled to cancel the Contract right away.

4.1.3.5 Local Dealer Appointment Contract

The Company enters to make the contract with the business entrepreneur. The contract is made in in term of dealer to grant the right in being the local dealer of the Company's products. Below is the summary for the essence of the agreement

Contractual Party	<ol style="list-style-type: none">1. Dealer* ("the Contractual Party")2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	Until the contract will be cancelled by any party.
Contractual Cancellation	<ol style="list-style-type: none">1. In case that the dealer defaults the contract or does not comply with dealership rule, the Company is entitled to cancel the Contract.2. Any party is entitled to cancel the dealership according to the Contract upon the requirement of written notification for prior-acknowledgement of the other party for at least 30 days in advance.
Credit Term	Number of days as mutually agreed
Conclusion of Contractual Essence	<ol style="list-style-type: none">1. The Contractual Party is the local dealer of the Company's products in Thailand only.2. The Contractual Party uses MASTERKOOL trademark with the product, integral part, spare part and equipment particularly for the Company's product only.3. If the Party defaults the payment or delays payment, the Contractual Party agrees to pay fine to the Company for 2% per month of debt value exceeding defined value.4. If the Contractual Party defaults the Contract, causing the Company damaged, the Company is entitled to suddenly cancel the Contract whereas the Contractual Party is entitled to pay all outstanding product prices without discount and has duty to pay interest, fine or damage occurred to the Company.

* An exclusive dealer who is the individual related to the Company. However, the contractual condition is indifferent from other dealers

4.1.3.6 Product Transportation Hiring Contract

Contractual Party	<ol style="list-style-type: none">1. The local product transport contractor who is not the individual related to the Company ("the Contractual Party")2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	As mutually agreed with each Contractual Party.
Contractual Cancellation	When any party violates the Contract or cancels the Contract in advance in defined duration.
Price and Payment Condition	It depends on weight and distance as mutually agreed by each Contractual Party.
Conclusion of Contractual Essence	<ol style="list-style-type: none">1. The Contractual Party shall be responsible for damage or loss of product during transportation as mutually agreed, or the party shall arrange insurance for product damage or loss whereas the Company is the beneficiary.2. The Contractual Party shall deliver products in local final area zones in the duration mutually agreed with each Contractual Party.3. Transport cost is increased according to increase in diesel oil price to be line with mutual agreement of each Contractual Party.

4.2 Policy of Investment in its Subsidiaries and Associates

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other

benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the Board of Directors' meeting 1/2020 arranged on 27 February 2020.

The Company has a policy to consider investing in subsidiaries, and associates by focusing on supporting business and benefits of the company; whereas considering on the return and other benefits of the company such as expected return on investment, were made. The Company considers the appropriate proportion of investment and expected return on investment for the benefit of the shareholders of the Company

The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management.

Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the committee's meeting or shareholder's meeting of the Company first. Essential matters include connected transaction, obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation with following details.

5. Legal Dispute

As at 31 December 2019, the Company had none of legal dispute of which the lawsuit might significantly and negatively affect the Company's business operation.

6. General Information and Other Key Information

6.1 General Information as of 14 January 2020

Company Name	Masterkool International Public Company Limited
Type of Business	Supply and distribution of Evaporative Air Cooler, Mist Fan and Industrial Fan Products under "MASTERKOOL" and "Cooltop" Brands, and provision of rental services for use of such products in event organizing and designing and installing heat extracting system inside the plant and warehouse, as well as designing and installing ozone system for energy saving and environmental conservation. The Company distributes products through modern retail shops, foreign dealers and local dealers, and directly distributes and provides services through the Company
Office Location	<p>Head office and Service center:</p> <p>22, Soi 2, Thetsabanrangsang Nua, Ladyao Sub-district, Chatuchak District, Bangkok</p> <p>● Branch 1 Factory:</p> <p>184 Moo 10 Tumbol Nawanghin, Amphur Panat-nikhom, Chonburi</p> <p>● Branch 2 Sales Office:</p> <p>12/16-17, 12/20 Thesabansongkroa Road, Ladyao Sub-district, Chatuchak District, Bangkok</p> <p>● Branch 3 Warehouse (Pathumthani):</p> <p>39 Moo 6 Tumbon Klong Nueng, Klong Luang, Pathumthani</p>

● **Branch 4 Rental Services:**

795 Pracharat 1, Bangsue, Bangsue, Bangkok

Co. Registration 0107557000365
Registered Capital 120,000,000 THB
Paid-Up Capital 120,000,000 THB Total 480,000,000 Shares, 0.25 THB/share
Telephone (66) 2953 8800
Fax (66) 2589 8586
Website www.masterkool.com

References

Share Registrar Thailand Securities Depository Company Limited
Stock Exchange of Thailand Building
93 Ratchadaphisek Road, Khlong Toei District, Bangkok 10110
Telephone (66) 2009 9000, Facsimile (66) 2009 9991
Auditor Ms.Chuenta Chommern C.P.A. (Thailand) No. 7570
SP Audit Company Limited
503/31 KSL Tower, 18FL (A), Sri-Ayudthaya Rd,
Phayathai, Ratchathewi, Bangkok
Tel (66) 2642 6172-4 Fax (66) 2642 6253

6.2 Details of Juristic Persons that the Company directly holds the shares from and over 10% of the number of issued and sold shares

Company Name Innov Green Solutions Company Limited
Type of Business Design, installation and provision of service relating to environmental conservation and energy saving such as application of ozone system with air-conditioner, washing machine, vegetable washer and shoe deodorizer, etc.
Office Location 22, Soi 2, Thetsabanrangsang Nua, Ladyao, Chatuchak District, Bangkok
Co.Registration 0105554064743
Registered Capital 30,000,000 THB
Paid-Up Capital 30,000,000 THB
Total 300,000 Shares , 100 THB/share
Company's Shareholding 99.98%
Telephone (66) 2953 8800
Fax (66) 2591 9849

Part 2 Management and Corporate Governance

7. Securities and Shareholders Information

7.1 Registered and Paid-up capital

As of 31 December 2019, the Company has registered capital of 120 Million Baht, paid-up capital of 120 Million Baht, comprising of 480 million ordinary shares

7.2 10 Major Shareholders as at 15 November 2019

Shareholders	Nr. Of Shares	%
1. Mr. Noppachai Veeraman	123,357,227	25.70%
2. Mr. Fung Meng Hoi	60,372,200	12.58%
3. Mr. Taweechat Jurangkool	29,537,000	6.15%
4. Mr. Komin Krodmee	18,707,482	3.90%
5. Mr. Setthavich Sakvorayos	9,409,000	1.96%
6. Ms. Sunanta Wanwat	5,265,249	1.10%
7. Mrs. Chollakarn Jittakul	4,508,000	0.94%
8. Dr. Sunthorn Sriphratchayaan	4,491,000	0.94%
9. Mrs. Kunthong Udommahuntisuk	4,451,900	0.93%
10. Ms. Anchasa Yeeseunkeaw	4,170,000	0.87%
11. Others	215,730,942	44.94%
รวม	480,000,000	100%

Shareholding by Directors, Management, and Related Persons

Name	Position / Relation	Shareholding	%
Mr. Sanpat Sapon	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	-None-	-
• Mrs. Wijitra Sopom	Spouse of Mr. Sanpat Sapon Remark: No underage children	-None-	-
Assoc. Prof. Dr. Prakrit Tangtisanon	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	-None-	-
• Mrs. Kullaya Tangtisanon	Spouse of Assoc. Prof. Dr. Prakrit Tangtisanon Remark: No underage children	-None-	-
Mr. Mongkol Kasaemsun Na Ayudthaya	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	-None-	-
• Ms. Pornpicha Thamrongvinichai	Spouse of Mr. Mongkol Kasaemsun Na Ayudthaya Remark: No underage children	-None-	-
Mr. Kritsana Thaidumrong	Director	-None-	-
• Ms. Nittaya Aniwattanakul	Spouse of Mr. Kritsana Thaidumrong Remark: 3 Underage children	-None-	-
	1. Punthorn Thaidumrong 15 Years old	-None-	-
	2. Punthath Thaidumrong 15 Years old	-None-	-
	3. Primpraepraw Thaidumrong 5 Years old	-None-	-

Name	Position / Relation	Shareholding	%
Mr. Noppachai Veeraman	Director, CEO, and Managing Director	123,357,227	25.70
• Mrs. Pawanna Veeraman	Spouse of Mr. Noppachai Veeraman Remark: 3 Underage child 1. Mr. Chanin Veeraman 18 Years old	-ไม่มี-	-
Mr. Fung Meng Hoi	Director Remark: No spouse, No underage children	60,372,200	12.58
Ms. Benjarat Hattachanchai	Director, Executive Director, AMD-Finance and Accounting Remark: No spouse, No underage children	137,691	0.03
Ms. Sunanta Wanwat	Director, Executive Director, AMD-Innov Green Solutions Co., Ltd (the Subsidiary)	5,265,249	1.10
• Mr. Thanapun Intrakasorn	Spouse of Ms. Sunanta Wanwat Remark: No underage children	-ไม่มี-	-
Ms. Phornphan Nilprasit	Executive Director, AMD-Logistics	573,566	0.12
• Mr. Thanabul Pongruk	Spouse of Ms. Phornphan Nilprasit Remark: No underage children	255,714	0.05
Mr. Komin Krodmee	Executive Director, AMD-Production Management	18,707,482	3.90
• Ms. Nucharin Siwanukro	Spouse of Mr. Komin Krodmee Remark: 2 underage children 1. Ariya Krodmee 10 Years old 2. Ariyaa Krodmee 9 Years old	-ไม่มี- -ไม่มี- -ไม่มี-	- - -
Mr. Thammasak Chobchai	Executive Director, AMD-Engineering and Customer Services	2,678,745	0.56
• Mrs. Sunicha Chobchai	Spouse of Mr. Mr. Thammasak Chobchai Remark: 1 underage child 1. Punnaporn Chobchai 15 Years old	-ไม่มี- -ไม่มี-	- -
Mr. Sanchai Sriwiboon	Executive Director, AMD-International Business Remark: No spouse, No underage children	3,793,663	0.79

7.3 Other securities issued

-None-

7.4 Dividen payment policy

The dividend payment policy of the Company and its subsidiaries has set by not less than 40% of net profit after tax of separate financial statement and deduction of legal reserve and other deposits. However, the Company and its subsidiaries may consider paying the dividend less than the above rate or not to pay the dividend, subjecting to economy, performance, financial status, and liquidity of the Company and its subsidiaries, including their necessity in utilization of working capital for business operation and expansion.

However, resolution of the Board of Directors on approval of the dividend payment must be presented to a shareholders meeting for consideration of approval such dividend payment; except on interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment, and then report to the next general meeting of shareholders.

8. Management Structure

8.1 The Board of Directors and Subcommittee

As of 27 February 2020, the management structure of the company consisting of 4 sets of committees: The Board of Directors, Audit Committee, Nomination and Remuneration Committee, and the Executive Committee the details are as follows:

8.1.1 The Board of Directors

Name	Position	No. of meeting attended/ Total no. of meeting in 2019
1. Mr. Sanpat Sapon	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	7/7
2. Assoc. Prof. Dr. Prakrit Tangtisanon	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	6/7
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	7/7
4. Mr. Kritsana Thaidumrong	Director	7/7
5. Mr. Fung Meng Hoi	Director	4/7
6. Mr. Noppachai Veeraman	Director and Managing Director	7/7
7. Ms. Sunanta Wanwat	Director	7/7
8. Ms. Benjarat Hattachanchai	Director	7/7

The authorized directors who are authorized to sign to bind the company's certificate are Mr. Noppachai Viraman, Ms. Sunantha Wanwat, Ms. Benjarat Hattachanchai and Mr. Fung Meng Hoi, two directors in Four people sign together and affix the company's seal. In 2019, Mr. Fung Meng Hoi attended less than 75% of the meetings due to the necessity of medical treatment, according to medicine practitioners.

In addition, Ms. Mallika Trakoolthai, the Executive Director, had been appointed as the Company secretary and Secretary of the Board of Directors

In addition to these meetings, the number of times specified above The independent committee held a meeting for self-assessment of the Control Self Assessment and the annual organization assessment with 1 time.

8.1.2 Audit Committee

Independent directors had been appointed as members of the Audit Committee who have complete qualifications according to the Notification of the Capital Market Supervisory Board No. Tor Jor. 28/2008 Re: Approval for Issuance and Offering for Sale of Shares dated 15th December 2008 (include any revision)

Name	Position	Number of meeting attended/ Total numbers of meeting in 2019
1. Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman	4/4
2. Mr. Sanpat Sapon	Member	4/4
3. Assoc. Prof. Dr. Prakrit Tangtisanon	Member	4/4

Member of the Audit Committee who has full understanding of, and experience in, accounting or finance, for reviewing the reliability of the financial statements is Mr. Mongkol Kasaemsun Na Ayudthaya

The secretary of the Audit Committee is Miss Jariyaporn Akkarawong

8.1.3 The Nomination and Remuneration Committee

	Name	Position	Number of meeting attended/ Total numbers of meeting in 2019
1.	Assoc. Prof. Dr. Prakit Tangtisanon	Chairman	1/1
2.	Mr. Sanpat Sapon	Member	1/1
3.	Mr. Mongkol Kasaemsun Na Ayudthaya	Member	1/1

Ms. Mallika Trakoolthai, the Secretary to the Nomination and Remuneration Committee, since 26 February 2019.

In accordance with the Code of Conduct and the Charter of the Nomination and Remuneration Committee, the Nomination and Remuneration Committee Meeting should be held twice a year. In the year 2018, the Nomination and Remuneration Committee held only one meeting to be in line with the business situation. Anyhow, the Committee regularly monitors the progress of its work on a regular basis.

8.1.4 Executive Committee

	Name	Position	Number of meeting attended/ Total numbers of meeting in 2019
1.	Mr. Noppachai Veeraman	Chairman of the Executive Board *	4/4
2.	Ms. Benjarat Hattachanchai	Executive Director *	4/4
3.	Ms. Sunanta Wanwat	Executive Director *	4/4
4.	Ms. Phornphan Nilprasit	Executive Director	4/4
5.	Mr. Komin Krodmee	Executive Director	2/4
6.	Mr. Sanchai Sriwiboon	Executive Director	1/4
7.	Mr. Thammasak Chobchai	Executive Director	3/4
8.	Ms. Mallika Trakoolthai	Executive Director **	5/5

Remarks: * The Board of Directors of the Subsidiary ** The Secretary to the Executive Committee

In this regard, Mr. Komin Krodmee and Mr. Sanchai Sriwiboon, the executive directors whom assigned to take care of the Factory, and to manage international business that has to travel to do business continuously with foreign customers; therefore, the attendance are less than 75%.

8.2 Management

	Name	Position
9.	Mr. Noppachai Veeraman	Managing Director
10.	Ms. Benjarat Hattachanchai	Assistant Managing Director, Finance and Accounting
11.	Ms. Sunanta Wanwat	Assistant Managing Director, Business (The Subsidiary)
12.	Ms. Phornphan Nilprasit	Assistant Managing Director, Logistics
13.	Mr. Komin Krodmee	Assistant Managing Director, Production Management
14.	Mr. Sanchai Sriwiboon	Assistant Managing Director, International Business
15.	Mr. Thammasak Chobchai	Assistant Managing Director, Engineering and Customer Services

8.3 Company Secretary

The Board of Directors' meeting No.6/2013 had the resolution to appoint Miss Mallika Trakoolthai to be the Company secretary starting from October 21, 2013. The scope of work, authority, and responsibilities according to section 89/15 and section 89/16 of Securities and Exchange Act (Volume 4) B.E. 2551 (A.D. 2008), which was effective since 31st August 2008. The Company secretary has the following legal roles.

- 1) Preparing and maintaining the following documents
 - a) Director profile
 - b) Notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting
 - c) notice and minutes of shareholders meeting
- 2) Maintaining directors and management's report on conflict of interest, and submit the report according to section 89/14 to the president and chairman of the Audit Committee within 7 working days after receipt of the report.
- 3) Performing other duties as required by the Capital Market Supervisory Board

In case the Company secretary resign or fail to perform the duty, the Board shall appoint new secretary within 90 days from the date of resignation or failure to perform the duty. However, the Board is entitled to assign one of directors to perform the work during such period.

In addition, the Company secretary also has the other responsibilities upon the Company's assignment as follows:

- 1) Arranging the Board of Directors' meeting and shareholders' meeting
- 2) Coordinate with other departments in the Company to make them comply with the resolutions of the Board of Directors' meeting and shareholders' meeting
- 3) Coordinate with the government section such as the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and control for completion and accuracy of information disclosure and report submitted to the government section and public according to law.
- 4) Providing orientation to new appointed director
- 5) Performing other duties as assigned by the Board.

Miss Mallika Trakoolthai has passed the training course for the Company secretary (Class of 28) and the course of fundamental law for registered company (class of 10) from Thai Listed Companies Association in the year 2019 also continuous self-development by the training course Corruption Risk & Control Technical Update (CRC) from Thai Institute of Directors (IOD), the Company Secretary Information is in Appendix

8.4 Remuneration for the Board and Management

The annual general meeting of shareholders' 2019 held on 24 April 2017, had the resolution to approve remuneration for independent directors and the non-executive directors, by considering based on roles and responsibilities to supervise and control the Company's operation. The consideration has been made in comparison to the industry, experience, duty, scope of role and responsibility, including benefits expected to be received from each directors as per the following details:

8.4.1 Remuneration for the Board of Directors

	Attendance fee for chairman	Attendance fee for member
Board of Directors	30,000 Baht/Meeting	20,000 Baht/Meeting
Independent director as member of Audit Committee	30,000 Baht/Meeting	20,000 Baht/Meeting
Nomination and Remuneration Committee	30,000 Baht/Meeting	20,000 Baht/Meeting

Remuneration for the board comprises meeting attendance fee, which is subjected to number of meeting attended. However, subject to the rule of remuneration consideration, members of the board and/or any subcommittee, the Company's director and/or member of sub committee who are the Company's executives or employees shall not receive the remuneration for the board and/or member of subcommittee. In 2019, the Company paid remuneration for the board and member in subcommittee as follows

	The Board	Audit Committee	Nomination and Remuneration Committee	Independent Director and NED	Total
1. Mr. Sanpat Sapon	210,000	80,000	20,000	30,000	340,000
2. Assoc. Prof. Dr. Prakrit Tangtisanon	120,000	80,000	30,000	20,000	250,000
3. Mr. Mongkol Kasaemsun Na Ayudthaya	140,000	120,000	20,000	20,000	300,000
4. Mr. Kritsana Thaidumrong	140,000	-	-	-	140,000
5. Mr. Fung Meng Hoi	80,000	-	-	-	80,000
6. Mr. Noppachai Veeraman ¹⁾	-	-	-	-	-
7. Ms. Benjarat Hattachanchai ¹⁾	-	-	-	-	-
8. Ms. Sunanta Wanwat ¹⁾	-	-	-	-	-
Total	690,000	280,000	70,000	70,000	1,110,000

Remark: ¹⁾ Members who are the Company's executives or employees those shall not receive remuneration for the board and member of sub committee are Mr. Noppachai Veeraman, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai

8.4.2 Remuneration of the Executive Committee and Management

Annual General Meeting of the Shareholders for the Year 2019 on April 24, 2019, passed a resolution approving the directors' remuneration Which the remuneration will be the meeting allowance of the committee according to the number of meetings attended The chairman of the sub-committee will receive an attendance fee of 30,000 baht per meeting while the committee will receive an attendance fee of 20,000 baht per person per meeting.

The executive directors who are executives or employees of the company. Will not receive compensation as executive directors. The company has paid executive compensation in the form of monthly salary, position allowance, allowances and contributions to the Social Security Fund. In the past year, the company paid compensation to executives and executive directors of the company and its subsidiaries as follows.

	2017	2018	2019
Numbers of Directors and Executives (persons)	8	8	8
Total remuneration (Baht)	12,704,810.00	10,487,900.00	12,417,700.00

The remuneration of the executives of the Company and its subsidiaries is salaries and bonuses. In 2018, when compared to 2017, due to the loss of the company The management therefore wishes to reduce their remuneration, reduce welfare, and not have any bonuses. In year 2019, the adjustment of the rate back to the previous base due to the positive 2018 performance.

8.4.3 Other Compensation

Provident Fund: The company has provided a provident fund for executives, with the company contributing 2% of the monthly salary and the company contributing 2% of the monthly salary. Provident fund funds for 8 executives, totaling 220,024 baht for the year 2019. The company has contributed to the fund for 8 executives. Total amount 226,068 baht

Employee Joint Investment Program (EJIP): The company has a project (EJIP) which in the year 2019, the company has contributed to the project for 8 executives, totaling 303,351.00 baht.

8.5 Employee

The Company strives on human resource management and development to retain employees who have skill, capability, and experience for enhancement competitiveness of the Company.

Number of employees of the company and its subsidiaries as of 31 December 2019 with a total of 231 employees, with the remuneration for the employees of the company and subsidiaries Not including PC employees The total amount is about 81766392.50 baht, which such compensation, such as salary, overtime, commission, bonus, position allowance, allowances, diligence, social security. Provident fund contribution Joint investment project between employees and the company (EJIB) and other benefits, etc. The number of employees in each line consists of:

As of 31 December 2019 (Persons)	
Management	16
Retail Business	26
Engineering and Customer Services	54
International Business	3
Logistics	30
Production Management	12
Event Rental Business	23
Finance and Accounting	18
Quality Assurance	6
Others ¹⁾	16
Innov Green Solutions (Subsidiary	14
Total	218

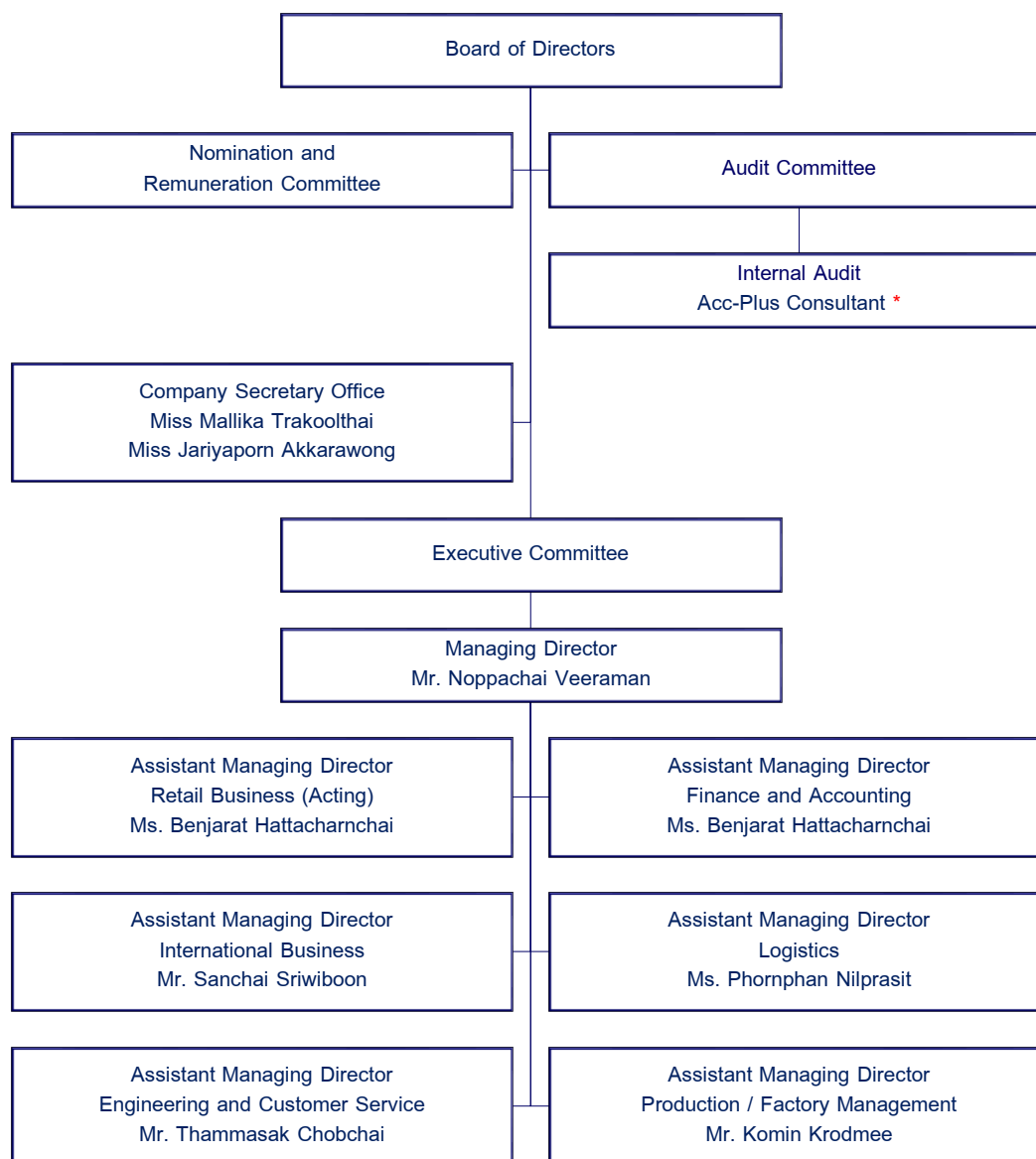
Remark: Others¹⁾ mean Company Secretary Office 1, MD Office 1, MIS 1, HR 9, R&D 2, and Purchase 2

The Company and its subsidiary have no labor dispute and devote to develop skill, knowledge, capability, and competency of employees at all level. The details of employee development plan are as follows:

- Continuously develop the board and executives, i.e the Board of Directors, the Audit Committee, Management, and the Company/Corporate Secretary, to increase their work capability by enhancing and supporting them in term of education, training, seminar, and domestic and international field study.
- Prepare training road map for each position to recruit right person with good career path, including ready for replacement, including succession plan for the Executives.
- Build up employee awareness for working based on code of conduct and good governance by admiration and support good person.
- Enhance employee's development by mean of coaching and on the job training. Also enhance employee to engage in organization culture, ownership attitude, hold team work concept, provide good service, and bring satisfaction to either inside or outside customers

8.6 Management Structure

As of 1 January 2020



* The Company hires ACC-PLUS Consultant Company Limited to perform internal audit of the Company and its subsidiary. Miss Wanna Maluengnont (Managing Director of ACC-PLUS Consultant Company Limited) is head of internal audit team

Remark: Ms. Sunanta Wanwat, Asst. MD of the Subsidiary is the member of the Executive Committee

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors approved policy of corporate governance which is in line with “the Code of Best Practices for Directors of Listed Company” stipulated by Stock Exchange of Thailand. The principle consists of the following 5 chapters as follows

Chapter 1: The Right of Shareholders

The company gives precedence to basic rights of shareholders such as rights to trade and transfer their own shares, rights of receiving profit dividend of the company, right of receiving information of the company sufficiently, rights of shareholder's meeting, giving opinions, appointing or removing committee, appointing auditor and matters affecting the company like dividend allocation, specification or amendment of regulation and memorandum of association etc. without any actions that violate or deprive rights of the shareholders as well as promotes shareholder to use their rights.

Apart from basic rights, the company has a policy for operations that promote and facilitate using rights of shareholders as follows

- 1) Providing annual general meeting by it is arranged within 4 months from the end date of each accounting year by providing information, date, time, place and agendas along with delivery of the supporting documents of each agenda to shareholders in advance for at least 7 days and publish in newspaper to appoint date and time of meeting for 3 consecutive days before the meeting starts 3 days prior. It is specified that each agenda requires comments of the committee and complete minutes so that the shareholders can audit it.
- 2) The company will publish information supporting agenda to shareholders in advance on website of the company including inform rights and regulations in meeting as well as procedures of voting of shareholders in meeting to give a chance for shareholders to study information before the meeting.
- 3) In case the shareholders cannot attend the meeting, the company gives a chance for them to give a proxy to independent committee or any person to attend the meeting as the substitute to support using rights of shareholders to vote by using power of attorney delivered by the committee together with the invitation to meeting i.e. proxy (form B) which is the specific proxy form and proxy (form C) which is the proxy form for the foreign investor appointing the custodian in Thailand.
- 4) Before the meeting, shareholders can send opinions, suggestions and inquiries in advance through E-mail: comsec@masterkool.com สามารถส่งความคิดเห็น ข้อเสนอแนะ ข้อซักถามได้ล่วงหน้าก่อนวันประชุมผ่าน E-mail: comsec@masterkool.com

For meeting, the company will allocate proper time to promote shareholders to give opinions or suggestions including inquiries in each agenda relevant to the company.

Chapter 2: Equal Treatment to Shareholders

The company has a policy to treat every shareholder equally to monitor and give opinions about operation of the company by independent committee is responsible for taking care of minor shareholders and that they can give suggestion, opinions, or complaint to independent committee. The independent committee will consider for appropriate operation. For instance, if it is complaining, the independent committee will verify fact and find proper treatment.

The company's committee has specified a measure to prevent using internal data for undesirable purpose of the relevant people including committee, executives, officers and employees of the association related to data (including to spouse and immature children of those people) not to use internal data that has not been published to trade, transfer and accept transfer securities of the company for 30 day during the period before presenting tranche financial statement to SEC or before such data is publicized and the punishment has been stipulated for disclosing data of the company or using company's information for personal benefit according to the policy of Internal Data Utilization Prevention along with giving knowledge to committees and board of directors of the company about reporting security possession to Office of Security

Chapter 3: Roles of Stakeholders

The company has recognized rights of all stakeholders relevant to the company including internal stakeholder such as shareholder, employees and board of directors of the company or external stakeholders including opponent, trade partner, community and society etc. The company has deeply realized that supporting and listening to opinion as well as building good relationship with all shareholders would be beneficial to business operation and development of the company with growth and expansion in the future. The company provided rights of all groups to be treated fairly and equally along with complying with regulations of law and rules as follows

- Shareholder: The company emphasized on being a good representative of shareholders to operate business for satisfaction of shareholders by being aware of long-term value growth of the company along with having good control system and internal audit system that can disclose information transparently, correctly and completely enough for decision to invest
- Employee: The Company will support potential development of human resource for ultimate benefit as the company realized that employees are a part of major resources essential to develop the organization. The company then treats every employee fairly and equally without discrimination along with providing proper returns and welfares. In addition, the Company has done the employee survey on the workplace health, and develop in various matters by “The Happy Workplace” initiative project which guided and supported by Thai Health Promotion Foundation for sustainability of well-being for Masterkool’s employees.
- Trade Partner: The Company will treat all trade partners with integrity by holding principles of trade agreement, terms, and promise given to trade partner for good business relationship and benefit to all parties.
- Opponent: The Company will treat opponents/competitors with ethics of good competition by avoiding dishonest competition to destroy the opponent.
- Customer: The Company is determined to provide good service and give satisfaction to customers by providing quality product and service with honest and fair trade with customers. In addition, The Company provides channels for receiving complaints from customers through central agency that is the Company/Corporate Secretary.๖๕
- Community:
& Society: The Company gives precedence to taking care of environment of nearby community, location of the office with campaigns to save energy as well as operating business that is not contrary to custom and tradition or causing damages to company. Besides, the company also has a policy to hire local labors nearby the factory of the company in Panat-nikhom, Chonburi Province

Chapter 4: Disclosure of Data and Transparency

The company realizes importance of correct data disclosure with that is complete, punctual and transparent including financial report and general report according to principles of data and information disclosure of SEC Office and Stock Exchange of Thailand as well as any other matters data affecting security cost of the company that had effect on decision process of company’s stakeholders. The company will propagate information and data of the company to shareholders, investors and public through channels and media of Stock Exchange of Thailand including website of the company, newspaper so that shareholders can access data equally.

The company assigns the Company/Corporate Secretary, or a person authorized by the CEO to be responsible for essential data and information disclosure and communicating with investors, shareholders, as well as analysts and the relevant persons.

For convenience of contact, the prior mentioned persons are invited to contact the Company at the phone number: 0 2953 8800 or facsimile: 0 2589 8586 or E-mail: comsec@masterkool.com

Chapter 5: Responsibility of the Board of Directors

● Structure of the Board of Directors

The Board of Directors consists of persons with knowledge, skills, and experiences that can benefit the Company by being an important player in approving policies and business plans. Besides, The Board gives importance to the internal control system and internal audit for the benefit of the company and overall shareholders.

The Board of Directors of the Company has 8 persons which consist of the executive directors, the non-executive directors and three (3) independent directors or at least one-third (1/3) of the Board to balance in voting and considering matters along with auditing management for utmost benefit of the company.

The term of office of the members of the Board shall be three (3) years, and with no more than three (3) consecutive terms (total of 9 years from the date of appointment). After completing a nine-year term, in case of the board members shall serve staggered terms, the Board of Directors shall carefully consider any reasonable means before proposing for shareholders' voting on election of members of the Board for staggered terms.

Directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary.

In addition, the Company appointed subcommittee i.e. the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee as well as clearly specifying scope of duty and responsibility of operation for such subcommittee.

The Risk Management Task Force, consisting of the Executives of the Company and its subsidiary, had been set up and chaired by the CEO. The task force was established to support works of the Audit Committee and the Board of Directors, regarding to risk management that could affect the business

● Roles and Responsibilities of the Board of Directors

The Board of Directors has duty to consider and approve on important matters related to operation of the Company such as vision and mission, strategy, risk, initiative plan and budget; along with provides supervisory on management to meet the target under regulations, laws and business ethics for benefit of the Company and all relevant

(1) Corporate Governance Policy

The Company has set a written policy on corporate governance which has been approved by the Board of Directors and used as guideline for directors, executives and employees in implementing such policy to their operation.

(2) Business Ethics

The Company has set a written business ethics for operating its business transparently, correctly and fairly and publishes to directors, executives and employees to operate their duties in compliance with such policy strictly.

(3) Conflict of Interest

The Company has stipulated a policy on conflict of interest with principle that any decisions to operate business activities shall be made for utmost benefit of the Company and they should avoid any actions that cause conflict of interest by defining that the relevant or those who are involved in considered transaction shall inform the company about relation or connection in such transaction and they shall not participate in considering judgment and has no authority to approve that transaction.

Audit committee will propose to the Board of Directors the report of related-party transactions and transactions with conflict of interest persons or juristic persons that have been properly and circumspectly determined. The Company complies with principles of cross-transaction of SEC Office and Stock Exchange of Thailand strictly in term of defining price and terms with people who possibly have conflict of interest seemingly like transaction with outsiders and submit the report within specific time stipulated by SEC Office and Stock Exchange of Thailand and there shall be disclosing financial budget, annual report an annual list form (Form 56-1)

(4) Internal Audit

The Company gives precedence to providing good internal control system by issuing working manuals and procedures in writing by dividing duty and responsibility along with authority table for operation and approval of the Board of Director, Subcommittee and Executives.

The Board of Director has assigned the Audit Committee to be responsible for verifying internal control process to ensure propriety and effectiveness of the Company's internal control; including operations, financial report, and compliance with rule, regulation, policy and corporate governance. The Company established the Internal Audit Unit and procured the outsource IA, as the head of internal audit, to evaluate and inspect internal control system of the Company and report the result of such inspection directly to the Audit Committee.

The Board of Directors stipulated policy of corporate governance; along with the business ethics and the Code of Conduct as well as other policies. The mentioned policies shall be regularly reviewed on the year basis.

● Meeting of the Board of Directors

The Company will arrange the meeting of company's committee at least in every quarter and may arrange additional meeting if necessary; totally not less than 6 times a year by specifying clear agenda in advance including agenda to monitor performance regularly. The Secretary of the Board of Directors' meeting will provide agendas and deliver documents to the Board's members at least 7 days before the meeting starts so that the directors have enough time to consider and study information along with recording minutes and submitting reports to the committee individually as well as storing the minutes of committee's meeting certified by the committee systematically and they are prepared to be audited or inspected by the company's committee or the relevant people

● Remuneration of Directors

The company has specified returns for committee clearly and it will be propagated in annual list form. Such return shall be approved by annual general meeting. However, the company has defined principles and returns of committee and executive depending on knowledge expertise and experience along with duty and responsibility by comparing with the company in same industry to retain the skillful and experienced people to work with the company for long time.

● Development of the Directors and Executives

The Company supports all directors and executives to develop their knowledge and capacity to continually improve their works by encouraging the directors and executives to participate in trainings. In case of replacement of directors or executives, the Company will provide documents and information beneficial to their duties as well as attending curriculum seminars that are advantageous to such newcomers.

In addition, the Board of Directors who oversees the organization is committed to continue on applying good corporate governance principles for listed companies of the year 2017 to their oversight of the Company to ensure creating sustainable value for the Company; and is reliable for shareholders, all involved parties, and meeting the aspirations of the business, shareholders, investors and society. Details of the development of directors and executives appear in their profile attached.

9.2 **The Subcommittee**

The Management Structure of the Company includes the Board of Directors, Executive, and three Subcommittees i.e. the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee.

The Board of Directors, the Audit Committee and the Executives of the Company are completely qualified and have no prohibited characteristics according to section 68 of Public Company Limited Act B.E. 2535 and have no traits showing that they lack of qualification to be trustable in management with public as shareholders as in section 89/3 and section 89/6 of Securities and Exchange Act B.E. 2535 and Notice of Securities and Exchange Commission.

The Board of Directors has specified in the Articles of Association of the Company and the Corporate Governance Policy that the term of office of the directors shall be three (3) years with one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

The Audit Committee and the Nomination and Remuneration Committee hold the term of office for three (3) years, while the Executive Committee holds the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

9.2.1 **The Board of Director and Roles & Responsibilities**

The Board of Directors consists of 8 directors, including executive directors. non-executive directors and non-executive directors who are qualified as the independent directors, in numbers of at least three independent directors or one-third of the total number of directors, in order to balance the voting and to review the management's performance to maximize the benefits to the Company.

Roles and Responsibilities of the Board of Directors

- 1) Supervising the Company and conduct in undertaking their duties complying to laws, the Company's objectives and the Company Articles of Association; also follow the resolutions of the shareholders with integrity and being aware of benefit of the Company and Accountability to Shareholders.
- 2) Setting corporate policies, objectives and directions of the company, also monitoring and supervising of the Executives' to conduct their duties in compliance to policies and regulations of the Company with effectiveness and efficiency for the Maximize Economic Value and Shareholders' Wealth.
- 3) Controlling and supervising management department to practice with all stakeholders with ethnics and equality.
- 4) Considering and defining annual budgetary plan and revising annual budgetary plan to be suitable and corresponding to policy and trend of operation including inspecting and controlling management department to use budget according to annual budgetary plan.
- 5) Following up operations of the company to meet targets regularly and realizing compliance with law and regulations in agreement related to the company by determining management department to report overall operation along with material matters of the company to company's committee in every quarterly meeting so that the operations of the company are conducted efficiently.
- 6) Operating for the company to have accounting system, financial report, Internal Control, and Internal Audit that are efficient and reliable.
- 7) Playing a great role to operate risk management by providing guidelines and measures to

manage risk suitably and sufficiently including monitoring such operation regularly.

8) Considering and approving and/or giving opinions to be proposed in the shareholder's meeting to consider approving significant transaction along with related-person transaction according to principles, terms and legal methods and regulations.

9) Providing annual report of the Company and/or Company's committee to be in accordance with law and regulations and reporting to shareholders regularly and completely regarding to current condition of business and trends of operation in the future positively and negatively with supporting reasons.

10) Considering and appointing managing director and defining scope of duty and responsibility of the managing director.

11) Considering and specifying annual remuneration structure of the company and principles of remuneration payment of committees, executives and employees by recognizing proper factors such as performance, position, scope of duty and responsibility, quality, knowledge, capability and suitable return rate in same industry.

12) Considering amount of remuneration of the committee according to principles of return payment stipulated by company's committee to be proposed in shareholder's meeting for considering approval.

13) Considering procuring people with knowledge, capacity and experience along with qualification by applicable law and regulations to be proposed in shareholder's meeting for considering appointment as committee.

14) Defining policy, target, strategy and trend of operation of the subsidiary as well as considering appointment of people with knowledge, capability and experience relevant to the operations of subsidiary as the committee of subsidiary by proportion of holding shares of the company in subsidiary.

15) The committee may authorize a committee or many people or even anybody to operate substituting for the committee or may authorize those people to have power as agreed by the committee and within approved duration. The committee may provoke, terminate, change or amend such power of attorney when seeing appropriate. Nevertheless, such proxy shall be conducted in writing or recorded as resolution in the minutes of committee's meeting with clear scope of that authority and duty of the proxy. However, the proxy shall not have power to approve lists that such people or people with conflict of interest have stakes or may have conflict of any other interests with the company unless, it is approval following the policy and principles in shareholder's meeting or the company's committee has approved.

16) Having any other duties and responsibilities stipulated by law and regulations of the company and resolution of shareholder's meeting.

17) Considering and approving essential operations of the company for ultimate benefit of the company except following authority that can be conducted when being agreed by the committee's meeting with majority vote of the committees who attend the meeting and have rights to vote and from at least 3/4 of all votes in shareholder's meeting of shareholders who attend the meeting and have rights to vote:

- 17.1 Selling or transferring business of the company, wholly or partially.
- 17.2 Purchasing or accepting transfer business of other companies or private companies belonging to the company.
- 17.3 Making, amending or terminating an agreement related to business lease of the company, wholly or partially, assigning any persons to manage business of the company or consolidating with other people with purpose of profit and loss share.
- 17.4 Amending Memorandum of Association or regulations.
- 17.5 Adding or reducing capital including debenture issue.
- 17.6 Merger or Company Termination.

- 17.7 Any activities stipulated under the legal provision associated with securities and exchange and/or Regulations of Stock Exchange of Thailand shall be agreed by committee's meeting and shareholder's meeting with at least ¾ votes of all shareholders who attend the meeting and have right to vote such as cross-transaction and obtainment or distribution of asset etc

Nevertheless, any operations that the committee or the proxy or stakeholders may have conflict of interest with the company, those people have no right to vote in such matter

9.2.2 Audit Committee and Roles & Responsibilities

Audit committee is set up to Support Company's committee to supervise and inspect financial report, internal audit, and internal control, risk management including good corporate governance so that the operations and data disclosure of the company are conducted transparently and reliably. The audit committee consists of skillful and experienced independent committee that can dedicate time for operation at least 3 people and an audit committee has knowledge and experience in finance and accounting. The audit committees will select a committee as the audit committee chairman. Who will position as the audit committee chairman shall be considered by qualification circumspectly as the audit committee chairman will be a person that gives confidence in effectiveness of the audit committee.

The period of position as audit committee is equal to the company's committee and it will due position in annual general meeting along with due of positioning as company's committee. When they leave position, they can be reelected for another term of office

Roles & Responsibilities of the Audit Committee

- (1) Verifying that the company has procedures to make and disclose data in financial report of the company correctly and completely that it is reliable, punctual and sufficient. The project to coordinate with outsourcing auditors and the executives that are responsible for making both annual and quarterly financial report, the audit committee may suggest the auditor to verify or check any list that are necessary and essential during auditing of the company.
- (2) Auditing that the company has suitable and effective Internal Control system and Internal Audit system and considering independence of internal audit institute along with approving the appointment, transferring, denoting or dismissing the leader of internal audit institute or any other institutes responsible for internal audit.
- (3) Verifying that the company has complied with law associated with Securities and Exchange, regulations of Stock Exchange of Thailand and law related to business of the company.
- (4) Considering, selecting and appointing people with independence to act as the auditor of the company and proposing returns of those people by being aware of reliability and sufficiency of resources and audit wok of the auditor office and experience of personnel assigned to audit including performance in previous year and considering denoting the auditor including participating in meeting of auditor without management department for at least once a year.
- (5) Considering and disclosing data related to cross-transaction that may have conflict of interest completely and correctly to be corresponding to law and regulations of Stock Exchange of Thailand. Nevertheless, it is to ensure that such transaction is necessary, reasonable and brings maximum benefit for the company.
- (6) Making a report of audit committee and propagating it in annual report of the company. Such report shall be signed by audit committee chairman and shall consist of following data

- a) Opinions about correctness, completeness, and reliability of data disclosure in financial report of the company
 - b) Opinions about sufficiency of internal control system of the company
 - c) Opinions about compliance with law associated with Securities and Exchange, regulation of Stock Exchange of Thailand or law involved in business of the company
 - d) Opinions about suitability of the auditor
 - e) Opinions about transaction with conflict of Interest
 - f) Number of audit committee's meeting and attendance of each audit committee
 - g) Opinion or Notice that the audit committee received from performance according to the Charter
 - h) Any other lists that the shareholders and investors should know within scope of duty and responsibility assigned by the company's committee
- (7) Any operations assigned by the company's committee with agreement of audit committee such as reviewing policy of financial and risk management, reviewing compliance with business ethics of the executives and reviewing together with executives about essential reports that will be publicized as the law stipulates such as Report and analysis of management department etc.
- (8) Having power to audit and investigate as necessary matters that may significantly affect financial statement and overall operation of the company such as:-
- a) Transaction with Conflict of Interest
 - b) Doubt or assumption that there may be corruption or abnormality or defect in internal controls system
 - c) The doubts that there may be violating law associated with Securities and Exchange, regulations of Stock Exchange of Thailand or laws relevant to business of the company
- (9) Having power to seek for opinions free from professional consultants when seeing that it is necessary to consider expense of the company so that the operation under duty and responsibility is achieved.
- (10) Reporting the result of auditing and investigation to company's committee to revise within time approved by the audit committee. However, if the audit committee finds that there is negligence to operate revision without reasonable support, any audit committee may report such occurrence to SEC and Stock Exchange of Thailand.

In this regard, the authority of the said audit committee will not include the power causing the audit committee or a representative from the audit committee able to vote on the items that that audit committee or a representative from the audit committee or persons with potential conflicts as defined in the Capital Market Supervisory Board announcement have interests or conflicts of interest with the company and / or subsidiaries.

9.2.3 Nomination and Remuneration Committee and Roles & Responsibilities

The Board of Directors has appointed the Nomination & Remuneration Committee by selecting from some company's committee and/or the expert. The Nomination & Remuneration Committee shall consist of 3 but not over 5 committees. Nevertheless, the independent committee acts as the Nomination & Remuneration Committee chairman

Roles & Responsibilities of the Nomination and Remuneration Committee

1. Recruiting, selecting and proposing a person to take position as independent committee, committee chairman, and company's committee to present to company's meeting and/or shareholders to consider approving in case of the vacant position due to the due or other cases.
2. Recruiting, selecting and proposing a person to act as the managing director, chief executive office, and

secretary of the company in case of the vacant position to present to company's meeting for further approval including specifying principles to inherit the position of chief executive officer

3. Considering and screening organization structure which suitable and supporting to business operation prior to propose to the Board of Directors for consideration of approval.
4. Proposing policy of remuneration and other benefits for directors, managing director and top executives to be suitable for duty and responsibility corresponding to overall operation of the company and market condition.
5. Considering annual bonus and salary adjustment for executives and employees based on the Company's performance.
6. Considering and screening salary structure and principles of allowance payment
7. Check qualification of people who are nominated to be company's committee to be in accordance with applicable law and regulations.
8. In case of nomination of the retiring director, the committee should present the retiring director's performance and contribution along with the attendance record of the Board of Directors 'meetings and shareholders' meetings for consideration by the shareholders

9.2.4 Executive Committee and Roles & Responsibilities

Executive Board appointed by the Board of Directors; and the Chairman of the Executive Committee is the Managing Director. The Committee is responsible on managing the business on behalf of the Board in accordance with the direction, policy and goals set by the Board of Directors.

Roles & Responsibilities of the Executive Committee

- 1) Considering and screening business plan and annual budgetary plan to present to company' committee
- 2) Specifying policy of finance and investment of the company and defining trend of investment policy to be corresponding to policy of the company and approving principles of investment including proposal of investment according to regulations of the company
- 3) Considering and operating material matters relevant to operation of the company
- 4) Considering and screening and giving suggestion all work types proposed to company's committee
- 5) Considering and appointing committee of the affiliated company or joint venture by proportion of shareholding or according to agreement between shareholders of the affiliated company or joint venture (if any)
- 6) Supervising and monitoring result of management of the company to correspond the policy, operation plan and annual budget stipulated by the company's committee and approving as well as reporting to company's committee regularly.
- 7) Considering risk management policy of the company to present to audit committee
 - (A) Identifying and evaluating risk to cover Strategic Risks, Operational Risks, Financial Risks and Legal Risks
 - (B) Considering and reviewing guidelines and tools to manage risk effectively and suitable for risk size and quality of the transactions operated by the company
 - (C) Monitoring result of risk evaluation in both normal condition and Stress Testing
 - (D) Evaluating possible risks from new product or risks that happen for new transaction as well as specifying guidelines to prevent possible risks
- 8) Considering and screening matters that the managing director proposes to management committee to consider approving or agreeing
- 9) Approving matters of finance and asset of the company under scope of approval authority

- 10) Assigning or suggesting the managing director to determine or practice any transaction agreed by the management committee
- 11) Appointing the work team to consider any matters agreed by the management committee
- 12) Considering and proposing matters agreed by management committee or determining approval or agreement
- 13) Considering any matters or doing any duties assigned by the company's committee.

The approval authority of the Executive Committee must not be authorization of approval on any concerns on conflict of interest or related-party transaction of the Company and/or its subsidiary.

The Executive Committee holds the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

9.2.5 Executive and Roles & Responsibilities of Managing Director

Roles & Responsibilities of the Managing Director

- 1) Managing, supervising, and approving on operations related to the normal/general management of the Company.
- 2) Considering of approval, the appointment, dismissal and transfer of senior management levels i.e. deputy managing director, assistant managing director, or equivalent position in accordance with the approved organizational structure; including their salary, compensation, or other benefits
- 3) Administering the Company following the policy and target as well as business plan and strategic plan stipulated by the Board of Directors, or the Executive Committee.
- 4) Authorizing or assigning a person or do particular task within scope complied with approval authority (authority table) or regulations or even commands stipulated by the Board of Directors.
- 5) Holding of supervisory power of issuing commands, regulations, notices, memorandum, and etc to keep good practices which corresponding to policies, the Company's benefits, and maintain work disciplines in the Company.
- 6) Holding of authorization to representing the Company in relating to the business to public or the third party for the benefits of the Company.
- 7) Approving the appointment of consultants which necessary for operation of the Company.
- 8) Performing other duties as assigned by the Executive Committee and / or the Board of Director

Nevertheless, the power of managing director along with authorizing other people approved by the managing director does not include power or authorizing to approve transaction that he or the relevant may have conflict of interest contrary to benefit of the company or subsidiary or even transactions that are not under normal operation of the company or subsidiary. To approve such transaction, it shall be proposed in the company's meeting and/or shareholder's meeting of the company to consider and approve according to regulations of the company or applicable law.

9.2.6 Authorization Levels and Monetary Limits

The Board of Directors' Meeting No. 1/2019, held on 26 February 2019, has been reviewed and resolved to authorize the approval of important "**Authority Table**" which will continue in force until the resolution is changed. The approval authority of the Executive Committee Managing Director and Deputy Managing Director for important matters can be summarized as follows

The Authority Table specified on delegation of authority and approval of monetary limits at the Managing Director level, the Executive Committee, and the Board of Directors

- 1) In case requiring of the authorization of upper levels of the Management, i.e. the Executive Committee, the Board of Directors, then delegated or assigned persons shall collect all concerned documents and propose to the Executive Committee and/or the Board of Directors for consideration of approval
- 2) In case requiring of the authorization of lower levels of the Managing Director, i.e. the Assistant Managing Director and the lower levels authorized in the Authority Table, then delegated or assigned persons shall collect all concerned documents and propose to the Managing Director for consideration of approval. This Authority Table shall be review every 2 years; or when appropriate

For the budget of the company, it shall be presented to the Board of Directors for consideration of approval. If any transaction is deemed the related-party transaction or deemed as the acquisition or disposition of assets of the Company or its subsidiary, the Board of Directors and Management of the Companies are responsible for compliance with the relevant regulations of the SEC and the Stock Exchange of Thailand. In addition, the related persons which may have conflicts of interest, or any other benefits which deemed conflict of interest of the company or its subsidiary shall not vote such matters.

9.3 Recruitment, Nomination and Appointment of the Directors, Subcommittee, and Top Executive

To recruit a person as the directors, subcommittee and top executive of the Company is conducted by the Nomination and Remuneration Committee who responsible on recruiting and selecting persons to take such positions and nominate qualified persons to the Board of Directors and/or the Shareholder's meeting (depending on each). For selection of lower levels of the Managing Director positions, the selection is in the scope of roles and responsibilities of the Managing Director as the top executives of the Company.

However, persons who are appointed to act as the directors and executives shall have suitable qualification according to section 68 of Public Company Limited Act B.E. 2535, and amendments in accordance with the Securities and Exchange Act (No. 5), 2016, effective from 12 December 2016 (including amended versions) and Securities and Exchange Act, Notice of Capital Market Supervisory Board as well as other relevant laws; such as the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2016 Re: Application for Permission and Permission to Offer Newly Issued Shares Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee, 2015. Besides proficiency and work experiences are counted.

In addition, directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary. The Nomination and Remuneration Committee considers knowledge, ability, experience, work and skills that are in line with the direction and characteristics of the business, such as the supervision and management of engineering organizations in the areas of investment, investment. By considering the person who holds the position of the company director, must pass a resolution from the shareholders' meeting more than half of the total votes of the shareholders attending the meeting and having the right to vote by way of appointing each director individually.

In addition, the position of director will hold positions in other listed companies. But not more than 5 companies and must not operate Or not a significant partner in the partnership Or being a director who is involved in the management of employees, employees, consultants who receive regular salary Or holding more than 1% of

the total voting rights of other companies Which operates a business that has the same conditions and is a significant competition with the business of the company Or the subsidiary and the company does not have a policy to encourage the managing director to serve as a director in other businesses.

Recruitment and selection of senior management positions is in the scope, the power and responsibility of the highest level executive; which means the current Managing Director position.

9.3.1 Recruitment of the Directors

The Board of Directors has the order of precedence to recruiting and appointing the directors that have expertise and experience to supervise benefit of the company and shareholders.

The Nomination and Remuneration Committee granted the minority shareholders to propose an agenda of annual general meeting and director nominee in advance. The director nominee shall have following qualifications.

- a) Not having any prohibited characteristics under regulations of applicable law and notices such as Public Company Limited Act B.E. 2535, Notice of Capital Market Supervisory Board, Notice of Securities and Exchange Commission and Regulation of the company relevant to qualification of company's committee, etc.
- b) Having integrity, morality, initiative, excellence, responsibility, justice, independence, and providing equitable shareholder opportunities.
- c) Having educational background and work profile that is beneficial to the Company's business.
- d) Passing training related to corporate governance and high level of policy-making
- e) Having commitment to equal treatment of shareholders' interests
- f) Dedicating time and ability to enhance the business development of the Company.

The Board of Directors shall consist of independent committees at least 1/3 of the Board of Directors; and not less than 3 persons with qualifications stipulated by Notice of Stock Exchange of Thailand, and Notice of Capital Market Supervisory Board.

The Board of Directors shall consider and screen a qualified person to be appointed as the director including directors who represent of shareholders or independent directors by considering on skill and experience to strengthen the Board of Directors' structure; reviewing when appropriate

Election of the Directors

The election of the directors in the shareholders' meeting follows principles and procedures as below: -

- a) Each shareholder has his/her votes equal to amount of shares by one-share per one-vote.
- b) Voting a nominee individually and shareholders shall make all votes they have to select the nominated as the director one by one. The election can be for one or many nominees but the votes cannot be shared.
- c) The persons who have the highest votes by order are elected as the director equal to numbers of directors to be selected in that time. In case an elected person in the next order has same vote beyond the amount of committee, the president will make another vote for final judgment.

In case the position of director is vacant due to any other reasons apart from retirement by rotation, the Board of Directors shall consider appointing a qualified person and he shall not have prohibited characteristics to be the director in next board of directors' meeting unless the period of retired director is less than 2 months. The director that replaces will be in position within left period. Nevertheless, the resolution to appoint a person as the committee shall require at least three-quarters (3/4) votes of all board members left.

In annual general meeting, one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office

9.3.2 Recruitment of Independent Directors and Audit Committee

The company has a policy to specify qualification and recruitment of independent directors and audit committee in accordance with Notice of Capital Market Supervisory Board at T.J. 28/2008 associated with permission to offer newly issued share dated on 15 December 2008 (including amended version)

Nevertheless, the independent directors shall be at least 1/3 of all Board's members and not less than 3 persons while the audit committee consists of at least 3 independent directors with qualification stipulated by law, notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board as follows:

Qualification of Independent Directors

- a) Holding share not over 1% of all shares with right to vote of the company, headquarter, subsidiary, joint venture, major shareholder or authority of the company. However, it includes shareholding of the relevant of such independent directors.
- b) Not or used to be a committee participating in administration, employee, staff that the consultant with regular salary or the authority of company, holding company, subsidiary or joint venture, joint venture or authority of the company unless retirement from such quality for 2 years before submitting forms to Office of Securities and Exchange Commission. Such incompatibility does not include the case that independent committee used to be bureaucrat or government's advisor that is the major shareholder or authority of the company.
- c) Not being a person with consanguinity or relation by law such as parents, spouse, sibling and child along with spouse of other committee' children, executive, major shareholder, authority or a person proposed to be directors or regulator of the company or subsidiary.
- d) Not having or used to have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company that interrupts free discretion along with not being or used to be a shareholder or the regulator of those who have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company unless retirement for not less than 2 years before submitting form to Office of Securities and Exchange Commission. Such business connection includes normal trade transaction to lease or rent out real estate, asset-related list or service or financial support by guaranteeing or loaning asset as settlement guarantee including similar behaviors resulting the company or signatory have liability to settle to another party from 3% of net tangible asset of the company or at least 20 million Baht. However, calculating such liability shall follow methods of value calculation of involved transaction according to notice of capital market supervisory board associated with involved transaction permitted to consider such liability including liability during a year before having business connection with the same person
- e) Not being or used to be an auditor of the company, holding company, subsidiary, joint venture, major shareholder or regulator of the company and not being implicit shareholder, regulator or partners of auditing office in which the auditor of the company, holding company, subsidiary, major shareholder or regulator belongs to unless retirement from such characteristic not less than 2 years before submitting form to the Office of Securities and Exchange Commission
- f) Not being or used to be any professional service providers including legal consulting service or financial consultant with service charge more than 2 million Baht per year from the company, holding company, subsidiary, joint venture, major shareholder, or the regulator of the company and not being an implicit

shareholder, regulator or partner of such professional service providers unless retirement from such quality not less than 2 years before submitting form to the Office of securities and Exchange Commission

- g) Not being a committee appointed to be representative of the company's committee, major shareholder or shareholders related to major shareholders.
- h) Not running business with same condition and it is implicit opponent to the company or subsidiary and not being an implicit partner in partnership or a committee taking part in administration, employee, staff, and consultant with regular salary or holding share over 1% of all shares with voting rights of other companies that run the same business with implicit competition to the company or subsidiary.
- i) Not having any other qualities that interrupt free comment about operation of the company

After appointed as the independent directors with qualification from a) to i), the independent directors shall be assigned by the Board to make decision for operations of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company with Collective Decision.

In case a person appointed by the company to be the independent directors that has or used to have business relation or professional service more than value specified in d) or f), the company can be extended limit of prohibitions to have business relation or professional service in case the company has provided opinions of the company's committee showing that it has been considered following section 89/7 of Securities and Exchange Act B.E. 2535 (including amended version) that such appointment has no effect on operations and comments that the independent directors provides following data disclosure in invitation letter to Shareholder's meeting for agenda considering independent committee appointment.

- (A) Business relation or professional service that makes such person disqualified as stipulated in principles
- (B) Reason and necessity to appoint such person as the independent directors
- (C) Opinion of company's committee to propose appointing such person as the independent directors

For benefit according to (e) and (f), the word "partner" is defined as a person assigned by auditing office or a professional service provider to be the signor in auditing report or professional service report (case by case) on behalf of that juristic person

Qualification of Audit Committee

- (A) Appointed by the committee or shareholder's meeting of the company as the audit committee
- (B) Independent Committee with quality of independent committee that
 - Not being a committee assigned by the committee to make decision for operation of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company and
 - Not being the committee of holding company, subsidiary, or subsidiary in same level that is the authorized company
- (C) Having duty as same as stipulated in Notice of Stock Exchange of Thailand associated with quality and scope of operation of audit committee
- (D) Having sufficient knowledge and experience to act as the audit committee; however, there must be at least an audit committee with proficiency and experience to verify credibility of financial budget

Appointment of Independent Directors/ Audit Committee

Recruitment and Return Specification Committee selects a qualified person to propose to Company's committee or shareholders to appoint the independent committee/ audit committee (case by case). The audit committee shall be the independent committee appointed from the completely qualified people as in the law, regulations, Notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board. There must be at least 1/3 of all committees that are independent committee and 3 audit committees. The independent committee/

audit committee has period of positioning equal to the company's committee. When the due comes, they can be reelected to take that position again. However, at least an audit committee shall have proficiency and experience in finance and accounting.

9.3.3 Recruitment of Executive Committee

The Board of Directors appoints the executive committee by selecting from those who have knowledge and experience and understanding about business quality, normal operation of the business and management of the company. The component of executive committee consists of the management team with a managing director as the executive committee chairman.

9.3.4 Recruitment of Nomination and Remuneration Committee

The Board of Directors appoints the Nomination and Remuneration Committee by selecting from some of the Board's members and/or experts with amount of not less 3 people but not over 5 people. Nevertheless, the independent director is the Nomination and Remuneration Committee chairman.

9.3.5 Recruitment of Executive

The Board of Directors appoints a managing director by the Nomination and Remuneration Committee selects those who are qualified to take such positions by considering from knowledge, experience, and proficiency of management to present to the Board of Directors for further appointment

The Nomination and Remuneration Committee has established a Succession Plan for the position of managing director. Which is the highest level executive of the organization The recruitment process considers both approaches, namely recruiting executives within the organization. By assessing high potential executives which everyone will develop as planned and recruiting outsiders with outstanding talents to participate in the event.

9.4 Subsidiary and Affiliation's Operation Supervision

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the Board of Directors' meeting 1/2020 arranged on 27 February 2020 with following details.

The Company has a policy to consider investing in subsidiaries, and associates by focusing on supporting business and benefits of the company; whereas considering on the return and other benefits of the company such as expected return on investment, were made. The Company considers the appropriate proportion of investment and expected return on investment for the benefit of the shareholders of the Company.

The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management.

Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the committee's meeting or shareholder's meeting of the Company first. Essential matters include

connected transaction, obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation

9.5 Control of Internal Data Usage

The company and subsidiary realize and give precedence to operation according to Good Corporate Governance) and Check and Balance to strengthen confidence of shareholders and every relevant institute for continual operation by being aware of long-term value growth of the company. The committee and executives of the company agree to specify internal data usage control measure so that the company has transparent operation according to good corporate governance approved by the company's meeting 1/2020 arranged on 27 February 2020 that can be summarized as follows:

1. Committee, executives and employees shall keep secret/ internal data of the company and subsidiary and shall not disclose such data or gain personal benefit or other's interest from it no matter it is direct or indirect or receive returns or not.
2. The company provides knowledge for the committee and executives of the company to realize duty of reporting securities holding of themselves, spouse, and immature children according to section 59 of Securities and Exchange Act B.E. 2535 including amended version ("Securities Act") and Notice of Securities and Exchange Commission at S.J. 12/2009 dealing with Making and disclosing Security Holding Report of the committee, executives and auditor and punishment according to Section 275 of Securities and Exchange Act B..E. 2535
3. The company specifies that the committee and executives shall report changing of security holding of the company to Securities and Exchange Commission according to section 59 of Securities Act and Notice of Securities and Exchange Commission at S.J. 12/2009 associated with making and disclosing Security Holding Report of Committees, executives and auditors and delivers the duplicate of this report to the company on the exact same date that this report is submitted to Securities and Exchange Commission
4. The company and Subsidiary specifies not allowing committee, executives or practitioners of the company and the subsidiary to perceive internal data and disclose to outsiders or irrelevant people and they should abstain from trading shares of the company within a month before the company publicizes financial statement or essential information.
5. The committees, executives and employees of the company and the subsidiary shall not trade, transfer or accept transfer securities of the company by using internal data of the company' subsidiary and/or do any other transactions using internal data of the company or subsidiary that may result in damages to the company directly or indirectly. This specification includes the spouse and immature children of the committee, executives and employees of the company and subsidiary. Those who infringe such regulation will be deemed as severe offence and the company has defined penalty for people who gain benefit from using or revealing internal data that defames the company and the company will liaison with relevant supervisory institute for further legal action.

9.6 Audit Fee & Non-Audit Fee

9.6.1 Audit Fee

The company and subsidiary pays remuneration for annual auditing and interim reviewing of financial statements to SP Audit Co., Ltd which is the auditing office of the company and subsidiary for accounting years ended on 31 December 2019 for 2,000,000 Baht.

ที่ The Annual Shareholders' Meeting 2019 held on 24 April 2019 had a resolution to appoint the following CPA of SP Audit as the auditors of the company and subsidiary for interim reviewing and annual auditing of financial statements for accounting year ended on 31 December 2019.

- | | | |
|----|-------------------------|-------------------------------|
| 1. | Ms.Susan Eiamvanicha | C.P.A. (Thailand) No. 4306 or |
| 2. | Mr.Suchart Panitcharoen | C.P.A. (Thailand) No. 4475 or |
| 3. | Ms.Chuenta Chommern | C.P.A. (Thailand) No. 7570 or |
| 4. | Ms.Wandee Eiamvanicha | C.P.A. (Thailand) No. 8210 or |
| 5. | Mr.Kiatisak Vanithanont | C.P.A. (Thailand) No. 9922 |

Any one of the aforementioned auditors is to audit and certify the financial statements of the company and its subsidiaries for the period ended 31 December 2019 and review of quarterly financial statements of the company and subsidiaries; including BOI requirement audit.

For the review and auditing of the company for the fiscal year ended 31 December 2020, the total amount is 2,130,000 baht due to the increased business activities of the subsidiaries due to the expansion of the customer base. In this regard, the consideration of remuneration from the annual audit and the review of the interim financial statements for the fiscal year ended 31 December 2020. The Board of Directors will propose to the 2020 Annual General Meeting of Shareholders for approval.

9.6.2 Non-audit Fee

-None-

9.7 Compliance with Principle of Good Corporate Governance 2017 in Other Terms

The Board of Directors attaches importance to compliance with the principles of good corporate governance. By assigning the company secretary take the agenda to review the corporate governance policy and other important policies to regularly consider the agenda at least once a year. The review is based on the principles of good corporate governance for listed companies 2012 of the Stock Exchange of Thailand and good corporate governance principles for listed companies 2017 or CG Code 2017 of the Securities and Exchange Commission.

For the year 2020, the Board of Directors reviewed the corporate governance policy at the Board of Directors Meeting No. 1/22020 on February 27, 2020, which was the latest time and found that the company has adopted most practices. And at present, the corporate governance policy and related policies have been updated to comply with the CG Code in order to develop developments that are in pace with changes. The implementation of good corporate governance principles for listed companies can be summarized as follows:

● Creating sustainable value for the business as an organization leader

The Board of Directors requires a review of the vision, mission and business goals. By compiling and creating a 3-year strategic plan and annual business plan in which the top management assigns the line management to consider the operation plan and is defined as the target of the organization according to the principles of OKRs (Objectives and Key Results) which currently have created OKRs of the agency and reported on a quarterly basis By the Managing Director communicating the operational results to the executives and employees in the overall picture.

In this regard, the overall operation results Along with the analysis of environmental factors as well as guidelines for improvement and risk management guidelines The management is presented to the Board of Directors on a quarterly basis in the Audit Committee meeting. And the Board of Directors to acknowledge the progress and / or acknowledge the performance to the Board of Directors to give opinions and recommendations, as well as to vote for important matters or adjusting the strategic plan.

● Determining the objectives and goals of the business for sustainability

Objectives and goals of the company Set up in the same direction as the vision and mission which part of the vision and mission has identified the message "Masterkool Family" is based on the meaning that has been communicated in the organization; including all stakeholders, such as shareholders, partners, employees, etc.

Reflecting on whether the performance is in accordance with the objectives and goals or not, the company has taken on the big picture which is the implementation of the information technology system. Used in operations from the beginning to the accounting system Which is currently a Microsfot Dynamic AX and has performed sub-images Means communication about goals obstacles And finding solutions or collaborating between departments By providing a Morning Talk, which is called only for the company group "KOOL Talk" to be a communication channel between agencies And the branch of the group of companies that are located in different locations (Locations), head office / service center, sales office, business office, warehouse and factory rental with Line VDO Call application via the company's WIFI system.

● **Board effectiveness**

The composition of the Board as reviewed by the latest Corporate Governance Policy at the Board of Directors' Meeting No. 1/2562 on February 26, 2019, it was found that the corporate governance structure remained effective. And according to the Public Company Act and the Securities Act as well as the announcement of the relevant regulatory agencies

The Board of Directors has conducted self-assessment at least once a year in order to use in developing and improving the performance of the Company's directors in accordance with the good corporate governance principles for listed companies according to the self-assessment form of the Stock Exchange of Thailand. As a guide both the self-assessment form of the faculty committee and the individual self-assessment form the results of the assessment of the performance of the Board of Directors are good, with a score of more than 80 percent.

In addition, the Audit Committee has scheduled the Audit Committee meeting without management. And the Faculty Secretary join the meeting At least once a year to exchange opinions on internal control systems And management system Before reporting the evaluation results of the adequacy of the internal control system And evaluation results of the management system to the Managing Director Which is the highest level executive And company secretary Which is the secretary of the board of directors has been informed of the conclusion to be taken into consideration to proceed to achieve continuous development

● **Recruitment and development of senior management And personnel management**

The Board of Directors, which is an independent committee, is responsible for evaluating the performance according to the scope of authority and responsibility of the Managing Director. At least once a year, this has appointed the Managing Director to acknowledge the evaluation results. For improving or enhancing the performance of top management

As well as the guideline for the implementation of the succession plan (position of Managing Director) by assigning the executive development plan within the organization and the recruitment of potential or qualified outsiders to join the event to enter the succession plan of the senior management

In addition, the Chairman of the Board of Directors and the Chairman of the Audit Committee devoted time to participate as a special invitation to the Executive Development Program in 2019 as well.

● **Promotion of innovation and business operation with responsibility**

According to the vision and mission of the organization, the direction of innovation is defined. To allow directors, executives and employees to realize the creation of valuable innovations Along with creating benefits for customers and society as well as the environment by using existing technology And expertise in technology to create added value, such as the application of ozone technology that the company has already mastered to design

both products and services To help save energy Helps reduce chemical use of large air conditioning systems. As well as the application of ozone to help eliminate pollution from unwanted odors and pollution from dust, etc.

From the highly competitive business situation the Company has developed a reporting system from the point of sale in front of the modern trade department through Applications on mobile phones which helps to manage the risk of overstock or out of stock of the products that are sold in the modern trade department store

● **Appropriate risk management and internal control systems**

Risk Management Committee the Managing Director is the Chairman of the Board. Will assess risk indicators and follow the action plan to manage risks on a quarterly basis and report to the Audit Committee and the Board of Directors every quarter the risk assessment is evaluated according to COSO guidelines, including strategic risk, operational risk, financial risk and compliance risk (Compliance Risk) which includes compliance with the company policy.

As well as checking and monitored by the company's internal auditor and internal auditors from outside companies, which are audited by the operational reporting system and the compliance with the rules and policies which the Board of Directors has issued as announcements and communicate through internal channels Both posted on the announcement board Electronic mail delivery Communication via group lines Transfers from executives / managers / supervisors etc. The important policies include: -

1. Corporate Governance Policy Business Ethics Requirements and working practices
2. Risk management policy and risk management framework
3. Policy on supervision of the use of internal information
4. Connected transaction policy
5. Policy on the acquisition or disposal of assets
6. Internal and external communication policy
7. Conflict of interest policy
8. Development policy for directors, executives and employees
9. Anti-corruption policy
10. Access control policy for information use
11. Policy to prevent incidents that may lead to corruption
12. Incident reporting policy or suspected fraud
13. Policy for finding executives to inherit important positions
14. Transaction policy with subsidiaries
15. Policy to report the purchase or sale of shares
16. Policy on measures to monitor the operation of the company according to the law
17. Investment policy of companies in subsidiaries and associates
18. Nomination and Remuneration Policy for Directors and Executives
19. Dividend payment policy
20. Environmental policy

In the event that customers or employees find clues, improper actions include illegal actions Accuracy of financial reports Internal control system is defective Non-compliance with standards Non-compliance with business ethics and practices that are against the policy in order to have an investigation Whistleblowers can choose not to reveal their identity. By requiring the Company Secretary to act as a unit to receive complaints and to supervise the business and business ethics of the Company by reporting to the independent director / audit committee of the company which has already determined the procedures and processes

● **Financial reliability and disclosure**

The Board oversees that the financial reporting system and the disclosure of important information are accurate, adequate and timely in accordance with the rules and guidelines of the relevant regulatory agencies. The Audit Committee will listen to details and comments from the auditor. And internal auditors every quarter without the management attending the meeting while the auditor and internal auditors present the report unless there is information that the Audit Committee deems necessary to consider, it will consider inviting the relevant person to be the case and only for the agenda. Opinion of the Audit Committee, the Audit Committee has assigned the Secretary of the Audit Committee to present the guidelines for improvement to the management at the Board of Directors' meeting.

● **Supporting shareholder participation And communication with shareholders**

The Board of Directors supervises the company to comply with the SET suggested in the additional guidelines on granting minority shareholders the right to propose agenda items in advance. In the year 2018, the Company announced the invitation to minority shareholders to propose matters to be included in the agenda. Together with proposing a list of qualified persons to be considered as directors of the company as well which was published through the Company's website and has also been published through the SET Portal information dissemination system

For the Annual General Meeting of Shareholders for the year 2019, the Company has announced the invitation to minority shareholders to propose matters to be included in the agenda, participating in proposing a list of qualified persons to be considered for selection as directors of the company during 2 October 2018-15 January 2019.

In addition, the Chief Executive Officer of Accounting and Finance (CFO), Company Secretary (CS) and Assistant Secretary of the Company (Asst.CS) are the working groups for investor relations, and assigned to carry out the dissemination of information to help make investment decisions for investors through the Quarterly Snapshot Company of the Stock Exchange of Thailand, and published via the company website which is a guideline other than the dissemination of information in accordance with the rules of the Stock Exchange of Thailand and the relevant regulatory authorities that the company has normally performed.

9.8 Compliance with good corporate governance principles in other matters

The company has adopted the guidelines for the development of corporate governance according to the CGR project of the year 2018 to develop operations in the following categories.

● **Taking into account the role of stakeholders**

The Board of Directors has considered guidelines for improving personnel development. By assigning the Company Secretary who is the secretary of the Board of Directors to issue a letter to relevant agencies to consider the following matters.

1. Care and practice regarding safety and hygiene within the organization As well as reporting accidents statistics stop rate and the rate of illness from work.
2. Personnel development of the company which, in addition to the normal annual personnel development plans The Board of Directors has an additional opinion, reporting the average number of hours of employee training to compare the previous year. And compare the performance of that year for the development of personnel to be more effective.
3. Promoting employees to have knowledge of the environment and practices regarding efficient use of resources.

In this regard, the department responsible for human resource management has prepared a report to the Nomination and Remuneration Committee; through the Secretary of the Nomination and Remuneration Committee.

● **Disclosure and transparency**

The Board of Directors has considered guidelines for improving the disclosure report of shareholding of directors and executives and indirectly, such as holding shares of spouses. Underage children of directors and executives which are separated from each other by direct shareholding by assigning the Office of Corporate Secretary to prepare a report in the annual report

For the history of directors, The Board of Directors agreed that it was fully disclosed.

● **Responsibilities of the Board**

The Board of Directors has assigned the Audit Committee which is independent to manage the evaluation of the entire Board of Directors, Individual director According to the guidelines of the Stock Exchange of Thailand As well as evaluating the annual performance of the highest executive (Managing Director) regularly at least once a year.

10. Corporate Social Responsibilities: CSR

10.1 Overview Policy

With business locations all personnel must accelerate the recovery of the business situation. Therefore obstructing human resources and the time to form an anti-corruption formally, but the company has a policy and concept in conducting business with transparency, morality, adherence to social responsibility and all stakeholders Group according to good corporate governance principles As well as policies and guidelines for various groups of stakeholders in order to ensure that the company Can create stability and sustainability in business operations Including the confidence for all stakeholders. The company has operated by focusing on social responsibility as follows.

1) Fair Business Operation

- The Company determines policy and practical guideline to all groups of customers. The fair and clear condition under laws is notified and the precedence is given to customer satisfaction together with fair business operation.
- The Company equally and fairly treats its business partners and creditors through strict compliance with commercial condition and/or commercial agreement.
- The Company fairly treats the competitor companies without violation of business ethics as well as non-execution in the way of criticism, malevolence or defamation of the competitor companies.

2) Anti-Corruption

- The Company's policy is to define responsibility, practical guideline, and requirement in proper operation for prevention of anti-corruptions with all of the Company's business activities and for proper and circumspect consideration and practice on decision making and business operation that may have anti-corruption risk
- The Company's anti-corruption policy covers the prohibition of the Company's directors, executives and employees to execute or accept all forms of corruption both of direct or indirect. It also covers the businesses in all countries and all relevant agencies with regular verification on compliance with anti-corruption policy as well as review of practical guideline and operating requirement to be consistent with the change of business, rule, regulation and legal provision.

- The Audit Committee has set guidelines for auditing the internal control system by the third-party auditors to be able to conduct a thorough audit on the key issues of neutrality and independence.

3) Respect on Human Rights

- The Company gives precedence and respects human right through promotion and protection of liberty and rights as well as fair and equitable treatment without the policy of discrimination on individuals who are divergent in races, females, children and disabled.
- The Company employs the disabled to work for the Company as equitable treatment, enabling to create jobs and revenues to such disabled.

4) Fair Employee Treatment

- Human resources are considered a major backlash in driving the business of the company. To achieve the goal. Besides, the company performs basic tasks such as a good work environment Have a human resource management system that is fair and promote the development of personnel to be progressive as appropriate in all lines of work. By providing an assessment of the "health" of the worker and from 2016 until the present, the company has started to follow the guidelines of the organization of happiness or Happy Workplace by participating in the project with the Office of Health Promotion Foundation

5) Responsibility to Customers

- The customer satisfaction is regarded as one of the Company's main strategies in stepping into being "The Real Leader for Modern Cool" according to the Company's slogan. However, apart from maximum sales volume value in Thailand, the Company also emphasizes on customer responsibility.
- The Company has been certified for international standard of ISO 9001:2015 quality system management as the seal on well care in the Company's product and service quality. Moreover, the Company also has the assurance of the Company's product and service quality so that the customers are assured that they will get quality products and services from the Company with customer responsibility.
- The Company provides customers on direct complaint about products and services of the employees to the Company via telephone no. 02-953-8800 and 02-015-5920. Besides, the customers may contact the independent unit i.e. the corporate secretary office via email: comsec@masterkool.com
- The Company has clear discount and selling pricing policy for each group of customers. Moreover, the Company also controls selling price with its dealers in every distribution channel to be in proper level.

6) Environment Care

- The Company realizes on the significance of environmental care in order not to cause pollution problems that may affect life quality of human and ecosystem. The Company then does not perform any acts that affect damage toward natural resources and environmental condition.

7) Co-Development for Community and Society

- The Company promotes the use of business process for benefit on quality of life development, helps build economy and strength to community and society, supports the employment in the community, implants employee conscious in environmental and social responsibility, and regularly seeks for opportunity in support of social and community activities.

8) Availability of Innovation and Propagation of Innovation Derived from Operation with Responsibility on Society, Environment and Stakeholders

The Company continuously dedicates resources in research and development in order to invent environmentally friendly products and services, and helps in energy saving. The Company's evaporative air cooler

product is one of the proofs for such dedications with energy saving capability of air cooler when compared with air-conditioner; moreover, the Company also accepts to completely advise energy saving.

10.2 Operation and Reporting Preparation

Social responsibility according to aforesaid policy and practical guideline is the part of the Company's business operations that have been continuously practiced from fair treatment to business partner, quality product manufacture and service provision based on Management Quality of ISO 9001:2015, clear selling pricing for customer, fair appraisal of employee performance until participation in community development through employment to people in community. Apart from compliance with policy and ongoing practical guideline, the Company also regularly reports social responsibility activities at the Company's website <http://www.masterkool.com>

10.3 Operation of Business Affecting Social Responsibility

The Company has no activities that affect the social responsibility.

10.4 CSR in Process and CSR after Process

10.4.1 CSR in Process

Since the year 2017, CSR in the process became clearer after joining the health promotion program of the Thai Health Promotion Foundation. The ability to share to community or society, as well as sustainability of business comes from employees of the Company; therefore, the Company's direction is to create employment engagement.

In addition to employee welfare that the company Available to regular employees such as provident funds. Accident insurance Annual health examination Loan benefits and granting holidays, birthdays as additional holidays as well as training for the potential development of employees in various fields. The Company also takes into account the importance of employees as directly stakeholders to the business. By starting from cultivating the concept of collective responsibility within the organization Consider working happily to deliver quality work to customers within the organization. For the important results that are aimed at external customer satisfaction and other stakeholders.

The company provides an opportunity for each unit to organize activities to promote happiness both inside and outside the work. According to the suitability of the environment and the time of each agency which is different in both space, time and appropriateness of activities such as activities before starting work (For example Morning Exercise Prayer, Mindfulness, or Morning Talk Meeting.

10.4.2 CSR after Process

The company regularly organizes activities for the benefit of society and the environment. For the year 2018, the company continued to operate in the "CSR-MASTERKOOL project, a hundred of coolness to society" which aims to deliver the company's products. To be a public benefit for various agencies that experience hot weather and have problems with the electricity cost of the air conditioner by providing the products of the company In such projects for various agencies

10.4.2 CSR after Process)

The company regularly arranges activities for the benefit of society and the environment. For the year 2019, the company continues to operate in the "CSR-MASTERKOOL Project for Cooling the Society" which aims to provide the company's products. To be a public benefit for various organizations That is experiencing hot weather and there is a problem with the electricity cost of the air conditioner by offering the products of the company in the said project for various departments

In addition, in the year 2019, the company has supported Bangkok to install an air purification tower in front of Central World Department Store. To help alleviate the effects of toxic dust PM2.5 for the general public as well

Right picture shows one of our CSR after process at Baan Pukae School, Ratchaburi.



10.5 Prevention of corruption involveme

The company has a policy of defining responsibility. Guidelines and requirements for appropriate actions in order to prevent corruption against all business activities of the company and to make business decisions and actions that may have a risk of corruption being considered and treated carefully and appropriately.

Anti-Corruption Policy of the Company Covering the prohibition of directors, executives and employees of the company Conduct or accept corruption in all forms, either directly or indirectly Which covers businesses in all countries and all relevant agencies and to regularly review compliance with the anti-corruption policy as well as reviewing guidelines and procedures for compliance with business changes, regulations and legal requirements.

The Audit Committee has established guidelines for internal control system auditing. By the external auditor who is the inspector in order to be able to conduct an audit to cover all important and independent risks The Company.

In addition, the company has evaluated business risks on a quarterly basis, and assigned the Risk Management Task Force or the Chairman of the Executive Committee to be the Chairman and the company secretary, who is a person from the central agency, performs follow-up on the operations of various agencies to eliminate or reduce risk.

11. Internal Control and Risk Management

11.1 Opinion of the Board of Directors on Internal Control System

The Company and its subsidiary have the order of precedence to good internal control system management for supporting effective operations of the Company and its subsidiary under internal control system that is adequate, effective and extensive to all areas in order to be in line with the relevant laws and rules for the listed companies in the Stock Exchange. The Board of Directors always arranges the adequate and effective check and balance mechanism for protection and well-management of the properties of the Company and its subsidiary under authorization level of approval and specifies roles and responsibility of the executives and staff by check and balance mechanism with written work procedures. The independent internal audit work unit is available. The Company has hired Acc-Plus Consultant Company Limited ("Acc-Plus Co., Ltd.") to perform auditing work of all units of the Company and its subsidiary; and directly report to the Audit Committee

Moreover, the Company and its subsidiary also arranges proper and sufficiently circumspect Internal Control System and Internal Audit System for protecting assets of the Company and its subsidiary from improper use as well as prevention of fraud that may take place in the Company and its subsidiary under clear and accountable work process in consistency with the guideline of the Stock Exchange of Thailand.

In the Board of Directors' Meeting No. 1/2020 on 27 February 2020, the Board of Directors which included the Audit Committee considered adequacy of internal control system of the Company and its subsidiary based on Assessment Form of the Office of SEC in accompany with further inquiries for additional information from

the management and related officers. The internal control system of the Company and its subsidiary in all 5 areas has been assessed based on Guideline of COSO (Committee of Sponsoring Organizations of the Treadway Commission) as follows

- 1) Control Environment
- 2) Risk Management
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

The Board of Directors commented that the Company and its subsidiary have proper and adequate internal control system according to existing control environment. Moreover, the Company has also arranged the sufficient personnel for effective system operation and has also proper internal control system in the issue of monitoring and controlling the operations of the Company and its subsidiary to enable to sufficiently protect the properties of the Company and its subsidiary from the unauthorized or wrongful use of their directors or executives; including related-party transaction and transaction who may have conflict of interest. In conclusion, the Audit Committee and the Board of Directors have had aligned comment.

11.2 Observations of Internal Auditor and Financial Audi

The Company and its subsidiaries recognize the importance of good internal control systems in order to support the operations of the Company. And subsidiaries Is Effective by providing adequate internal control systems Effective and covers all aspects In order to comply with relevant laws, rules and regulations for being a listed company on the stock exchange The Board of Directors provides a check and balance mechanism that is efficient enough to protect the company's assets. And subsidiaries always by determining the level of approval authority and the responsibility of the executives and employees with checks and balances; there is a written work regulation. There is an independent internal audit unit which the company has hired ACC-Plus Consultant Company Limited ("ACC-Plus Company Limited") to inspect the operations of various departments within the company and subsidiaries and report directly to the examination committee.

11.2.1 Observations of internal audit departments regarding the internal control system of the compa

In 2019, the internal auditor has inspected and monitored the internal control system and compliance with the system covering all systems of the company and subsidiaries Which includes: -

1. Domestic sales system Accepting Payment and dunning
2. International sales system Accepting Payment and dunning
3. Warehouse management system
4. Asset Management System
5. Appropriateness of using authority and policy implementation

In this regard, the findings that the inspector has suggested for improvement, the company has implemented and / or plans to implement recommendations. With no significant defects found.

11.2.2 Observations of External Audit

Auditing the financial statements for the year 2019, the auditor has reviewed the important internal control systems of the company. And subsidiaries and report to the Audit Committee of the Company No. 1/2020 on 27 February 2020, appeared in the auditor's report in the annual financial statements as attached.

11.2.3 Report of the Audit Committee

As detailed on page 3

11.3 Head of Internal Audit and Head of Compliance

Miss Wanna Maluengnont, the Managing Director of Acc-Plus Consultants Co., Ltd. has been appointed as the head of internal audit of the Company. Details are attached

12. Related Party Transactions

12.1 Nature of related transactions and the necessity and reasonableness of the related party transactions during the year 2019

Person who may have conflict of interest	Relationship	RPT Type	(Thousand Baht)		Necessity and Reasonability
			2018	2019	
1 Site Preparation Management Company ("Site Prep Co., Ltd.")	Mr. Kritsana Thaidumrong, the Director and Major Shareholder in Site Prep Co., Ltd. and the Company's director	The company sells products and the installation of a cooling fan system for Site Prep Co., Ltd. with value of sales and services and have outstanding receivables at the end of the period as follows: - Revenue - AR (Beginning) - AR (Ending)	154.57 - -	189.38 - 112.76	The Company has sold products and installation services of air cooler system to Site Prep Co., Ltd. under price and condition indifferent from other customers AC's Comment: Normal business under price and condition indifferent from other customers
2. Actdee Company Limited ("Actdee Co., Ltd.")	Mr. Thanapat Thaidumrong and Mr. Thammathat Thaidamrong, the Director and Major Shareholders in Actdee Co., Ltd. Mr. Thanapat Thaidamrong and Mr. Thammathat Thaidamrong are the close relatives of Mr. Kritsana Thaidumrong who is the Company's Director	The company has sold its products to Actdee Co., Ltd., which is a distributor of the company. With the trading value during the period and have outstanding receivables at the end of the period as follows: - Revenue - Promotion expenses - AR (Beginning) - AR (Ending)	9,970.14 - 2,783.30 4,563.83	10,185.92 - 4,563.83 4,522.54	The Company has sold products of air cooler system to Actdee Co., Ltd. under price and condition indifferent from other dealers AC's Comment: Normal business under price and condition indifferent from other customers

Person who may have conflict of interest	Relationship	RPT Type	(Thousand Baht)		Necessity and Reasonability
			2018	2019	
3. Let Co., Ltd	Mr Narin Veeraman is the managing director of Let Co., Ltd. Mr. Narin Veeraman is the younger brother of Mr Noppachai Veeraman, the managing director and major shareholder of the company	<p>The company has sold its products to Let Co. Ltd., which is a distributor of the company. With the trading value during the period and have outstanding receivables at the end of the period as follows</p> <ul style="list-style-type: none"> - Revenue - Promotion expenses - AR (Beginning) - AR (Ending) 	- - - -	11.39 - - 12.19	<p>The Company has sold products of air cooler system to LET Co., Ltd. under price and condition indifferent from other dealers</p> <p>AC's Comment: Normal business under price and condition indifferent from other customers</p>
4. Mr. Noppachai Veeraman	Mr. Noppachai Veeraman is the Managing Director. And the major shareholder of the company	In February 2018, the Company borrowed 10,000,000 baht (ten million baht) for use as working capital in the business. With the interest rate of 6.5% per annum	10,000.00	-	<p>The company lacks liquidity during this period, therefore borrowing money to be used as working capital in the business. And interest rate is Reference rates from commercial banks in Thailand.</p> <p><u>Opinion of the Audit Committee:</u> Such items are appropriate. Due to the said loan item Used for working capital And the interest rate that is specified as the rate that is referenced by commercial banks in Thailand</p>

12.2 Measure and Procedure of Approving on Related Party Transaction

The Company has set up measures to enter into related party transactions with people who may have conflicts. The Audit Committee is required to give an opinion on the necessity of entering into the transaction with reasonableness and the price suitability of the item; based on the conditions in the normal course of the market. This can be compared to the price charged to third parties. In the event that the Audit Committee is unqualified in considering potential inter-transactions, the Company will provide persons with special expertise such as auditor, financial advisor. Property appraiser law Office Independent experts, independent of the company. And a person who has no conflict of interest as a facilitator of such connected transaction to be used for the decision of the Audit Committee; for the Audit Committee to present to the Board meeting and / or shareholders as depending on each case.

In addition, the Company has imposed measures not to the management and / or stakeholders can participate in approving directly or indirectly their own interests. Also, the Board of Directors is responsible for the Company to comply with the laws governing securities and stock exchange and regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand; including compliance with the disclosure requirements of connected transactions, and acquiring or disposing of important assets of the Company or its

subsidiary, moreover, comply with the accounting standards set by the Federation of Accounting Professions and the Certified Public Accountants of Thailand. The disclosure of related party transactions is included in the notes to financial statements that have been audited or reviewed by the Company's auditor.

12.3 Policy and Trend of Future Related Party Transaction

The Company will continue to do such transactions in the future with ACTDEE Co. Ltd, a major dealer of the Company, and relatives of the directors are major shareholders in such companies. By entering into the related transaction, it will be according to the ordinary course of business. There is a clear policy on entering into inter-company transactions i.e. the normal price and terms of business; likely to a transaction with an unrelated party by entering into an interim transaction in the future. It is necessary for the business operations and benefits of the Company

The Audit Committee will review the compliance with the rules and give an opinion on the reasonableness of transactions occurring quarterly.

For related party transactions between the Company or its subsidiaries and the person who may have conflict of interest that are not in line with normal commercial condition, the Company shall assign the Audit Committee to be the person who advises the necessity, Reasonability and appropriateness of price of connected transactions occurred to be in line with market price. The price occurred with outsiders is compared. However, if the Audit Committee is unskilled in consideration on related party transactions that may occur, the Company shall bring the person who possesses knowledge and special skill such as auditor and asset estimator, etc. that is independent from the Company and is the person who has no conflict of interest to enter for consideration and giving opinion about such related party transactions in order to be used as support on decision making of the Audit Committee.

Nevertheless, according to related party transactions that may cause conflict of interest possibly occurred in the future, the Company has prescribed the measure on prohibition of the participative ability of the executive, director or stakeholder in approval of the transaction with self-interest both direct and indirect. However, the Board of Directors shall enter to control the Company to perform in accordance with the law of Securities and Stock Exchange, regulation, proclamation, order or requirement of the Board of the Stock Exchange of Thailand and Capital Market Supervisory Board as well as the compliance with criteria about disclosure of information of connected transactions and acquisition or disposal of the Company's and its subsidiaries' assets according to the Proclamation of the Board of the Stock Exchange of Thailand and the Proclamation of Capital Market Supervisory Board and/or related agencies as well as compliance with the accounting standard required by Federation of Accounting Professions and Certified Public Accountant of Thailand.

Part 3 Important Financial Information

13. Important Financial Information

13.1 Statement of Financial Position as of 31 December 2019

(Unit: Baht)

	Consolidated		Separate Financial Statement	
	2019	2018 <i>Reclassifications</i>	2019	2018 <i>Re-classifications</i>
ASSETS				
Current assets				
Cash and cash equivalents	38,013,570.19	27,016,861.67	25,380,122.04	11,791,499.19
Trade and other current receivable – related parties	4,647,488.13	4,563,831.34	12,643,473.27	19,796,035.93
Trade and other current receivable – third parties	95,794,366.04	99,371,905.82	73,351,996.60	88,685,137.48
Current portion of receivables of finance lease	156,850.60	4,526,286.41	22,687.93	89,192.00
Assets under contract	2,511,021.68	267,357.70	13,333.33	107,060.49
Inventories	198,322,477.69	179,311,687.58	196,153,849.77	175,949,663.09
Contract completion cost	-	471,469.10	-	-
Total current assets	339,445,774.33	315,529,399.62	307,565,462.94	296,418,538.18
Non-current assets				
Deposit at financial institutions pledged as collateral	70,750,000.00	70,750,000.00	69,750,000.00	69,750,000.00
Receivables of finance lease	14,518.26	142,135.36	-	22,687.90
Investment in the Subsidiary	-	-	30,255,410.25	30,255,410.25
Property, plant and equipment	55,997,767.77	53,086,260.97	46,153,794.02	44,244,945.94
Intangible assets	3,706,612.04	4,765,475.36	3,492,837.86	4,477,214.67
Deferred tax assets	-	22,217.81	-	22,413.08
Revenue department receivable	3,902,480.25	3,902,480.25	3,902,480.25	3,902,480.25
Other non-current assets	8,071,610.65	6,854,546.83	6,702,344.80	5,404,169.06
Total non-current assets	142,442,988.97	139,523,116.58	160,256,867.18	158,079,321.15
Total assets	481,888,763.30	455,052,516.20	467,822,330.12	454,497,859.33
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Bank overdrafts & short term loan from financial institutions	150,352,572.54	191,447,502.13	150,352,572.54	191,447,502.13
Trade and other current payable – related parties	-	587,670.99	891,330.16	1,091,165.78
Trade and other current payable – third parties	71,202,039.38	52,566,047.88	64,006,658.00	44,309,749.95
Contractual liabilities	36,635,956.24	9,879,182.59	36,036,968.54	9,874,532.58
Revenue department payable	279,529.78	1,165,296.23	1,346.96	896,073.82
Provision for warranty	5,658,825.42	5,803,175.96	4,893,267.79	3,901,175.96
Current portion of liabilities under financial lease agreements	2,347,676.31	2,138,337.72	2,347,676.31	2,138,337.72
Short term loan from related parties	-	10,000,000.00	-	18,000,000.00
Accrued corporate income tax	91,766.66	-	-	-
Total current liabilities	266,568,366.33	273,587,213.50	258,529,820.30	271,658,537.94
Non-current liability				
Long term provision for warranty	31,147.76	225,100.00	-	-
Financial lease liabilities	2,352,314.46	577,572.26	2,352,314.46	577,572.26
Employee benefit obligations	15,026,485.89	11,264,685.01	13,702,404.81	10,225,533.22
Deferred tax liabilities	813,786.81	1,170,838.62	-	-
Total non-current liabilities	18,223,734.92	13,238,195.89	16,054,719.27	10,803,105.48
Total liabilities	284,792,101.25	286,825,409.39	274,584,539.57	282,461,643.42

(Unit: Baht)

	Consolidated		Separate Financial Statement	
	2019	2018 <i>Reclassifications</i>	2019	2018 <i>Reclassifications</i>
SHAREHOLDERS' EQUITY				
Share capital				
Authorized share capital				
576,000,000 Ordinary shares of Baht 0.25 each	144,000,000.00	144,000,000.00	144,000,000.00	144,000,000.00
Paid-up share capital				
480,000,000 Ordinary shares of Baht 0.25 each	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Premium on ordinary share	183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93
Surplus from share-based payment transaction	3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73
Retained earning(deficit)				
Appropriated – Legal reserve	8,256,778.85	8,256,778.85	8,256,778.85	8,256,778.85
Unappropriated	(117,254,386.46)	(146,123,941.70)	(121,113,257.96)	(142,314,832.60)
Total shareholders' equity	197,096,662.05	168,227,106.81	193,237,790.55	172,036,215.91
Total liabilities and shareholders' equity	481,888,763.30	455,052,516.20	467,822,330.12	454,497,859.33

13.2 Statement of Comprehensive Income ended 31 December 2019

(Unit: Baht)

	Consolidated		Separate Financial Statement	
	2019	2018 <i>Reclassifications</i>	2019	2018 <i>Reclassifications</i>
Revenues				
Revenue from sales	598,354,803.88	475,638,384.40	587,269,296.13	465,473,581.84
Revenue from services	102,176,453.76	89,903,863.10	57,746,506.90	54,731,614.38
Other income	11,995,957.41	7,176,862.44	14,615,224.34	6,086,174.21
Total revenues	712,527,215.05	572,719,109.94	659,631,027.37	526,291,370.43
Expenses				
Cost of sales	439,618,702.02	387,354,774.48	438,690,186.75	386,437,533.19
Cost of services	53,665,326.59	54,270,631.64	18,687,678.82	19,289,681.98
Cost of distribution	122,793,738.73	158,465,358.08	119,045,480.94	153,806,373.65
Administrative expenses	54,265,249.23	61,400,773.46	49,739,940.74	54,749,762.26
Finance cost	10,094,446.90	11,408,516.10	10,273,077.05	11,473,310.63
Total expenses	680,437,463.47	672,900,053.76	636,436,364.30	625,756,661.71
Profit(loss) before income tax expense	32,089,751.58	(100,180,943.82)	23,194,663.07	(99,465,291.28)
Income tax expense	(1,121,995.55)	(8,706,922.19)	23,172,249.99	(105,624,551.38)
Profit(loss) for the year	30,967,756.03	(108,887,866.01)	23,172,249.99	(105,624,551.38)
Other comprehensive income	-	-	-	-
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain(losses)	(2,098,200.79)	(1,909,570.29)	(1,970,675.35)	(1,820,817.08)
Other comprehensive income(loss)	(2,098,200.79)	(1,909,570.29)	(1,970,675.35)	(1,820,817.08)
Comprehensive income(loss) for the year	28,869,555.24	(110,797,436.30)	21,201,574.64	(107,445,368.46)
Basic earnings (loss) per share	0.06	(0.23)	0.05	(0.22)
Weighted average number of shared (unit: share)	480,000,000	480,000,000	480,000,000	480,000,000

13.3 Consolidated Statements of Changes in Shareholders' Equity ended 31 December 2019

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Surplus on share-based payment transactions	Retained earnings(deficits)		Total
				Legal reserve	Unappropriated	
Balance as at 1 January 2018	120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(35,326,505.40)	279,024,543.11
Actuarial gain(losses)	-	-	-	-	(1,909,570.29)	(1,909,570.29)
Gain(loss) for the year	-	-	-	-	(108,887,866.01)	(108,887,866.01)
Balance as at 31 December 2018	120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(146,123,941.70)	168,227,106.81
Changes in shareholder's equity for the year						
Actuarial gain(losses)	-	-	-	-	(2,098,200.79)	(2,098,200.79)
Gain(loss) for the year	-	-	-	-	30,0967,756.03	30,967,756.03
Balance as at 31 December 2019	120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(117,254,386.46)	197,096,662.05

13.4 Separate Statements of Changes in Shareholders' Equity ended 31 December 2019

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Surplus on share-based payment transactions	Retained earnings(deficits)		Total
				Legal reserve	Unappropriated	
Balance as at 1 January 2018	120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(35,326,505.40)	279,024,543.11
Changes in shareholder's equity for the year						
Actuarial gain(losses)	-	-	-	-	(1,820,817.08)	(1,820,817.08)
Gain(loss) for the year	-	-	-	-	(105,624,551.38)	(105,624,551.38)
Balance as at 31 December 2018	120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(142,314,832.60)	172,036,215.91
Changes in shareholder's equity for the year						
Actuarial gain(losses)	-	-	-	-	(1,970,675.35)	(1,970,675.35)
Gain(loss) for the year	-	-	-	-	23,172,249.99	23,172,249.99
Balance as at 31 December 2019	120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(121,113,257.96)	193,237,790.55

13.5 Statement of cash flows for the year ended 31 December 2019

(Unit: Baht)

	Consolidated		Separate Financial Statement	
	2019	2018 <i>Reclassification</i>	2019	2018 <i>Reclassification</i>
Cash flows from operating activities				
Profit(loss) before income tax expense	32,089,751.58	(100,180,943.82)	23,194,663.07	(99,465,291.28)
Adjustment to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	21,042,365.24	19,599,468.24	19,631,032.20	18,569,670.39
Doubtful debe (reversal)	(757,934.38)	(516,577.44)	(757,934.38)	(520,954.23)
Impairment loss on assets (reversal)	(2,078,414.52)	(1,411,149.13)	(2,078,414.52)	(1,411,149.13)
Impairment loss on intangible assets	-	1,540,000.00	-	-
Unrealized gain from exchange rates	(1,117,236.90)	(1,115,476.81)	(977,227.06)	(1,132,062.17)
Loss from write-off withholding tax	161,594.92	-	-	-
Loss from write-off property plant and equipment	747,828.17	297,350.19	745,152.77	291,868.33
Gain from disposal property plant and equipment	(370,076.04)	(157,876.39)	(370,076.04)	(157,876.39)
Loss on diminution in value of inventories	(16,668,107.65)	6,653,915.04	(17,150,934.37)	6,641,098.40
Provisions for employee benefits (reversal)	1,733,688.73	2,773,136.58	1,608,166.24	2,670,590.15
Estimated aftersale expenses (reversal)	(338,302.78)	560,564.35	992,091.83	335,464.35
Interest income	(2,500,155.62)	(1,745,001.03)	(670,806.92)	(582,868.74)
Interest expense	10,094,446.90	11,408,516.10	10,273,077.05	11,473,310.63
Gain(loss) from operating activities before changes in-				
Operating assets and liabilities	42,039,447.65	(62,294,074.12)	34,438,789.87	(63,288,199.69)
Increase(decrease) in trade & other current receivable – related parties	(83,656.79)	(1,715,741.63)	7,152,562.66	2,037,706.29
Increase(decrease) in trade & other current receivable – third parties	4,737,969.02	19,868,043.75	15,932,870.69	(7,920,237.62)
Decrease in financial lease receivables	4,497,052.91	15,144,094.34	89,191.97	498,809.23
Increase(decrease) in contractual assets	(2,243,663.98)	7,617.44	93,727.16	(52,547.49)
Increase(decrease) in inventories	(3,759,529.94)	43,130,697.28	(4,466,050.55)	46,511,631.91
Decrease in contract completion cost	471,469.10	-	-	-
Decrease in other non-current assets	245,517.01	2,598,541.00	326,000.00	1,955,041.51
Increase(decrease) in trade & other current payable – related parties	-	-	452,630.16	200,291.72
Increase(decrease) in trade & other current payable – third parties	18,194,109.82	(18,411,064.90)	19,135,016.54	(10,312,072.47)
Increase in contractual debt	26,756,773.65	7,570,571.56	26,162,435.96	7,565,921.55
Increase(decrease) in revenue department payable	(885,766.45)	548,611.20	(894,726.86)	456,811.97
Cash generated by operations	89,969,722.00	6,447,295.92	98,422,447.60	(22,346,843.09)
Cash paid for employee benefits obligations	(101,970.00)	-	(101,970.00)	-
Cash received from interest	2,045,202.29	1,800,329.26	776,553.03	657,481.22
Cash paid for income tax	(2,957,357.26)	(3,688,164.07)	(1,624,175.74)	(1,217,995.47)
Net cash provided by (used in) operating activities	88,955,597.03	4,559,461.11	97,472,854.89	(22,907,357.34)

13.5 Financial Ratio

	Consolidated		
	Jan-Dec 2019	Jan-Dec 2018	+/(-)
Liquidity Ratio			
Current Ratio	1.28	1.15	0.13
Quick Ratio	0.53	0.50	0.03
Profitability Ratio			
Gross Profit Margin (%)	29.58%	21.91%	7.67
Operating Profit Margin (%)	6.02%	(15.70)%	21.72
Net Profit Margin (%)	4.42%	(19.25)%	23.67
Efficiency Ratio			
ROE (%)	16.95%	(48.69)%	65.64
ROA (%)	6.61%	(21.84)%	28.45
Total Asset Turnover	1.45	1.24	0.21
Financial Policy Ratio			
Debt to Equity	1.44	1.70	(0.26)

14. Management's Discussion and Analysis

February 27, 2020

Subject: Management's Discussion and Analysis of Operating Results for the twelve-month period of 2019 ended December 31, 2019

Attention: The President of the Stock Exchange of Thailand

Masterkool International Public Company Limited ("the Company") would like to announce the operating results of the Company for the twelve-month period of 2019 ended December 31, 2019 which has been reviewed in the Board of Directors' Meeting No. 1/2020 arranged on February 27, 2020 as following: -

Table 1: Overall performance for the twelve-month period of 2019 ended December 31, 2019

Million Baht

Description	FY2019 (12 Months)	FY2018 (12 Months)	Increase (Decrease)	
			Amount	%
Net Product Sales	598.35	475.64	122.71	25.80
Net Service Sales	102.18	89.90	12.28	13.66
Other Revenue *	12.00	7.18	4.82	67.13
Total Revenues	712.53	572.72	139.81	24.41
Cost of Goods Sold	439.62	387.35	52.27	13.49
Cost of Service	53.67	54.27	(0.60)	(1.11)
Selling Expenses	122.79	158.47	(35.68)	(22.52)
Administrative Expenses	54.26	61.40	(7.14)	(11.63)
Financial Cost	10.10	11.41	(1.31)	(11.48)
Profit (Loss) before Income Tax	32.09	(100.18)	132.27	312.18
Income Tax	(1.12)	(8.71)	(7.59)	(677.68)
Net Profit (Loss)	30.97	(108.89)	139.86	451.60
EPS (Baht/Share)	0.06	(0.23)	0.29	383.33

* Other revenue such as interest income, foreign exchange gains, government grants, etc

Business Overview

Performance of the Company for the twelve-month period of 2019 ended December 31, 2019 compared to the same period in last year, there has been a change in the direction that has improved in all aspects, in terms of income grew by 24.41%. The high growth business channel is the Retail Channel, following by the Export Channel and the Corporate Channel. For cost of sales, cost of services and distribution costs, there is both growth at a lower rate than sales growth, resulting costs reduced. With higher sales resulting in a higher gross profit margin including reduced in administrative expenses; making the business return to make a profit by the management of the sales price structure and conducting promotions efficiently. As well as strictly implementing policies to control costs, resulting in operating performance for the twelve-month period of 2019 ended December 31, 2019; the company has a net profit of 30.97 million baht.

Half of the revenue comes from Retail Channel Sales through Modern Trade, Dealer, Online Channels. Next is the export and corporate channels for corporate customers. Each channel manages the overall picture of the channel to be in accordance with the policy of the Board of Directors by considering the cost and expenses incurred. The 12-month operation in 2019 had sales of 712.53 million baht, representing an increase of 139.81 million baht or an increase of 24.41% of sales in the same period last year.

As for the expenses that the company has controlled and managed through quality and efficiency goals, the cost of distribution decreased by 35.68 million baht or 22.52% decrease and the administrative expenses decreased by 7.14 million baht or decreased down 11.63% compared to last year. The increased cost of sales is in accordance with the proportion of revenue.

Economic and industrial conditions affecting operations

The country's overall economic downturn slowed down, causing business sectors to reduce confidence and slow down investment in major projects in second half of 2019, together with the drought situation in the north, flooding in north east Region of Thailand causing the purchasing power of consumers in the area to contract and increasing competition conditions, especially online businesses. In addition, at the end of the year 2019, the outbreak of the new corona virus 2019 or COVID-19 raises, concerning for retail consumers, therefore it is an important factor that the company must closely monitor the situation; and continually adjust the strategic plan.

Linkage of policies, strategies and goals

Economic factors and the negative circumstances mentioned causing the company to be vigilant, conduct business with caution; and manage the business according to the situation especially the Retail Business Channel that sells products via Modern Trade Department which have the reactive sales style to reduce inventory risk for a long time. Therefore, the company is still looking for opportunities to continuously create new marketing bases. Both through sales channels, corporate customers and export channels.

Analysis on the performance of the company by key business units

The company has various distribution channels. The main channels are Retail channels, Export channels and Sales channels for corporate customers which the performance is as follows: -

Table 2: Sales summary by segments for the twelve-month period of 2019 ended December 31, 2019*Million Baht*

Segmentation	Jan-Dec 2019	Jan-Dec 2018	% Differential Y-o-Y
Retail Channel	313.40	210.00	49.24
Corporate Customer Channel	79.29	73.15	8.39
Exporting Distribution	199.44	164.18	21.48
Services and Rental Units	97.68	67.99	43.67
Other Sales Channel	10.72	50.22	(78.65)
Others*	12.00	7.18	67.13
Total Revenues	712.53	572.72	24.41

Retail Market

The company's retail channels consist of Selling through a modern trade mall Online dealers and product sales booths When comparing the twelve-month period of 2019 ended December 31, 2019, retail channels have increased sales by 103.4 million baht or 49.24% up, when considered by sub-channel of the retail business group Found that consumer groups still believe that the brand of evaporative fan group is reliable products and services are accepted.

On the other hand, sales through that dealer. This is because the retail market in the region has changed behaviors by searching for products from modern trade department stores, especially during various promotions. May affect the overall sales through distributors. Therefore, the sales management through distributors therefore emphasizes on only the groups that have the potential and are ready to be able to continuously drive sales.

As for online retail channels in 2019, there has been a slowdown in some of the time, in which the company has conducted ongoing promotional campaigns in conjunction with the main shopping channels such as Lazada, Shopee, JD Central etc.; therefore, the Company has growth of the overview channel in 2019.

Corporate Market

The organization's sales channel the company continues to expand the target customer base. Sales increased 6.1 million baht or increased 8.39% compared to the same period of 2018 due to management according to the business unit guidelines that have to control both the cost and expenses of the business unit. Make this organization's customer sales channel still a way to create sales and profits The company must also accelerate the expansion of its customer base in the corporate market to cover the planned sales target. To strengthen business back and able to reduce the revenue fluctuation of the company overall Because it is a way to generate continuous revenue (Recurring Revenue) from providing services with expertise in technology to solve hot air problems. Application of ozone systems for energy saving and environmental protection.

Export

The twelve-month period of 2019 ended December 31, 2019, the international business channel, which is an export channel, showed sales growth when compared to the same period last year. The company has sales for the period equal to 199.44 million baht or 21.48% increase of sales in the same period of the previous year which has sales of 164.18 million baht, which is continuous sales from expanding the marketing base. To countries in the southern hemisphere.

Comparative analysis to the budgeting plan

Action plan for the 12-months of year 2019, the company has been allocated sales to key channels that are retail channel 40%, export channel 40%, corporate channel and others 20%, which an overview for the period was as expected.

For future operations plans Expansion of the marketing base for sales channels for corporate customers is still necessary. To reduce the risk of revenue fluctuations as a whole and for the retail channel It may be necessary to expand the line of products without seasonality restrictions in order to be more comprehensive and meet the needs of consumers.

Financial Status

Table 3: Summary statement of financial position as of December 31, 2019

Million Baht

Statement of Financial Position	Consolidated financial statements			
	31 Dec 2019	31 Dec 2018	+/(−)	%
Cash and cash equivalents	38.01	27.02	10.99	40.67
Trade and other receivables – related parties	4.65	4.56	0.09	1.97
Trade and other receivables – other parties	95.80	99.37	(3.57)	(3.60)
A/R under finance lease agreements due within one year	0.16	4.53	(4.37)	(96.47)
Asset under contract	2.51	0.27	2.24	829.63
Inventory	198.32	179.31	19.01	10.60
Completed contract costs	0.00	0.47	(0.47)	(100.00)
Total Current Assets	339.45	315.53	23.92	7.58
Deposits with financial institutions that are pledged	70.75	70.75	0.00	0.00
Finance lease receivables	0.01	0.14	(0.13)	(92.86)
Property, plant and equipment	56.00	53.08	2.92	5.50
Intangible assets	3.71	4.77	(1.06)	(22.22)
Deferred tax assets	0.00	0.02	(0.02)	(100.00)
Revenue Department receivable	3.90	3.90	0.00	0.00
Other non-current assets	8.07	6.86	1.18	17.64
Total non-current assets	142.44	139.52	2.92	2.09
Total assets	481.89	455.05	26.84	5.90
Bank over drafts and short - term loans from financial institution	150.35	191.45	(41.10)	(21.47)
Trade and other payables – related parties	0.00	0.59	(0.59)	(100.00)
Trade and other payables – other parties	71.20	52.57	18.63	35.44
Contractual liabilities	36.64	9.88	26.76	270.85
Revenue Department Payable	0.28	1.16	(0.88)	(75.86)
Product Warranty <i>Estimated Liabilities</i>	5.66	5.80	(0.14)	(2.41)
Long-term liabilities due within 1 year	2.35	2.14	0.21	9.81
Short-term loans from related parties	0.00	10.00	(10.00)	(100.00)
Accrued corporate income tax	0.09	0.00	0.09	100.00
Total current liabilities	266.56	273.59	(7.02)	(2.57)

Statement of Financial Position	Consolidated financial statements			
	31 Dec 2019	31 Dec 2018	+/(-)	%
Estimated long-term quality guarantee	0.03	0.24	(0.21)	(87.50)
Finance lease liabilities	2.36	0.57	1.79	314.04
Employee benefit obligations	15.03	11.26	3.77	33.48
Deferred tax liabilities	0.81	1.17	(0.36)	(30.77)
Total non-current liabilities	18.23	13.24	4.99	37.69
Total liabilities	284.79	286.83	(2.04)	(0.71)
Ordinary capital 576,000,000 shares, value 0.25 baht per share	144.00	144.00	0.00	0.00
Paid-up capital	120.00	120.00	0.00	0.00
Share premium	183.03	183.03	0.00	0.00
Surplus from share-based payment	3.06	3.06	0.00	0.00
Retained earnings (loss)				
- Appropriated for legal reserve	8.26	8.26	0.00	0.00
- Un-appropriated retained earnings	(117.25)	(146.12)	28.87	19.76
Total shareholders' equity	197.10	168.22	28.88	17.17
Total liabilities and shareholders' equity	481.89	455.05	26.84	5.90

Assets

As of December 31, 2019, the company has total assets of 481.89 million baht, compared to the value of assets as of December 31, 2018 with the value of 455.05 million baht. The company has total assets decreased by 26.84 million baht or equivalent to a decrease of 5.90%. The main details consist of: -

- Trade and other receivables - other parties: Value at the end of the period December 31, 2019, equal to 38.01 million baht, an increase of 10.99 million baht, representing an increase of 40.67% from the sale of products and services.
- Inventories: the value at the end of the period as of December 31, 2019 increased by 19.01 million baht, representing a decrease of 10.60% due to preparing goods for selling in 2020.
- Finance lease receivables due within 1 year: Value at the end of the period as of December 31, 2019 decreased by 4.37 million baht, representing a decrease of 96.47% according to normal business operations.

Liabilities

As of December 31, 2019, the company has total liabilities of 284.79 million baht, compared to the total liabilities as of 31 December 2018 with the value of 286.83 million baht. The company has total liabilities decreased by 2.04 million baht or equivalent to a decrease of 0.71% which The main details include: -

- Bank overdrafts and short-term loans from financial institutions: The value at the end of the period on December 31, 2019 was 150.35 million baht, a decrease of 41.10 million baht or a 21.74% decrease which came from overdrafts and long-term loans. This short is used as working capital and has a partial repayment.
- Trade and other payables - other parties: the value at the end of the period on December 31, 2019 equals 71.20 million baht, a increase of 18.63 million baht or an increase of 35.44%, which is the normal payment for goods from manufacturers and distributors. Both domestically and internationally The company will pay when the next payment is due.

Shareholders' Equity

As of December 31, 2019, the company has total shareholders' equity of 197.10 million baht, an increase of 28.88 million baht or 17.17% increase compared to shareholders' equity as of 31 December 2018, which has shareholders' equity equal to 168.22 million baht, which the increase in shareholders' equity is due to the company's net profit for the 12-month period of 2019 at 30.97 million baht.

Table 4: Financial Ratio

Financial Ratio	Consolidated financial statements		+/(−)
	Jan-Dec 2019	Jan-Dec 2018	
Liquidity Ratio			
Current ratio	1.28	1.15	0.13
Quick ratio	0.53	0.50	0.03
Profitability Ratio			
Gross profit margin %	29.58%	21.91%	7.67
EBIT margin %	4.50%	(17.49)%	21.99
Net profit margin %	4.35%	(19.01)%	23.36
Efficiency Ratio			
Return on equity (ROE) %	15.71%	(64.73)%	80.44
Return on asset (ROA) %	6.43%	(23.93)%	30.36
Total assets turnover	1.48	1.26	0.22
Financial Policy Ratio			
Debt to equity ratio	1.44	1.70	(0.26)

Liquidity Ratio

Due to the factors affecting the operating results for the 12-month period of 2019, the liquidity ratio increased by 0.13 times compared to the ratio at the end of the period 31 December 2018, which came from sales and can receive payment in cash.

As for the quick ratio, increased by 0.03 times compared to the ratio at the end of the period 31 December 2019, due to increased sales. And the company still has inventory in the amount of 159.07 million baht that the company can sell in the future because the company's products are durable goods that are not deteriorated easily.

Profitability Ratio and Efficiency Ratio

From the 12-month performance of the year 2019, the company has gross profit margin increased by 7.67% from controlling the sales price structure. The operating profit margin and net profit margin The company has improved operations. The operating profit margin for the 12-month period of the year 2019 was increased 21.99% compared to the same period of the previous year and the net profit margin was 4.35% compared to the same period of the year which is equal to -19.01%.

Financial Policy Ratio

The company's debt to equity ratio decreased from the previous year. The debt-to-equity ratio for the 12-month period of the year 2019 was 1.44 times, which decreased by 0.26 times when compared to the same period in 2018 as a result of liquidity that can make payment for overdrafts and loans. Short-term as working capital in the business.

(Mr. Noppachai Veeraman)
Managing Director

Board Responsibilities for Financial Reports

The Board of Directors of Masterkool International Public Company Limited is responsible for the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries. Including financial information that appears in the annual report such financial statements are prepared in accordance with generally accepted accounting standards in Thailand. The Board of Directors considers choosing to use appropriate accounting policies and consistently adheres to With prudent discretion and the most appropriate estimate of preparation Including adequate disclosure of important information in the notes to the financial statements And comply with the requirements of the Securities and Exchange Commission Including the Stock Exchange of Thailand And related regulatory agencies Such financial statements have been audited And giving opinions on unconditional financial statements from independent auditors Therefore reflecting the financial status and operating results that are real, transparent, and can be checked for the benefit of the shareholders of the company and general investors.

The Board of Directors has set a policy and provides a risk management system. And appropriate internal control systems to ensure that the accounting data is reliable It is worthwhile to use and maintain the assets of the company. As well as for the development of operations and prevention of risks that may have a significant impact

The Board of Directors has appointed the Audit Committee, which is from the Independent Committee, to oversee the quality of financial reporting and internal control systems. The opinion of the Audit Committee regarding this matter has already appeared in the report of the Audit Committee in this annual report.

The Board of Directors is of the opinion that the overall internal control system of the Company and its subsidiaries is at a satisfactory level. And can confirm the reliability of the information in the financial statements and consolidated financial statements of the company and subsidiaries as at 31 December 2019.

(Mr. Sanpat Sapon)
Chairman of the Board of Directors

(Mr. Noppachai Veeraman)
CEO / Managing Director

Certification of Accuracy

Masterkool International Public Company Limited by the Board of Directors Have reviewed the information in this annual information form with prudence. The company hereby certifies that such information is accurate, true and complete in the important matter that should be notified and reported In addition, the company certifies that:-

1. Financial statements and financial information summarized in the annual registration statement and that annual report The Company has displayed the information correctly. Complete about financial position, cash flow, operating results As well as analyzing the environmental factors of the Group in essence.
2. The Company has provided the disclosure of important information of the Group according to the criteria correctly and completely.
3. The Company has provided an internal control system. And supervise the operation to comply with the system and report important changes Including practices that may affect the preparation of financial reports of the Company and its subsidiaries The information obtained from the assessment of internal control and auditing for the year 2019 has been presented to the Audit Committee Meeting No. 1/2020, which was held on 27 February 2020.

Therefore, as evidence that the information presented is this report, it is a document that the company has been verified by the company assigned Ms. Mallika Trakoolthai, Executive Director and Company Secretary or Ms. Jariyaporn Akkarawong, Senior Assistant Company Secretary, has already signed this document.

(Signature of the Authorized Persons)

Authorized Directors

Details of Director, Executive, Regulator and the Company Secretary

Mr.Sanpat Sopon

Chairman of the Board, Independent Director



Age : 66

Educational Qualification :

- Master of Business and Administration, Western Michigan University, USA
- Bachelor of Law, Ramkhamhaeng University

Director Training :

- Certificate Course for Role of the Chairman Program (RCP 30/2013)
Thai Institute of Directors (IOD)
- Certificate Course for Executive Director Course (EDC 1/2012)
Thai Institute of Directors (IOD)
- Certificate Course for the Directors Certification Program (DCP 49/2004)
Thai Institute of Directors (IOD)
- Certificate Course for Advanced Audit Committee Program
(AACP 23/2016) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company : None

Last 5 Years of Experience:

- 2019 – Present Chairman of the Board
Masterkool International Public Company Limited
- 2013 – Present Director, Independent Director, Audit Committee Member and
Nomination and Remuneration Committee Member,
Masterkool International Public Company Limited
- 2013 – 2019 Chairman of the Audit Committee
Masterkool International Public Company Limited
- 2017 - Present Independent Director, Chairman of the Audit Committee
Vintcom Technology Public Company Limited
- 2014 – Present Director, Moustache Trang Co., Ltd.
- 2012 – Present Director, Sanpat and Associates Co., Ltd.
- 2010 – Present Director, Ratchaburi Future Co., Ltd.
- 2010 – Present Director, Moustache Ratchaburi Co., Ltd.
- 2009 – Present Director, Moustache Co., Ltd.
- 2013 - 2017 Chairman of the Board, Independent Director
Planet Communication Asia Public Company Limited
- 2010 – 2014 Expert Director, Software Industry Promotion Agency
(Public Organization) (SIPA)

Appointed on 26 February 2019

- Chairman of the Board

Appointed on 8 November 2013

- Independent Director
- Audit Committee Member
- Nomination and Remuneration
Committee Member

Assoc. Prof. Dr. Prakrit Tangtisanon

Director, Independent Director



Age : 77

Educational Qualification :

- Honorary Doctorate Degree, Tokai University, Japan
- Master of Communication Engineering, Faculty of Engineering
The University of Electro-Communications, Japan
- Bachelor of Communication Engineering Program, Faculty of Engineering,
Tokai University, Japan

Appointed on 8 November 2013

- Director
- Independent Director
- Audit Committee Member

Appointed on 26 February 2019

- Chairman of the Nomination
and Remuneration Committee

Director Training :

- Certificate Course for Directors Certification Program (DCP 185/2014)
Thai Institute of Directors (IOD)
- Certificate Course for Advanced Audit Committee (AACP 25/2017)
Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company : None

Last 5 Years of Experience:

- 2013 – Present Director, Independent Director, Audit Committee Member and
Nomination and Remuneration Committee Member
Masterkool International Public Company Limited
- 2019 – Present Chairman of the Nomination and Remuneration Committee
Masterkool International Public Company Limited
- 2019 – Present Director, Santapol College Council
- 2019 - Present President, Old Japan Student's Association, Kindom of Thailand
- 2017 - Present Director, College of Asian Scholars Council
- 2017 - Present Chairman of the Board, Independent Director
Nova Organic Company Limited
- 2016 - Present Director, Bangkokthonburi University Council
- 2016 - 2019 Vice President, Old Japan Student's Association, Kindom of
Thailand
- 2013 – 2019 Chairman of the Board
Masterkool International Public Company Limited
- 2008 – 2012 Executive Director, Japan International Corporation
Agency:JICA

Mr. Mongkol Kasaemsun
Director, Independent Director



Age : 59

Educational Qualification :

- Master of General Management (Administrative Studies), Southeastern Oklahoma State University, USA
- Bachelor of Agricultural Engineering Program, Kasetsart University

Director Training :

- Certificate Course for Directors Accreditation Program (DAP 70/2008) Thai Institute of Directors (IOD)

Appointed on 8 November 2013

- Director
- Independent Director
- Nomination and Remuneration Committee Member

Appointed on 26 February 2019

- Chairman of the Audit Committee

Proportion of Shareholding in the Company : None

Last 5 Years of Experience:

- 2013 – Present Director, Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member Masterkool International Public Company Limited
- 2019 – Present Chairman of the Audit Committee Masterkool International Public Company Limited
- 2017 - Present Chairman of the Board, Independent Director Innov Green Solutions Company Limited
- 2020 - Present Chief Finance Officer, PatRangsit Hospital
- 2017 - Present Director, Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Committee Member, Nova Organic Company Limited
- 2017 - Present Director, Independent Director, PPM Advisory Company Limited
- 2013 – 2019 Chairman of the Nomination and Remuneration Committee, Masterkool International Public Company Limited
- 2017 - 2019 Director, Independent Director, Digital Focus Company Limited
- 2014 - 2018 Director of Private Teacher Aid Fund, Private Teacher Aid Fund, Ministry of Education
- 2012 – 2014 Advisor and Subcommittee Member, National Innovation Agency
- 2012 – 2012 President, Thai Social Enterprise Office

Mr. Kritsana Thaidumrong

Director

Age : 57



Educational Qualification :

- Master of Business Administration Program, Thammasat University
- Bachelor of Engineering, Electric Power Engineering Program, King Mongkut's Institute of Technology Ladkrabang

Director Training :

- Certificate Course for Directors Certification Program (DCP 191/2014) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company : None

Appointed on 8 November 2013

Director

Last 5 Years of Experience:

- 2020 - Present Independent Director
Masterkool International Public Company Limited
- 2013 - Present Director, Masterkool International Public Company Limited
- 2019 – Present Director, Modernkool Dh Company Limited
- 2016 - Present Director, Sitem Holding Company Limited
- 2015 - Present Director, Carboncor (Thailand) Company Limited
- 2011 - Present Director, Bangkok Tire Trading Company Limited
- 2008 - Present Director, Bangkok Tire Refinery Company Limited
- 2007 - Present Director, Folding Gate Company Limited
- 2006 - Present Director, Metis Air Corporation Company Limited
- 1994 - Present Director and Chairman of Executive Committee
Site Preparation Management Company Limited

Appointed on 27 February 2020

Independent Director

Mr. Fung Meng Hoi

Director



Appointed on 3 June 2002

Director

Age : 59

Educational Qualification :

- Bachelor of Business Administration Program, Ottawa University, USA

Director Training :

- Certificate Course for Director Certification Program (DCP 189/2014)
Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company : 60,372,200 Shares, 12.58%

Last 5 Years of Experience:

- 2002 - Present Director, Masterkool International Public Company Limited
- 2016 - Present Director, Dionysus Asia Sdn Bhd , Malaysia
- 2016 - Present Director, The Wine Poetry Sdn Bhd, Malaysia
- 2016 - Present Director, Sensetech Properties Sdn Bhd, Malaysia
- 2003 - Present Director, SenseTech Sdn Bhd, Malaysia

Mr. Noppachai Veeraman

Director



Age : 56

Educational Qualification :

- Bachelor of Electronics and Electrical Engineering Program
King Mongkut's Institute of Technology Ladkrabang

Director Training :

- Certificate Course for Directors Certification Program (DCP 185/2014)
Thai Institute of Directors (IOD)
- Certificate Course for Director Accreditation Program (DAP 82/2010)
Thai Institute of Directors (IOD)

Appointed on 3 June 2002

- Director
- Chairman of Executive Committee
- Managing Director

Proportion of Shareholding in the Company : 123,411,354 Shares, 25.71%

Last 5 Years of Experience:

- 2002–Present Director, Chairman of Executive Committee and Managing Director, Masterkool International Public Company Limited
- 2011–Present Director, Managing Director
Innov Green Solutions Company Limited

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Ms.Benjarat Hattacharnchai**Director****Age** 46**Educational Qualification :**

- Master of Business Administration, Executive Program, Kasetsart University
- Bachelor of Education, Business Education Program, Kasetsart University

Director Training :

- Certificate Course for Director Accreditation Program (DAP 84/2010)
Thai Institute of Directors (IOD)
- Certificate Course for Company Secretary Program (CSP 50/2013)
Thai Institute of Directors (IOD)
- Certificate Course for Effective Minute Taking (EMT 25/2013)
Thai Institute of Directors (IOD)
- Executive Financial Management Certificate Program Class 1
Chulalongkorn University

Appointed on 12 May 2016

- Director
- Executive Director
- Assistant Managing Director of Finance & Accounting
- Acting Assistant Managing Director of Retail Business

Proportion of Shareholding in the Company : 168,137 Shares, 0.04%**Last 5 Years of Experience:**

- 2016 - Present Director, Executive Director, Assistant Managing Director of Finance & Accounting, Masterkool International Public Company Limited
- 2020 - Present Acting Assistant Managing Director of Retail Business, Masterkool International Public Company Limited
- 2016 - Present Director, Innov Green Solutions Company Limited
- 2009 - 2016 Vice President Finance & Supply Chain
Zemasch Corporation Company Limited

Miss Sunanta Wanwat

Director



Age : 45

Educational Qualification :

- Master of Electronic Commerce Program, Faculty of Business Administration, Sripatum University
- Bachelor's Degree, Marketing Program, Faculty of Business Administration, Payap University

Director Training :

- Certificate Course for Director Accreditation Program (DAP105/2013)
Thai Institute of Directors (IOD)

Appointed on 8 November 2013

- Director
- Assistant Managing Director,
Innov Green Solutions
Company Limited

Proportion of Shareholding in the Company : 5,292,312 Shares, 1.10%

Last 5 Years of Experience:

- 2013-Present Director, Masterkool International Public Company Limited
 - 2017-Present Assistant Managing Director, Innov Green Solutions
Company Limited
 - 2011-Present Director and Executive Director, Innov Green Solutions
Company Limited
 - 2013-2016 Assistant Managing Director of Customer Service and
Business, Masterkool International Public Company
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Miss Mallika Trakoolthai
Company Secretary

Age : 52

Educational Qualification :

- Bachelor in English Program, Faculty of Humanities, Srinakharinwirot University

Training

- Fundamental Practice for Corporate Secretaries Class 28, Thailand Listed Companies Association (TLCA)
- Fundamentals of Law for Corporate Secretaries Class 10, Thailand Listed Companies Association (TLCA)
- Management Development Program, Thailand Management Association
- Advances for Corporate Secretaries Class 1/2016, Thailand Listed Companies Association (TLCA)
- How to Develop a Risk Management Plan HRP, Class 12/2017 Thai Institute of Directors (IOD)
- Corruption Risk & Control Technical Update (CRC) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company : 1,065,803 Shares, 0.22%

Last 5 Years of Experience:

- 2013 - Present Executive Director and Company Secretary
Masterkool International Public Company Limited
- 2010 - 2013 Director and Assistant MD of Organization Development
Masterkool International Public Company Limited



Appointed on 8 November 2013

- Executive Director
- Company Secretary

Details of Directors of the Subsidiary

Name	Position	Number of meeting attended/ Total numbers of meeting in 2019
1. Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman	4/4
2. Mr. Noppachai Veeraman	Director and Managing Director	4/4
3. Ms. Sunanta Wanwat	Director	4/4
4. Ms. Benjarat Hattachanchai	Director	4/4

Authorized directors who are authorized to sign on behalf of the Company are Mr. Noppachai Veeraman, Miss Sunanta Wanwat, Miss Benjarat Hattachanchai, two-thirds of the directors signing together with the company's seal.

The Board of Directors has appointed Ms. Mallika Trakoolthai as the secretary of the Board of Directors.

In this regard, the Board of Directors of the subsidiary is a 4-member committee from the Board of Directors of Masterkool International Public Company Limited which details of the subsidiary's board of directors are specified in Attachment 1.

Details of the Head of Internal Audit

Internal Auditor (Outsource)	Acc-Plus Consultant Co., Ltd. 33 Soi Chat San, Thanon Suthisan Winitchay, Sam Sen Nok, Bangkok Tel 0-2693-3581-2		
Chief of Internal Auditor	Ms. Wanna Maluangnon		
Education Qualifications	1994 Master of Business Administration, Chulalongkorn University 1991 Diploma of Auditing, Thammasat University 1990 Bachelor of Accounting, Chulalongkorn University		
Work experience	1994 - Present	Managing Director	Acc-Plus Consultant Co., Ltd.
	2018 - Present	Chief of Internal Auditor	Praram 9 Hospital Public Company Limited
	2016 - Present	Independent Director, Chairman of the Audit Committee	Dimet (Siam) Public Company Limited
	2016 – 2017	Chairman of the Board	Ocean Commerce Public Company Limited
Related Training	<ul style="list-style-type: none"> • Certificate Risk Management Program for Corporate Leader (RCL5/2016) Thai Institute of Directors (IOD) • Training on Internal Auditing on Fraud Detection Organized, organized by the Federation of Accounting Professions • Workshop on COSO2013 framework for internal control, the latest version, Class 3/56, organized by the Federation of Accounting Professions • Workshop on the evaluation of Risk Assessment Methods for Planning Internal Audit Class 3/55, organized by the Federation of Accounting Professions • Workshop on the evaluation of internal control system design COSO-ERM of each application (December 2011) • Audit Committee Program – ACP, Class 42/2013, organized by The Thai <i>Institute of Directors</i> Association (IOD) • Director Accreditation Program – DAP, Class 99/2012, organized by The Thai <i>Institute of Directors</i> Association (IOD) • Auditor License No. 4170 		
Proportion of Shareholding in the Company	<ul style="list-style-type: none"> • None 		
Family relations between directors and executives	<ul style="list-style-type: none"> • None 		

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Masterkool International Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Masterkool International Public Company Limited and its subsidiaries (the Group) and of Masterkool International Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2019, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Masterkool International Public Company Limited and its subsidiaries and of Masterkool International Public Company Limited as at December 31, 2019, and its consolidated and separate financial performance and its consolidated and separate 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 Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

SP Audit Co., Ltd.

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.

Valuation of inventories

As at December 31, 2019, the Group had inventories of Baht 198.32 million which the Group's inventories are valued in the statement of financial position at cost or net realizable value whichever were lower (Note no. 4.4 and 12) I focus on this area because that estimated net realizable value involve management's judgments and the amount of inventories are significant to the financial statements.

Key Audit Procedures

I reviewed the Group's policy to measure the net realizable value of inventories was appropriate and accordance with the requirement of Thai Financial Reporting Standards and reviewed the appropriateness consistency of the methods for making the estimated net realizable value.

I understood the method for making, reviewing and authorization of estimated net realizable value. And

I audited evidences sufficiently and appropriately about to reliability of selling price of inventories that occurred after the reporting period and estimated costs necessary to make sale that they were used to make the estimated net realizable value. Apart from this, I recalculated the mathematical accuracy estimated net realizable value.

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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to correct the materially 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I have required to draw attention in my auditor's report to the related disclosures in the consolidated and Separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

SP Audit Co., Ltd.

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.

SP Audit Company Limited

(Miss Chuenta Chommern)

Certified Public Accountant (Thailand) No. 7570

Bangkok

February 27, 2020

Masterkool International Public Company Limited and Subsidiary

Statements of Financial Position

As at December 31, 2019

(Unit : Baht)

		Consolidated		Separate financial statement	
	Note	2019	2018	2019	2018
		Reclassification		Reclassification	
<u>Assets</u>					
Current assets					
Cash and cash equivalents		38,013,570.19	27,016,861.67	25,380,122.04	11,791,449.19
Trade and other current receivables - related parties	7.1, 8	4,647,488.13	4,563,831.34	12,643,473.27	19,796,035.93
Trade and other current receivables - third parties	9	95,794,366.04	99,371,905.82	73,351,996.60	88,685,137.48
Current portion of receivables of					
finance lease	10	156,850.60	4,526,286.41	22,687.93	89,192.00
Contract assets	11	2,511,021.68	267,357.70	13,333.33	107,060.49
Inventories	12	198,322,477.69	179,311,687.58	196,153,849.77	175,949,663.09
Construction in progress		-	471,469.10	-	-
Total current assets		339,445,774.33	315,529,399.62	307,565,462.94	296,418,538.18
Non-current assets					
Deposits at financial institutions pledged as collateral	13	70,750,000.00	70,750,000.00	69,750,000.00	69,750,000.00
Receivables of finance lease	10	14,518.26	142,135.36	-	22,687.90
Investment in subsidiary	14	-	-	30,255,410.25	30,255,410.25
Property, plant and equipment	15	55,997,767.77	53,086,260.97	46,153,794.02	44,244,945.94
Intangible assets	16	3,706,612.04	4,765,475.36	3,492,837.86	4,477,214.67
Deferred tax assets	17	-	22,217.81	-	22,413.08
Revenue Department Receivable		3,902,480.25	3,902,480.25	3,902,480.25	3,902,480.25
Other non-current assets		8,071,610.65	6,854,546.83	6,702,344.80	5,404,169.06
Total non-current assets		142,442,988.97	139,523,116.58	160,256,867.18	158,079,321.15
Total assets		481,888,763.30	455,052,516.20	467,822,330.12	454,497,859.33

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

Masterkool International Public Company Limited and Subsidiary

Statements of Financial Position

As at December 31, 2019

(Unit : Baht)

	Note	Consolidated		Separate financial statement	
		2019	2018	2019	2018
			Reclassification		Reclassification
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Bank overdrafts and short-term loan from financial institutions	18	150,352,572.54	191,447,502.13	150,352,572.54	191,447,502.13
Trade and other current payables - related parties	7.1	-	587,670.99	891,330.16	1,091,165.78
Trade and other current payables - third parties	19	71,202,039.38	52,566,047.88	64,006,658.00	44,309,749.95
Contract liabilities	20	36,635,956.24	9,879,182.59	36,036,968.54	9,874,532.58
Accrued income tax payable		279,529.78	1,165,296.23	1,346.96	896,073.82
Provision for warranty	21	5,658,825.42	5,803,175.96	4,893,267.79	3,901,175.96
Finance lease liabilities	22	2,347,676.31	2,138,337.72	2,347,676.31	2,138,337.72
Loan from related parties	7.1	-	10,000,000.00	-	18,000,000.00
Accrued income tax payable		91,766.66	-	-	-
Total current liabilities		266,568,366.33	273,587,213.50	258,529,820.30	271,658,537.94
Non - current liabilities					
Long-term provision for warranty	21	31,147.76	225,100.00	-	-
Finance lease liabilities	22	2,352,314.46	577,572.26	2,352,314.46	577,572.26
Employee benefit obligations	23	15,026,485.89	11,264,685.01	13,702,404.81	10,225,533.22
Deferred tax liabilities	17	813,786.81	1,170,838.62	-	-
Total non - current liabilities		18,223,734.92	13,238,195.89	16,054,719.27	10,803,105.48
Total liabilities		284,792,101.25	286,825,409.39	274,584,539.57	282,461,643.42

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

Masterkool International Public Company Limited and Subsidiary

Statements of Financial Position

As at December 31, 2019

(Unit : Baht)

	Note	Consolidated		Separate financial statement	
		2019	2018	2019	2018
		Reclassification		Reclassification	
Shareholders' equity					
Share capital					
Authorised share capital					
576,000,000 ordinary shares of Baht 0.25 each	24	144,000,000.00	144,000,000.00	144,000,000.00	144,000,000.00
Issued and paid up share capital					
480,000,000 ordinary shares of Baht 0.25 each		120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Premium on ordinary shares		183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93
Surplus on share-based payment transactions		3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73
Retained earnings (Deficits)					
Appropriated - legal reserve	25	8,256,778.85	8,256,778.85	8,256,778.85	8,256,778.85
Unappropriated		(117,254,386.46)	(146,123,941.70)	(121,113,257.96)	(142,314,832.60)
Total shareholders' equity		197,096,662.05	168,227,106.81	193,237,790.55	172,036,215.91
Total liabilities and shareholders' equity		481,888,763.30	455,052,516.20	467,822,330.12	454,497,859.33

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

Masterkool International Public Company Limited and Subsidiary
Statements of Comprehensive Income
For the year ended December 31, 2019

(Unit : Baht)

		Consolidated		Separate financial statement	
	Note	2019	2018	2019	2018
			Reclassification		Reclassification
Revenues					
Revenue from sales		598,354,803.88	475,638,384.40	587,269,296.13	465,473,581.84
Revenue from services		102,176,453.76	89,903,863.10	57,746,506.90	54,731,614.38
Other income		11,995,957.41	7,176,862.44	14,615,224.34	6,086,174.21
Total revenues		712,527,215.05	572,719,109.94	659,631,027.37	526,291,370.43
Expenses					
Cost of sales		439,618,702.02	387,354,774.48	438,690,186.75	386,437,533.19
Cost of services		53,665,326.59	54,270,631.64	18,687,678.82	19,289,681.98
Cost of distribution		122,793,738.73	158,465,358.08	119,045,480.94	153,806,373.65
Administrative expenses		54,265,249.23	61,400,773.46	49,739,940.74	54,749,762.26
Finance cost		10,094,446.90	11,408,516.10	10,273,077.05	11,473,310.63
Total expenses		680,437,463.47	672,900,053.76	636,436,364.30	625,756,661.71
Profit (loss) before income tax expense		32,089,751.58	(100,180,943.82)	23,194,663.07	(99,465,291.28)
Income tax expense	26	(1,121,995.55)	(8,706,922.19)	(22,413.08)	(6,159,260.10)
Profit (loss) for the year		30,967,756.03	(108,887,866.01)	23,172,249.99	(105,624,551.38)
Other comprehensive income		-	-	-	-
Items must not be classified into profit or loss in the future					
Actuarial losses		(2,098,200.79)	(1,909,570.29)	(1,970,675.35)	(1,820,817.08)
Total comprehensive loss for the year		(2,098,200.79)	(1,909,570.29)	(1,970,675.35)	(1,820,817.08)
Total comprehensive income (loss) for the year		28,869,555.24	(110,797,436.30)	21,201,574.64	(107,445,368.46)
Basic earnings (loss) per share	27	0.06	(0.23)	0.04	(0.22)
Number of share (Unit : share)		480,000,000	480,000,000	480,000,000	480,000,000

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

Masterkool International Public Company Limited and Subsidiary
Consolidated Statements of Changes in Shareholders's Equity
For the year ended December 31, 2019

(Unit : Baht)

	Note	Issued and paid-up share capital	Share premium	Surplus on share-based payment transactions	Retained earnings (deficits)		Total
					Legal reseve	Unappropriated	
Balance as at January 1, 2018		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	-35,326,505.40	279,024,543.11
Change in equity for the year							
Actuarial losses		-	-	-	-	-1,909,570.29	(1,909,570.29)
Loss for the year		-	-	-	-	-108,887,866.01	(108,887,866.01)
Balance as at December 31, 2018		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	-146,123,941.70	168,227,106.81
Change in equity for the year							
Actuarial losses		-	-	-	-	-2,098,200.79	(2,098,200.79)
Profit for the year		-	-	-	-	30,967,756.03	30,967,756.03
Balance as at December 31, 2019		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(117,254,386.46)	197,096,662.05

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

Masterkool International Public Company Limited and Subsidiary

Separate Statements of Changes in Shareholders's Equity

For the year ended December 31, 2019

(Unit : Baht)

	Note	Issued and paid-up share capital	Share premium	Surplus on share-based payment transactions	Retained earnings (deficits)		Total
					Legal reserve	Unappropriated	
Balance as at January 1, 2018		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	-34,869,464.14	279,481,584.37
Change in equity for the year							
Actuarial losses		-	-	-	-	-1,820,817.08	(1,820,817.08)
Loss for the year		-	-	-	-	-105,624,551.38	(105,624,551.38)
Balance as at December 31, 2018		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(142,314,832.60)	172,036,215.91
Change in equity for the year							
Actuarial losses		-	-	-	-	-1,970,675.35	(1,970,675.35)
Profit for the year		-	-	-	-	23,172,249.99	23,172,249.99
Balance as at December 31, 2019		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(121,113,257.96)	193,237,790.55

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

Masterkool International Public Company Limited and Subsidiary

Statements of Cash Flows

For the year ended December 31, 2019

(Unit : Baht)

	Consolidated		Separate financial statement	
Note	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before income tax expense	32,089,751.58	(100,180,943.82)	23,194,663.07	(99,465,291.28)
Adjustments to reconcile profit (loss) before income tax expense for cash provided by (used in) operating activities				
Depreciation and amortization	21,042,365.24	19,599,468.24	19,631,032.20	18,569,670.39
Reversal doubtful debt	(757,934.38)	(516,577.44)	(757,934.38)	(520,954.23)
Reversal impairment loss on assets	(2,078,414.52)	(1,411,149.13)	(2,078,414.52)	(1,411,149.13)
Impairment loss on intangible assets	-	1,540,000.00	-	-
Unrealised gain from exchange rates	(1,117,236.90)	(1,115,476.81)	(977,227.06)	(1,132,062.17)
Loss from write-off of withholding tax	161,594.92	-	-	-
Loss from write-off of property, plant and equipment	747,828.17	297,350.19	745,152.77	291,868.33
Gain from disposal of property, plant and equipment	(370,076.04)	(157,876.39)	(370,076.04)	(157,876.39)
Loss from obsolete inventories (Reversal)	(16,668,107.65)	6,653,915.04	(17,150,934.37)	6,641,098.40
Employee benefit obligations	1,733,688.73	2,773,136.58	1,608,166.24	2,670,590.15
Provision for warranty (Reversal)	(338,302.78)	560,564.35	992,091.83	335,464.35
Interest income	(2,500,155.62)	(1,745,001.03)	(670,806.92)	(582,868.74)
Interest expenses	10,094,446.90	11,408,516.10	10,273,077.05	11,473,310.63
Profit (loss) from operating activities before changes in operating assets and liabilities	42,039,447.65	(62,294,074.12)	34,438,789.87	(63,288,199.69)
(Increase) decrease in trade and other current receivables - related parties	(83,656.79)	(1,715,741.63)	7,152,562.66	2,037,706.29
(Increase) decrease in trade and other current receivables - third parties	4,737,969.02	19,868,043.75	15,932,870.69	(7,920,237.62)
Decrease in finance lease receivables	4,497,052.91	15,144,094.34	89,191.97	498,809.23
(Increase) decrease in contract assets	(2,243,663.98)	7,617.44	93,727.16	(52,547.49)
(Increase) decrease in inventories	(3,759,529.94)	43,130,697.28	(4,466,050.55)	46,511,631.91
Decrease in construction in progress	471,469.10	-	-	-
Decrease in other non-current assets	245,517.01	2,598,541.00	326,000.00	1,955,041.51
Increase in trade and other current payables - related parties	-	-	452,630.16	200,291.72
Increase (decrease) in trade and other current payables - third parties	18,194,109.82	(18,411,064.90)	19,135,016.54	(10,312,072.47)
Increase in contract liabilities	26,756,773.65	7,570,571.56	26,162,435.96	7,565,921.55
Increase (decrease) in revenue department payable	(885,766.45)	548,611.20	(894,726.86)	456,811.97
Cash generated from operation	89,969,722.00	6,447,295.92	98,422,447.60	(22,346,843.09)
Cash paid for employee benefit obligation	(101,970.00)	-	(101,970.00)	-
Cash received from interest	2,045,202.29	1,800,329.26	776,553.03	657,481.22
Cash paid for income tax	(2,957,357.26)	(3,688,164.07)	(1,624,175.74)	(1,217,995.47)
Net cash provided by (used in) operating activities	88,955,597.03	4,559,461.11	97,472,854.89	(22,907,357.34)

Masterkool International Public Company Limited and Subsidiary

Statements of Cash Flows

For the year ended December 31, 2019

(Unit : Baht)

	Note	Consolidated		Separate financial statement	
		2019	2018	2019	2018
Cash flow from investing activities					
Cash received from sales of short-term investment		-	122,760.35	-	122,760.35
Cash paid for purchase of property, plant and equipment		(13,980,071.61)	(6,733,914.89)	(11,661,940.20)	(6,542,866.04)
Cash received from sales of property, plant and equipment		586,228.28	373,312.62	586,228.28	373,312.62
Cash paid for purchase of intangible assets		(385,500.00)	(771,502.00)	(385,500.00)	(728,057.00)
Decrease in short-term loan due to related party		-	-	-	7,000,000.00
Decrease in fixed deposits pledged as collateral		-	952,955.77	-	952,955.77
Net cash provided by (used in) investing activities		(13,779,343.33)	(6,056,388.15)	(11,461,211.92)	1,178,105.70
Cash flows from financing activities					
Increase (decrease) in short - term loans from financial institutions		(40,427,852.91)	21,108,371.09	(40,427,852.91)	21,108,371.09
Increases (decrease) in short-term loans from related parties		(10,000,000.00)	10,000,000.00	(18,000,000.00)	18,000,000.00
Cash paid for obligation under finance leases		(3,098,800.91)	(2,673,611.40)	(3,098,800.91)	(2,673,611.40)
Cash paid for long-term loan due from financial institution		-	(24,692.40)	-	(24,692.40)
Cash paid for interest		(10,652,891.36)	(10,763,142.20)	(10,896,316.30)	(10,763,142.20)
Net cash provided by (used in) financing activities		(64,179,545.18)	17,646,925.09	(72,422,970.12)	25,646,925.09
Net increase in cash and cash equivalent		10,996,708.52	16,149,998.05	13,588,672.85	3,917,673.45
Cash and cash equivalents, beginning balance		27,016,861.67	10,866,863.62	11,791,449.19	7,873,775.74
Cash and cash equivalents, ending balance	28.1	38,013,570.19	27,016,861.67	25,380,122.04	11,791,449.19

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

MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. General information

Masterkool International Public Company Limited (“the Company”) is a public limited company and is incorporated in Thailand. The Company is listed on The Market for Alternative Investment (MAI). The address of the Company’s registered office is 22 Soi 2 Thetsaban Rangsan Nuea Road, Latyao, Chatuchak Bangkok. The Company has administrative office branch as follows :

- The 1st office branch is 184 Moo 10, Nawanghin, Panusnikhom, Chonburi
- The 2nd office branch is 12/16-17 & 20 Thesabansongkro Rd., Ladyao, Chatuchak, Bangkok
- The 3rd office branch is 259/14 Soi Vibhavadi 40 (Patcharapa) Talat Bang Khen, Lak Si, Bangkok
- The 4th office branch is 39 Moo 6, Klongneung, Klongluang, Pathumthani
- The 5th office branch is 795 Pracharat 1 Rd., Bang Sue, Bang Sue, Bangkok

The principal activities of the Company and subsidiary (“the Group”) involve supply, sale and service of cooling products such as evaporative air cooler, misting fans industrial fans and ozone generator and sale and service for ozone system and provide general-renovation and repairment service.

1. Basis of preparation of financial statements

The financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (or 1992).

The financial statements have been prepared under the historical cost convention except some type of transaction using the basis as per explained in the related accounting policy.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates.

For the convenience of readers, an English language translation of the financial statements has been prepared from the Thai language interim financial statements which are issued for domestic reporting purposes.

The Federation of Accounting Profession (TFAC) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2019.

TFRS No. 1 First-time Adoption of International Financial Reporting Standards

TFRS No. 2 Share-based Payment (revised 2018)

TFRS No. 3 Business Combinations (revised 2018)

TFRS No. 4 Insurance Contracts (revised 2018)

TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2018)

TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2018)

TFRS No. 8 Operating Segments (revised 2018)

TFRS No. 10 Consolidated Financial Statements (revised 2018)

TFRS No. 11 Joint Arrangements (revised 2018)

TFRS No. 12 Disclosure of Interests in Other Entities (revised 2018)

TFRS No. 13 Fair Value Measurement (revised 2018)

TFRS No. 15 Revenue from Contracts with Customers

TAS No. 1 Presentation of Financial Statements (revised 2018)

TAS No. 2 Inventories (revised 2018)

TAS No. 7 Statement of Cash Flows (revised 2018)

TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)

TAS No. 10 Events after the Reporting Period (revised 2018)

TAS No. 12 Income Taxes (revised 2018)

TAS No. 16 Property, Plant and Equipment (revised 2018)

TAS No. 17 Leases (revised 2018)

TAS No. 19 Employee Benefits (revised 2018)

TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)

TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)

TAS No. 23 Borrowing Costs (revised 2018)

TAS No. 24 Related Party Disclosures (revised 2018)

TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)

TAS No. 27 Separate Financial Statements (revised 2018)

TAS No. 28 Investments in Associates and Joint Ventures (revised 2018)

TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2018)

TAS No. 33 Earnings per Share (revised 2018)

TAS No. 34 Interim Financial Reporting (revised 2018)

TAS No. 36 Impairment of Assets (revised 2018)

TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)

TAS No. 38 Intangible Assets (revised 2018)

TAS No. 40 Investment Property (revised 2018)

TAS No. 41 Agriculture (revised 2018)

TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)

TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2018)

TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)

TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies (revised 2018)

TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2018)

TFRIC No. 12 Service Concession Arrangements (revised 2018)

TFRIC No. 14 TAS 19 (revised 2018) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2018)

TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2018)
 TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)
 TFRIC No. 21 Levies (revised 2018)
 TFRIC No. 22 Foreign Currency Transactions and Advance Consideration
 TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2018)
 TSIC No. 15 Operating Leases - Incentives (revised 2018)
 TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)
 TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)
 TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2018)
 TSIC No. 32 Intangible Assets - Web Site Costs (revised 2018)

The Company has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period except the implementation of TFRS No.15 Revenue from Contracts with Customers as described in notes to financial statement no.4.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
TFRS No. 1 First-time Adoption of International Financial Reporting Standards	January 1, 2020
TFRS No. 3 Business Combinations	January 1, 2020
TFRS No. 7 Financial Instruments : Disclosures	January 1, 2020
TFRS No. 9 Financial Instruments	January 1, 2020
TFRS No. 11 Joint Arrangements	January 1, 2020
TFRS No. 16 Leases	January 1, 2020
TAS No. 12 Income Taxes	January 1, 2020
TAS No. 19 Employee Benefits	January 1, 2020
TAS No. 23 Borrowing Costs	January 1, 2020
TAS No. 28 Investments in Associates and Joint Ventures	January 1, 2020
TAS No. 32 Financial Instruments : Presentation	January 1, 2020
TFRIC No. 16 Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC No. 19 Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020
TFRIC No. 23 Uncertainty over Income Tax Treatments	January 1, 2020
Guide on Accounting : Financial Instruments and Disclosures for Insurance Business	January 1, 2020
Guide on Accounting : Exemption for Business Combination under Common Control in case of First-time Adoption of International Financial Reporting Standards	January 1, 2020

The Company has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Company's financial statements.

3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are those entities under the control by the Company. The Company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Related party transactions, balances and unrealized gains on transactions between The Company and its subsidiaries are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The consolidated financial statements for the year ended December 31, 2019 and 2018 have been prepared by including the financial statements of Masterkool International Public Company Limited and subsidiaries after eliminate the significant related party balances and transactions. The percentage directly and indirectly owned by the Company as follows:-

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Incorporated in</u>	<u>Percentage of shareholding</u>	
			<u>2019</u>	<u>2018</u>
Innov Green Solutions Co., Ltd.	Sale and service for ozone system	Thailand	100.00	100.00

The financial statements of the subsidiaries are prepared for the same reporting periods as the Company and using consistent significant accounting policies.

4. Accounting policies

4.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

4.2 Short-term investments

Short-term investment in the marketable security which the Company holds as trading security is classified as current asset and reflected by fair value. The Company recognized the change of the value in profit or loss.

The fair value of trading security is computed at the end of the reporting period from the latest price offered.

Disposal of investment

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in profit or loss.

When disposing of part of the Company's holding of an investment, the carrying amount of the disposed part is determined from the weighted average carrying amount of the total holding of the investment.

4.3 Trade receivable

Trade account receivable are carried in the statement of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at the end of the reporting period. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

4.4 Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprise raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

Costs of inventories are calculated as the follow method:-

Finished goods	- FIFO method
Raw material and supplies	- FIFO method

The Group estimates the net realisable value by using the selling price in the ordinary course of business less selling expenses.

The Group makes the allowance for diminutions in the value of obsolete, defective or slow-moving inventories.

4.5 Investments in subsidiaries

Investments in subsidiaries are reported by using the cost method of accounting in the separate financial statements less allowance for impairment investment.

4.6 Property, plant and equipment

Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Group's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, (Except Mold is calculated on unit of production) to their residual values over their estimated useful life as follows:

Buildings	10 – 20 years
Leasehold improvements	Upon contract
Mold	Unit of production
Equipment	5 years
Assets for rent	3 – 10 years
Office furniture and fixture	3 – 5 years
Vehicles	10 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.7 Intangible assets

Intangible assets in type of computer software, which have finite useful lives, are stated at cost less accumulated amortization and impairment losses (if any). Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives 5 years.

4.8 Research and development

The Group recognizes the expenditure on research activities as an expense in the period in which it is incurred.

The Group recognizes the expenditure arising from development if the Group can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

4.9 Impairment of assets

The carrying amounts of the Group's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Group will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

4.10 Accounting for leases

Where the Group is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term 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 (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

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

Where the Group is the lessor

The assets for rent under the financial lease agreement are shown in the statement of financial position as receivables of financial lease at the amount equal to the net investment of the lease agreement and recognize financial revenue in the format that reflect the fixed rate yield for each period based on the net investment of the lessor, which is the outstanding amount of the financial lease agreement.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group.

4.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

4.12 Revenue recognition

The Group recognizes the revenue from sale of goods to the customers, dealers and modern trade malls identified as a performance obligation satisfied at a point in time when the Group transfers to the customers, dealers and modern trade malls the control of goods and recognizes the revenue from sale of goods through some modern trade malls under the consignment sale when the modern trade malls sells to their customers the goods according to the transaction price, which is the fixed amount net from the consideration payable to a customer (if any), and also recognizes a warranty provision based on the best estimate of the expenditure required to settle the obligation because the Group has a policy to provide a warranty in connection with the goods sold within the specified time in type of an assurance-type warranty that provides a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications.

The Group sells the goods with the installation service in some contracts. The installation service is sold bundled together with the sale of goods. The installation service does not make a significant modifies or customizes to the goods and is not complex which can be provided by any other service provider. The Group separates the sale of goods as a performance obligation and the provision of installation service as another performance obligation. The Group allocates the transaction price to performance obligations on a relative stand-alone selling price basis. The Group recognizes the revenue from sale of goods when the Group transfers to the customer the control of promised goods identified as a performance obligation satisfied at a point in time according to the allocated transaction price and also recognizes the revenue from provision of installation service identified as a performance obligation satisfied over time according to the allocated transaction price based on the progress towards complete satisfaction of that performance obligation measured with the input method on the basis of the costs incurred relative to the total expected costs for the satisfaction of that performance obligation.

The Group recognizes the revenue from a provision of a warranty sold in addition to the customer after the period of the assurance-type warranty expired. Such warranty is treated as providing the customer with a service in addition to the assurance that the goods complies with agreed-upon specifications and is identified as a performance obligation satisfied over time according to the transaction price, which is the fixed amount, based on the progress towards complete satisfaction of that performance obligation measured with the input method on the basis of the warranty period provided relative to the total warranty period for the satisfaction of that performance obligation.

The Group recognizes the revenue from provision of a short-term repair service identified as a performance obligation satisfied over time according to the transaction price, which is the fixed amount, when the Group completes satisfaction of that performance obligation.

The Group recognizes the revenue from provision of an event management service for any event performed outside a building or outdoor with the Group's goods and equipments identified as a performance obligation satisfied over time according to the transaction price, which is the fixed amount, based on the progress towards complete satisfaction of that performance obligation measured with the input method on the basis of the period of service provided relative to the total period of service provided for the satisfaction of that performance obligation.

The Group recognizes the revenue from sale of equipment with design and installation service of the large ozone system identified as a single performance obligation satisfied over time according to the amount of the transaction price which includes the fixed amounts and the estimate variable amounts by using the expected value method only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved based on the progress towards complete satisfaction of the performance obligation with the input method on the basis of the costs incurred relative to the total expected costs for the satisfaction of that performance obligation.

The Group recognizes the revenue from provision of a various type of building renovation service identified as a single performance obligation satisfied over time according to the amount of the transaction price which includes the fixed amounts and the estimate variable amounts by using the expected value method only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved based on the progress towards complete satisfaction of the performance obligation with the output method by way of surveys of performance completed to date.

4.13 Foreign currency transactions

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at The end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as incurred.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.15 Employee benefits

Defined contribution plan

The Group operates a provident fund which is funded by payments from employees and by the Group. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

Defined benefit plan

The Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, current service cost and related interest expense. The current service cost and interest expense are recognized in profit or loss. Actuarial gains and losses arising from re-measurement of the employee benefit obligation are recognized in other comprehensive income and transferred in retained earnings, respectively without reclassification of those amounts to profit or loss in a subsequent period.

4.16 Corporate income tax

The Group recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for such period, the excess will be recognized as an asset in the statement of financial position.

The Group recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. And the Group recognizes a deferred tax asset for all deductible temporary differences arising from investment in subsidiaries and associates, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group measures the current tax liabilities and assets for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

4.17 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, investment in equity securities, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Forward contracts are carried at fair value and presented in other current assets or other current liabilities. Unrealized gains or losses on changes in fair value are recognized in profit or loss.

4.18 The important accounting estimation, supposition and judgment application

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Plant, equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant, equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

Financial lease/ Operation lease

The Group has entered into lease agreements for rental vehicle, machine and equipment. The Group has determined, based on an evaluation on terms and conditions of the arrangements, that the lease transfers ownership of these assets to the lessee, and so accounts for the contracts as financial leases.

Employment benefits

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

Estimated Service costs

The Group estimate costs of service projects based on details of the service work, taking into account the volume and value of materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for warranty

The Group estimate provision for warranty based on actual historical warranty expenses and/or currently available information related to the cost of various types of repair work.

5. Change in accounting policy

From January 1, 2019 onward, the Group applied TFRS No.15 Revenue from Contracts with Customers. The financial reporting standard requires that the Group shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services whereby setting the core principle concerning the revenue recognition by applying the five steps consisting of : Identify the contract with a customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract and Recognize revenue when (or as) the entity satisfies a performance obligation, instead of the previous revenue recognition principle. The Group applied the retrospective adjustment to the comparative financial information.

However, the change in accounting policy which not effects to the financial statements.

6. Change in accounting provision

For the year ended 31 December 2019, the Company reviews the estimation of the residual value of Mold by increasing the residual value of such assets in accordance with the expansion of useful life so as to reflect the use of such assets to match the actual use. The Company adopts the prospective treatment for such change. The change in accounting estimate effects that the depreciation for the year ended 31 December 2019 and 2020, decreases in the amount of Baht 0.33 million and Baht 0.28 million, respectively in the statement of comprehensive income.

7. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Veeraman family is a major shareholder, holding 25.64% (2018: 25.62%) of the share capital of the Company. Transactions related to companies in which major shareholder and directors, the principal shareholders or directors are recognized as related parties to the Company.

The Company has transactions with related persons and companies for the year ended December 31, 2019 and 2018 as follows:

7.1 Inter-assets and liabilities

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade receivables				
- Innov Green Solutions Co., Ltd.	-	-	6,872,485.21	13,359,704.59
- Site Preparation Management Co., Ltd.	112,760.00	-	112,760.00	-
- Actdee Co., Ltd.	4,522,539.10	4,563,831.34	4,522,539.03	4,563,831.34
- Let Co.,Ltd.	12,189.03	-	12,189.03	-
Total	4,647,488.13	4,563,831.34	11,519,973.27	17,923,535.93
Other current receivables				
- Innov Green Solutions Co., Ltd.	-	-	1,123,500.00	1,872,500.00
Total trade and other current receivables	4,647,488.13	4,563,831.34	12,643,473.27	19,796,035.93

(Unit : Baht)

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term loans to related party				
- Innov Green Solutions Co., Ltd.				
Beginning balance	-	-	-	7,000,000.00
Addition during the year	-	-	-	-
Repayment during the year	-	-	-	(7,000,000.00)
Ending balance	-	-	-	-
Account payables				
- Innov Green Solutions Co., Ltd.	-	-	860,280.00	438,700.00
Contract liabilities				
- Innov Green Solutions Co., Ltd.	-	-	31,050.16	-
Accrued interest expense				
- Innov Green Solutions Co., Ltd.	-	-	-	64,794.79
- Director	-	587,670.99	-	587,670.99
Total	-	587,670.99	-	652,465.78
Total account payables and other current payables	-	587,670.99	891,330.16	1,091,165.78
Short-term loans from related parties				
- Innov Green Solutions Co., Ltd.				
Beginning balance	-	-	8,000,000.00	-
Addition during the year	-	-	-	8,000,000.00
Repayment during the year	-	-	(8,000,000.00)	-
Ending balance	-	-	-	8,000,000.00
Short-term loans from related parties (continued)				
- Director				
Beginning balance	10,000,000.00	-	10,000,000.00	-
Addition during the year	-	10,000,000.00	-	10,000,000.00
Repayment during the year	(10,000,000.00)	-	(10,000,000.00)	-
Ending balance	-	10,000,000.00	-	10,000,000.00
Total	-	10,000,000.00	-	18,000,000.00

As at December 31, 2019 and 2018 , short - term loans from related parties are the loan from director and subsidiary in form of promissory note endure for a period 6 months, bear interest 6.50% and 5.00% per annum respectively. As at December 31, 2019, the Company has already paid the whole amount of the loan.

7.2 Inter-revenue and expenses

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales of goods				
- Innov Green Solutions Co., Ltd.	-	-	21,223,427.12	22,369,538.25
- Site Preparation Management Co., Ltd.	-	134,570.17	-	134,570.17
- Actdee Co., Ltd.	10,185,918.26	9,970,144.16	10,185,918.26	9,970,144.16
- Let Co.,Ltd.	11,391.62	-	11,391.62	-
Total	10,197,309.88	10,104,714.33	31,420,737.00	32,474,252.58
Service income				
- Innov Green Solutions Co., Ltd.	-	-	208,287.24	4,289,520.01
- Site Preparation Management Co., Ltd.	189,383.18	20,000.00	189,383.18	20,000.00
- Actdee Co., Ltd.	-	2,336.45	-	2,336.45
Total	189,383.18	22,336.45	397,670.42	4,311,856.46
Other income				
- Innov Green Solutions Co., Ltd.	-	-	4,582,446.23	-
Interest income				
- Innov Green Solutions Co., Ltd.	-	-	178,630.15	43,835.62
Costs of sales				
- Actdee Co., Ltd.	-	-	2,342,375.00	1,121,140.56
Rental cost and service cost				
- Innov Green Solutions Co., Ltd.	-	-	-	33,283.20
Disposal of assets				
- Innov Green Solutions Co., Ltd.	-	-	1,671.90	89,812.18
- Interest expense				
- Innov Green Solutions Co., Ltd.	-	-	178,630.15	64,794.79
- Director	279,589.04	587,670.99	279,589.04	587,670.99
Total	279,589.04	587,670.99	458,219.19	652,465.78

7.3 Management benefit expenses

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	14,017,300.00	10,487,900.00	12,210,300.00	9,110,900.00
Post-employment benefits	382,113.72	213,025.16	321,971.52	213,025.16
	<u>14,277,963.88</u>	<u>10,700,925.16</u>	<u>12,428,065.36</u>	<u>9,323,925.16</u>

7.4 Pricing policies

<u>Trading transactions</u>	<u>Policy of pricing</u>
Revenues from sales and services	Price approximate price charge to third party
Interest income	Rate approximate rate charge to Financial institutions
Other income	Contract price
Purchase of goods	Price approximate price charge to third party
Purchase of fixed assets	Price approximate price charge to third party
Rental service cost	Price approximate price charge to third party
Management fees	Cost plus margin
Advertising and sale promotion expenses	Price approximate price charge to third party
Consumables cost	Price approximate price charge to third party
Finance costs	Contract price (5.00% and 6.50% p.a.)

7.5 Commitments with related parties

As at December 31, 2019 and 2018, the Company has performed contract of management services to a subsidiary for 1 year. (2018 : for 1 year) The subsidiary constitutes obligation commitment that has to repay service fee by Baht 350,000.00 per month. (2018 : Baht 350,000.00 per month)

7.6 Relationships

<u>Company</u>	<u>Relationship</u>
Innov Green Solutions Co., Ltd.	Subsidiary
Let Co., Ltd.	Relative of shareholder & director
Site Preparation Management Co., Ltd.	Co-shareholder & co-director
Actdee Co., Ltd.	Relative of shareholder & director
Mr. Noppachai Weeraman	Shareholder & director
Mr. Fung Meng Hoi	Shareholder & director

8. Trade and other current receivables - related parties

Outstanding trade and other receivables - related parties can be aged as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade receivables				
Within credit term	1,076,558.29	1,734,842.63	7,949,043.43	12,674,461.85
Overdue 1 month to 3 months	1,090,324.34	2,417,030.34	1,090,324.34	4,836,831.25
Overdue 3 months to 6 months	2,480,605.50	411,958.37	2,480,605.50	411,958.37
Overdue 6 months to 12 months	-	-	-	284.46
Overdue over 12 months	-	-	-	-
Total	4,647,488.13	4,563,831.34	11,519,973.27	17,923,535.93
Accrued interest income	-	-	1,123,500.00	1,872,500.00
Total trade and other current receivables	4,647,488.13	4,563,831.34	12,643,473.27	19,796,035.93

9. Trade and other current receivable - third parties

Consisted of:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Post dated cheques	305,315.79	33,473.13	116,732.08	-
Trade receivables	88,952,280.22	84,347,732.06	76,454,595.23	75,845,582.94
Total	89,257,596.01	84,381,205.19	76,571,327.31	75,845,582.94
<u>Less</u> Allowance for doubtful debts	(12,811,566.90)	(13,627,046.55)	(12,709,407.61)	(13,524,887.26)
Net	76,446,029.11	70,754,158.64	63,861,919.70	62,320,695.68
Other receivables	8,056,504.11	510,452.35	472,684.24	501,540.64
Prepaid expense	1,428,085.97	1,205,481.33	1,022,233.22	1,189,591.83
Undue input vat	1,818,306.02	535,780.62	1,545,916.63	79,642.68
Deposit payment	5,317,313.06	23,999,914.85	5,317,313.06	23,999,914.85
Retention	1,423,411.10	745,414.31	-	-
Advance payment	1,446,778.85	1,727,479.63	1,273,991.93	700,527.71
Total	19,490,399.11	28,724,523.09	9,632,139.08	26,471,217.71
<u>Less</u> Allowance for doubtful debts	(142,062.18)	(106,775.91)	(142,062.18)	(106,775.91)
Net	19,348,336.93	28,617,747.18	9,490,076.90	26,364,441.80
Total trade and other current receivables	95,794,366.04	99,371,905.82	73,351,996.60	88,685,137.48

Outstanding trade receivable - third parties can be aged as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Within credit term	34,479,607.37	38,308,110.05	25,506,090.01	32,843,589.12
Overdue 1 month to 3 months	22,395,462.14	25,171,955.71	20,366,539.06	22,470,940.81
Overdue 3 months to 6 months	19,398,513.63	5,830,148.81	17,816,844.66	5,562,221.68
Overdue 6 months to 12 months	544,744.32	2,693,549.06	544,744.32	2,693,549.06
Overdue over 12 months	12,439,268.55	12,377,441.56	12,337,109.26	12,275,282.27
Total	89,257,596.01	84,381,205.19	76,571,327.31	75,845,582.94
<u>Less</u> Allowance for doubtful debts	(12,811,566.90)	(13,627,046.55)	(12,709,407.61)	(13,524,887.26)
Net	76,446,029.11	70,754,158.64	63,861,919.70	62,320,695.68

The movement of allowance for doubtful debts - trade receivable - third parties for the year ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Opening balance	(13,627,046.55)	(15,348,636.56)	(13,524,887.26)	(15,250,854.06)
Allowance increased during the year	(761,232.29)	(289,570.39)	(761,232.29)	(285,193.60)
Receivable during the year	1,554,452.94	740,950.98	1,554,452.94	740,950.98
Write-off during the year	22,259.00	1,270,209.42	22,259.00	1,270,209.42
Ending balance	(12,811,566.90)	(13,627,046.55)	(12,709,407.61)	(13,524,887.26)

The movement of allowance for doubtful debts – Others receivable - third parties for the year ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated/ Separate financial statement	
	<u>2019</u>	<u>2018</u>
Opening balance	(106,775.91)	(171,972.76)
Allowance increased during the year	(35,286.27)	-
Reversal during the year	-	65,196.85
Ending balance	(142,062.18)	(106,775.91)

10. Finance lease receivables

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2019	2018	2019	2018
Receivables of financial lease contracts	171,368.86	4,668,421.77	22,687.93	111,879.90
<u>Less</u> Current portion	(156,850.60)	(4,526,286.41)	(22,687.93)	(89,192.00)
Net	14,518.26	142,135.36	-	22,687.90

Finance lease receivables - minimum lease payments receivable as follows:

(Unit : Baht)

	Consolidated			Separate financial statement		
	2019					
	Finance lease receivables	Unearned finance income	Net	Finance lease receivables	Unearned finance income	Net
Not later than 1 year	185,479.94	(28,629.34)	156,850.60	41,823.44	(19,135.54)	22,687.90
Later than 1 year but not later than 5 years	14,697.64	(179.38)	14,518.26	-	-	-
Total	200,177.58	(28,808.72)	171,368.86	41,823.44	(19,135.54)	22,687.90

(Unit : Baht)

	Consolidated			Separate financial statement		
	2018					
	Finance lease receivables	Unearned finance income	Net	Finance lease receivables	Unearned finance income	Net
Not later than 1 year	4,806,696.45	(280,410.04)	4,526,286.41	167,293.44	(78,101.44)	89,192.00
Later than 1 year but not later than 5 years	167,705.84	(25,570.48)	142,135.36	41,823.36	(19,135.46)	22,687.90
Total	4,974,402.29	(305,980.52)	4,668,421.77	209,116.80	(97,236.90)	111,879.90

As at December 31, 2019, the Group performs the contract of long term financial leased with several customers so as to lease goods by number of 9 contracts (2018 : number of 10 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 7,348.82 - 96,117.31 per month (2018 : from Baht 7,348.82 - 270,000.00 per month). The leased period is carried from 2-7 year (2018 : from 1-7 year). In addition, ownership of such goods will be transferred to ownership of the customers when the Group receives the payments of final installment in accordance with the leased contract.

11. Contract assets

Consisted of:-

	Consolidated		Separate financial statement	
	2019	2018	2019	2018
	(Unit : Baht)			
Revenue from accrued service	2,511,021.68	267,357.70	13,333.33	107,060.49

12. Inventories

Consisted of:-

(Unit : Baht)						
Consolidated						
	2019			2018		
	Cost	Allowance for diminution in value of inventories	Net	Cost	Allowance for diminution in value of inventories	Net
Finished goods	169,245,702.25	(16,487,212.03)	152,758,490.22	170,507,823.62	(33,182,761.44)	137,325,062.18
Raw materials	27,245,829.87	(8,853,665.63)	18,392,164.24	28,987,528.24	(8,826,223.87)	20,161,304.37
Goods in transit	27,171,823.23	-	27,171,823.23	21,825,321.03	-	21,825,321.03
Total	223,663,355.35	(25,340,877.66)	198,322,477.69	221,320,672.89	(42,008,985.31)	179,311,687.58

(Unit : Baht)						
Separate financial statement						
	2019			2018		
	Cost	Allowance for diminution in value of inventories	Net	Cost	Allowance for diminution in value of inventories	Net
Finished goods	166,574,617.66	(15,984,755.36)	150,589,862.30	167,126,169.18	(33,163,131.49)	133,963,037.69
Raw materials	27,245,829.87	(8,853,665.63)	18,392,164.24	28,987,528.24	(8,826,223.87)	20,161,304.37
Goods in transit	27,171,823.23	-	27,171,823.23	21,825,321.03	-	21,825,321.03
Total	220,992,270.76	(24,838,420.99)	196,153,849.77	217,939,018.45	(41,989,355.36)	175,949,663.09

The movement of allowance for diminutions in value of inventories for the year ended December 31, 2019 and 2018 are as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(42,008,985.31)	(35,355,070.27)	(41,989,355.36)	(35,348,256.96)
Additional during the year	(8,461,756.52)	(22,017,349.79)	(7,978,929.80)	(22,004,533.15)
Reversal during the year	25,129,864.17	15,363,434.75	25,129,864.17	15,363,434.75
Ending balance	(25,340,877.66)	(42,008,985.31)	(24,838,420.99)	(41,989,355.36)

For the years ended December 31, 2019, the costs of inventories recognized as expenses are Baht 455.29 million and Baht 454.84 million in the consolidated and separate financial statement, respectively (2018 : Baht 380.37 million and Baht 379.46 million in the consolidated and separate financial statement, respectively).

For the years ended December 31, 2019, the Group has reversed allowance for diminutions in the value of inventories in amount of Baht 25.13 million in the consolidated and separate financial statement (2018 : Baht 15.36 million in the consolidated and separate financial statement).

As at December 31, 2019, the some inventories with the carrying amount of Baht 24.25 million and Baht 26.59 million in the consolidated and separate financial statement, respectively, are expected to be sold more than twelve months after the reporting period (2018 : Baht 78.10 million in the consolidated and Baht 78.04 million and separate financial statement respectively).

13. Deposits at financial institutions pledged as collateral

As at December 31, 2019 and 2018, the restricted bank deposits are fixed deposit used to guarantee credit and obligation with commercial bank as mentioned in the note to financial statement 18 and 31.

14. Investments in subsidiary

The composition of the Group in the consolidated financial statements and the carrying value of investment in subsidiaries in the separate financial statement can be summarized as follows:-

<u>Name of subsidiary</u>	<u>Paid-up capital ('000 Baht)</u>		<u>Investment portion (%)</u>		<u>Cost method ('000 Baht)</u>		<u>Dividends ('000 Baht)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Subsidiary don't having non-controlling interests</u>								
Innov Green Solutions Co., Ltd.	30,000	30,000	100	100	30,255	30,255	-	-
Total					30,255	30,255	-	-

15. Property, plant and equipment

Consisted of:-

	Consolidated							(Unit : Baht)
	Land	Building improvement and utility system	Mold and factory equipment	Assets for rent	Figure and office equipment	Motor vehicle	Assets under construction	Total
Cost:-								
As at January 1, 2019	900,000.00	25,472,987.96	84,321,366.42	10,608,540.83	10,370,669.16	13,515,106.50	134,191.43	145,322,862.30
Addition	-	3,913,446.00	2,051,585.94	6,455,284.02	453,404.18	4,247,836.43	4,273,518.04	21,395,074.61
Transfer in	-	2,160,000.00	-	1,627,818.93	-	-	-	3,787,818.93
Disposal	-	-	-	(526,574.72)	(1,672.90)	(2,019,789.96)	-	(2,548,037.58)
Transfer out	-	-	-	-	-	-	(3,787,818.93)	(3,787,818.93)
Write - off	-	-	(4,691,548.33)	(79,548.16)	(556,648.74)	-	-	(5,327,745.23)
As at December 31, 2019	900,000.00	31,546,433.96	81,681,404.03	18,085,520.90	10,265,751.70	15,743,152.97	619,890.54	158,842,154.10
Accumulated depreciation:-								
As at January 1, 2019	-	(20,213,596.31)	(37,336,618.05)	(6,449,158.14)	(7,945,794.91)	(7,111,866.41)	-	(79,057,033.82)
Depreciation charge	-	(1,718,092.66)	(12,667,217.91)	(3,234,060.23)	(1,138,281.23)	(842,451.47)	-	(19,600,103.50)
Disposal	-	-	-	431,013.90	1,671.90	1,899,199.54	-	2,331,885.34
Transfer in	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Write - off	-	-	3,965,292.57	77,388.91	539,337.16	-	-	4,582,018.64
As at December 31, 2019	-	(21,931,688.97)	(46,038,543.39)	(9,174,815.56)	(8,543,067.08)	(6,055,118.34)	-	(91,743,233.34)
Allowance for impairment:-								
As at January 1, 2019	-	-	(13,179,567.51)	-	-	-	-	(13,179,567.51)
Reversal	-	-	2,078,414.52	-	-	-	-	2,078,414.52
As at December 31, 2019	-	-	(11,101,152.99)	-	-	-	-	(11,101,152.99)
Net book value:-								
As at December 31,2019	900,000.00	9,614,744.99	24,541,707.65	8,910,705.34	1,722,684.62	9,688,034.63	619,890.54	55,997,767.77
Depreciation in the statement of comprehensive income for the year ended December 31, 2019								19,600,103.50

(Unit : Baht)

	Consolidated							Total
	Land	Building improvement and utility system	Mold and factory equipment	Assets for rent	Figure and office equipment	Motor vehicle	Assets under construction	
Cost:-								
As at January 1, 2018	900,000.00	25,056,662.06	68,724,409.69	10,274,872.86	10,562,083.51	13,422,611.17	7,157,758.74	136,098,398.03
Addition	-	104,531.17	9,001,272.23	2,365,655.02	359,507.45	121,495.33	134,191.83	12,086,653.03
Transfer in	-	311,794.73	6,845,964.41	-	135,460.00	-	-	7,293,219.14
Disposal	-	-	(21,679.50)	(353,361.80)	(43,767.19)	-	-	(418,808.49)
Transfer out	-	-	-	(135,460.00)	-	-	(7,157,759.14)	(7,293,219.14)
Write - off	-	-	(228,600.41)	(1,543,165.25)	(642,614.61)	(29,000.00)	-	(2,443,380.27)
As at December 31, 2018	900,000.00	25,472,987.96	84,321,366.42	10,608,540.83	10,370,669.16	13,515,106.50	134,191.43	145,322,862.30
Accumulated depreciation:-								
As at January 1, 2018	-	(18,509,201.29)	(25,277,533.11)	(5,799,253.48)	(7,108,856.09)	(6,494,050.05)	-	(63,188,894.02)
Depreciation charge	-	(1,704,395.02)	(12,242,214.17)	(2,299,164.00)	(1,324,954.59)	(646,815.36)	-	(18,217,543.14)
Disposal	-	-	17,845.83	145,201.13	40,325.30	-	-	203,372.26
Transfer in	-	-	-	-	(135,405.00)	-	-	(135,405.00)
Transfer out	-	-	-	135,405.00	-	-	-	135,405.00
Write - off	-	-	165,283.40	1,368,653.21	583,095.47	28,999.00	-	2,146,031.08
As at December 31, 2018	-	(20,213,596.31)	(37,336,618.05)	(6,449,158.14)	(7,945,794.91)	(7,111,866.41)	-	(79,057,033.82)
Allowance for impairment:-								
As at January 1, 2018	-	-	(14,590,716.64)	-	-	-	-	(14,590,716.64)
Reversal	-	-	1,411,149.13	-	-	-	-	1,411,149.13
As at December 31, 2018	-	-	(13,179,567.51)	-	-	-	-	(13,179,567.51)
Net book value:-								
As at December 31, 2018	900,000.00	5,259,391.65	33,805,180.86	4,159,382.69	2,424,874.25	6,403,240.09	134,191.43	53,086,260.97
Depreciation in the statement of comprehensive income for the year ended December 31, 2018								18,217,543.14

(Unit : Baht)

Separate financial statement

	Land	Building improvement and utility system	Mold and factory equipment	Assets for rent	Figure and office equipment	Motor vehicle	Assets under construction	Total
Cost:-								
As at January 1, 2019	900,000.00	24,307,004.13	69,977,054.49	10,608,540.83	9,787,238.10	13,515,106.50	-	129,094,944.05
Addition	-	3,913,446.00	1,902,306.30	6,435,284.02	394,021.21	4,247,836.43	2,160,000.00	19,052,893.96
Transfer in	-	2,160,000.00	-	-	-	-	-	2,160,000.00
Disposal	-	-	-	(526,574.72)	(1,672.90)	(2,019,789.96)	-	(2,548,037.58)
Transfer out	-	-	-	-	-	-	(2,160,000.00)	(2,160,000.00)
Written – off	-	-	(4,691,548.33)	(79,548.16)	(547,048.74)	-	-	(5,318,145.23)
As at December 31, 2019	900,000.00	30,380,450.13	67,187,812.46	16,437,701.97	9,632,537.67	15,743,152.97	-	140,281,655.20
Accumulated depreciation:-								
As at January 1, 2019	-	(19,381,138.06)	(35,895,166.57)	(6,449,158.14)	(7,680,814.56)	(7,111,866.41)	-	(76,518,143.74)
Depreciation charge	-	(1,384,568.08)	(11,869,387.77)	(3,162,465.78)	(1,004,383.87)	(842,451.47)	-	(18,263,256.97)
Disposal	-	-	-	431,013.90	1,671.90	1,899,199.54	-	2,331,885.34
Transfer in	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Written – off	-	-	3,965,292.57	77,388.91	532,412.56	-	-	4,575,094.04
As at December 31, 2019	-	(20,765,706.14)	(43,799,261.77)	(9,103,221.11)	(8,151,113.97)	(6,055,118.34)	-	(87,874,421.33)
Allowance for impairment:-								
As at January 1, 2019	-	-	(8,331,854.37)	-	-	-	-	(8,331,854.37)
Reversal	-	-	2,078,414.52	-	-	-	-	2,078,414.52
As at December 31, 2019	-	-	(6,253,439.85)	-	-	-	-	(6,253,439.85)
Net book value:-								
As at December 31, 2019	900,000.00	9,614,743.99	17,135,110.84	7,334,480.86	1,481,423.70	9,688,034.63	-	46,153,794.02

Depreciation in the statement of comprehensive income for the year ended December 31, 2019

18,263,256.97

Separate financial statement

	Land	Building improvement and utility system	Mold and factory equipment	Assets for rent	Figure and office equipment	Motor vehicle	Assets under construction	Total
Cost:-								
As at January 1, 2018	900,000.00	23,890,678.23	54,398,737.39	10,274,872.86	10,000,819.84	13,422,611.17	7,157,759.14	120,045,478.63
Addition	-	104,531.17	8,982,632.60	2,365,655.02	321,290.06	121,495.33	-	11,895,604.18
Transfer in	-	311,794.73	6,845,964.41	-	135,460.00	-	-	7,293,219.14
Disposal	-	-	(21,679.50)	(353,361.80)	(43,767.19)	-	-	(418,808.49)
Transfer out	-	-	-	(135,460.00)	-	-	(7,157,759.14)	(7,293,219.14)
Written – off	-	-	(228,600.41)	(1,543,165.25)	(626,564.61)	(29,000.00)	-	(2,427,330.27)
As at December 31, 2018	900,000.00	24,307,004.13	69,977,054.49	10,608,540.83	9,787,238.10	13,515,106.50	-	129,094,944.05
Accumulated depreciation:-								
As at January 1, 2018	-	(18,065,365.12)	(24,275,151.03)	(5,799,253.48)	(6,968,373.10)	(6,494,050.05)	-	(61,602,192.78)
Depreciation charge	-	(1,315,772.94)	(11,803,144.77)	(2,299,164.00)	(1,189,889.09)	(646,815.36)	-	(17,254,786.16)
Disposal	-	-	17,845.83	145,201.13	40,325.30	-	-	203,372.26
Transfer in	-	-	-	-	(135,405.00)	-	-	(135,405.00)
Transfer out	-	-	-	135,405.00	-	-	-	135,405.00
Written – off	-	-	165,283.40	1,368,653.21	572,527.33	28,999.00	-	2,135,462.94
As at December 31, 2018	-	(19,381,138.06)	(35,895,166.57)	(6,449,158.14)	(7,680,814.56)	(7,111,866.41)	-	(76,518,143.74)
Allowance for impairment:-								
As at January 1, 2018	-	-	(9,743,003.50)	-	-	-	-	(9,743,003.50)
Reversal	-	-	1,411,149.13	-	-	-	-	1,411,149.13
As at December 31, 2018	-	-	(8,331,854.37)	-	-	-	-	(8,331,854.37)
Net book value:-								
As at December 31, 2018	900,000.00	4,925,866.07	25,750,033.55	4,159,382.69	2,106,423.54	6,403,240.09	-	44,244,945.94

Depreciation in the statement of comprehensive income for the year ended December 31, 2018

17,254,786.16

As at December 31, 2019, certain plant and equipment items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 16.66 millions (2018: Baht 15.41 million).

As at December 31, 2019 The Company has pledged the land plus property and equipment in original cost of Baht 3.19 million (2018: Baht 3.64 million) to guarantee against credit facility of the Company that receives from a commercial bank in amount of Baht 282.50 million.

Assets under finance leases, where the Company are lessee, which are included in the above list includes vehicles and machinery with net book value as at December 31, 2019 of Baht 7.55 million and Baht 1.74 million, respectively,(2018 : Baht 4.68 million and Baht 1.57 million, respectively).

16. Intangible assets

Consisted of:-

	(Unit : Baht)		
	Consolidated		
	Computer software	Computer software Under installation	Total
Cost :-			
As at January 1, 2019	11,238,348.43	2,716,000.00	13,954,348.43
Purchase	385,500.00	-	385,500.00
Write - off	(14,746.23)	-	(14,746.23)
Transfer in	1,176,000.00	-	1,176,000.00
Transfer out	-	(1,176,000.00)	(1,176,000.00)
As at December 31, 2019	12,785,102.20	1,540,000.00	14,325,102.20
Accumulated amortization :-			
As at January 1, 2019	(7,648,873.07)	-	(7,648,873.07)
Amortization for the year	(1,442,261.74)	-	(1,442,261.74)
Write-off	12,644.65	-	12,644.65
As at December 31, 2019	(9,078,490.16)	-	(9,078,490.16)
Allowance for impairment :-			
As at January 1, 2019	-	(1,540,000.00)	(1,540,000.00)
(Increases)/decreases	-	-	-
As at December 31, 2019	-	(1,540,000.00)	(1,540,000.00)
Net book value :-			
As at December 31, 2019	3,706,612.04	-	3,706,612.04
Amortization charges for the year ended December 31, 2019			1,442,261.74

(Unit : Baht)

	Consolidated		
	Computer software	Computer software Under installation	Total
Cost :-			
As at January 1, 2018	12,623,346.43	3,467,000.00	16,090,346.43
Purchase	771,502.00	-	771,502.00
Write - off	(3,000,000.00)	-	(3,000,000.00)
Transfer in	843,500.00	-	843,500.00
Transfer out	-	(751,000.00)	(751,000.00)
As at December 31, 2018	11,238,348.43	2,716,000.00	13,954,348.43
Accumulated amortization :-			
As at January 1, 2018	(9,266,946.97)	-	(9,266,946.97)
Amortization for the year	(1,381,925.10)	-	(1,381,925.10)
Write-off	2,999,999.00	-	2,999,999.00
As at December 31, 2018	(7,648,873.07)	-	(7,648,873.07)
Allowance for impairment :-			
As at January 1, 2018	-	-	-
(Increases)/decreases	-	(1,540,000.00)	(1,540,000.00)
As at December 31, 2018	-	(1,540,000.00)	(1,540,000.00)
Net book value :-			
As at December 31, 2018	3,589,475.36	1,176,000.00	4,765,475.36
Amortization charges for the year ended December 31, 2018			1,381,925.10

(Unit : Baht)

	Separate financial statements		
	Computer software		Total
	Computer software	Under installation	
Cost :-			
As at January 1, 2019	10,849,081.00	1,176,000.00	12,025,081.00
Purchase	385,500.00	-	385,500.00
Write - off	(14,746.23)	-	(14,746.23)
Transfer in	1,176,000.00	-	1,176,000.00
Transfer out	-	(1,176,000.00)	(1,176,000.00)
As at December 31, 2019	12,395,834.77	-	12,395,834.77
Accumulated amortization :-			
As at January 1, 2019	(7,547,866.33)	-	(7,547,866.33)
Amortization for the year	(1,367,775.23)	-	(1,367,775.23)
Write - off	12,644.65	-	12,644.65
As at December 31, 2019	(8,902,996.91)	-	(8,902,996.91)
Net book value :-			
As at December 31, 2019	3,492,837.86	-	3,492,837.86
Amortization charges for the year ended December 31, 2019			1,367,775.23

(Unit : Baht)

	Separate financial statements		
	Computer software		Total
	Computer software	Under installation	
Cost :-			
As at January 1, 2018	12,370,024.00	1,927,000.00	14,297,024.00
Purchase	728,057.00	-	728,057.00
Write - off	(3,000,000.00)	-	(3,000,000.00)
Transfer in	751,000.00	-	751,000.00
Transfer out	-	(751,000.00)	(751,000.00)
As at December 31, 2018	10,849,081.00	1,176,000.00	12,025,081.00
Accumulated amortization :-			
As at January 1, 2018	(9,232,981.10)	-	(9,232,981.10)
Amortization for the year	(1,314,884.23)	-	(1,314,884.23)
Write - off	2,999,999.00	-	2,999,999.00
As at December 31, 2018	(7,547,866.33)	-	(7,547,866.33)
Net book value :-			
As at December 31, 2018	3,301,214.67	1,176,000.00	4,477,214.67
Amortization charges for the year ended December 31, 2018			1,314,884.23

As at December 31, 2019, certain intangible assets items of the Company have been fully amortized but are still in use. The original cost, before deducting accumulated amortization, of those assets amounted to Baht 3.73 million (2018: Baht 3.73 million).

17. Deferred tax assets/liabilities

The movements of deferred tax assets and liabilities for the year ended December 31, 2019 and 2018, are as follows:-

(Unit : Baht)

	Consolidated						
	January 1, 2018	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2018	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2019
Property, plant and equipment	604,853.21	(1,725,942.30)	-	(1,121,089.09)	(237,778.22)	-	(1,358,867.31)
Finance lease receivables	(165,379.42)	137,847.70	-	(27,531.72)	27,531.72	-	-
Trade receivable	2,649,498.52	(2,649,498.52)	-	-	20,431.86	-	20,431.86
Inventories	3,050,302.43	(3,050,302.43)	-	-	100,491.33	-	100,491.33
Provision for warranty	874,998.71	(874,998.71)	-	-	159,341.08	-	159,341.08
Employee benefit obligation	544,027.93	(544,027.93)	-	-	232,934.86	31,881.36	264,816.22
Total	7,558,301.38	(8,706,922.19)	-	(1,148,620.81)	302,952.63	31,881.36	(813,786.82)

(Unit : Baht)

	Separate financial statement						
	January 1, 2018	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2018	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2019
Finance lease receivables	(364,689.42)	364,689.42	-	-	-	-	-
Finance lease receivables	(1,770.04)	24,183.12	-	22,413.08	(22,413.08)	-	-
Trade receivable	2,629,942.02	(2,629,942.02)	-	-	-	-	-
Inventories	3,048,939.77	(3,048,939.77)	-	-	-	-	-
Provision for warranty	494,598.71	(494,598.71)	-	-	-	-	-
Employee benefit obligation	374,652.14	(374,652.14)	-	-	-	-	-
Total	6,181,673.18	(6,159,260.10)	-	22,413.08	(22,413.08)	-	-

The Group offsets the deferred tax assets and liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Amount recognized as assets/liabilities in the statement of financial position				
- Deferred tax assets	-	22,217.81	-	22,413.08
- Deferred tax liabilities	(813,786.81)	(1,170,838.62)	-	-
Total	(813,786.81)	(1,148,620.81)	-	22,413.08

The deferred tax asset is not recognized in the statement of financial position; consisted of :-

(Unit : Baht)

	Consolidated financial statement		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unused tax losses				
- Expire in next 1 year	-	-	-	-
- Expire in next 2 – 12 years	15,296,142.75	30,466,229.84	15,296,142.75	30,466,229.84
Temporary differences	16,623,135.80	20,643,546.15	16,619,334.01	18,708,395.32
Total	31,919,278.55	51,109,775.99	31,915,476.76	49,174,625.16

The deferred tax assets and liabilities, which is not recognized in the statement of financial position, arises from undistributed profits associated with investments in subsidiaries, joint ventures and associates; consisted of :-

(Unit : Baht)

	Consolidated	
	<u>2019</u>	<u>2018</u>
Deferred tax assets (liabilities) are not recognized :		
- Subsidiary	(830,320.12)	707,038.74
Total	(830,320.12)	707,038.74

18. Bank overdrafts and short-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated financial statement		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank overdrafts	33,105,757.64	37,351,908.44	33,105,757.64	37,351,908.44
Short-term loans	40,095,145.68	63,125,616.32	40,095,145.68	63,125,616.32
Trust receipt payables	77,151,669.22	90,969,977.37	77,151,669.22	90,969,977.37
Total	150,352,572.54	191,447,502.13	150,352,572.54	191,447,502.13

As at December 31, 2019, the Group held bank overdraft and short – term loans from financial institutions amounting of Baht 250.10 million (2018: Baht 331.10 million). Interest rate is MLR, MLR – 1.00%, MOR, MOR – 1.50% per annum (2018: interest rate is MLR, MLR – 1.00%, MOR, MOR – 1.50% per annum).

Such the line of bank overdrafts and short-term borrowings from financial institutions are secured by bank deposits described in Note 13 to the financial statements, land and buildings described in Note 15.

19. Trade and other current payable - third parties

Consisted of:-

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables	45,508,957.57	26,342,042.73	41,919,491.06	22,078,993.81
Asset payable	4,517,957.01	6,784,265.21	2,658,232.78	4,784,531.15
Accrued expenses	19,752,998.82	17,172,626.68	18,427,819.73	15,454,605.28
Undue output vat	651,631.31	768,354.18	528,265.29	710,608.31
Other payables	770,494.67	1,498,759.08	472,849.14	1,281,011.40
Total	71,202,039.38	52,566,047.88	64,006,658.00	44,309,749.95

20. Contract liabilities

Consisted of:-

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance revenue from sell goods	34,532,102.18	8,108,877.72	34,308,153.56	8,104,227.71
Advance revenue from service	1,938,854.06	1,770,304.87	1,728,814.98	1,770,304.87
Advance revenue from construction contract	165,000.00	-	-	-
Total	36,635,956.24	9,879,182.59	36,036,968.54	9,874,532.58

21. Provision for warranty

As at December 31, 2019 and 2018, the provision of Baht 5.69 million and Baht 4.89 million, in the consolidated and separate financial statements, respectively, has been recognized for expected warranty claims on goods sold. The Group is expected that the majority of this expenditure will be incurred in the next financial year, and all will be incurred within 1 - 2 years of statements of financial position date.

The movement of provision for warranty for the year ended December 31, 2019 and 2018 are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
As at January 1,	6,028,275.96	5,467,711.61	3,901,175.96	3,565,711.61
Increase during the year	5,456,373.18	4,900,966.24	4,893,267.79	4,675,866.24
Utilized during the year	-	-	-	-
Unused amount reversed during the year.	(5,794,675.96)	(4,340,401.89)	(3,901,175.96)	(4,340,401.89)
As at December 31,	5,689,973.18	6,028,275.96	4,893,267.79	3,901,175.96

Long-term provision for warranty – minimum payments:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Within 1 years	5,658,825.42	5,803,175.96	4,893,267.79	3,901,175.96
Within 2 year – 5 years	31,147.76	225,100.00	-	-
Total	5,689,973.18	6,028,275.96	4,893,267.79	3,901,175.96

22. Obligation under finance lease

Obligation under finance lease - minimum lease payments as follows:

(Unit : Baht)

	Consolidated /Separate financial statement					
	2019			2018		
	Obligation under <u>finance lease</u>	Deferred finance <u>lease charges</u>	<u>Net</u>	Obligation under <u>finance lease</u>	Deferred finance <u>lease charges</u>	<u>Net</u>
Not later than 1 year	2,546,229.96	(198,553.65)	2,347,676.31	2,235,758.16	(97,420.44)	2,138,337.72
Later than 1 year but not later than 5 years	2,470,908.33	(118,593.87)	2,352,314.46	593,113.16	(15,540.90)	577,572.26
Total	5,017,138.29	(317,147.52)	4,699,990.77	2,828,871.32	(112,961.34)	2,715,909.98

As at December 31, 2019, the Group has entered into the contract of long term financial leased with several leasing companies so as to lease vehicles by number of 15 contracts and Air-conditioner by number of 1 contract (2018 : vehicles by number of 11 contracts and machine by number of 1 contract). The leased contracts determine leased fee repayment as monthly installment from Baht 8,481.00 to Baht 90,282.00 per month (2018: Baht 6,943.93 to Baht 84,375.70 per month). The leased period is carried from 2 years to 4 years (2018: 2 years to 4 years). Such leased contract comprises the Group's shareholders and directors as guarantors. In addition, ownership of such vehicles will transfer to ownership of the Group when the Group pays the final installment in accordance with the leased contract.

23. Employee benefit obligation

Changes in the present value of the employee benefit obligation in case of retirement or termination under the labor law for the year ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Opening defined benefit balance	11,264,685.01	6,581,978.14	10,225,533.22	5,734,125.99
Past service cost	-	1,347,000.99	-	1,346,604.79
Current service cost	1,394,066.28	1,187,408.54	1,301,692.70	1,110,960.21
Interest cost	339,622.45	238,727.05	306,473.54	213,025.15
Actuarial losses arising from change in demographic assumption	377,388.31	593,375.17	376,644.71	592,822.89
Actuarial losses arising from change in financial assumption	1,887,207.58	4,578.32	1,651,646.52	28,942.88
Actuarial gains arising from change in experience adjustment	(134,513.74)	1,311,616.80	(57,615.88)	1,199,051.31
Benefit paid	(101,970.00)	-	(101,970.00)	-
Closing defined benefit balance	15,026,485.89	11,264,685.01	13,702,404.81	10,225,533.22

Principal actuarial assumptions as at December 31, 2019 and 2018 are as follows :

	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate at end of year	1.80%, 1.91%	3.19%, 3.08%	1.80%	3.08%
Future salary growth	6.00%, 5.00%	6.00%, 5.00%	6.00%	6.00%
Proportion of employees opting for early retirement	2.87%-34.38%	2.87%-34.38%	2.87%-34.38%	2.87%-34.38%

As at December 31, 2019 and 2018, changes in the actuarial assumption will affect to the employee benefit obligation as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	Employee benefit obligation Increase (decrease)			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
If the discount rate increase 0.50%	(846,317.83)	(595,107.33)	(745,500.08)	(515,245.06)
If the discount rate decrease 0.50%	924,295.28	646,611.98	814,068.40	559,255.92
If the future salary growth increase 1%	1,815,789.16	1,278,417.12	1,594,636.37	1,100,710.45
If the future salary growth decrease 1%	(1,560,085.02)	(802,770.38)	(1,370,525.00)	(954,621.53)
If the proportion of employees opting for early retirement increase 20.00%	(1,600,368.77)	(1,002,579.35)	(1,415,485.07)	(989,231.33)
If the proportion of employees opting for early retirement decrease 20.00%	2,013,632.71	1,273,330.06	1,788,381.63	1,259,792.99

The Group expect to pay Baht 0.18 million of long-term employee benefits during the next year in consolidated and separate financial statement

As at December 31, 2019, the weighted average duration of the liabilities for long-term employee benefit of the company and its subsidiaries are 16 – 18 years in consolidated and 16 years in separate financial statement (2018 : 15 – 18 years in consolidated and 15 years in separate financial statement).

24. Share capital

The movement of share capital for the year ended December 31, 2019 and 2018 are as follows:

	Number of share (Unit : share)	Amount (Unit : Baht)
Registered share capital (Baht 0.25 per share)		
As at January 1, 2018	480,000,000	120,000,000.00
Increment of registered share capital during the period	96,000,000	24,000,000.00
As at December 31, 2018	576,000,000	144,000,000.00
Reduction of registered share capital during the period	(96,000,000)	(24,000,000.00)
Increment of registered share capital during the period	96,000,000	24,000,000.00
As at December 31, 2019	576,000,000	144,000,000.00
Paid-up share capital (Baht 0.25 per share)		
As at January 1, 2018	480,000,000	120,000,000.00
Increment of paid-up share capital during the period	-	-
As at December 31, 2018	480,000,000	120,000,000.00
Increment of paid-up share capital during the period	-	-
As at December 31, 2019	480,000,000	120,000,000.00

The annual ordinary general meeting of shareholders of 2018 with held on April 26, 2018, has the following resolutions.

- Approval on the increase of the Company's registered capital of Baht 24,000,000.00 by issuing 96,000,000 new ordinary shares with a par value of Baht 0.25 per share

- Approval on the allotment of not more than 48,000,000 new ordinary shares with a par value of Baht 0.25 per share by means of General Mandate to specific investor (Private Placement)

- Approval on the allotment of not more than 48,000,000 new ordinary shares with a par value of Baht 0.25 per share by means of General Mandate to existing shareholders (Right Offering)

- Authorization on the Board of Directors to consider other details regarding to the allotment of new ordinary shares by means of General Mandate as follows the offering period will be considered for sale on one or several times. It will be offered to any specific group of investors or any groups at the same time, date and time of offering, offered price, terms and conditions, etc. regarding the allotment of ordinary shares of the Capital Increase.

On May 10, 2018, the Company has already registered the share capital increment with the Department of Business Development, Ministry of Commerce.

The annual ordinary general meeting of shareholders of 2019 with held on April 24, 2019, has the following resolutions.

- Approval on the reduction of the registered capital of the Company in the amount of 24,000,000.00 Baht from the original registered capital of 144,000,000 baht to be the registered capital 120,000,000.00 Baht by cutting out the ordinary shares that have not been issued number of 96,000,000 shares at par value of 0.25 baht per share due to legal expiration. And amendment to Clause 4 of the Company's Memorandum of Association in order to be consistent with the said capital reduction.

- Approval on the increase of the Company's registered capital of Baht 24,000,000.00 by issuing 96,000,000 new ordinary shares with a par value of Baht 0.25 per share.

- Approval on the allotment of not more than 48,000,000 new ordinary shares with a par value of Baht 0.25 per share by means of General Mandate to specific investor (Private Placement).

- Approval on the allotment of not more than 48,000,000 new ordinary shares with a par value of Baht 0.25 per share by means of General Mandate to existing shareholders (Right Offering).

- Authorization on the Board of Directors to consider other details regarding to the allotment of new ordinary shares by means of General Mandate as follows the offering period will be considered for sale on one or several times. It will be offered to any specific group of investors or any groups at the same time, date and time of offering, offered price, terms and conditions, etc. regarding the allotment of ordinary shares of the Capital Increase.

The capital management

The Group constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Group will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

25. Legal reserve

Under the provisions of the Public Company Limited Act C.E. 1992, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

26. Income tax expense

The income tax expenses recognized in profit or loss for the year ended December 31, 2019 and 2018, are as follow:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current tax expense	1,424,948.18	-	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	(302,952.63)	8,706,922.19	22,413.08	6,159,260.10
Total income tax expense recognized in profit or loss	1,121,995.55	8,706,922.19	22,413.08	6,159,260.10

The relationship between income tax expense and accounting profit(loss) for the year ended December 31, 2019 and 2018, are as follow:

(Unit : Baht)				
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit(loss)	32,089,751.58	(100,180,943.82)	23,194,663.07	(99,465,291.28)
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	6,417,950.32	(20,036,188.76)	4,638,932.61	(19,893,058.26)
Temporary difference not recognized as a deferred tax asset	2,203,954.93	10,534,735.94	2,203,954.93	8,592,904.19
Previous temporary difference not recognized as a deferred tax asset	(5,384,207.27)	(640,462.56)	(4,687,151.32)	(640,462.56)
Expenses that are not deductible in determining taxation profit	66,780.65	331,686.12	46,229.10	315,633.16
Expenses that are deductible in determining taxation profit	(25,898.46)	(10,368.21)	(22,967.62)	-
Loss from operation for the period	(2,156,584.62)	-	(2,156,584.62)	-
Income tax expense	1,121,995.55	8,706,922.19	22,413.08	6,159,260.10
Tax rate		<u>2019</u>	<u>2018</u>	
- The Company and subsidiary				
- Profit of non-BOI business		20%	20%	
- Profit of BOI business				
- Exemption from taxation		-	-	
- Reduction of tax 50%		10%	10%	

The income tax expenses recognized in other comprehensive income for the year ended December 31, 2019 and 2018 are as follow:

(Unit : Baht)				
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax				
Actuarial losses	31,881.36	-	-	-
Total income tax expense recognized in other comprehensive income	31,881.36	-	-	-

27. Basic earnings gain(loss) per share

Basic earnings (loss) per share are calculated by dividing the profit (loss) for the year attributable to shareholders by the (excluding other comprehensive income) weighted average number of ordinary shares in issue during the year.

28. Supplemental disclosures of cash flow information

28.1 Cash and cash equivalents consist of :-

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash on hand and tax coupon	1,389,250.45	757,177.63	1,371,512.65	745,966.63
Cash deposits-Saving accounts	14,034,491.89	20,822,838.88	13,783,516.83	5,921,461.77
Cash deposits-Current accounts	16,194,149.57	2,935,922.43	4,079,978.91	2,656,151.66
Fixed deposits	6,196,658.28	2,500,922.73	6,145,113.65	2,467,869.13
Cheque on hand	199,020.00	-	-	-
Total	38,013,570.19	27,016,861.67	25,380,122.04	11,791,449.19

28.2 Non-cash items are as follows:-

			(Unit : Baht)	
	Consolidated		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase plant and equipment but not yet paid	895,273.82	4,784,531.15	895,273.82	4,784,531.15
Purchase assets by leased	5,082,881.70	-	5,082,881.70	-
Transfer from inventory to equipment	1,416,847.48	568,206.99	1,412,798.24	568,206.99
Provision for decommission	20,000.00	-	-	-
Transfer from other current receivable to intangible assets	-	92,500.00	-	-

28.3 Liabilities arising from financing activities :-

The movements of liabilities arising from financing activities the year ended December 31, 2019 and 2018 was as follow:-

(Unit : Baht)

	January 1, 2019	Cash flows	Consolidated		December 31, 2019
			Additions during the year	Changes in foreign exchange rates	
Short-term loans from finance institution	191,447,502.13	(40,427,852.91)	-	(667,076.68)	150,352,572.54
Short-term loan from related party	10,000,000.00	(10,000,000.00)	-	-	-
Finance lease liabilities	2,715,909.98	(3,098,800.91)	5,082,881.70	-	4,699,990.77
Total	204,163,412.11	(53,526,653.82)	5,082,881.70	(667,076.68)	155,052,563.31

(Unit : Baht)

	January 1, 2018	Cash flows	Consolidated		December 31, 2018
			Changes in foreign exchange rates		
Short-term loans from finance institution	171,028,833.25	21,108,371.09	(689,702.21)		191,447,502.13
Short-term loan from related party	-	10,000,000.00	-		10,000,000.00
Long-term loan from financial institutions	24,692.40	(24,692.40)	-		-
Finance lease liabilities	5,389,521.38	(2,673,611.40)	-		2,715,909.98
Total	176,443,047.03	28,410,067.29	(689,702.21)		204,163,412.11

(Unit : Baht)

	January 1, 2019	Cash flows	Separate financial statement		December 31, 2019
			Additions during the year	Changes in foreign exchange rates	
Short-term loans from finance institution	191,447,502.13	(40,427,852.91)	-	(667,076.68)	150,352,572.54
Short-term loan from related party	18,000,000.00	(18,000,000.00)	-	-	-
Finance lease liabilities	2,715,909.98	(3,098,800.91)	5,082,881.70	-	4,699,990.77
Total	212,163,412.11	(61,526,653.82)	5,082,881.70	(667,076.68)	155,052,563.31

(Unit : Baht)

	Separate financial statement			
	Changes in foreign			December 31, 2018
	January 1, 2018	Cash flows	exchange rates	
Short-term loans from finance institution	171,028,833.25	21,108,371.09	(689,702.21)	191,447,502.13
Short-term loan from related party	-	18,000,000.00	-	18,000,000.00
Long-term loan from financial institutions	24,692.40	(24,692.40)	-	-
Finance lease liabilities	5,389,521.38	(2,673,611.40)	-	2,715,909.98
Total	176,443,047.03	36,410,067.29	(689,702.21)	212,163,412.11

29. Employee benefit

29.1 Provident fund

For the year ended December 31, 2019, the Group recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 0.98 million and Baht 0.88 million in consolidated and separate financial statement, respectively (2018 : Baht 1.13 million and Baht 1.02 million in consolidated and separate financial statement, respectively).

29.2 Retirement employee benefit

For the year ended December 31, 2019 and 2018, the Group recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	2019	2018	2019	2018
Amounts recognized in profit or loss				
Past service cost	-	1,347,000.99	-	1,346,604.79
Current service cost	1,394,066.28	1,187,408.54	1,301,692.70	1,110,960.21
Interest cost	339,622.45	238,727.05	306,473.54	213,025.15
Total amounts recognized in profit or loss	1,733,688.73	2,773,136.58	1,608,166.24	2,670,590.15
Amounts recognized in other comprehensive income				
Actuarial losses arising from change in demographic assumption	377,388.31	593,375.17	376,644.71	592,822.89
Actuarial losses arising from change in financial assumption	1,887,207.58	4,578.32	1,651,646.52	28,942.88
Actuarial (gain)losses arising from change in experience adjustment	(134,513.74)	1,311,616.80	(57,615.88)	1,199,051.31
Total amounts recognized in other comprehensive income	2,130,082.15	1,909,570.29	1,970,675.35	1,820,817.08
Total	3,863,770.88	4,682,706.87	3,578,841.59	4,491,407.23

An item of the employee benefit expense in case of retirement or termination under the labor law for the year ended December 31, 2019 and 2018 are inclusively presented in the line items, as follows :

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost of sales	125,170.76	115,763.20	125,170.76	115,763.20
Selling expenses	370,686.11	482,886.00	321,211.04	437,015.96
Administrative expenses	855,718.14	1,961,462.22	839,812.92	1,904,785.83
Management benefit expenses	382,113.72	213,025.16	321,971.52	213,025.16
Total	1,733,688.73	2,773,136.58	1,608,166.24	2,670,590.15

30. Expenses by nature

The following expenditure items of expense have been classified by nature:

			(Unit : Baht)	
	Consolidated		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Change in finished goods and work in process	1,674,747.83	49,322,160.37	2,366,308.73	52,430,179.09
Purchased finished goods	441,243,774.45	339,570,747.25	417,663,453.95	314,116,123.75
Installation cost	35,317,322.92	31,836,841.40	2,432,375.00	1,188,776.08
Staff cost	113,270,322.39	105,536,131.60	107,565,227.91	99,910,195.96
Transportation expense	11,570,813.42	24,190,986.77	11,546,610.63	24,170,386.77
Management benefit expenses	14,277,963.88	10,979,434.48	12,428,065.36	9,546,897.32
Depreciation and amortization expenses	21,042,365.24	19,599,468.24	19,631,032.20	18,569,670.39
Loss for diminution of inventories (Reversal)	(16,668,107.65)	6,653,915.04	(17,150,934.37)	6,641,098.40
Reversal doubtful accounts	(757,934.38)	(516,577.44)	(757,934.38)	(520,954.23)
Reversal impairment loss on assets	(2,078,414.52)	(1,411,149.13)	(2,078,414.52)	(1,411,149.13)
Impairment loss on intangible assets	-	1,540,000.00	-	-
Wage and other service	4,401,284.84	4,843,523.37	106,160.00	62,941.52
Rental	11,534,065.37	13,817,946.58	11,077,961.69	13,384,301.58
Advertising and commission	10,687,127.04	41,520,284.42	10,569,275.66	41,228,689.62
Utility	2,114,852.95	2,126,133.73	2,003,054.12	2,024,512.50
Raw materials and consumables used	15,541,660.38	16,755,373.76	13,877,732.47	13,581,542.27
Consultants	2,133,118.22	2,547,205.39	2,033,118.22	2,547,205.39
Research and development costs	1,323,048.43	1,301,084.83	1,286,664.56	1,301,084.83

31. Credit line of financial institutions

(Unit: Million Baht)

	Consolidated					
	2019			2018		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	8.10	(0.52)	7.58	8.10	(2.04)	6.06
Credit line of bank overdraft	46.10	(33.11)	12.99	61.10	(37.35)	23.75
Credit line of short-term loans	204.00	(117.25)	86.75	424.00	(154.10)	259.37
Credit line of long-term loans	0.30	-	0.30	0.30	-	0.30
Credit line of forward contracts	100.00	-	100.00	250.00	(40.64)	209.36
	358.50	(150.88)	207.62	743.50	(234.13)	498.84

(Unit: Million Baht)

	Separate financial statement					
	2019			2018		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	7.10	(0.11)	6.99	7.10	(2.04)	5.43
Credit line of bank overdraft	46.10	(33.11)	12.99	61.10	(37.35)	23.75
Credit line of short-term loans	200.00	(117.25)	82.75	420.00	(154.10)	255.37
Credit line of long-term loans	0.30	-	0.30	0.30	-	0.30
Credit line of forward contracts	100.00	-	100.00	250.00	(40.64)	209.36
	353.50	(150.47)	203.03	738.50	(234.13)	494.21

The Group pledged the land plus property, as mentioned in the notes to financial statements No. 15, and bank deposit to financial statements No.13, as collaterals against the said credit facilities.

32. Operating segments

The Group identified the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall disclose the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group classifies the operating segment in the form of type of business operated. The Group has two operating segments which are consists of the sale of products segment and the service of products segment.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses and finance cost.

The segment operation for the year ended December 31, 2019 and 2018 are as follows :-

	Sale of Products		Providing of Service		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net outsider sales	598.35	475.64	102.18	89.90	700.53	565.54
Gross profit	158.74	88.28	48.51	35.63	207.25	123.92
Gain on exchange rate					9.35	0.93
Other income					2.64	6.24
Cost of distribution					(122.79)	(158.47)
Administrative expenses					(54.27)	(61.40)
Finance cost					(10.09)	(11.41)
Gain (loss) before income tax expenses					32.09	(100.19)

The reconciliations of each segment total assets to the Group's assets and other material items.

	Sale of Products		Providing of Service		Central		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Depreciation	11.28	10.62	3.36	2.42	4.96	5.18	19.60	18.22
Amortization	-	-	-	-	1.44	1.38	1.44	1.38

For the year ended December 31, 2019, the Group has the revenue from sale of goods to 1 major customers in the amount of Baht 125.20 million earned from sale of products segment. (2018 : 2 major customers in the amount of Baht 124.01 million earned from sale of products segment).

Geographical segment information for the year ended December 31, 2019 and 2018 are as follows:-

	Thailand		China		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues from external customers	501.34	404.17	199.19	161.37	700.53	565.54
Non-current assets (excluding financial instruments and deferred tax)	113.36	105.55	29.08	33.97	142.44	139.52

33. Revenue

The relationship between the revenue information disclosed for each reportable segment and the revenue derived from transfer of goods and services over time and a point in time for the year ended on December 31, 2019 and 2018 are as follows:

(Unit: Million Baht)						
	Segment operation					
	Sale of Products		Providing of Service		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue from external customers	598.35	475.64	102.18	89.90	700.53	565.54
Revenue about geographic area						
- Thailand	399.16	314.27	102.18	89.90	501.34	404.17
- China	199.19	161.37	-	-	199.19	161.37
Total	598.35	475.64	102.18	89.90	700.53	565.54
Revenue recognized when a performance obligation						
- satisfied at a point in time	598.35	475.64	-	-	598.35	475.64
- satisfied over time	-	-	102.18	89.90	102.18	89.90
Total	598.35	475.64	102.18	89.90	700.53	565.54

The amount of the transaction price allocated to the performance obligations that are unsatisfied as at December 31, 2019 and 2018 are as follows:

(Unit : Baht)		
	<u>2019</u>	<u>2018</u>
Construction service	255,162.10	866,729.03
Operation and maintenance service	2,599,432.31	3,076,770.62
Total	2,854,594.41	3,943,499.65

The Company expects to recognize the amount of the transaction price allocated to the performance obligations that are unsatisfied as at December 31, 2019, as revenue in the future periods, as follow:

	(Unit : Baht)			
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
- Construction service	255,162.10	-	-	255,162.10
- Operation and maintenance service	2,599,432.31	-	-	2,599,432.31
Total	2,854,594.41	-	-	2,854,594.41

The Company expects to recognize the amount of the transaction price allocated to the performance obligations that are unsatisfied as at December 31, 2018, as revenue in the future periods, as follow:

	(Unit : Baht)			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
- Construction service	866,729.03	-	-	866,729.03
- Operation and maintenance service	3,076,770.62	-	-	3,076,770.62
Total	3,943,499.65	-	-	3,943,499.65

The amount of revenue recognized in the financial statement for the year ended on December 31, 2019 and 2018 that was included in the contract liability balance as at December 31, 2018 and 2017 are as follow:

	(Unit : Baht)	
	<u>2018</u>	<u>2017</u>
Advance service received	1,786,944.07	48,506.54

34. Financial instruments

The principal financial risks faced by the Group are interest rate risk, credit risk and foreign currency. The Group did not speculate in or engage in trading of any derivative financial instruments.

34.1 Risks from Interest Rates

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, loans to related parties, credit facilities owing to the commercial bank and related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group anticipates of non material risk from interest rates.

	Consolidated			
	Amount (Unit : million Baht)		Interest rate (% : per annum)	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Saving accounts	14.03	20.83	0.0400%-0.3750%	0.0400%-0.3750%
Fixed deposits	6.20	2.50	0.6500%-1.2500%	0.6500%-1.2500%
Finance lease receivables	0.17	4.67	2.7827% - 12.5896%	2.7827%-33.8484%
Deposits pledged as collateral	70.75	70.75	0.1000%-1.1000%	0.3700%-1.2500%
Bank overdrafts	33.11	37.35	6.1750%-7.1250%	6.1750%-7.1250%
Short-term loan from finance institutions	40.10	63.13	5.6500% - 6.2500%	6.5000%
Trust receipt payable	77.15	90.97	4.8969% -5.2006%	5.2500%-5.7750%
Short-term loan from related parties	-	10.00	-	4.4900%-6.0250%
Obligation under finance lease	4.70	2.72	4.2744%-7.3176%	4.2693%-6.5984%

	Separate financial statement			
	Amount (Unit : million Baht)		Interest rate (% : per annum)	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Saving accounts	13.78	5.92	0.0400%-0.3750%	0.0500%-2.2500%
Fixed deposits	6.15	2.47	0.0650%-1.2500%	0.2500%-1.5000%
Finance lease receivables	0.02	0.11	2.7827%	2.7827%
Deposits pledged as collateral	69.75	69.75	0.1000%-1.1000%	0.1000%-1.1000%
Bank overdrafts	33.11	37.35	6.1750%-7.1250%	6.1750%-7.1250%
Short-term loan from finance institutions	40.10	63.13	5.6500% - 6.2500%	5.2500%-6.0000%
Trust receipt payable	77.15	90.97	4.8969% -5.2006%	4.0700%-6.0250%
Short-term loan from related parties	-	18.00	-	5.0000%-6.5000%
Obligation under finance lease	4.70	2.72	4.2744%-7.3176%	0.0000%-0.6598%

34.2 Credit risk

The Group does not expose the risk from credit provision in connection to trade receivable most from the sale of goods whose capability is good at debt repayment. The Group has dealt with these clients for a long time therefore, it is anticipated of non risk derived from non-payment of those trade receivable. Moreover, the Group has no significant concentrations of credit risks.

34.3 Foreign currency risk

The Group constitutes material risk from exchange rates in overseas currencies which has been cash at bank, trade receivable, trade payable and trust receipt that are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

As at December 31, 2019 and 2018, the significant outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies are as follow:

2019				
<u>Foreign currency</u>	<u>Consolidated</u>		<u>Separated financial statement</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	2,406,219.07	8,405,494.94	2,267,415.46	4,484,768.12
EURO	-	708.18	-	107.82
YUAN	35,897.30	903.00	14,942.00	903.00

2018				
<u>Foreign currency</u>	<u>Consolidated</u>		<u>Separated financial statement</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	526,873.67	3,459,398.76	526,873.67	3,398,085.06
EURO	-	7.82	-	7.82
YUAN	22,312.00	-	22,312.00	-

34.4 Fair value

The carrying amounts of the following financial assets and liabilities approximate to their fair values : cash and cash equivalent, short-term investments, trade receivable and payable, other receivable and payable, loans to and loan from related parties due to the short maturity period. The carrying amount of finance lease liabilities and long-term loan from institution approximate fair value due to the interest rate are close to the market rate.

35. Fair value Measurement

TFRS No.13 “Fair Value Measurement (revised 2018)” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The TFRS requires the Group shall disclose about fair value measurement for financial asset and liability in which the other related TFRSs requires or permits fair value measurement or disclosure about fair value.

The TFRS establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value, as follows

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on assets and liabilities of the Group not measured the fair value in the statement of financial position as at December 31, 2019 and 2018, as described in notes to financial statement no.34.4 and additional as follows:

(Unit: Million Baht)						
<u>Assets and liabilities</u>	<u>Book value</u>		<u>Fair value</u>		<u>Fair value hierarchy</u>	<u>Valuations techniques</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>		
Foreign currency forward contract (Note 37.4)	-	0.25	-	-	Level 2	Calculated by the value declared by the financial institution.

For the year ended December 31, 2019, there is no the transfer of any amount between level 1 and level 2 of the fair value hierarchy.

36. Promotional privileges

The Company was granted certain promotion privilege under the Investment Promotion Act, C.E 1977 in accordance with certificate No.1811 (5) /2011 on its business segment of evaporative cooling system. The privilege granted can be summarized as follows:

- a) Corporate income tax exemption on profit for a period of eight years from the date of the income occurred from the certified products (March 15 ,2012). The company can carry forward any net loss incurred during the tax-exempt period to be deducted as expenditure from net profit incurred during the five year period commencing from expiry of the tax-exempt period.
- b) Any dividends distributed by the Company are exempt from income tax if the dividend is distributed by the Company and received by the recipient during the exempt period.
- c) Exemption of import duty on raw or essential materials used in export products for a period of one year commencing from the first import.
- d) Exemption of import duty on re-exports items for one year commencing from the first import
- e) The Company exempt from any duty on import of machinery approved by the BOI.

Revenue from sale of goods for the years ended 31 December 2019 and 2018 classified by promoted and non-promoted business as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Promoted business	-	9,351,005.81	-	9,351,005.81
Non - Promoted business	598,354,803.88	481,629,156.63	587,269,296.13	462,581,075.69
Total	598,354,803.88	490,980,162.44	587,269,296.13	471,932,081.50

37. Commitments and contingent liabilities

37.1 As at December 31, 2019, the Company has commitments relating to letters of credit which has been withdrawn in amount of USD 0.17 million (2018 : USD 0.38 million).

37.2 As at December 31, 2019 and 2018, the Group constitutes contingent liability from issuance of guarantee letter of the bank by amount of Baht 0.52 million in consolidated and amount of Baht 0.11 million in Separated financial statement. (2018 : amount of Baht 2.04 million in consolidated and amount of Baht 1.67 million in Separated financial statement.)

37.3 The Group constitutes lease contract of building, equipment and warehouse from third parties. As at December 31, 2019 and 2018, the Group had obligation to repay the lease as follows:-

	(Unit : Baht)			
	Consolidated		Separated financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Maturities of payment				
- Not later than 1 year	7,581,700.00	8,343,288.48	7,101,700.00	8,079,288.48
- Later than 1 year and not later than 5 years	11,344,900.00	2,292,478.96	10,384,900.00	2,292,478.96
Total	18,926,600.00	10,635,767.44	17,486,600.00	10,371,767.44

37.4 As at December 31, 2018, The Group has performed the forward foreign currencies contract in amount of USD 1.25 million which holds the contract life not exceeding one year.

37.5 The Company entered into a distributor agreement with a foreign company for a period of 11 years expiring in December 2022. The Company is authorized to sell the products of cooling machines business EVAP 70 and EVAP 35 in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.

37.6 The Company entered into a distributor agreement with a foreign company as the same a No.36.5 for 2 contracts for period of 11 years expiring in December 2023. The Company is authorized to sell the products of cooling machines business EVAP 03 and EVAP 20 in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.

- 37.7 The Company entered into an OEM agreement with a foreign company to manufacture the evaporative fan model MIK-25EXN for the contractual period of 11 years. The agreement term will be expired in 2025.
- 37.8 As of December 31, 2019 and 2018, the Group Companies have obligation from engaging services that provided by several outside parties for the period of 1 - 3 years. The Group Companies have obligation to pay the service fees at Baht 10,000.00 - 95,000.00 per month.
- 37.9 The Group has obligation from hiring outside parties as procurement agent for merchandises from People's Republic Of China. The contractual term commenced in November 2018 and the term will be expired when both parties mutually agreed to end the agreement. The Group Companies have the obligation to pay RMB 5,883.00 per month.
- 37.10 The Company enter into OEM agreement and distributor agreement with a foreign company into two contracts for the product and sell the cooling fan model MIK-02EX and evaporative fan and built-in heating system model MIK-08EX which the contract period commenced in August 2018. The Company was authorized to be a distribution for such products around the world, except some
- 37.11 The Company enter into OEM agreement and distributor agreement with a foreign company into one contracts for the product and sell the cooling fan model MIX-06EX, The contract term commenced in 2019. The Company was authorized to be a distribution for such products around the world, except some.

38. Reclassification of accounting transactions

Some transactions in statement of financial position as at December 31, 2018 and statement of comprehensive income for the year ended December 31, 2018, are newly reclassified so as to comply with reflection in statement of financial position as at December 31, 2019 and statement comprehensive income for the year ended December 31, 2019, which can be summarized as follows:

		(Unit : Baht)	
		As at December 31, 2018	
Transactions which formerly presented	Reclassified	Consolidated	Separated financial statement
Trade and other current receivables - third parties	Contract assets	267,357.70	107,060.49
Trade and other current receivables - third parties	Trade and other current payables - third parties	3,772,914.90	3,772,914.90
Inventories	Construction in progress	471,469.10	-
Trade and other current payables - third parties	Contract liabilities	9,879,182.59	9,874,532.58

		(Unit : Baht)	
		For the year ended December 31, 2018	
Transactions which formerly presented	Reclassified	Consolidated Comprehensive Income	Separate Comprehensive Income
Revenues from sales	Revenues from services	21,918,240.28	8,184,845.88
Costs of sales	Cost of services	14,193,777.74	2,877,988.80
Administrative expenses	Cost of distribution	1,856,639.18	-
Financial cost	Cost of distribution	845,042.82	-

39. Employee joint investment program

Details of the first program employee joint investment program are as follows:

Approved by	: In accordance with Meeting of The Board of Directors No. 7/2016
Duration of the scheme	: 4 years, from February 1, 2017 to January 31, 2021
Detail of contributions	: Employees contribute 3 percent of their monthly base salary and the Group additionally contribute 3 percent of employees' monthly base salary
Program management	: TISCO Asset Management Company Limited

Details of the second employee joint investment program for executive directors are as follows:

Approved by	: In accordance with The annual ordinary general meeting of shareholders of 2017
Duration of the scheme	: 4 years, from February 1, 2017 to January 31, 2021
Detail of contributions	: Directors contribute 3 percent and the Group additionally contribute 3 percent of their monthly base salary.
Program management	: TISCO Asset Management Company Limited

For the year ended December 31, 2019, the Group contributed the joint investment program for employee and executive directors in the amount of Baht 0.88 million.(2018 : Baht 1.01 million)

40. Events after the reporting period

The Board of Directors' Meeting no.1/2020 with held on February 27, 2020 has the resolution to propose to the Annual General Meeting of Shareholders for the year 2020 held on April 28, 2020 to consider matters, as the following details.

- To consider and approve the reduction of the registered capital of the Company in the amount of 24,000,000.00 Baht from the original registered capital of 144,000,000 baht to be the registered capital 120,000,000.00 Baht by cutting out the ordinary shares that have not been issued number of 96,000,000 shares at par value of 0.25 baht per share due to legal expiration. And amendment to Clause 4 of the Company's Memorandum of Association in order to be consistent with the said capital reduction

- To consider the registered share capital increase, amend for Section 4 of the Company's memorandum of association to correspond with the registered share capital increase and allotment under the general mandate. The allocation will be via Private Placement and Right Offering.

- To consider and approve for The Employee Joint Investment Program (EJIP : Employee Joint Investment Program) A period of 4 years and the company has appointed TISCO Securities Company Limited is the implementation of a project.

41. Approval of financial state

These consolidate and separated financial statements were authorized for issue by the Company's board of directors on February 27, 2020.

MASTERKOOOL

Master of Innovative Cooling



MasterkoolFan

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