

# ANNUAL REPORT 2019



**BANGKOK SHEET METAL**  
PUBLIC COMPANY LIMITED

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### Message from Chairman of the Board of Directors and Chief Executive Officer



Mr. Damnoen Kaewthavee

Chairman of the Board



Mr. Tanin Sajjaboribun

Chief Executive Officer

In 2019, Bangkok Sheet Metal Public Company Limited (the Company) has made great progress in business expansion. The company is moving forward to find growth opportunities through corporate management that embraces good corporate governance and sustainable development, achieving company business goals in support of solid business management practices, also applying international industrial standards to increase efficiency and effectiveness in all aspects such as production, operation, finance, including social and environmental responsibilities. In order to achieve the highest goals, the Company commits to create sustainability of the organization, increase value for all shareholders, and all groups of stakeholders and create sustainable society.

In addition, the company focuses on improving production efficiency, including cost control by bringing innovation to grow our business. The recent business performance shows an increase in net profit compared to the previous year. Our business expansion has been obviously seen in both public and private sectors (contractors and construction companies) such as various electric train projects, expansion of Suvarnabhumi Airport, department stores and the Universal Service Obligation (USO) Net project (Community Digital Centers).

Besides, the Company produces metal furniture, exports our products to a big customer in the United States of America. It is the first important step for the Company to succeed in international markets which is aligned with a company goal to step up to global competition. Moreover, the Company has been researching and developing electrical tricycle (Tuk Tuk) for more than 4 years. At the end of 2019, the Company has started producing and delivering Tuk Tuk to our customers. Additionally, the Company has invested in Nitto Kogyo BM (Thailand)

Company Limited (an associated company) since 2018 and has cooperated with Nitto Kogyo Corporation, our Japanese business partner, to accomplish company goals and generate positive business results.

The accomplishments in 2019 would not have been possible without dedication and contribution from the management team and all employees the Company as well as the full support from all shareholders, stakeholders and business alliances. On behalf of the Board of Directors of Bangkok Sheet Metal Public Company Limited, the Company would like to thank you for your continued support, your trust and your confidence. The Company is committed to conducting business with respect for good governance and striving for sustainable growth.



Mr. Tanin Sajjaboribun

Chief Executive Officer



Mr. Tanin Sajjaboribun

Chief Executive Officer

## Report of the Audit Committee

Dear Shareholders

Bangkok Sheet Metal Public Co., Ltd.

The Audit Committee of Bangkok Sheet Metal Public Co., Ltd. comprises 3 independent directors, which are Mr. Prapas Praisuwan (Chairman of the Audit Committee), Mr. Damnoen Kaewthavee (Audit Committee) and Ms. Namthip Kijaksakul (Audit Committee). The Audit Committee is empowered by the Board of Director to examine all matters relating to the financial status of the Company and its internal audit to manage and internal control performance practice as regulation and involved laws, also to consider reasonable connected transaction or conflict of interest transaction, sufficient information disclosure and consider to propose the accounting auditor appointment and accounting audit fee.

For the year 2019, the Audit Committee hold four meetings as formed constituted quorum. Sometimes a meeting with the accounting auditor without management in attendance. The issues are as follows:

1. To examine the quarterly financial report and year 2019 financial report as audited and monitored by accounting auditor before propose to the Board of Director. The Audit Committee provide the opinions as the Company's financial report are accurate, complete, reliable and sufficient information disclosure.
2. Internal control performance evaluation by the Audit Committee as audited in quarterly to ensure that the company has sufficient internal control. The Audit Committee considered internal audit report and enjoin to monitor according to mentioned issues by the internal auditor to ensure that the management operates amendment and improvement as per provided comments by the internal auditor within define period.
3. To examine the Company complied with the securities laws, the Stock Exchange of Thailand (SET)'s regulation, other laws relating to the Company's business and the policy of good governance. The Audit Committee audited and provide the opinions that there is not concern issues in compliance with the securities laws, SET's regulation, other laws related.
4. To audit the connected transaction or conflict of interest transaction to comply the securities laws, the SET's regulation. The Audit Committee audited and provide the opinions that the mentioned issues are reasonable issues to benefit of the Company and sufficient of information disclosure, accuracy and completely.



5. The Audit Committee approved internal audit plan 2019 to ensure that the internal audit operation is effective and be effectiveness. The Audit Committee audited the internal auditor's scope of work to qualify the audit operation quality.
6. To consider to propose the Company's accounting auditor appointment and accounting auditor fee for fiscal year 2020. The Audit Committee proposed to the Board of Director to agree in shareholder meeting for accounting auditor appointment as the following: Miss Wannisa Ngambuathong (CPA Registration No. 6838); or Mr. Peeradate Phongsathainsak (CPA Registration No. 4752); or Miss Choitma Kitsirakorn (CPA Registration No. 7318); or Miss Chutinant Kopraserthaworn (CPA Registration No. 9201). All proposed name list is from Dharmniti Auditing Company Limited with condition the one of above name list for the accounting auditor to audit and provide opinion on the Company's financial report 2020. All above name list is qualified in qualification, competency, independent auditor and no relationship or stakeholder to the Company. For the accounting audit fee of the year 2020, is considered that it is in appropriate fee.
7. The Audit Committee evaluated operation result complying to the audit committee charter that the Audit Committee is completely operate complying to the audit committee charter and reported their operation including provide comment to the Board of Director to be informed in every held meeting.

In conclusion, the Audit Committee has operated on responsible duty as defined on the audit committee charter with their competency carefully, independently. To special focus on internal audit control operation as transparent and proper with reliability and effective in good governance.

The Audit Committee's operation as above mentioned, the Audit Committee provided comment that in overall of the Company is sufficient internal audit control and appropriated to the Company's business. The Company has sufficient number of employees to support operation system in effective. Including to have internal system control in the Company's operational monitoring, accounting system, accuracy and reliability of financial report, complied the securities laws, SET's regulation, other laws related.



Mr. Prapas Praisuwanna

Chairman of the Audit Committee

Bangkok Sheet Metal Public Co., Ltd.

## The Board of Directors and Executives

### 1. The Board of Directors

As of 31 December 2019 the Board of Directors consisted of 7 members as follows:

Name	Position
1. Mr. Damnoen Kaewthavee	Chairman of the Board /Audit Committee /Independent Director
2. Assoc.Prof. Prapas Praisuwanna	Director /Chairman of the Audit Committee /Independent Director
3. Mr. Tanin Sajjaboribun	Director /Vice-President of Chairman of the Board
4. Mr. Tirawat Amornthatri	Director
5. Mr. Tanes Sajjaboriboon	Director
6. Mr. Vinai Wongswangrussamee	Director
7. Ms. Namthip Kijksaksakul <sup>1</sup>	Director/ Audit Committee/ Independent Director

Remark: <sup>1</sup> The 2019 Annual General Meeting (AGM) of Shareholders, held on 24 April 2019, approved the re-election of two directors who have retired by rotation as the Company's directors for another term, i.e. (1) Mr. Damnoen Kaewthavee took the position of Chairman of the Board/Audit Committee/Independent Director (2) Mr. Tirawat Amornthatri took the position of Director.

Mr. Tanes Sajjaboribun acts as Company Secretary.

#### Authorized Directors:

The authorized directors are Mr. Tanin Sajjaboribun, Mr. Tirawat Amornthatri, Mr. Vinai Wongswangrussamee and Mr. Tanes Sajjaboribun.

Any above two of four directors jointly sign along with the Company's seal affixed.

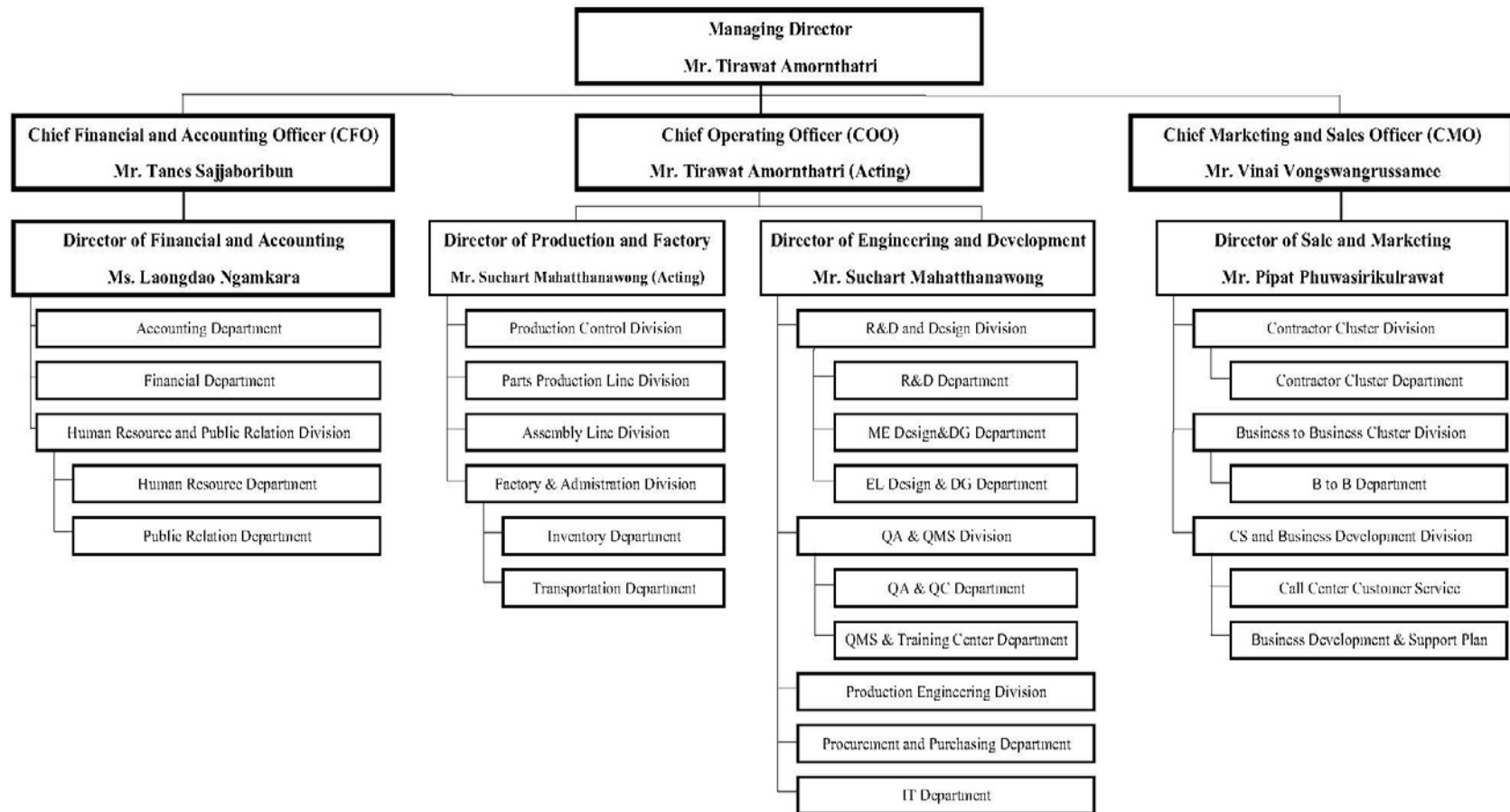
## 2. Management Team

As of 31 December 2019 the Management Team consisted of 5 members as follows:

Name	Position
1. Mr. Tanin Sajjaboribun	Chief Executive Officer
2. Mr. Tirawat Amornthatri	Managing Director and Chief Operation Officer (Acting)
3. Mr. Tanes Sajjaboriboon	Chief Financial Officer
4. Mr. Vinai Vongswangrussamee	Chief Marketing and Sales
5. Ms. Laongdao Ngamkara	Director of Accounting and Financial Department

## Management Structure

### Organization Chart as of December 31, 2019



#### Remark

- Definition of “Management Team” as announced by the Securities and Exchange Commission (SEC) (Kor. Jor. 17/2551) shown in thick frame.
- The Company’s internal auditor is external organization (outsourced) by appointed Aim to Prosperity Co., Ltd. to act the duty.

## General Information

### 1. General information of security issuer company

Issuer company	: Bangkok Sheet Metal Public Company Limited
Company's registration number	: 0107558000229
Stock symbol	: BM
Nature of business	: Manufacturing company and distributor for steel processing products such as BSM Metal Trunkings & White Conduits, Communication Racks & Enclosures and Electrical Switchboards for the construction, real estate, mass transit, infrastructure development businesses etc., other steel forming products as customized by customers and being distributor for white conduits.
Head Office / Factory	149 Moo 6, Suksawad Road, Bangjak, Phrapradang, Samutprakarn 10130 (Thailand)
Telephone	: +66-2817-5555-7, +66-2817-5440-3
Fax.	: +66-2817-5432 , +662817-5443
Website (URL)	: <a href="http://www.bmplc.co.th">www.bmplc.co.th</a>
Registered capital	: THB 275,000,000 (Two hundred and seventy five million)
Paid-up capital	: THB 220,000,000 (Two hundred and twenty million)
Par value	THB 0.50 (Fifty satangs)

## 2. Information of reference person

Security registrar of common stocks	:	Thailand Securities Depository Co., Ltd. (TSD)  The Stock Exchange of Thailand Building  1 <sup>st</sup> Floor Tower B (next to Chinese Embassy)  93, Ratchadaphisek Road, Dindang, Dindang, Bangkok 10400  Tel: +66-2009-9000  Fax: +66-2009-9991  TSD Call center: +66-2009-9999
Accounting auditor	:	Mr. Preecha Arunnara  Certified Public Accountant (Registration No. 5800)  193/136-137, Ratchadaphisek Road, Klong Toi, Bangkok,  10501  Tel: +66-2264-9090  Fax: +66-2264-0789
Law advisor	:	Thep Company Limited  1193, Exim Building (11 <sup>th</sup> Floor), Phaholyothin Road,  Samsennai, Phayathai, Bangkok 10400  Tel: +66-2278-1679-84  Fax: +66-2271-2367
Financial advisor	:	-None-

**3. Information of juristic person in which the company holds shares from 10% or more**

Company name	: Nitto Kogyo BM (Thailand) Company Limited
Company's registration number	: 0105558039123
Nature of business	: Manufacturing, trading and sales of electric and mechanical equipment such as panel boards, consumer units, metal enclosures, racks and so on
Head Office / Factory	: 56, Yada Building, 8th Floor, Room No.802-803, Silom Road, Suriyawongse, Bangrak, Bangkok 10500
Telephone	: +66-2652-5156 , +66-2652-5092-3
Fax.	: +66-2652-5157
Website (URL)	: <a href="http://th.nito-trading.com/">th.nito-trading.com/</a>
Registered capital	: THB 150,000,000 (One hundred and fifty million)
Paid-up capital	: THB 150,000,000 (One hundred and fifty million)
Par value	: THB 1,000 (One thousand)

Company name	: MECT Company Limited
Company's registration number	: 0125531000536
Nature of business	: Electrical and communication system
Head Office / Factory	: 252/144 Soi Phaholyothin 32 (Sailom Suite) Phaholyothin Road, Chan Kasem, Chatuchak, Bangkok 10900
Telephone	: +66-2942-9743-8
Fax.	: +66-2942-9749
Website (URL)	: <a href="http://www.mect.co.th">www.mect.co.th</a>
Registered capital	: THB 195,625,000 (One hundred ninety five million and six hundred twenty five thousand)
Paid-up capital	: THB 195,625,000 (One hundred ninety five million and six hundred twenty five thousand)
Par value	: THB 100.00 (One hundred)



## Shareholder Name List

The Company's shareholder name list as shown on shareholder registration book as of 28 January 2020 as following detail:

Name	As of 28 January 2020 (Par value THB 0.5)	
	Number of shares	Ratio (percent)
<b><u>1. Sajjaboribun Family</u></b>	<b><u>133,442,200</u></b>	<b><u>30.33</u></b>
1.1 Mr. Tanin Sajjaboribun <sup>/1</sup>	31,699,000	7.20
1.2 Mr. Tanes Sajjaboriboon <sup>/2</sup>	49,555,500	11.26
1.3 Mr. Worakul Sajjaboribun	13,849,000	3.15
1.4 Ms. Aree Sajjaboribun	13,398,200	3.05
1.5 Mr. Suwakij Sajjaboribun	10,017,100	2.28
1.6 Mr. Korasan Sajjaboribun	9,903,400	2.25
1.7 Ms. Sureeporn Sajjaboribun	5,000,000	1.14
1.8 Ms. Arisa Sajjaboribun	20,000	0.00
<b><u>2. Amornthatri Family</u></b>	<b><u>51,907,500</u></b>	<b><u>11.80</u></b>
2.1 Mr. Tirawat Amornthatri <sup>/3</sup>	47,423,800	10.78
2.2 Ms. Wana Amornthatri	2,107,700	0.48
2.3 Ms. Arunya Amornthatri	1,305,000	0.30
2.4 Mr. Pipat Amornthatri	971,000	0.22
2.5 Mr. Pornchai Amornthatri	50,000	0.01
2.6 Ms. Witchuda Amornthatri	50,000	0.01
<b><u>3. Vongsawangrussamee Family</u></b>	<b><u>46,218,800</u></b>	<b><u>10.50</u></b>
3.1 Mr. Vinai Vongsawangrussamee <sup>/4</sup>	27,592,200	6.27
3.2 Mr. Pavit Wongsvangrusme	14,517,800	3.30
3.3 Mr. Somchai Vongsawangrussamee	3,341,600	0.76
3.4 Mr. Thatchaphong Vongsawangrussamee	767,200	0.17
4. Nitto Kogyo Corporation	40,000,000	9.09
<b><u>5. Pho-ob Family</u></b>	<b><u>33,161,800</u></b>	<b><u>7.54</u></b>

Name	As of 28 January 2020 (Par value THB 0.5)	
	Number of shares	Ratio (percent)
5.1 Mr. Luecha Pho-ob	27,750,900	6.31
5.2 Mr. Varit Pho-ob	5,410,900	1.23
6. Ms. Monthip Wittayakorn	13,881,000	3.15
7. Ms. Waraporn Siriboonma	9,073,100	2.06
8. Mr. Kittipong Uchin	6,727,500	1.53
9. Ms. Napaphat Kuntawang	6,594,600	1.50
10. Limsowaan family	6,333,800	1.44
10.1 Sitthichai Limsowaan	6,063,800	1.38
10.2 Kanoknart Limsowaan	270,000	0.06
11. Other shareholders	92,659,700	21.06
Total	440,000,000	100.00

Remark: <sup>/1</sup> Mr. Tanin Sajjaboribun is taking position of the Director, Authorized Director, Chairman of Management Director and Chief of Executive Officer

<sup>/2</sup> Mr. Tanes Sajjaboriboon is taking position of the Director, Authorized Director, Management Director, Chief of Financial Officer and Company Secretary

<sup>/3</sup> Mr. Tirawat Amornthatri is taking position of the Director, Authorized Director, Management Director, Managing Director and Chief of Operation Officer (Acting)

<sup>/4</sup> Mr. Vinai Vongswangrussamee is taking position of the Director, Authorized Director, Management Director, and Chief of Marketing and Sales Officer

## Dividend Policy

The Company sets the dividend policy at the rate of not less than 40% of net profit after tax and statutory reserve. As stated in the Company's Articles of Association and the law, however, the dividend payment may be changed. It depends on the results. Financial position of the company Business expansion plan Include factors related to management, necessity and other appropriateness in the future as the Board deems appropriate.

The annual dividend payment of the Company must be approved by the shareholders' meeting. Except for the interim dividend payment which the Board of Directors has the power to approve the interim dividend payment, the meeting shall be reported to the shareholders at the next meeting.

## **Nature of Business**

Bangkok Sheet Metal Public Company Limited (“Company” or “BM”) was established on May 11, 1995. At present, the Company conducts business of manufacturer and sell the processed steel products such as Metal Trunkings and White Conduits, Communication Racks, Cabinets and Enclosures and Electrical Switchboards for building, condominium, office, shopping mall, industry factory, electrical power station etc. under brands “BSM”, “BM”, “BS” and “BEST” and other processed steel products as per customer’s requirement. The Company also is the distributor of Metal Trunkings and White Conduits by the Company’s outsource supplier for sale by our brands. The Company also is a distributor of Metal Trunkings and White Conduits by the brands of our outsource supplier.

The Company’s product is classified into 6 categories:

- 1) Metal Trunkings and White Conduits
- 2) Communication Racks, Cabinets and Enclosures
- 3) Electrical Switchboards and Lighting Fixtures
- 4) Fabrication and Metal Working
- 5) Mold & Die Making, Machine Tools and Equipment
- 6) Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts

The Company is certified the quality management system as standard ISO9001:2015 from Anglo Japanese American (AJA) Registrars by accreditation of United Kingdom Accreditation Service (UKAS) and National Accreditation Council of Thailand (NAC Thailand). To develop the quality management system of the products in effective, quality, respond to customer’s need and satisfaction.

## Revenue Structure

Revenue breakdown table of business in each product category Year 2017 - 2019

Revenue Classification	Year 2017		Year 2018		Year 2019	
	Million	%	Million	%	Million	%
1) Revenue of Metal Trunkings and White Conduits	472.23	55.77	515.50	50.14	495.21	54.22
2) Revenue of Communication Racks, Cabinets and Enclosures	73.59	8.69	65.58	6.38	47.81	5.23
3) Revenue of Electrical Switchboards and Lighting Fixtures	30.82	3.64	19.76	1.92	122.75	13.44
4) Revenue of Fabrication and Metal Working	23.03	2.72	144.82	14.09	31.88	3.49
5) Revenue of Mold & Die Making, Machine Tools and equipment	24.23	2.86	13.41	1.30	22.20	2.43
6) Revenue of Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts	194.99	23.03	196.04	<b>19.07</b>	151.39	<b>16.58</b>
7) Revenue of Trading <sup>/1</sup>	15.58	1.84	23.60	2.30	30.92	3.39
<b>Revenue of Product Sales</b>	<b>834.47</b>	<b>98.54</b>	<b>978.71</b>	<b>95.19</b>	<b>902.16</b>	<b>98.78</b>
Revenue of Service <sup>/2</sup>	6.99	0.83	6.46	0.63	5.56	0.61
<b>Revenue of Product Sales and Service</b>	<b>841.46</b>	<b>99.37</b>	<b>985.17</b>	<b>95.82</b>	<b>907.72</b>	<b>99.39</b>
Dividend	-		31.30	3.04	-	-
Other Revenue <sup>/3</sup>	5.34	0.63	11.72	1.14	5.61	0.61
<b>Total Revenue</b>	<b>846.80</b>	<b>100.00</b>	<b>1,028.19</b>	<b>100.00</b>	<b>913.33</b>	<b>100.00</b>

Remark: <sup>/1</sup> Revenue of Trading is the revenue of selling assembly equipment, painting parts etc.

<sup>/2</sup> Revenue of Service is the revenue of painting steel parts for external customers.

<sup>/3</sup> Other Revenue is the revenue of received interest, profit (loss) of asset selling, profit (loss) of asset amortization, selling scraps etc.

Customer classification table for the Company's product category

Product Category	Customer Classification	
	Contractor Section	Business Section
Metal Trunking and White Conduits	✓	✓
Communication Racks, Cabinets and Enclosures	✓	✓
Electrical Switchboards and Lighting Fixtures	✓	✓
Fabrication and Metal Working	✓	✓
Mold & Die Making, Machine Tools and Equipment		✓
Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts		✓

Revenue sharing table of sales and service as classified by customer classification during Year 2017 - 2019

Customer Classification	Year 2017		Year 2018		Year 2019	
	Million	%	Million	%	Million	%
Contractor Cluster	503.05	59.78	535.26	54.33	617.96	68.08
Business Cluster	338.41	40.22	449.91	45.67	289.76	31.92
Dealer/Agent	---	---	---	---	---	---
<b>Revenue of Product Sales and Service</b>	<b>841.46</b>	<b>100.00</b>	<b>985.17</b>	<b>100.00</b>	<b>907.72</b>	<b>100.00</b>

## **Vision and Mission**

The Company's vision and mission as follows:

### **Vision**

- 1) To create excellence in products of metal processing and forming as international quality standards.
- 2) To develop technical skills and manufacturing technology in order to satisfy customer's demands extensively.
- 3) To participate in domestic industry development in order to reduce importing from abroad.
- 4) To expand business into customer section in The Asian Economic Community (AEC) and international section.

### **Mission**

1. Produce quality products, on time delivery and price satisfaction.
2. Focus on developing people and technology to meet international standard.
3. Conduct the business in order to return on reasonable profit/benefit to the shareholders and employees.
4. Build relationship with customers and suppliers to be long-term partners.
5. Provide opportunity to all employees for continuous improvement to create and sustaining long-term growth.

## Key Developments of the Company

Bangkok Sheet Metal Public Company Limited was established on May 11, 1995 by the engineering team who are various experienced and competency to establish a factory in order to produce the processed metal products as qualified standards. Initial registered capital for 7 million baht. Next, the Company had been continue increased the registered capital for 150 million baht and transformed to the public company limited on May 15, 2015 including to registered to increase the registered capital for 50 million baht in order to IPO (Initial Public Offering). Which caused the total current registered capital of the Company is 200 million baht after listing on the Market for Alternative Investment (mai) on May 17, 2016

Subsequently, on November 2, 2017 the Company received a letter of intent from Nitto Kogyo Corporation (Japan). To request to purchase the newly issued ordinary shares under the General Mandate of the company allocated to the private placement of 40,000,000 shares with par value of 0.50 baht per share and on November 21, 2017 - the Company with registered capital was paid-up from 200 million baht to 220 million baht.

At present, the Company conducts business for manufacturer and sells the processed metal products such as Metal Trunkings and White Conduits, Communication Racks, Cabinets and Enclosures and Electrical Switchboards for building, condominium, office, shopping mall, industry factory, electrical power station etc. under brands “BSM”, “BM”, “BS” and “BEST” and other processed metal products as per customer’s requirement. The Company also is the distributor of Metal Trunkings and White Conduits by the Company’s outsource supplier for sale under our product brands. The Company also being a distributor of Metal Trunkings and White Conduits under the brands of our outsource supplier.

The Company’s head office is located on 149 Moo 6, Suksawad Rd., Bangjak, Prapadang, Samutprakarn, 10130 (Thailand). The branch office is located on 147-148 Moo 6, Suksawad Rd., Bangjak, Prapadang, Samutprakarn 10130 (Thailand).

Highlight Key Development History of the Company as the following:

Year 1995 - On May 11, 1995, the Company was established by the engineering team who are various experienced and competency with registered capital for 7.00 Million baht consisted of

70,000 common stocks as par value 100 baht per share. Initially the Executive Team established the factory by rented the mini-factory which located on Suksawad Rd., Prapradang, Samutprakarn to produce the processed metal products as qualified standards. The first product category was Metal Trunking and White Conduits such as wire ways, cable trays, cable ladders floor trunkings etc. by our brand “BSM”.

- Year 1996 - On June 12, 1996, the Company increased the registered capital from 7 million baht to be 16.50 million baht The common stock was issued to increase capital for 95,000 shares as par value 100 baht with offered price 100 baht per share by offering to existing shareholders in proportion (6 new shareholders for 60,000 shares as value 6 million baht) to invest the new production factory expanding production capability into product category of Communication Racks, Cabinets and Enclosures.
- Year 1997 - In April 1997, the Company built a factory on our own area 3-1-0 Rai. for business expansion. It was located on 149 Moo 6, Suksawad Rd., Bangjak, Prapradang, Samutprakarn 10130 (Thailand).
- Year 2001 - On September 12, 2001, the Company increased the registered capital from 16.50 million baht to 24.75 million baht The common stock was issued to increase capital for 82,500 shares as par value 100 baht with offered price 100 baht per share by offering to existing shareholders in proportion (2 new shareholders for 15,000 shares as value 1.50 million baht) to additional invest buying machines and tools for Stamping Section.
- Year 2003 - On February 26, 2003, the Company had been certified the quality management system as quality standard ISO 9001: 2008 from Anglo Japanese American (AJA) Registrars by accreditation of United Kingdom Accreditation Service (UKAS) and National Accreditation Council of Thailand (NAC Thailand).
- Year 2006 - On February 10, 2006, the Company increased the registered capital from 24.75 million baht to 50 MB. The common stock was issued to increase capital for 252,500 shares as par value 100 baht with offered price 100 baht per share by offering to existing shareholders to invest of area expansion from existing area 3-1-0 Rai. to be 6-1-77 Rai. and invested of machine tools and metalworking for Die Making and Press Parts Section.
- Year 2007 - On May 22, 2007, the Company increased the registered capital from 50 million baht to be 60 million baht. The common stock was issued to increase capital for 100,000 shares at par value 100 Baht with offered price 100 Baht per share by offering to existing



shareholders. To invest buying machines and tools for Fabrication and Metalworking Section.

- Year 2008 - The Company invested expanding area of the office and factory from existing area 6-1-77 Rai. to be 10-1-97 Rai. in order to support business expansion.
- Year 2009 - On July 16, 2009, the Company increased the registered capital from 60 million baht to 79 million baht. The common stock was issued to increase capital for 190,000 shares as par value 100 baht per share by offering to existing shareholders in proportion (2 new shareholders for 33,400 shares as value 5.01 million baht) with offered price 150 Baht per share to invest building a new office and training center. The additional investment to buy punching machine for production support of Communication Racks, Cabinets and Enclosures and Press Parts, Machine Parts and Assembly Parts Section.
- On December 28, 2009, the Company increased the registered capital from 79 million baht to 91 million baht. The common stock was issued to increase capital for 120,000 shares as par value 100 baht per share by offering to existing shareholders with offered price 150 baht per share to additional invest buying new machines and building power painting line.
- Year 2010 - On April 2, 2010, the Company additional invested buying arc welding robots to support business expansion.
- On October 13, 2010, the Company additional invested buying high precision press-breaks bending machine for production support of Communication Racks, Cabinets and Enclosures and Press Parts, Machine Parts and Assembly Parts Section.
- Year 2011 - On March 11, 2011, the Company additional invested buying CNC turret punching machine for production support of Communication Racks, Cabinets and Enclosures and Agricultural Machine Part Section.
- On July 31, 2011, the Company additional invested the water treatment system as standard regulation.
- On August 16, 2011, the Company additional invested buying high precision press-breaks bending machine for Communication Racks, Communication Racks, Cabinets and Enclosures and Press Parts, Machine Parts and Assembly Parts Section.
- On August 31, 2011, the Company additional invested building powder painting line to support business expansion of Communication Racks, Cabinets and Enclosures and Agricultural Machine Part Section.

- Year 2012 - On March 30, 2012, the Company additional invested buying CNC plasma punching for production increasing support of Communication Racks, Cabinets and Enclosures and Agricultural Machine Part Section. And additional invested buying high precision press-breaks bending machine for production support of Communication Racks, Communication Racks, Cabinets and Enclosures and Press Parts, Machine Parts and Assembly Parts Section.
- Year 2013 - In February 2013, the Company additional invested buying laser cutting machine and buying opposite area of existing haed office for 9-1-92.5 Rai. to build a production building and warehouse to store finished goods to support business expansion in the future.
- On March 30, 2013, the Company additional invested buying FARO portable CMM set for effective measurement performance.
- Year 2014 - On January 1, 2014, the Company additional invested buying CNC lathe for production support of Agricultural Machine Part Section, buying CNC vertical machining center for Mold and Die Making production and buying single crank press machine for Press Part production of Communication Racks, Cabinets and Enclosures and Agricultural Machine Part Section.
- On December 24, 2014, the Company was awarded by Siam Kubota Corporation Co., Ltd. for Certificate of Appreciation “Supplier Delivery Improvement Award 2014” and Silver Award of “Excellent QCD Performance 2014”.
- Year 2015 - On April 28, 2015, as AGM of Shareholders 2015, the conclusion had approved to increase registered capital from 91.00 million baht to 150.00 million baht. The common stock was issued to increase capital for 590,000 shares as par value 100 baht per share with offered price 100 baht per share. It was offered to existing shareholders in propotion for capital structure organization and being readiness of a listed company in Market for Alternative Investment (mai). The conclusion had been approved for conducting plan to be listed company in mai as the following conclusions:
- 1) To approve the transformation of the Company from a company limited into a public company limited.
  - 2) To approve the change of par value and correct the number of common stocks with approval of changing existing par value 100 baht per share to 0.25 baht per share.

As the Company had total paid registered capital 150,000,000 baht. After changing such par value, the Company had total number of 600,000,000 common stocks as par value 0.25 baht per share.

- 3) To approve increasing capital by issuing new common stocks to the first raise funds and shares offering of the Company to public for 50 million baht by classified into 200,000,000 common stocks as par value 0.25 baht from the existing registered capital 150 million baht (classified into 600,000,000 common stocks as par value 0.25 baht per share) into registered capital for 200 million baht by classified into 800,000,000 shares as par value 0.25 baht.
- 4) To approve common stock allocation to increase capital for 200,000,000 shares as par value 0.25 baht per share for IPO or 25% of paid capital after IPO.
- 5) To approve common stocks of the Company register to be listed company in mai.

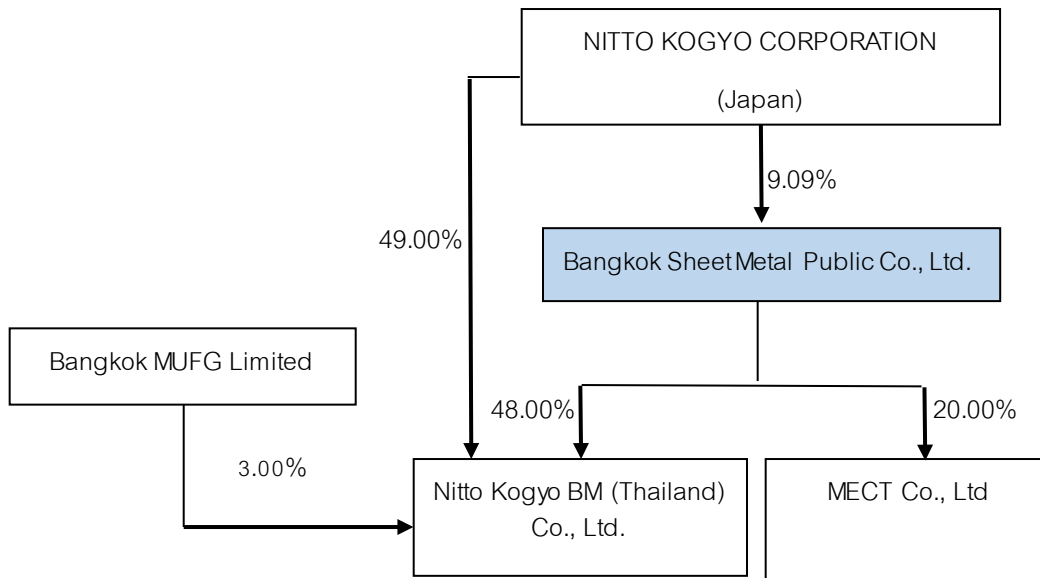
The Company had increased its registered capital into 150 million baht and 200 million baht to The Ministry of Commerce on April 29, 2015 and May 15, 2016 respectively.

- On May 15, 2015, the Company had been registering for transformation from the company limited into the public company limited to The Ministry of Commerce.
- In September 2015, the Company started to expand additional production in the section of Fabrication and Metal Working, Machines and Tools and Press Parts for the new factory (located on area of branch office which it is opposite of head office) and additional buying a band saw machine.
- On December 15, 2015, as the Extraordinary General Meeting (EGM) of Shareholders No. 1/2015, the conclusion had approved changing par value and modify the number of common stocks from existing par value 0.25 baht per share to 0.50 baht per share. After the change of such par value, the Company's registered capital was 200 million baht consisted of 400,000,000 common stocks as par value 0.50 baht per share. The paid capital was 150 million baht consisted of 300,000,000 common stocks as par value 0.50 baht per share. And approved to modify the common stocks allocation of the Company for 100,000,000 shares as par value 0.50 baht per share for IPO or as 25 % of all paid capital after IPO.

- Year 2016
- On May 9-11, 2016, the Company offered IPO for 100,000,000 shares as per value 0.50 baht per share which led the Company's registered capital was increased to 200 million baht and being traded in mai on May 17, 2016.
  - In quarter 2 and 3, the Company had built 2-floor small building for factory's area improvement to be using for inventory and delivery building.
- Year 2017
- On April 12, 2017, the Company increased registered capital to 220 million baht by issuing 40,000,000 new ordinary shares at par value of 0.50 baht per share. The reason is to increase the General Mandate to allocate to the private placement.
  - On November 2, 2017, the Company received a letter of intent from Nitto Kogyo Corporation (Japan). To request to purchase the newly issued ordinary shares under the General Mandate of the company allocated to the private placement of 40,000,000 shares with par value of 0.50 baht per share.
  - On November 21, 2017, the Company with registered capital was paid-up from 200 million baht to 220 million baht which is the capital received from the sale of the newly issued ordinary shares to Nitto Kogyo Corporation in the amount of 40,000,000 shares with a par value of 50 baht per share.
  - On November 30, 2017, the Company has invested in Nitto Kogyo Trading (Thailand) Company Limited. (later renamed to Nitto Kogyo BM (Thailand) by purchased ordinary shares from the same shareholder in the proportion of 41% of paid-up capital to expand the market of electrical cabinet, communication cabinet and various types of steel cabinet.
- Year 2018
- On March 12, 2018, the Company invested in ordinary shares and preferred shares of Nitto Kogyo BM (Thailand) Company Limited in amount of 7.14 million baht and proportion increased from 41% to 48% of the paid-up capital.
  - On May 23, 2018, the Company invested in MECT Company Limited in amount of 152.14 million baht in the proportion of 20% of the paid-up capital.
  - On August 2, 2018, the Company increased the registered capital from 220 million baht to 275 million baht by issuing new ordinary share 110,000,000 shares par value of 0.50 baht per share.
- Year 2019
- On March 13, 2019 the Board of Directors Meeting No. 2/2019 approved the capital increase in an associated company, Nitto Kogyo BM (Thailand) Company Limited, with a registered

capital from 20 million baht, increasing by 130 million baht. The total registered capital of 150 million baht, investment of 48%

### Shareholding Structure



### Corporate Governance

#### 1. Corporate Governance Manual

As the Board of Directors Meeting No. 1/2015 on May 18, 2015 (the first meeting after complete registering of transformation to the public company), the conclusion has approved the corporate governance policy in formal written by defined the guideline according to principle of good corporate governance and complied to SET's regulation. In order to have effective management system, transparency, traceability to ensure the confidence to shareholders, investors, stakeholders and all parties as classified into 5 main ideas:

##### **Section 1: Rights of shareholders**

The Board of Directors is aware in fundamental rights of shareholders with rightly practice as related laws such as the rights of stock trading and transfer, receive dividend, voting in shareholder's meeting by the rights of proxy form is considered, appointment of Directors and Accounting Auditor, provide comment and questions in the

shareholder's meeting, propose meeting agendas and director name list to consider in advance etc. The Board of Directors treats such shareholders strictly and not to violate or deprive of shareholders' rights.

#### 1. Shareholder's meeting

The Company has provided AGM complied SET's regulation and practiced along the shareholder's meeting guideline as complied SEC.

- 1.1. The Company has disclosed policy to support or promote all shareholders to participate in shareholder's meeting.
- 1.2. The Company has monitored the provided meeting detail of date, time, venue and meeting agendas with explanation and rationales or conclusion as defined on the Invitation to the AGM of Shareholders or attachments.
- 1.3. The Company has fully facilitated the shareholders in rights of meeting and vote and not to deprive the rights of shareholder's meeting attendance such as the difficulties and high expenditure of itinerary to shareholder's meeting venue and difficulties of voting procedure etc.
- 1.4. The Company has an opportunity for shareholders to submit their questions before shareholder's meeting date by rules definition clearly and inform to all shareholders with attached invitation of shareholder's meeting. In addition, the Company has publicized the rules to submit such questions via the Company's website.
- 1.5. The Company has encouraged shareholders using the proxy form as can appoint the person for their behalf on voting. At least 1 independent director should be proposed for being choice of giving the proxy by the shareholder.

#### 2. The implementation of shareholder's meeting

- 2.1. The Company has encouraged using technology application to conduct the shareholder's meeting as fast and accurate for registration, vote counting and result display.
- 2.2. All directors should attend the shareholder's meeting to support answering questions as been asked by shareholders in related section.
- 2.3. In the shareholder's meeting, the conclusion have to be voted in each agenda description.
- 2.4. The Board of Directors should encourage or provide independent person to monitor voting in AGM and EGM of shareholder and disclose result to the meeting and record into meeting minutes.

2.5. The Board of Directors should encourage using voting cards for important agendas such as connected transaction, asset acquisition or disposal transaction etc. for transparency and traceability in event of a dispute.

2.6. The Chairman of meeting should allocate appropriate time and encourage opportunity for shareholders can provide comment and giving questions.

### 3. Preparing meeting minutes and conclusion disclosure of the shareholder's meeting

3.1. The meeting minutes of shareholder's meeting is being recorded instruction of voting steps and voting result display approach which have to inform in the meeting before the meeting is conducted. Also giving opportunity to shareholders for settle issues or asking questions and recorded those questions, answers and voting result into each agenda description for result of agreement or disagreement and no voting. The director's name list who attended or absent in the meeting have to be recorded as well.

3.2. The Company will disclose voting result of each agenda as AGM and EGM of shareholder's meeting to public via the Company's website.

## **Section 2: Equitable Treatment of Shareholders**

The Board of Directors and Management have to reassure the shareholders for appropriate capital management to ensure of their investment. The Board of Directors should have practice monitoring and equally fundamental rights for shareholders as follows:

### 1. The right to appoint a proxy to attend the AGM and voting

In event as any of shareholder is unable to attend the meeting, he/she have the right to appoint their proxy or select the Company's independent director (as the proposed list by the Company for appointing a proxy and having the right to vote) to attend. The shareholder has to submit a letter of power of attorney to the Company before the shareholder's meeting date with complete detail and a copy of ID card or passport or other documents that can identify person must be attached.

### 2. The right to propose additional agendas

The Company gives opportunity for shareholders to propose additional agendas as the usual agendas of AGM. The additional agenda proposal can follow the following steps:

- Submitting proposed agendas as required into usual agendas with reason, annotation and necessary information into the propose agenda form.
- The Company will determine shareholder's existing status of the person who requested submitting agendas from the Company's shareholder registration list as of closing date. The additional requested agendas are being approved in criteria of involved or effected operation significantly. If the Board of Directors has approved the proposed agendas, it will be consisted into the shareholder's meeting agendas and noted as requested by the shareholders.

3. The right to denominate appropriate person to take the position of director

The shareholder has their right to denominate person who is appropriate to take the position of director.

The Company reserves the right of qualification approval as per the following criteria:

- Appropriate qualified and not be prohibited under laws of a public limited company, Securities and Exchange and follow the Company's good corporate governance.
- The education and working experiences or other related qualifications are qualified the Company's recruitment qualification.
- Fully dedicated competency and time to the most benefit of the Company which it is main duty and be ready to attend the Company's meeting regularly.
- The existing director is not permitted to be the director in more than 5 listed companies as current period.

The Company's independent directors consider the appropriate qualified person selection and propose into the shareholder's meeting for conclusion. If there is no selected person by the independent director's meeting, such proposed name list must be being proposed into the shareholder's meeting which it is apart from the Board of Director's comment for final conclusion.

The shareholder who requested to propose candidate name list for director position, have to attach the following documents: (1) The form of candidate proposal for the director position and (2) Candidate's profile for the director position. Additional attached documents are the stock certificate or stock domination confirmation by the securities company/broker with signature of information owner then sending registered mail to the Company within define period.



#### 4. Prevention of internal information use.

The Company issued policy of limited internal information use for only middle level to high level of Management Team is involved. For the audited financial statement, it will be kept at the accounting manager. The other secret information will be used only for discussion in manager level of staff. The Company issued penalty for involved parties in event of internal information use and caused disadvantage to the Company. Furthermore, the Company defined the director and executive report for the Company's securities domination to SEC.

#### 5. Internal securities trading monitoring

The Company issued policy to do not permit any staff, executives and the staff who has directly acknowledged internal operation result get involve to case of insider trading since the acknowledged date until the date that information has been publicized completely. Also do not permit to publicize internal information to raise up value of securities especially in 1 month before trading period which before the financial statement is publicized.

The Company's directors and executives have to report the change of securities to SEC and SET complying Section 59 of the Securities and Exchange Act B.E. 2535. Also acknowledged penalty complying the Securities and Exchange Act B.E. 2535 which including the change of securities domination by spouse and underage children. Therefore the directors and executives have to submit this such report copy to the Company in the same day as reported to SEC within 3 working days as defined.

### **Section 3: Roles of stakeholders**

The Company focuses on regulatory for all stakeholders such as customers, employees, business alliances, shareholders or investors, creditors and communities around the Company's location etc. The stakeholders will be treated by the Company according to the rights along involved laws and do not violate as involved laws or agreement which referred to stakeholder's participation as role and duty for the Company's operation result promotion to conduct the Company's operation result goes well. The Company also focuses to create sustainable growth steadily and fairly benefited to all parties. Moreover, the Company provided communication channels to the stakeholders for comment or information provide to the Board of Directors via the Company's independent directors or audit committee.

The Company has considered to promote collaborations between the Company and its stakeholders for wealth financial stability and sustainability of the business as follows:

- Caring to all levels of the Company's employees by fairly practice and appropriate remuneration according to ability skill, performance and skill development continuously. Also focuses on caring for environment in workplace for working safety and life quality awareness of employees.
- Products and services purchasing from the Company's partners will comply the commercial condition with strictly regulation or contract compliance for further long term relationships.
- To comply the condition of loan agreement.
- To care and responsible to customers in terms of products and services quality, non-disclosure agreement and fairly pricing which under product pricing policy.
- To follow in good business competitive rules and avoids dishonest approach to destroy the business competitors.
- To focus on environment responsibility of community and society is around. Also supports public activities and collaborate to be a part of environment development in community and society for better life as appropriate consideration.

#### **Section 4: Information disclosure and transparency**

The Company focuses information disclosure which under the Board of Directors' information disclosure policy in terms of financial and non-financial information correctly, completely, timely and transparent. Information channel as accessibility must be convenience, reliability, equally according to defined involved laws. The Company's important information is able to disclose are financial statement and non-financial information as not impact to the Company's securities price complying SEC and SET's regulations.

The Company has quality control of financial report complying the accounting accreditation standard and been audited from Independent Accounting Auditor as accredited by SEC. Moreover, the Company discloses the following information for transparent business conduct:

- Duties of the Board of Directors and audit committee such as number of meeting been held and number of attendance in the previous year.
- Remuneration policy to directors and high level of director and also the remuneration classifications.
- Report of good corporate governance policy and result of practice.

The above information will be publicly available through SEC or SET. In addition, the Company also publicizes via the Company's website.

### **Section 5: Responsibilities of the Board of Directors**

The Company's Board comprises of directors who are qualified knowledge and experienced experts to develop and define policy caused benefit to the Company. The Company's directors are independent to make decision for most benefit to the Company and shareholders. The Company's Board has an important role in policy formulation including tracking and monitoring the Management's performance and evaluates operation result as the target plan. The Board of Directors consists of 7 directors are from 4 members of Management Team, 3 members of directors who are not in Management Team which three from seven such directors above must be qualified as independent directors to appropriate counterbalancing of executives must greater than one third of all numbers of above directors. In addition, the Company has appointed the audit committee which consists of 3 independent directors and period of taking position is 3 years a time with scope of authorization as obviously defined on the audit committee's charter.

The Company has defined remuneration obviously and transparent by proposing into the shareholder's meeting for approval. The remuneration is being approved in appropriate rate as authorization scope of each director. The remuneration rate have to be compared to the rate in same industry and should be reasonable and attractive to directors to dedicate working for the Company.

The Company's all directors understand their responsibilities as directors. The Company's directors are able to provide their comment independently, always improve themselves, practice in honestly and carefully and be aware the most benefit to the Company and fair to all shareholders. In addition, all directors dedicated for their practices in full responsibility and board's meeting attendance unless it is necessary.

The Board is also focuses on appropriate information disclosure to shareholders, investors and all parties. The disclosed information must be accurate, transparent, thoroughly and timely that enable to publicize after the Company registered for listed company via appropriate and convenient channel for shareholders, investors and relevant parties for their decision support. The publicized channels is enable for mailing, SEC and SET's media including to the Company's website. Those disclosed information are financial report, operation report and relevant information as impacted to the Company's securities price complying good corporate governance.

The Board's structure

The Board consists of 7 members, 4 members of Management Team and 3 members of directors who are not in Management Team and qualified the independent directors to appropriate counterbalancing of the Board must have at least one third of all numbers of above directors. The qualification of independent directors are equivalent to the criteria as defined by SEC. In Section of management structure consists detail of name list, scope of work and recruitment of the directors.

The Company has policy to limit number of companies as each director is able to taking in position which the limitation in position must not more than 5 listed companies. However, the Company has not defined the number of tenure term but in case of director who is knowledgeable and competent, he or she is able to take the position of director in further.

The Company has policy to separate the different person who takes the position of Chairman of the Board of Management and Chairman of the Board of Director with scope of work and responsibilities as obviously defined. Including to the qualification and term of each director must be disclosed into annual report form (Form 56-1).

The Audit Committee's component and recruitment

The audit committee must be appointed by the Board of Director and agreed by shareholders to the position of the director and qualified complying the securities laws and notice, rules and/or regulations according SET's laws. The number of audit committee must be at least 3 members which one of them must be qualified knowledge skill in accounting and finance. The term of holding position is 3 years a time since the appointment date was concluded. When full term of holding position and if the Board of Directors or shareholder's meeting have not concluded to appoint the new audit committee, the existing audit committee is permitted to continue practice in further until the new audit committee is approved for appointing replacement.

The Board of Management's component and recruitment

The Board of Management has to be the director and/or the Company's executive as was appointed by the Board of Directors. The number of members is depended on appropriate agreement by the Board of Directors and one of such above members will be appointed for Chairman of the Board of Management.

Code of Conduct

The Board has encouraged to prepare business ethics for Directors, Management Team and employees for practice and taking responsibilities to the most benefit to all stakeholders and reliable in business conduct for sustainable growth of the Company.

Risk management policy

The Board of Directors has defined the Company's overview risk policy by initially defined of risk identification, risk evaluation, risk monitoring and control and risk standardization for risk prevention as effectively and continuously. In addition, the Company has appointed the risk management committee to responsible for risk management procedure as practice in the Company.

Guidelines for remuneration of directors and senior management.

The Board of Directors approves the Directors and Senior Management's remuneration as their duties and scope of works including to their practice result and the Company's operation result. The remuneration is according to remuneration rate in the labour market or industry and also being approved by the shareholder's meeting.

Furthermore, the Company has appointed the nomination committee and approved the remuneration. To define appropriate nomination approach according to business conduct and also for director nomination when this agenda coming for the Board's approval.

Director's tenure

In 1 year, one in three of director members or nearest number of director members are retired, these retired directors is able to be elected to retake this position. The tenure of director has taken since the appointment date until AGM's date.

Self-evaluation of the Board

The Board has self-evaluation totally at least once a year for The Board of Directors' consideration to improve and enhance the interoperability of the Board.

Development of Directors and Executives

The Board of Directors has approved for new directors orientation to understand the Company's business and relevant regulation. Moreover, the Board has approved the policy to support all directors, high-level executives and the company secretary to attend the related corporate governance training by internal and external organization such as SET, SEC or Thai Institute of Directors (IOD). The directors, executives and company secretary are able to have additional knowledge and experience to improve and develop the Company's further operation.

Succession plan

The Board of Directors has approved the policy and criteria for executive selection and succession plan policy in emergency or retire of the executives. The selection procedure is considered with transparency according to knowledge, ability, experience and ethics.

New director orientation

For new directors and executives, the Company provides basic information to understand the Company's operation such as organization chart and directors, nature of operation and business, main products, rules and regulations and related laws which including to the regulation of SEC and SET. The new directors and executives have acknowledged their roles, duty and responsibilities for the position of directors or independent directors.

Internal meeting between the non-executive directors

The Company has arranged meeting of non-executive directors for internal meeting discussion of issues in the Company for the Company's operation development.

**2. The Committees**

The Company's Board structure consists of 5 teams, which are the Board of Directors, Audit Committee, Executive Committee, Risk Management Committee and Nomination Committee and Remuneration. As the Board of Directors Meeting No. 1/2015 on May 18, 2015 (the first Board's meeting after registering transformation to the public company limited), the conclusion was approved the authorization scope of 2 subcommittees, Audit Committee and Executive Committee.

Later on, as Board of Directors Meeting No. 3/2015 on November 12, 2015, the conclusion was approved the authorization scope of Risk Management Committee and Nomination Committee and Remuneration as the following details:

## 2.1 Audit Committee

As of 31 December 2019 the Audit Committee consisted of 3 members as follows:

Name	Position
1. Assoc. Prof. Prapas Praisuwan	Chairman of the Audit Committee/Independent Director
2. Mr. Damnoen Kaewthavee	Audit Committee/Independent Director
3. Ms. Namthip Kijaksakul	Audit Committee/Independent Director

Remark : - The 2019 Annual General Meeting (AGM) of Shareholders, held on 24 April 2019, approved the re-election of two directors who have retired by rotation as the Company's director for another term, i.e. (1) Mr. Damnoen Kaewthavee took the position of Chairman of the Board/Audit Committee/Independent Director (2) Mr. Tirawat Amornthatri took the position of Director.

Ms. Namthip Kijaksakul as the audit committee who is adequate knowledge and experienced to review the reliability of financial statement. She graduated bachelor degree in Faculty of Commercial and Accountancy in Accounting of Chulalongkorn University and master degree in Faculty of Business Administration in International Administration of University of Dallas, Texas (USA). She used to the position of Accounting Manager, Cost Accounting Manager, Financial and Administration Manager, Senior Manager of Financial and Administration, Managing Director of Accounting Department, Vice President Managing Director Accounting and the last was Vice President Managing Director of Internal Audit of a listed company in SET.

Ms. Laongdao Ngamkara is the secretary of Audit Committee to support the Audit Committee's operation for meeting appointment, meeting agenda preparation, meeting minutes and all activities according to regulation of the Company, relevant laws and regulations.

### Authorization scope of Audit Committee

1. To audit the financial statement to ensure that it is accurate and reliable including to information disclosure is adequate. The Audit Committee coordinates to external accounting auditor and executive who are responsible to prepare quarterly and yearly financial statement.
2. To audit the adequacy and effectiveness of the Company's internal control system and internal audit. Also consider the internal audit department's independency and responsible for appointment, migration and lay-off the head of internal audit department or relevant department which responsible for the internal audit procedure. Additional comment or suggestion can be proposed to audit or check any items as necessary and significant to the Board of Directors which being audited along with external accounting auditor and the head of internal audit department.
3. To audit the Company's lawfulness complying securities laws and SET's laws or SET's regulation, policy, rules, regulation and other laws are relevant to the Company's business.
4. To select and nominate the appropriate person who has independency as the accounting auditor and propose remuneration of the Company's accounting auditor to the Board of Directors. Also attend the meeting with the accounting auditor without the management team at least once a year.
5. To audit the Company's internal audit plan according to general acceptance standard.
6. To consider the connected transaction or benefit conflict transaction complying SET's laws and regulations. Throughout the disclosure of information on such matters to be accurate and complete to ensure that such matters are reasonable and most benefit to the Company.
7. To audit the Company's risk management system is suitable and effective.
8. To report the practice result of the Audit Committee to the Board of Directors at least 4 times a year.
9. To prepare the report of the Audit Committee for information disclosure on the Company's annual report which the report has to be signed by Chairman of Audit Committee and consist of at least information as follows:
  - (A) An opinion on the accuracy, completeness and reliability of the Company's financial statements.
  - (B) An opinion on the adequacy of the Company's internal control.
  - (C) An opinion on lawfulness of SEC's laws or relevant laws of the Company's business.
  - (D) An opinion of appropriation for the accounting auditor.
  - (E) An opinion of connected transaction or transactions as may lead to conflict of benefits.
  - (F) The number of the Audit Committee meeting and Audit Committee's attendance.
  - (G) An opinion or observation by the Audit Committee from duties performance complying the charter.



(H) Other matters that shareholders and investors should know. Under the scope of duties and responsibilities as assigned by the Board of Directors.

10. To give opinion in consideration in appointment, withdrawn and evaluation of the internal audit department.
11. To invite the management of executive team or relevant employees giving opinion, attend the meeting or submit document is necessary according to the authorized scope of work.
12. To authorize hiring a consultant or outsider according to the Company's regulation for giving opinion or consultation in necessary.
13. The Audit Committee has to do performance evaluation of self-evaluation and report to the Board of Directors every year as evaluation result and any difficulties as may be cause of failure in the team's objectives.
14. To review and improve the Audit Committee's charter.
15. To practice as assigned by the Board of Directors in working scope and responsibility of Audit Committee.

As such above duties, the Audit Committee is responsible directly to the Board of Directors as still have responsibility of the Company's operation to outsiders. The 3 audit committees are from independent directors as qualified according the Section 17 in Capital Market Supervisory Board's Announcement (Tor Chor. 39/2017)

#### The Tenure of the Audit Committee

The Audit Committee holds a tenure for 3 years. The 1-year holding term means the period during AGM's date as the year is appointed until AGM's date in the next year. Case of the audit committee who retired as tenure is ended, might be nominated and appointed to be the audit committee again.

The audit committee who need to resign, has to submit the resignation letter with reason to Chairman of the Board by at least 1 month in advanced of information and approved by the Board of Directors. The Company will send copy of resignation letter to inform SET. Case of all audit committees are ended of tenure, all of them was permitted for the Audit Committee as acting until the new Audit Committee will be acquired the position.

In case the position of Audit Committee is vacant with other reason excepted the tenure is ended as above, the Board of Directors appoints the replaced audit committee who is qualified within 90 days to complete the team

member according to the Company's regulation. The replaced audit committee is able to exist as residual tenure of the previous audit committee has left.

## 2.2 Executive Committee

As of 31 December 2019 the Executive Committee consists of 5 members.

Name	Position
1. Mr. Tanin Sajjaboribun	Chairman of Executive Committee
2. Mr. Tirawat Amornthatri	Executive Committee
3. Mr. Tanes Sajjaboriboon	Executive Committee
4. Mr. Vinai Vongswangrussamee	Executive Committee
5. Mr. Suchart Mahatthanawong	Executive Committee

### Scope of work and responsibility of Executive Committee

- 1) To control the Company's management according to the policy as defined by the Board of Directors and report the operation result to the Board of Directors. In the meeting of executive committee, has to consist of directors attending not less than half number of executive committees. For the conclusion of executive committees, must be a majority vote from the meeting and such voting can be count in at least half of all executive committee's voting.
- 2) To approve the level of authorization for individual properly and provide appropriate segregation of duties that be contributing to the corruption apart. Including to define procedure and business approach to major shareholder, directors, executives or relevant person properly for benefit transition protection. And propose for principle approval by the Board of Directors and also control of practice according to the approved principles.
- 3) To consider of annual budget and expenditure procedure to propose to the Board of Directors and control according to approved budget from the Board of Directors.
- 4) To approve the Company's operation plan improvement for most benefit of the Company.
- 5) To approve the investment and capital budget as authorized in authorization manual.
- 6) To approve the contract is legal bidding as authorization manual.

- 7) To responsible the Company's important information is adequate for decision support of the Board of Directors, shareholders and prepare reliable financial statement as acceptable standard and transparency.
- 8) To consider the Company's profit and loss report and propose to the Board of Directors for annual dividend.
- 9) To consider new business operation or off business to propose to the Board of Directors.
- 10) To supervise the operation procedure of operators to report situation as in usual or usual or illegal behavior to the Executive Committee immediately. In case of such situations above are significant impacted to the Company, it must be reported to the Board of Directors to acknowledge for improvement within appropriate period.
- 11) To activate any activities to support the above mentioned operation or opinion of the Board of Directors or being authorized by the Board of Directors.
- 12) To propose to the executive committee's meeting in any issues as concluded and/or approved in the executive committee's meeting, must be reported for acknowledgement to the Board of Directors in next meeting.

The assignment of duties and responsibilities of the above executive committee shall not include the authorization and/or sub-authorization to approve matters as the executive committee or sub-attorney or any person who may have conflict (as definition on Capital Market Supervisory Board's announcement), benefit as in conflict to the Company. In any matters shall be approved, has to propose to the Board of Director's meeting and/or the shareholder's meeting (if in case) to approve such matters according to the Company's regulation or relevant laws.

### 2.3 Risk Management Committee

Risk Management Committee issued Announcement No. BM011/2020: the announcement of the appointment of the Enterprise Risk Management Committee in order to operate the risk management of the Company.

The Company had 15 members of the Risk Management Committee.

Name	Position
1. Mr. Tirawat Amornthatri	Chairman of Risk Management Committee
2. Mr. Suchart Mahatthawong	Vice Chairman Risk Management Committee
3. Mr. Suphot Lertthana	Risk Management Committee

Name	Position
4. Mr. Khuanchai Phanpanya	Risk Management Committee
5. Mr. Somkiet Nimkham	Risk Management Committee
6. Mr. Kittisak Kulchutisin	Risk Management Committee
7. Mr. Pipat Phuwasirikulrawat	Risk Management Committee
8. Mr. Pavit Wongsavangrussamee	Risk Management Committee
9. Ms. Thanaree Nonchatrapong	Risk Management Committee
10. Ms. Laongdao Ngamkara	Risk Management Committee
11. Mr. Komon Jamjan	Risk Management Committee
12. Ms. Panchakhasorn Suwasri	Risk Management Committee
13. Mr. Phongthep Koshayodhin	Risk Management Committee
14. Ms. Suranya JanAkrakul	Risk Management Committee
15. Ms. Pornpimon Chanwedchasad	Secretary of Risk Management Committee

Scope of authorization and responsibility of the Risk Management Committee

1. To approve policy and structure of risk management to propose to the executive committee as according to risk management guideline of SEC and The Institute of Internal Auditors of Thailand.
2. To plan strategic according to risk management policy to evaluate, follow up and control each classified risk in appropriate level of acceptable. The relevant department shall cooperate to manage and control these risks.
3. To evaluate risk in organization level and define the risk management approach in acceptable level. Including controlling the risk management as defined approach.
4. To review the risk management policy and develop is adequate in effective and effectiveness continuously.

5. As authorized to invite relevant staff to explain or appoint and define roles of all operator level has proper duty of risk management. Then report to the Risk Management Committee to success in risk management's objectives.
6. To report the result of risk management to the Risk Management Committee and Audit Committee to propose to the Board of Directors in quarterly.
7. To prepare the risk management manual.
8. To specify risk in any matters then analyze and evaluate the prospective risks and trend of matters as may affect to the Company.
9. To prepare the risk's preventive plan or reduce plan.
10. To evaluate and prepare the report of risk management.
11. To deploy an integrated risk management with information technology system connection.
12. To practice in appropriate other assignment by the Board of Directors.

#### **2.4 The Nomination and Remuneration Committee**

As the Board of Directors Meeting No. 3/2015, the conclusion was approved to appoint the Nomination and Remuneration Committee consisting of 3 members as follows:

<b>Name</b>	<b>Position</b>
1. Mr. Damnoen Kaewthavee	Chairman of Nomination and Remuneration Committee
2. Assoc. Prof. Prapas Praisuwanna	Nomination and Remuneration Committee
3. Mr. Tanin Sajjaboribun	Nomination and Remuneration Committee

#### **Scope of duty and responsibility of The Nomination and Remuneration Committee**

##### **Recruitment**

1. To define appropriate recruitment approach, qualification, skill and experience as qualify for director position appointment as suit to the Company's nature and business operation.
2. To recruit the director when tenure is due and nominate the name of director to the Board of Directors for consideration. The recruitment shall be considered the existing directors to continue position or openly

receive nomination from shareholders or supporting recruitment by external company or from professional director directory or each director shall nominate appropriate directors.

3. To consider the nominate person and select the appropriate one who is qualified according to defined rules and regulations.
4. To check that nominated person is qualified according to the laws and regulations of relevant company.
5. To invite the qualified person who was appointed in the shareholder's meeting that is qualified as such the rules and regulations to ensure that person shall be please to acquire the position of Director.
6. To nominate to the Board for consideration and place the name into Invitation letter of AGM for appointment approval.
7. To consider recruiting executives as assigned by the Board of Director.

### **Remuneration Approval**

1. To consider the appropriate remuneration criteria of directors and executives by reviewing the current criteria comparing with the remuneration rate of other companies in the same industry section. Also define the appropriate criteria boosting the outcome as expected with fairness and compensation to person who dedicated supporting success of the Company.
2. To review all remuneration classification such as annual remuneration, operation remuneration and attendance fee which practice awareness as the same industry, turnover and business size and responsibility, skill, competency and experiences of the Company's expected directors and high level executives.
3. To approve evaluation criteria of Chief Executive Officer (CEO), section administration director and executive as assigned by the Board.
4. To define annual remuneration of directors, CEO, section administration director and high level executives according approved criteria and propose to the Board to approve the remuneration of Managing Director (MD), section administration director and high level executives. For the remuneration of the Board, shall be sent into the shareholder's meeting for approval.
5. To consider appropriate opinion in case of new offering to directors and employees based on fairness to shareholders and motivate to directors and employees intend to work and be adding value for long term shareholders and retain qualified employees genuinely.

### 3. Recruitment and appointment the directors and high level executives

The selection of persons to be appointed as directors or executives of the Company. The appropriate person who shall be appointed to be the Company's directors and executives has to be qualified completely as Section 68 of Listed Company Act B.E. 2535 and Capital Market Supervisory Board's Announcement (Tor Chor. 39/2016) for the new offering permission request and new offering permission based on components and nomination criteria as follows:

#### 3.1 Component and recruitment of the Board

1. The Company's Board of Directors consist of directors at least 5 members and greater than half number of members have to live in Thailand. The directors have to be qualified according to relevant laws and greater than one third of all members are independent directors and not lower than 3 independent directors.
2. As the shareholder's meeting, appointed the Board of Directors as following criteria and approaches:
  - 2.1 A shareholder has the right to vote for 1 share per 1 voting score.
  - 2.2 Each shareholder has to vote as all holding shares to select only one person or many persons to be directors but unable to separate the voting score to be greater or less than for the such selected person.
  - 2.3 The person who received the highest voting scores respectively shall be selected to be directors as the defined number of directors for each selection. Case of the person who was selected in next rank and has the equal voting scores caused to over defined number of directors, Chairman of the meeting shall final vote for selection.
3. As every AGM, one-third of all current number of directors have to resign. If the number of all directors cannot be separated into 3 parts equally, the number of directors who have to resign must be nearest one-third of all number of directors. The directors who resigned are able to be re-selected as the directors. The directors who have to resign in the first and second year after listed company registration completion, these such directors shall draw lots. For the later years, the director who have longest tenure shall be selected to resign.
4. The directors who request to resign, has to submit the resignation letter to the Company. The resignation shall be effective as of date as the Company received.
5. In case of director position is vacant due to other reason except the tenure is ended, the Board shall

select appropriate person who is qualified and not prohibited by laws for such director's replacement for attending the next Board's meeting. Unless the tenure of such director is less than two months, the director who replaced will be only holding tenure in the position of such resigned directors as remained.

The Board's conclusion to select the appropriate person to be replaced director, have to consist of voting score not less than three-fourth of number of remain directors.

6. As the shareholder's meeting might approve the conclusion for any directors to resign before their tenure is ended with voting score greater than three-fourth of all numbers of attended shareholders and have voting rights. And total number of shares are counted as not less than half of all numbers of attended shareholders and have voting rights.
7. The director can be the Company's shareholders or may not be.
8. The Board shall select one director to be Chairman of directors. Case of directors approved to select one or many of director to be Vice Chairman as the Vice Chairman has to practice duty according the Company's rules as assigned by the Chairman of the directors.

### **3.2 Component and recruitment of Audit Committee**

The Company's Audit Committee has to be appointed by the Board and shareholder's agreement to the position of Audit Committee and qualified by SEC's laws including to SET's announcement, regulations and/or rules. The Audit Committee consists of 3 members and must have at least 1 member who is experienced in accounting and finance. The Audit Committee's tenure is 3 years a time as of appointed date. When the Audit Committee's tenure is ended and the Board or shareholder's meeting has not approved conclusion for new Audit Committee appointment, the previous Audit Committee is permitted to practice in further until the new Audit Committee is approved of appointment to replace the previous Audit Committee as tenure has been ended and/or according to the Board's tenure. The audit committee who was selected has to be independent director and qualified of Audit Committee as following qualifications:

#### Qualification of independent committee

1. Number of shareholding is not over 1 percent of all shares that has voting rights of the Company, headquarter, subsidiary, associate, majority shareholder or shareholders who is authorized to control of the Company and shall be counting the shareholding of shareholder who is related to the independent director.



2. Not being or used to be the director who is in the management team, temporary employee, employee, advisor who receives salary or the shareholder who is authorized to control of the Company, headquarter, subsidiary, associate, subsidiary class, majority shareholder or the shareholder who is authorized to control of the Company. Unless the candidate independent director has left from such status as mentioned at least 2 years before submitting date the permission request to SEC. The above mentioned prohibitions, not including to the independent director who used to be the official or advisor of government as state of majority shareholder or the shareholder who is authorized to control of the Company.
3. Not being blood ties or relative-in-laws as parent, spouse, sibling and child and also the child's spouse of director, majority shareholder, shareholder who is authorized to control of the Company or person who is nominated to be director or authorized to control the Company or subsidiary.
4. Have no or used to have business relationship<sup>/1</sup> to the Company, headquarter, subsidiary, associate, majority shareholder or shareholder who is authorized to control the Company in terms of obstruction for independent judgment. Also not being or used to be the shareholder who is significant rights or the authorized person of third party who has business relationship to the Company, headquarter, subsidiary, associate, major shareholder or the shareholder who is authorized to control of the Company. Unless the candidate independent director has left from such state as mentioned at least 2 years before the submitting date of permission request to SEC.

<sup>/1</sup> - Business relationship and usual commercial transaction, real estate rental or real estate for rent, transaction of asset or service or offer/receive the financial support in terms of receive loan or lending, guarantee, asset guarantee of debt and relevant transaction accordingly. The above mentioned as caused the permission requester or contract parties has responsibility for paying debt to other parties at least 3 percent of permission requester's tangible asset or at least 20 million baht which depends on case of lower. Therefore, the mentioned debt calculation is follow the connected transaction value evaluation formula according to the Capital Market Commission's criteria to conduct connected transaction by considering. The debt responsibility

as mentioned, to include the debt is occurred during the year before the date of business relationship to the same person as related.

5. Not being or used to be the accounting auditor of the Company, headquarter, subsidiary, associate, major shareholder or shareholder who is authorized to control the Company and not being the shareholder who is significant of right, authorized control person or partner of accounting auditor office which there is the accounting auditor of the Company, headquarter, subsidiary, associate, majority shareholder or shareholder who is authorized to control of the Company is affiliated as employees. Unless the candidate of independent director has left from such state as mentioned at least 2 years before submitting date of permission request to SEC.
6. Not being or used to be server in law advisor of subsidiary, associate, major shareholder or shareholder who is authorized to control of the Company and not being significant shareholder, authorized control person to control or partner of the server. Unless the candidate of independent director has left from such state as mentioned at least 2 years before submitting date of permission request to SEC.
7. Not being the director who is appointed to be representative of the Board, majority shareholder or shareholder who is related to the majority shareholder.
8. Not to have the same business nature and competitive is significant to the Company or subsidiary or not being partner is significant in partnership or being director who is in management team, temporary employee, employee, advisor who received salary or holding share greater than 1 percent of all share numbers that has voting rights of the company that conduct the same business nature and competitive is significant to the Company or subsidiary.
9. There is no any qualification is unable to give opinion independently for conducting business of the Company.
10. The independent director is qualified as above qualification might shall be assigned by the Board to decide in conducting business of the Company, headquarter, subsidiary, associate, subsidiary class, majority shareholder or shareholder who is authorized to control of the Company by collective decision.

Qualification of Audit Committee

The Audit Committee must have same qualification of Independent Director as mentioned above with additional following qualifications:

1. Not being the director who is assigned by the Board to decide conducting business of the Company, headquarter, subsidiary, associate, subsidiary class, majority shareholder or shareholder who is authorized to control of the Company.
2. Not being the director of headquarter, subsidiary or subsidiary class which they are only the listed companies.
3. There is adequate of knowledge and experience which able to practice as the audit committee. There must have at least 1 audit committee who is adequate of knowledge and experience that able to practice in reliability of financial statement audit.
4. The duty is complying regulation of SET in section of Audit Committee's qualification and scope of work.

**3.3 Component and recruitment of the Board of Management**

The Board of Management must be the director and/or executive of the Company is appointed by the Board of Director with the appropriate number of member. The Board of Director shall appoint one management director to be Chairman of Board of Management. The Board of Management's tenure is rotated at the tenure of position in the Company. Unless the one who was appointed by the Board of Director to be the management director which not take position in the Company, the tenure shall be as defined by the Board of Director.

**3.4 Component and recruitment of Risk Management Committee**

The Risk Management Committee shall be the director, executive and/or employee who is assigned by the Board and be appointed by the Board with the appropriate number of members by the Board's approval. The Board shall appoint one of risk management committee to be Chairman of Risk Management Committee.

### **3.5 Component and recruitment of Nomination Committee and Remuneration**

Nomination Committee and Remuneration must be appointed by the Board with at least 3 directors as members and shall majority consist of independent director and non-executive director. One of nomination committee and remuneration shall be selected for Chairman of Nomination Committee and Remuneration.

### **3.6 Component and recruitment of Chief Executive Officer**

Chief Executive Officer (CEO) is nominated by the Board of Management. The members of Board of Management shall be selected from the members of current Board of Management at the time proposal to the Board to approve the CEO position.

## **4. Corporate governance of subsidiary and associate**

The Board has defined corporate governance mechanism for incoming subsidiary or associate. To protect benefit of the Company's capital investment, the representative of the Company shall be selected to be the director, executive and authorized control person for the subsidiary or associate. Also to define authorization scope of work and responsibility to be administration guideline and define corporate governance mechanism in term of information disclosure, financial statement and connected transaction to such subsidiary or associate with criteria of information disclosure and conduct transaction according to criteria and regulation of relevant department. Additional follow up procedure to evaluate by internal audit system adequately and appropriately for subsidiary business to lead to most benefit of the Company.

On November 30, 2017, the Company invested in 1 associate company name Nitto Kogyo Trading (Thailand) Company Limited (NKT) (later changed name to Nitto Kogyo BM (Thailand) Company Limited), which holds 48.00% of NKT's paid-up capital to participate in the expansion the market of the electrical cabinet, communication cabinet and varioes types of steel cabinets. The ompany has 3 directors and executives to participate such associated company by following names:

Name	Position	
	Bangkok Sheet Metal Public Company Limited	Nitto Kogyo BM (Thailand) Company Limited
1. Mr. Tirawat Amornthatri	Director / Executive Director / Managing Director Chief Operating Officer (Acting)	Director
2. Mr.Sushart Mahatthnawong	Director of Engineering Development	Director
3. Mr. Pavit Wongsavangrussamee	Deputy of Business Development	Director

On March 12, 2018, the Company invested in ordinary shares and preferred shares of Nitto Kogyo BM (Thailand) Company Limited in amount of 7.14 million baht; shareholding proportion has increased from 41% to 48% of paid-up capital.

On May 23, 2018, the Company invested in ordinary shares of MECT Company Limited in amount of 152.14 million baht in the proportion of 20% of the paid-up capital.

On March 13, 2019, the Board of Directors Meeting No. 2/2019 approved the capital increase in Nitto Kogyo BM (Thailand) Company Limited, an associated company, increasing by 130 million baht, from the previous registered capital of 20 million baht. As a result, Nitto Kogyo BM (Thailand) Company Limited has the registered capital of 150 million baht in total and the Company holds 48% of the registered capital or 62.40 million baht (paid-up capital).

## 5. Control of internal information use

As the Board of Directors Meeting No. 1/2015 (first Board of Directors Meeting after registering transformation) on 18 May 2015, the conclusion has been approved to issue the Company's regulation of internal information use as non-disclosure as advantage for themselves or other complying good corporate governance as follows:

1. Director, executive, employee and temporary employee of the Company have to practice as follows:
  - a) To be confidential and/or internal information of the Company.
  - b) To do not disclose the Company's confidentiality and/or internal information or seek benefits for themselves or other by direct or indirect benefits and whether to receive remuneration.

- c) To do not trade, transfer or being transferee the Company's securities using the Company's confidentiality and/or internal information, and/or legal acts using the Company's confidentiality and/or internal information which caused direct or indirect damage to the Company.

Therefore the director, executive, employee and temporary employee of the Company who work in the department that has been acknowledged internal information, should avoid or halt of the Company's securities trading in 1 month before financial statement is in public disclosure. The above mentioned regulation is included to spouse and underage child of the Company's director, executive and employee. If any mentioned person omitted, is considered a serious offense

2. The Company's director and executive which including to accounting auditor have to report the change of their own shareholding in the Company which also spouse and underage child to SEC complying Section 59 of Securities and Exchange Act B.E. 2535 and acknowledge the penalty complying Securities and Exchange Act B.E. 2535. Therefore, director and executive have to submit the copy of mentioned report to SEC in the same date which submission date is within 3 working days since date of trading, selling, transfer or been received transfer of the securities.

3. The Company has announced above mentioned regulation to director, executive, employee and temporary employee for information.

## **6. Accounting audit fee**

### **6.1 Accounting audit fee**

The Company paid accounting audit fee for fiscal year 2018-2019 to EY Office Limited as accounting auditor who has audit license by SEC and the Board of Director Meeting No.1/2020 on 28 February 2020 with conclusion to approve appointing Dharmniti Auditing Company Limited to be accounting auditor for Year 2020. The accounting audit fee as follows:

Unit : Baht

Accounting Audit Fee	Year 2018	Year 2019	Year 2020 <sup>/1</sup>
1. Annual accounting audit fee	1,100,000	1,170,000	650,000
2. Interim financial statement audit fee	600,000	630,000	630,000
3. Annual report review fee	150,000	150,000	-
<b>Total</b>	<b>1,850,000</b>	<b>1,950,000</b>	<b>1,280,000</b>

Remark: /1 The reviewed and Interim financial statement audit fee for Year 2020 has been approved in the Board of Directors Meeting No. 1/2020 on 28 February 2020 to propose to AGM Year 2020 for consideration and approval

## 6.2 Non audit fee

- None -

## Corporate Social Responsibility

The Company conducts business with corporate social responsibility and environment for business sustainability and social support under code of business conduct manual and anti-corruption policy, which defines practice guideline according to business's responsibility by SET. The 8 principles are defined as follows: 1) Conducting business with fairness 2) Anti-corruption 3) Human rights respect 4) Fair treatment to labour 5) Responsibility to consumers 6) Environment caring 7) Be apart joining development to community or society 8) To develop innovation and publish the innovation that come from operation responsibility to society, environment and stakeholders.

### 1. Overview Policy

As the Board of Directors Meeting No. 1/2015 (first Board of Directors Meeting after registering transformation) on May 18, 2015, the conclusion was approved the code of business conduct's manual and anti-corruption policy in formal written to be effective to all business segment for effective management, transparent and

traceability. To ensure to shareholders, investors, stakeholders and relevant department as usual operation flow, purchasing, procurement, customer, business alliance and joint investor including to production without environmental impact. To create awareness of role and duty as a good member in society which focus on participation and long good term relationship between the Company and social based on accuracy, transparency, fairness and supporting activities for society and community development. To provide operational safety environment and equality of treat to all employees. To define practice guideline for directors, executives and employees have to be on duty with honesty, focus to treat customers with commitment to ensure that the customer receives standard quality products with fair price for the most satisfaction.

The Company has controlled management system is effective and conflict of interest prevention which including to corruption. This control system shall be audited by accounting auditor who has licensed by SEC and the internal system auditor to ensure that the Company acknowledged the right of stakeholders according to laws and the Company's policy in such cases of practice to shareholders, employees, customers and so on.

## **2. To operate and report preparation**

The Company defined responsibility to society, environment and stakeholders under the code of business conduct's manual and anti-corruption policy as following details:

### **2.1 Business conduct with fairness**

The Company is manufacturer and distributes processed steel products such as wire way, cable tray, cable ladder, enclosure, cabinet and electrical switchboard are being used for building, condominium, office, department store, factory, power station as under brand "BSM", "BM", "BS" and "BEST" and customized processed steel products by customers. Moreover, the Company is distributor of white conduits which the company made order to outsource company for production under the Company's brand. The Company also is dealer of white conduits under product brand of such outsource company.

The Company has policy to conduct business with honesty, transparent, traceability, responsible to society in law, morality and intend to be good behavior to person, community, society and environment, fair treat to customer in products and services without bias.



The Company provides the Company's information disclosure to stakeholders and relevant parties to be acknowledged thoroughly. Including no policy requiring directors, executives or employees take opportunity as status of the Company's employee to seek personal benefit. The Company has not allowed the director runs business as competitive to the Company which may cause conflict of interest to the Company.

## **2.2 Anti-corruption**

The Company has practice guideline for directors, executives to practice on duty with honesty, carefully and wider vision, not to seek benefit to themselves and team from the Company's undisclosed information and not to disclose the Company's confident information to external parties. Also do not operate any business as might because the conflict of interest and the Company's employees have to practice on duty with honesty, perseverance, diligence and improvement to benefit themselves and the Company. Including to do not offer remuneration, bribe, request or accept or receive any direct or indirect bribe from others or external parties for refunding of benefit support or involving benefit of the Company unless the benefit is for usual business conducting or in festival or conventionality.

## **2.3 Respect to human rights**

The Company focuses on value of employees by promote all department to practice based on human dignity and respect to individual rights which is management foundation, human resource development and human relationship in society. Therefore the Company has issued guideline to promote and activate to practice according to basic human rights and equality without differential in nationality, race, skin tone, gender, language, religion, political believe or other believe, tribe or social origin, properties, origin or status. Moreover, the Company has issued guideline to promote and open opportunity for employees to give opinion or complain about individual right is violated.

## **2.4 Practice to labour fairly**

The Company believes that human resources is an important factor to conduct business for added value and remuneration to the Company due to practicing in business section of the Company needed to use knowledge, competency and dedication and tenacity to achieve the goal. The Company focuses on importance of all level employee of the Company with practice equally, fairly and benefit return is appropriate to knowledge skill of individual employee. Also focuses on performance and knowledge skill development continuously, workplace environment caring by training and awareness mind to all level employees, to be aware workplace safety and life

quality of employees is important. Moreover, the Company focuses on importance of employee value which the Company's executives have to practice and manage to employees fairly, support to create performance in progress and more efficiency of employees, promote employees to have moral understanding as the employees have to practice, prepare appropriate welfare to employees and practice to employees with honesty, open mind to listen opinion and comment with reasonableness.

Moreover, the Company has issued safety policy for internal use to employees by formal written announcement as follows:

#### **Safety policy**

1. All missions have to think of safety first.
2. Everything have to be liquidate, convenience, clean and hygienic condition to create as usual habit.
3. All employees have to be raise awareness of safety, environment and preservative energy.
4. To accident rate target of employee has to be reduced every year.

## **2.5 Responsibility to consumers**

The Company has issued policy for quality product sourcing or delivery as customer or consumer's specification. The Company has audit procedure for production since material sourcing as require quality according to production procedure is controlled by precision machine and quality checking until products are delivered to customer. The Company always cares and responsible to customers in quality of products and services, non-disclosure confident information, fair price offering and make the most satisfaction.

The Company has issued quality policy for target of product delivery and service at the Company's factory and standard product assembly according to international standard which the Company has announced the quality policy as formal written for all departments operate in effective as follows:

#### **Quality policy**

“Produce standard products

Provide quality service

The employees are unanimous in building and sustaining growth”

With

- 1) **Standard production**

- 1.1 To produce products according to customer's requirement.
- 1.2 According to quality management system
- 1.3 Consistent and legal in involved laws of production.
- 2) Quality service  
Responding to customer's complaint and product claim with correct solving problem.
- 3) All employees are united  
All level employees are internal customers each other with the most aware of next step customers, external customer's satisfaction.
- 4) Commitment to sustainable development
  - 4.1 To develop product's quality.
  - 4.2 To develop quality management system continuously.
  - 4.3 To develop employees' competency and life quality in workplace.

## 2.6 Environment caring

The Company aware of responsibility to society and community as main mission of the Company. The directors, executives and employees has to reserve natural resources and environment and follow environment laws strictly. To do not practice any activities might cause damage to natural resources and relevant ecology. Also to provide and support stakeholders' activities for commonwealth and social service continuously.

In addition, the Company concerns caring for all employees' life, body and health during daily working hours. The Company has issued environment policy as formal written announcement for all departments to practice as follows:

“To commit compliance with environmental regulations strictly.

To committed developing management system and environment activities continuously.

To promote and control usage of energy and resources effectively.

All employees received building awareness and complying environment management regulation”

## **2.7 Community or society development**

The Company is aware of role and duty of good members in society by practicing or control according to relevant laws and rules and social responsibility. The Company focuses on importance and responsibility in environment to community and society are around. Including to support appropriate activities are commonwealth to community and society and environment development to raise up life quality.

## **2.8 To develop innovation and publish the innovation that come from operation responsibility to society, environment and stakeholders.**

The Company supports building innovation both level of internal working procedure and inter-cooperation which mentions to any process with new procedure and may mention to thinking process change, production for added value. Innovation target is the positive changing of any positive changes as more productivity for the most benefit to society.

Innovation publishing is social responsibility by direct or indirect communication and publishing to all stakeholders via many communication channel to ensure that the Company's information accesses to all such stakeholders thoroughly.

## **3. Benefit activities to society and environment**

The Company focuses on responsible importance to society, environment and all stakeholders continuously which parallel practice on usual business operation. Currently, the Company's production process does not impact to environment in pollution of smell, sound, dust and weather, for powder spraying process with chemical use of the Company, it is operated under closed system and the cyclone dust collector had been installed to absorb the remained power paint after sprayed to return flowing reuse next time, the Company has installed water treatment system to treat the refuse from washing and spraying of production. As above mentioned approaches is well support filtering of smell and dust from paint dipping as caused from production process. In addition, the Company has hiring the outsourcing company for garbage elimination or unused material to send for treatment or destroy management according relevant laws.

The Company also focuses on importance of participation and building good relationship between the Company and employees of the Company for society development promote benefit activities to develop society and

community and social activities for public initiation every year. The main objectives is to build awareness for social development to employees such as Forest Planting Royal Project, at Samae san, Sattahip, Chonburi province. And donating things to Tha Yiam School, Lam Sonthi, Lam Sonthi, Lopburi province

#### **4. The Prevention of Corruption**

The Company focuses on importance of good corporate governance by participated in Collective Action Coalition of Thai private sector in anti-corruption issue and approved the anti-corruption policy.

#### **Risk Factors**

The company's risk factors as might significant impact to the Company as follows:

##### **1. The risk of reliance on major supplier of raw materials for steel.**

###### **1.1 The risk of reliance on major supplier of raw material for steel.**

The main material is used for product production of the Company are hot rolled steel sheet or cold roll steel sheet, galvanized steel sheet (zinc), electro galvanized steel sheet. The Company purchases these materials from all domestic manufacturers or distributors. The portion of ordered all material is compared to total purchased material amount during Year 2018 – 2019 are 47.37% and 37.16% of the total purchased material amount respectively. And the portion of ordered steel material from the supplier who is in the first rank which received the greatest amount of order from the Company is 9.51% and 9.45% of the total ordered amount during Year 2018 – 2019 respectively.

However, due to there are many manufacturers and distributors of flat product material in Thailand as able to sell steel sheet for main material use to the Company, the Company made order steel material from total suppliers 10 – 20 companies. In previous period, the Company has very small number of problem in ordering steel material and the Company has purchasing department to daily manage steel material price comparison which it supports purchasing process as in required quantity and quality. Moreover, the Company has good relationship throughout to these suppliers.

###### **1.2 The risk of reliance on electrical conduits for selling electrical conduits of the Company.**

As the Company is a supplier for electrical conduits products, the Company has no own factory for electrical conduits production but the Company hires only external manufacturer to produce electrical conduits as per ordered by the Company. The electrical conduits are branded “BSM” for sale under the Company’s trademark. With this reason, the Company has risk of reliance on the electrical conduits manufacturer. The Company has sale revenue in category of electrical conduits as hired the external manufacturer for product production during Year 2017 - 2019 is 20.49%, 16.87% and 15.97% of sale and service revenue of the Company respectively. However, the Company never experiences a shortage this electrical conduits as ordered from our mentioned suppliers and this electrical conduits from this supplier is qualified the quality and industry product standard (TIS 770-2533). The mentioned supplier is good financial status and market portion is in one-third of total market value in electrical conduits category. The Company expects the risk level for this supplier shall not to sell this product to the Company is in very low level due to the Company has good long term relationship more than 10 years and we are good business partners throughout.

### **1.3 The risk of being distributor of the Company’s raw material supplier for electrical conduits.**

In addition, the company relies on the only manufacturer to produce electrical conduits product under the Company’s trademark. The Company also being the distributor of electrical conduits under the brand of the only such manufacturer that has been hired by the Company complying Issue 1.2 as the distributor for this only such manufacturer. The price of electrical conduits that the Company being the distributor under the brand of such manufacturer is higher than the price of electrical conduits as the Company hired to produce this product under the Company’s trademark which it makes the Company has risk of competitive advantage due to the products of both parties are same category and being reliance of sale amount from the such manufacture. However, the Company considered that being distributor of electrical conduits to such manufacturer, it raise up revenue. But while this is not competition to such manufacturer but it is promoting business to increase sale amount to the Company and such manufacturer. In addition, the Company has good long term relationship to this manufacturer more than 10 years and being good business alliance throughout. Therefore the Company has very few of sale revenue from electrical conduits as the distributor to the such manufacturer during Year 2017 – 2019 is 1.17%, 1.69% and 2.11% of sale and service revenue of the Company respectively.

### **1.4 The risk of reliance real estate and construction investment.**

In construction industry especially for infrastructure construction industry as necessary to country development. It is especially for project of public utility which it is important to revenue growth of the Company due to wire way and electrical conduits are the main sale product of the Company that is necessary for construction material and electrical wire installation in buildings including to public utility. Therefore in construction both of government and non-government shall affect to the Company's revenue. If situation of real estate and construction does not grow as expected or slow growth according to unusual situations such as flood or current unstable politic which might impact for investment project decision by the government is uncertain, not continue and/or delay which might impact to halt, slow or cancel. This affects to the government's budget requisition is delay as expected which it also affected to the Company's revenue.

However, except the products of wire ways and electrical conduits, the Company has revenue comes from other categories such as communication rack, electrical switchboard, enclosure and cabinets, electrical control cabinet, metalwork fabrication, mold and dies, equipment and machine parts. These products contribute less of the Company's varied revenue from unstable of real estate and construction investment in the future.

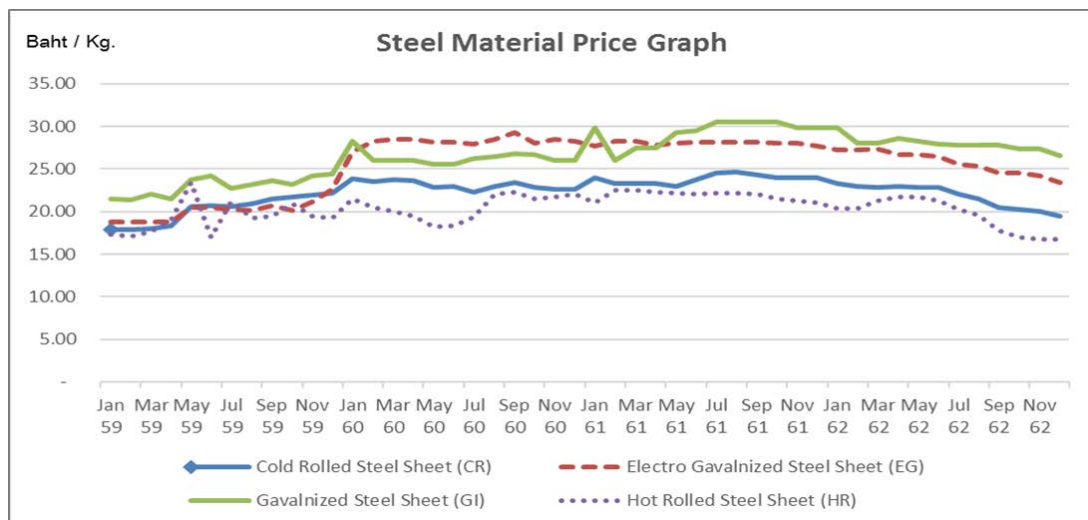
### **1.5 The risk of competitor number is increased.**

Due to the Company's business nature has no barrier to entry of competition and the Company's business as conducting to produce and selling processed steel products such as wire way, communication rack, electrical switchboard, enclosure and cabinet and electrical control cabinet as used in building, condominium, office, department store, factory, electrical power station. In addition, the Company is a distributor of electrical conduits which hires external manufacturer to produce electrical conduits as per the Company's order for sale under the Company's trademark and also being a distributor of electrical conduits under such external manufacturer's trademark. The Company's business operation is in medium level of competition which not difficult for competitors to operate in the same business category due to the production technology is not complicate. However, there are many product categories as per customer's requirement which is able to respond to various classification of customers in limit production lead time. With this reason, the Company is more outstanding in various processed still products than other competitors and the Company also focuses on standard quality of product production, precision and using modern technology of machine. The Company has good relationship to customers which they confident to the Company's products continuously throughout.

## 2. The risk of production

### 2.1 The risk of steel material price is vary based on world price.

The Company's main steel material use for product production is hot rolled steel sheet, cold rolled steel sheet, galvanized steel sheet (zinc), electro galvanized steel sheet, aluzinc steel sheet, stainless steel sheet and aluminum sheet. The price of above mentioned materials is vary based on world price and also management policy of government or control department in Thailand which caused the Company's risk in various price in case of material price is in higher growth trend. If the Company has not sufficient material in stock for production, it might affect to cost and profit rate of the Company if in case the Company does not adjust higher sale price accordingly to higher cost of material. For previous business operation, the Company is able to show steel material price graph into 4 main categories as the Company ordered from the manufacturer for 3 years (January 2017 – December 2019) which consists of hot rolled steel sheet, cold rolled steel sheet, galvanized steel sheet and EG (electro galvanized steel sheet) as follows:



Data source: The Company's data

However, the Company has purchasing department to daily follow up on steel material price and with expert experiences more than 20 years in processed steel industry of executive which has long term conducting business and good relationship to steel material manufacture and production plan consideration is appropriate to make order.



The Company issued purchasing policy to manage sufficient steel material for production according to the Company's production plan. The steel material purchasing is classified into 2 categories are purchasing steel material when received project confirmation by customer such as project contractor and purchasing steel material for minimum safety stock for production 7-14 days in advanced to prevent shortage of material. The Company has no policy to stock big number of material and no policy for speculation of price changing on this big number of material.

### **3. The Risk of finance**

#### **3.1 The risk of reliance source of funding from financial institutes.**

The Company relies source of funding to conduct business from 2 financial institutes in Thailand on 31 December 2019. The Company has total liability of long term loan from financial institute (including to part of loan is on due within 1 year) for 72.05 million baht to invest buying land for building production line and for working capital of the Company.

On June 28, 2019, the Company has increased investment in Nitto Kogyo BM (Thailand) Company Limited at the amount of 62.40 million baht, holding 48%, resulting in an increase in current liabilities. Later, the Company changed short-term liabilities to long-term liabilities by importing machinery at the end of the year 2019, the ratio of current assets to current liabilities was 0.97 and the debt to equity ratio was 0.61.

#### **3.2 The risk of changing interest rate**

The Company has risk from long term and short term domestic loan's interest rate which might affect to the Company's financial cost changing. In Year 2018 and Year 2019, the Company has total financial cost (paid interest) to domestic financial institute for 5.39 million baht and 8.83 million baht respectively which as of 31 December 2019, the Company has total liability of loan from financial institute at the amount of 72.05 million baht which the financial institute's loan has variant of interest rate according to current market's interest rate which can be referred to the interest rate for good class major customers with loan kind as MLR (Minimum Loan Rate) and also referred to the interest rate for good class major customers with loan kind as MOR (Minimum Overdraft Rate) which both of these loan kinds are majority of floating interest rate. If the interest rate condition is high, it will also effect for high interest payment of the Company. However, the Company currently have small portion of financial institute's loan which

have only balance debt and been decreasing as the Company's payment continuously. Therefore, the risk of interest rate changing of the Company shall be in quite low level of risk.

### **3.3 The risk of exchange rate**

The company has export revenue of 11.41 million baht, or 1.25% of the total revenue, and imported raw materials of 8.45 million baht or 7.47% of the total purchase. The Company gained profit from exchange rate of 0.02 million baht, Exchange rates are an uncontrollable risk factors. However, the currencies took are only small proportion, so there was no significant impact.

## **4. The risk of management**

### **4.1 The risk of reliance the principle directors and executive for management.**

Due to Mr. Tanin Sajjaboribun is the founder of the Company's establishment and being director, authorized director, Chairman of Management Director and CEO and the greatest shareholder as holding in ratio 7.20% of paid-up capital as of 28 January 2020 Mr. Tanin is the expert with long term experiences in this business nature, wide vision and main responsibility to define policy, direction and conduct business. Therefore when the principle directors and executive members are changed, this might be problem encounter in the future. So to distribute management authority and reduce risk of reliance the directors, the Company provides organization chart to appoint directors who is qualified and has management experience for conducting business. The executives in management level of distribution, shall more participate in action of decision and define direction with clear working scope of authorization. However, Mr. Tanin Sajjaboribun is also the authorized person to define policy of the Company and each department's executives is authorized to make operational decision as per operational management detail to reduce risk of reliance from principle directors and executives.

## **Internal control and risk management**

### **1. Summary of the Board's opinion about the Company's internal system control**

As the Board of Directors Meeting No. 1/2020 on 28 February 2020 with 3 audit committees attending, the Board had evaluated and considered adequacy of internal system control of the Company according to adequacy evaluation form of internal system control of SEC.

The Board had their comment that the Company has adequately and appropriately of internal system control for operating the Company's business which the Independent Committee and Audit Committee also having not

different of their comment. The Company complies accounting standard as generally accepted by SEC and regulation of SET including to have adequately and appropriately internal system control in transaction of major shareholders, directors, executives or related person of the mentioned persons. In the previous, the mentioned transactions approval was in consideration of the most benefit of the Company. Moreover, the Company has defined policy to be aware getting into these transaction by only getting approval from persons who are not be in any stake of these such transactions. The Board is aware of conducting the Company to be the listed company that have more truly good corporate governance.

## **2. The Comment of reviewing internal control in financial statement and preparation by accounting auditor for the fiscal year 2019**

EY Office Limited, the Company's certified public accountant, prepared the comment report and recommendation for internal system control as related for financial statement preparation as complying accuracy and suitability for audit methodology design to meet the Company's business situation but not being used for comment and recommendation of the Company's internal control effectiveness. After audited financial statement as of 31 December 2019 there is no comment on Company's internal control and report to Audit Committee meeting No.1/2020 on 28 March 2020

## **3. The Comment of reviewing internal control of the Company by accounting auditor for the fiscal year 2019**

The Company has appointed Aim To Prosperity Co., Ltd. for the Company's internal auditor since Year 2013 which Mr. Phaisan Phuratcharoenchai is the main responsible person for conducting on internal audit scope of the Company. The Audit Committee had considered profile of Aim To Prosperity Co., Ltd. and Mr. Phaisan Phuratcharoenchai, they had conclusion of suitability and adequacy for conducting internal auditor due to they have qualification of independency, audit competency and well understanding in business. The internal auditor will prepare and report directly to Audit Committee with complying internal auditor professional standard of Institute of Internal Auditor of Thailand.

The Company hires Aim Prosperity Co., Ltd. for the Company's internal audit which the reviewed internal audit in each working system as quarterly auditing in Year 2019 as following details:

Revision no.	Auditing period	Auditing topic
1/2019	7-17 January 2019	1. Organization and environment management system 2. Information technology system 3. Production system 4. Material and inventory system 5. Logistic system 6. Financial system 7. Procurement system 8. Human resource management system 9. Accounting system
2/2019	1-10 April 2019	1. Organization and environment management system 2. ISO quality management system 3. Financial system 4. Engineering and design system 5. Security and safety system 6. Sales and marketing system 7. QC and QA system 8. Engineering and maintenance system 9. Accounting system
3/2019	1-11 July 2019	1. Organization and environment management system 2. Information technology system 3. Production system 4. Material and inventory system 5. Logistic system 6. Financial system 7. Procurement system 8. Human resource management system 9. Accounting system
4/2019	1-10 October 2019	1. Organization and environment management system 2. ISO quality management system 3. Financial system

		4. Engineering and design system 5. Security and safety system 6. Sales and marketing system 7. QC and QA system 8. Sales and marketing system 9. Accounting system
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#### Internal auditor's comment

- As the Revision 1/2019, the internal auditor had proposed report to Audit Committee with comment that the Company has adequate internal control as defined which led the Company to meet the good internal audit's objectives with collaboration of heads of related departments has been operating and following up for improvement continuously.
- As the Revision 2/2019, the internal auditor had proposed report to Audit Committee with comment that the Company has management and risk management procedure in the organization according to guideline of COSO to meet the objectives of business operation strategy, report and complying related laws and regulation strictly.
- As the Revision 3/2019, the internal auditor had proposed report to Audit Committee with comment that the Company has clearly defined operation guideline with preparing procedure manuals in formal writing but it should be added the policy and information audit procedure for more accuracy and ease of understanding.
- As the Revision 4/2019, the internal auditor had proposed report to Audit Committee with comment that the Company has appropriately control of information technology system.

The Company hired the internal auditor to be continued in charge of the Company's internal control system auditor for Year 2020 and also requested Aim To Prosperity Co., Ltd. to propose internal control system audit plan Year 2020 into Audit Committee's meeting 1/2020 on 28 February 2020 with had the conclusion for acknowledgement the internal audit plan Year 2020 for 4 times as follows:

- 1<sup>st</sup> time: within January 2020
- 2<sup>nd</sup> time: within April 2020

- 3<sup>rd</sup> time: within July 2020
- 4<sup>th</sup> time: within October 2020

## Connected Transaction

### 1. Transaction

#### 1.1 Relationship nature

The Company has transaction between person who might have conflict of interest which this transaction is transacted to directors and/or executive and/or majority shareholder as acted during fiscal year 2018 that ended on 31 December 2018 and fiscal year 2019 that ended on 31 December 2019 respectively as follows:

The Company has transaction between corporation and person who might have conflict of interest, which can be summarized relationship as follows:

Corporation/Person who might have conflict	Relationship Nature	Transaction (Have =✓, Do Not Have= ×)	
		Fiscal Year 2018 Ended 31 December 2018	Fiscal Year 2019 Ended 31 December 2019
1. Mr. Tanin Sajjaboribun	<ul style="list-style-type: none"> <li>- Director, Authorized Director, Chairman of Management Director, Chief of Executive Officer of the Company.</li> <li>- Major shareholder of the Company in portion 7.20% of paid capital as of 28 January 2020</li> </ul>	✓	✓
2. Mr. Tirawat Amornthatri	<ul style="list-style-type: none"> <li>- Director, Authorized Director, Management Director, Managing Director, Chief of Operation Officer (Acting) of the Company.</li> <li>- Major shareholder of the Company in portion 10.78% of paid capital as of 28 January 2020</li> </ul>	✓	✓

Corporation/Person who might have conflict	Relationship Nature	Transaction (Have =✓, Do Not Have= X)	
		Fiscal Year 2018 Ended 31 December 2018	Fiscal Year 2019 Ended 31 December 2019
<p>3. MECT Co., Ltd: Contractor of installation for electrical system, air-con system and selling appliances</p> <p>There consists of 9 members of directors:</p> <ol style="list-style-type: none"> <li>1) Mr. Luecha Pho-ob</li> <li>2) Mr. Manat Khemaphiphat</li> <li>3) Mr. Watcharin Taphanwong</li> <li>4) Mr. Bancha Piyapornnarin</li> <li>5) Mr. Angkool Kusalanan</li> <li>6) Mr. Sithidej Nanthavisuit</li> <li>7) Mr. Somboon Khawsamrong</li> <li>8) Mr. Praphat Angkuravanit</li> <li>9) Mrs. U-ra Piamsuwan</li> </ol>	<ul style="list-style-type: none"> <li>- This is the company that Mr. Luecha Pho-ob being Director, Authorized Director of MECT Co., Ltd. and majority shareholder in portion 25.15% of registered capital and paid capital. (Pho-ob Family is totally holding shares in portion 57.66% of registered capital and paid capital)</li> <li>- Mr. Luecha Pho-ob is a major shareholder of the company in portion 6.31% of paid capital as of 28 January 2020</li> <li>- Mr. Tanin Sajjaboribun as the Director, Authorized Director, Chairman of Management Director, Chief of Executive Officer of the company and major shareholder of the company (holding shares in portion 7.20% of paid capital as of 28 January 2020) as holding shares in portion 0.10 of registered capital and paid capital of MECT Co., Ltd.</li> <li>- Mr. Vinai Vongswangrussamee as the Director, Authorized Director, Management Director and Chief of Marketing and Sale Officer and shareholder of the company (holding shares in portion 6.27% of paid capital as of 28 January 2020) as holding shares in portion 0.51% of registered capital and paid capital of MECT Co., Ltd.</li> </ul>	✓	✓



Corporation/Person who might have conflict	Relationship Nature	Transaction (Have =✓, Do Not Have= ✕ )	
		Fiscal Year 2018 Ended 31 December 2018	Fiscal Year 2019 Ended 31 December 2019
4. Mechanical Trading Co., Ltd: Equipment installation business for air-con and appliances. There consists of 2 members of directors: 1) Ms. Chanthra Pho-ob 2) Mr. Chatri Pho-ob	<ul style="list-style-type: none"> <li>- This is the company that Mr. Luecha Pho-ob is a major shareholder in portion 53.50 of registered capital and paid capital of Mechanical Trading Co., Ltd. (Pho-ob Family is totally holding shares in portion 99.997% of registered capital and paid capital)</li> <li>- Mr. Luecha Pho-ob is a major shareholder in portion 6.31% of paid capital of the company as of 28 January 2020</li> </ul>	✓	✕
5. Nitto Kogyo BM (Thailand) Co., Ltd. manufacturing, trading and sales of electric and mechanical equipment such as panel boards, consumer units, metal enclosures, racks and so on. There consist of 3 members of director: 1) Mr. Tirawat Amornthatri 2) Mr. Sushart Mahatthawong 3) Mr. Pavit Wongsavangrussamee	<ul style="list-style-type: none"> <li>- The Company, holding 48.0% of registered capital.</li> <li>- Nitto Kogyo Corporation (Japan), holding 49.0% of registered capital.</li> <li>- Bangkok MUFG Limited, holding 3.0% of registered capital.</li> </ul>	✓	✓

## 2. Transaction detail

Transaction detail between the Company and person who might have conflict of interest as acted during fiscal year 2018 ended on 31 December 2018 and fiscal year 2019 ended on 31 December 2019 as follows:

The person who might have conflict of interest, transaction nature, transaction value (million), necessity and reasonability.

Person might have conflict	Transaction Nature	Transaction Value (million baht)		Necessity and Reasonability
		Fiscal Year 2018 As of 31 December 2018	Fiscal Year 2019 As of 31 December 2019	
1. Mr. Tirawat Amornthatri - Director - Authorized Director, - Management Director, - Managing Director - Shareholder, holding 10.78% of registered capital	<u>Leasing contract guarantee and financial rental contract to the Company</u> - Mr. Tirawat Amornthatri guaranteed leasing contract and financial rental contract to a leasing company for rent/lease of vehicles, machines and equipment for business operation. With contract term 3-5 years without being charged any remuneration in such guarantee.	--	--	The Company is necessary to sign leasing contract and financial rental contract for rental/leasing vehicles, machines and equipment for business operation to leasing company for business operation of the Company.  <u>The Audit Committee's opinion</u> The Audit Committee approved and prepared their opinion that such detail is reasonable and occurred benefit necessary to business operation of the Company and has to practice on condition of leasing contract and financial rental contract for vehicles, machines and equipment for business operation of the Company.

Person might have conflict	Transaction Nature	Transaction Value (million baht)		Necessity and Reasonability
		Fiscal Year 2018 As of 31 December 2018	Fiscal Year 2019 As of 31 December 2019	
	- The Company has debt from leasing contract and balanced financial rental contract from such items.	Balance 2.0	--	
2. MECT Co., Ltd.  - This is the company that Mr. Luecha Pho-ob being Director, Authorized Director of MECT Co., Ltd. and majority shareholder in portion 6.30% of registered capital and hold 25.15% of registered capital of MECT Co., Ltd. (Pho-ob Family is totally holding shares in portion 57.66% of registered capital)	<u>Sale revenue</u> - The Company sells wire ways and electrical conduits to MECT Co., Ltd.  <u>Account receivable</u> - The Company has account receivable from such mentioned sales price.	4.47          0.68	9.67          4.08	The Company sells wire ways and electrical conduits with standard price according to commercial conditions.  <u>The Audit Committee's opinion</u> The Audit Committee approved and prepared their opinion that such detail is reasonable and follow normal business transaction with sale price and terms of payment is not different to general customers.

Person might have conflict	Transaction Nature	Transaction Value (million baht)		Necessity and Reasonability
		Fiscal Year 2018 As of 31 December 2018	Fiscal Year 2019 As of 31 December 2019	
3. Nitto Kogyo BM (Thailand) Co., Ltd.	<u>Sale revenue</u>			The Company sells wire way electric cabinet with sale price according to general commercial price and condition.
	- The Company sells electric cabinet and mechanical equipment to Nitto Kogyo BM (Thailand) Co., Ltd.	3.78	18.26	
	<u>Account receivable</u>			<u>The Audit Committee's opinion</u>
	- The Company has account receivable from such mentioned selling products.	0.44	15.66	The Audit Committee approved and prepared their opinion that such detail is reasonable and follow normal business transaction with sale price and terms of payment is not different to general customers.
	<u>Purchase order</u>			
	- The Company buy cabinet equipment from Nitto Kogyo BM (Thailand) Co., Ltd.	0.56	0.15	The Company buy cabinet equipment from Nitto Kogyo BM (Thailand) Co., Ltd. due to make to order product.
	<u>Account payable</u>			<u>The Audit Committee's opinion</u>
	- The Company has account payable from such mentioned buying products.	0.02	--	The Audit Committee approved and prepared their opinion that such detail is reasonable and follow normal business transaction with sale price and terms of payment is not different to general customers.

### **3. The Audit Committee's opinion**

As the Audit Committee's Meeting No. 1/2020 on 28 February 2020 the Audit Committee approved and provided opinion for transactions between the Company to corporate or to person who might have conflict of interest or conflict of future interest as refers to SEC's announcement. As the Audit Committee's meeting, it considered and provided opinion that transactions are reasonable and follow commercial condition as fair and common practice to person or corporate or other corporate which does not involve and also there is no benefit transition between corporates.

### **4. Measure and procedure to approve the transactions**

As the Board of Director Meeting No. 1/2015 (first Board of Directors Meeting after registering transformation) on 18 May 2015. The Board approved the procedure for transaction approval as follows:

#### **4.1 Measure and procedure to approve the transactions**

Case of transaction between the Company to person who is involved, might have conflict of interest or conflict of future interest which it is commercial agreement as in common to contract parties in the same situation. With trading bargaining power without influence as director, executive or relevant person and normal commercial condition or market price under reasonable condition as checkable and not caused for benefit transition. The Company's executive team is able to operate as usual under approved principles by the Board and prepares summary report to report to the Audit Committee in quarterly.

For case of transaction is abnormal commercial, the Company shall provide opinion by the Audit Committee for necessary and suitability of such items. In case that the Audit Committee does not have expertise for prospective transaction consideration, the Company shall approve for independent evaluator, independent special expert or accounting auditor to provide opinion for such mentioned transactions to the Audit Committee for decision support and provide opinion to the Board or shareholders as each case for transaction approval before entering to transaction. The Company shall disclose the transactions in part of financial statement remark that had been audited by the Company's accounting auditor. If common stocks of the Company was registered into mai, the Company shall disclose such transaction into annual registration statement form (Form 56-1) and annual report (Form 56-2) complying SEC's criteria and laws. The transaction approval must follow SEC's laws and regulation, announcement, command or SET's regulation. The person who might have conflict or in part of benefit into this transaction, shall not have rights to vote for that transaction's conclusion.

The Company shall announce transaction entry policy of the Company to person or relevant corporation which including to acquisition transaction or important asset disposal of the Company in formal written and

according to Capital Market Supervisory Board and regulation as defined by SEC and SET for information throughout.

## **5. Policy or trend for future transaction entry**

As conclusion in the Board of Director Meeting No. 1/2015 (first Board of Director Meeting after registering transformation) on 18 May 2015 approved policy or trend for future transaction entry as follows:

### **5.1 Policy or trend for future transaction entry**

In future, if the Company needs to process transaction to person who might have conflict of interest to the Company, the Company shall define conditions according to normal commercial operation and market price that able to compare to condition or price as occurred in the same business nature as the Company acted to external person. The Company approved the Audit Committee to provide opinion for price, remuneration rate including to necessity and suitability of such mentioned transaction. Case of Audit Committee does not have expertise for prospective transaction approval, the Company shall allow independent evaluator, independent expert or accounting auditor of the Company to provide opinion for such mentioned transaction to be decision support information and provide opinion to the Board or shareholder as depends on each case. The Company shall disclose the transaction into financial statement remake that had been audited by the Company's accounting auditor. If common stocks of the company was registered into mai, the Company shall disclose such mentioned transaction into annual registration statement form (Form 56-1) and annual report (Form 56-2) complying SEC's regulation and laws and SET's rule, announcement, command or regulation.

For the prospective transactions, the directors have to follow SEC and SET's regulation and do not approve any transaction that themselves or person who might have any conflict of interest to the Company. Also to disclose such mentioned transaction to the Board for consideration which the Company have to follow SEC's laws, regulation, announcement, command or SET's regulation. In addition to follow disclosure regulation of transaction and the Company's asset acquisition or disposal according accounting standard as required by accounting association strictly and the Company shall not to process transaction to the relevant corporation that is not usual of the Company's business.

In the year 2019, the company has complied with the related transaction policy. The Audit Committees have considered that the company's transactions are appropriate. There are no different conditions from other customers and the benefit of the company by disclosing the information of transactions during the year. In the financial statements audited by company's auditor, also including the disclosure of transactions in the annual information disclosure (Form 56-1) and the company's annual report (Form 56-2).

**6. Measures to protect investors**

To protect investors when transactions shall be proceeded in future of the Company to person who might have conflict of interest or conflict of prospective interest, the Company shall provide such mentioned transaction to Board of Director Meeting with Audit Committees in attendance. To control such mentioned transaction is proceeded fairly with appropriate price definition policy. The Company has to practice complying Security and Exchange's laws and rule, announcement and regulation of SEC and/or SET. Including to operate on transaction disclosure regulation and related asset acquisition and disposal and the Company disclosed transaction description into financial statement remark that had been reviewed and audited by the Company's accounting auditor.

**Financial information**

## Financial statement and operation result summary table

**(1) Financial statement**

Financial statement	Ended 31 December 2017		Ended 31 December 2018		Ended 31 December 2019	
	Audited financial statement		Audited financial statement		Audited financial statement	
	Million baht	%	Million baht	%	Million baht	%
Cash and cash equivalents	5.96	0.67	0.89	0.08	3.30	0.30
Temporary investment	64.20	7.16	-	-	-	-
Account receivable and other account receivable - Net	181.80	20.28	227.71	21.02	205.48	18.46
Inventory - Net	72.59	8.10	103.57	9.56	102.09	9.17
Other current assets	2.62	0.29	0.88	0.08	3.13	0.28
<b>Total current assets</b>	<b>327.17</b>	<b>36.50</b>	<b>333.05</b>	<b>30.74</b>	<b>314.00</b>	<b>28.21</b>
Bank deposit with guarantee responsibility	7.50	0.84	10.50	0.97	6.00	0.54
Investment in an associated company	1.98	0.22	116.96	10.80	153.96	13.83
Other long-term investment	-	-	-	-	0.38	0.03
Land, building and equipment - Net	542.62	60.53	611.03	56.40	624.79	56.13
Intangible asset	6.55	0.73	5.19	0.48	4.27	0.38
Deferred tax asset	10.52	1.17	6.66	0.61	9.77	0.88
Other non-current asset	0.05	0.01	0.05	-	0.05	-
<b>Total noncurrent asset</b>	<b>569.22</b>	<b>63.50</b>	<b>750.39</b>	<b>69.26</b>	<b>799.22</b>	<b>71.79</b>
<b>Total asset</b>	<b>896.39</b>	<b>100.00</b>	<b>1,083.44</b>	<b>100.00</b>	<b>1,113.22</b>	<b>100.00</b>
Overdraft and short term loan from financial institute	-	-	66.91	6.18	92.02	8.26
Account payable and other account payable	164.42	18.34	200.08	18.47	165.32	14.85
Leasing creditor's equity and rental contract of debt as on payment due within 1 year	8.45	0.94	4.44	0.41	11.56	1.04
Long term loan's equity as on payment due within 1 year	8.04	0.90	36.40	3.36	39.53	3.55
Unpaid income tax	2.42	0.27	-	-	10.87	0.98
Other current liability	1.30	0.15	3.17	0.29	3.11	0.28
<b>Total current liability</b>	<b>184.63</b>	<b>20.60</b>	<b>311.00</b>	<b>28.70</b>	<b>322.41</b>	<b>28.96</b>
Leasing creditor's equity and rental contract of debt - Net from amount as on payment due within 1 year	7.60	0.85	2.87	0.26	39.03	3.51



Financial statement	Ended 31 December 2017		Ended 31 December 2018		Ended 31 December 2019	
	Audited financial statement		Audited financial statement		Audited financial statement	
	Million baht	%	Million baht	%	Million baht	%
Long term loan – Net from amount as on payment due within 1 year	3.04	0.34	58.30	5.38	32.52	2.92
Reserve long term benefit for employees	17.05	1.90	19.95	1.84	27.29	2.45
<b>Total non-current liability</b>	<b>27.69</b>	<b>3.09</b>	<b>81.12</b>	<b>7.49</b>	<b>98.84</b>	<b>8.88</b>
<b>Total debt</b>	<b>212.32</b>	<b>23.69</b>	<b>392.12</b>	<b>36.19</b>	<b>421.25</b>	<b>37.84</b>
Registered capital <sup>/1</sup>	220.00	24.54	275.00	25.38	275.00	24.70
Issued capital and paid <sup>/1</sup>	220.00	24.54	220.00	20.31	220.00	19.76
Exceed value of share	374.06	41.73	374.06	34.53	374.06	33.60
Retained earning						
Profit (loss) allocated retained – legal reserve	14.27	1.59	17.77	1.64	21.27	1.91
Retained profit (loss) and unallocated	75.74	8.45	79.49	7.34	76.79	6.90
Shareholder equity	-	-	-	-	(0.15)	(0.01)
<b>Total shareholder's equity</b>	<b>684.07</b>	<b>76.31</b>	<b>691.32</b>	<b>63.81</b>	<b>691.97</b>	<b>62.16</b>
<b>Total debt and shareholder's equity</b>	<b>896.39</b>	<b>100.00</b>	<b>1,083.44</b>	<b>100.00</b>	<b>1,113.22</b>	<b>100.00</b>

**Remark:**

/1 - The Board of Directors' Meeting No. 5/2017, November 13, 2017 approved the investment in Nitto Kogyo BM (Thailand) Company Limited on November 30, 2017 the Company purchased ordinary shares from the existing shareholders of NKT in amount of 2.46 million baht, resulting in a 41% shareholding of the registered capital. The investment in the associated company decreased from investment value under the equity method.

/2 - On April 28, 2015, as AGM of Shareholders 2015, approved the increase of registered capital from 91.00 million baht to 150.00 million baht. It was offered to existing shareholders in proportion for capital structure organization and being readiness of a listed company in Market for Alternative Investment (mai). and increased the Company's capital to 200.00 million baht to (IPO) On May 9-11, 2016, the Company offered IPO for 100,000,000 shares as per value 0.50 baht per share which led the Company's registered capital was increased to 200 million baht.

- On April 3, 2017, as AGM of Shareholders 2017, approved the increase of Company's capital to 220.00 (General Mandate). On November 21, 2017, the Company with registered capital was paid-up from 200 million baht to 220 million baht which is the capital received from the sale of the newly issued ordinary shares to Nitto Kogyo Corporation in the amount of 40,000,000 shares with a par value of 0.50 baht per share.

- On May 23, 2018, the Company invested in MECT Company Limited in amount of 152.14 million baht in the proportion of 20% of the paid-up capital.

- On August 2, 2018, the Company increased the registered capital from 220 million baht to 275 million baht by issuing new ordinary share 110,000,000 shares par value of 0.50 baht per share.

## Statement of comprehensive income

Statement of Comprehensive Income	Year 2017		Year 2018		Year 2019	
	Audited		Audited		Audited (Equity Method)	
	Million baht	%	Million baht	%	Million baht	%
Sales and service income	841.46	99.37	985.17	98.82	907.72	99.39
Other income	5.34	0.63	11.72	1.18	5.61	0.61
<b>Total revenues</b>	<b>846.80</b>	<b>100.00</b>	<b>996.89</b>	<b>100.00</b>	<b>913.33</b>	<b>100.00</b>
Cost of sales and services	687.50	81.19	815.71	82.80	711.09	77.86
<b>Gross margin (not include other income)</b>	<b>153.96</b>	<b>18.30</b>	<b>169.46</b>	<b>17.20</b>	<b>196.63</b>	<b>21.66</b>
Cost of sales and services	44.78	5.29	51.49	5.17	47.67	5.22
Administrative expenses	58.80	6.94	74.68	7.49	72.10	7.89
Share of profit (loss) from investment in associates	0.48	0.06	(12.97)	(1.30)	(25.25)	(2.76)
<b>Profit before finance cost and income tax expenses</b>	<b>55.24</b>	<b>6.52</b>	<b>42.04</b>	<b>4.22</b>	<b>57.22</b>	<b>6.26</b>
Finance cost	3.29	0.39	5.39	0.54	8.83	0.97
<b>Profit before income tax expense</b>	<b>51.95</b>	<b>6.13</b>	<b>36.65</b>	<b>3.68</b>	<b>48.39</b>	<b>5.30</b>
Income tax expenses	7.65	0.90	11.98	1.20	12.38	1.36
<b>Profit for the year</b>	<b>44.30</b>	<b>5.23</b>	<b>24.67</b>	<b>2.47</b>	<b>36.01</b>	<b>3.94</b>
Other comprehensive income for the year	(0.28)	(0.03)	0.17	0.02	0.15	0.02
<b>Total comprehensive income for the year</b>	<b>44.02</b>	<b>5.20</b>	<b>24.84</b>	<b>2.49</b>	<b>35.85</b>	<b>3.93</b>
<b>Earnings per share</b> (Calculated from share value at 0.50 baht per share)	<b>0.11</b>		<b>0.06</b>		<b>0.08</b>	

**(2) Cash flow statement**

(Unit : Million baht)

Cash flow statement	Year 2017	Year 2018	Year 2019
	Audited (Equity Method)	Audited (Equity Method)	Audited (Equity Method)
<b>Cash flows from operating activities</b>			
Profit (loss) before tax	51.96	36.65	48.39
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	34.33	41.42	42.74
Allowance for doubtful accounts (reversal)	(1.09)	1.28	2.33
Reduction of inventory cost to net real	4.71	(3.03)	2.79
Provision for long-term employee benefits	0.17	(0.16)	(0.23)
Loss on sales/written-off of assets	0.27	0.02	0.01
Unborn profit from changing of temporary investment value	(0.10)	-	-
Share of profit(loss)from investment in associates	0.48	12.97	25.25
Long term employee benefit	2.54	4.01	7.34
Interest income	(0.23)	(0.10)	(0.12)
Interest expenses	2.86	5.41	8.92
Profit from operating activities before changes in operating assets and liabilities	95.89	98.47	137.42
<b>Operating assets (increase) decrease</b>			
Temporary investment	51.44	64.20	-
Trade and other receivables	1.99	(47.27)	19.87
Inventories	(14.44)	(27.95)	(1.31)
Other current assets	0.39	1.91	(2.25)
Other non-current assets	0.23	-	-
<b>Cash flows from operating activities increase (decrease)</b>			
Trade and other payables	(29.96)	(30.47)	(39.17)
Other current liabilities	(5.54)	1.87	(0.06)
Long term employee benefit expense		(0.87)	-
<b>Cash flows from operating activities</b>	<b>100.01</b>	<b>120.83</b>	<b>114.50</b>
Cash paid for interest expense	(1.39)	(4.54)	(7.90)
Cash paid for income tax	(9.98)	(10.76)	(4.62)
Cash received from interest income	0.31	0.18	0.15
<b>Net cash flows from operating activities</b>	<b>88.95</b>	<b>105.71</b>	<b>102.13</b>

Cash flow statement	Year 2017	Year 2018	Year 2019
	Audited (Equity Method)	Audited (Equity Method)	Audited (Equity Method)
<b>Cash flow from investing activities</b>			
Cash deposit with bank guarantee	(3.00)	(3.00)	4.50
Cash paid for investment in associates	(2.46)	(159.28)	(62.40)
Proceeds from sales of equipment	-	-	(0.38)
Acquisition of property, plant and equipment	(151.72)	(103.60)	(49.61)
Acquisition of intangible asset	(1.26)	(0.62)	(0.91)
Cash dividend		31.30	-
Proceeds from sales of equipment	0.09	1.05	0.35
<b>Net cash flows used in investing activities</b>	<b>(158.33)</b>	<b>(234.15)</b>	<b>(108.45)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	-	66.91	25.12
Payment of liabilities under hire-purchase and finance lease Agreement Increase (decrease) of Financial	(13.96)	(9.57)	(7.62)
Cash receipt from long-term loans	-	-	49.08
Repayment of long-term loans	(17.52)	(16.37)	(38.77)
Dividend	(64.00)	(17.60)	(35.20)
Cash receipt from raise funding	149.20	-	-
Cash paid for expenses of issuing new shares	-	-	-
<b>Net cash flows used in financing activities</b>	<b>53.72</b>	<b>123.37</b>	<b>(8.72)</b>
Net increase (decrease) in cash and cash equivalents	<u>15.66</u>	<u>(5.07)</u>	<u>2.41</u>
Cash and cash equivalents at beginning of year	21.62	5.96	0.89
<b>Cash and cash equivalents at end of year</b>	<b><u>5.96</u></b>	<b><u>0.89</u></b>	<b><u>3.30</u></b>

**(3) Financial ratio**

Financial ratio	Year 2017	Year 2018	Year 2019
	Audited	Audited	Audited
<u>LIQUIDITY RATIO</u>			
Liquidity ratio (time)	1.77	1.07	0.97
Quick liquidity ratio (time)	1.36	0.74	0.66
Cash flow ratio (time)	0.36	0.43	0.28

Financial ratio		Year 2017	Year 2018	Year 2019
		Audited	Audited	Audited
Account receivable turnover	(time)	4.65	4.81	4.22
Average collection period	(day)	77	76	87
Finished goods turnover ratio <sup>/1</sup>	(time)	30.28	29.47	29.80
Average selling finished goods period <sup>1</sup>	(day)	12	12	12
Inventory turnover ratio <sup>2/</sup>	(time)	8.81	8.22	6.26
Average selling goods period <sup>2/</sup>	(day)	41	44	58
Payable turnover ratio	(time)	4.44	4.48	3.89
Cash payable period	(day)	81	82	94
CASH CYCLE as calculated from finished goods <sup>3/</sup>	(day)	37	38	51
<b><u>PROFITABILITY RATIO</u></b>				
Gross profit ratio	(percent)	18.30	17.20	21.66
Operating profit ratio	(percent)	6.52	4.22	6.27
Other profit ratio <sup>5</sup>	(percent)	--	--	--
Cash per profitability ratio	(percent)	1.61	2.51	1.78
Net profit ratio	(percent)	5.23	2.47	3.94
Return on equity ratio	(percent)	6.48	3.59	5.21
<b><u>EFFICIENCY RATIO</u></b>				
Return on asset ratio	(percent)	4.94	2.49	3.28
Return on current asset ratio	(percent)	16.25	11.46	12.74
Asset turnover ratio	(time)	0.98	1.01	0.83
<b><u>FINANCIAL POLICY RATIO</u></b>				
Debt to equity ratio	(time)	0.31	0.57	0.61
Interest payable ratio	(time)	16.79	7.80	6.48
Obligation payable ratio	(time)	0.35	0.34	0.52
Dividend ratio <sup>/6</sup>	(percent)	111.96	51.06	57.45
Paid dividend	(percent)	49.60	35.20	35.20

**Remark:**

/1 Calculated from cost of sale is divided by average inventory (only items of finished goods which excluded goods are during production process and material).

/2 Case of calculated from cost of sale is divided by average total inventory (finished goods, goods are during production process and material).

- /3 Calculated from average collection period plus average selling goods then deducted by average selling goods period in case of calculated from cost of sale as divided by average inventory (only items of finished goods which excluded goods are during production process and material).
- /4 Calculated from non-operation profit is divided by total income.
- /5 Dividend ratio is calculated from paid dividend for the year that is divided by net profit.
- /6 As the Board of Director Meeting No.1/2020 on 28 February 2020 has approved dividend in cash from operation result Year 2019. As legal reserve fund of 3.5 million baht or 5.71% of the net profit for the year 2019. The Company has a retained earnings of legal reserve of 21,271,500 baht or 9.66% of the registered capital. Dividends will be paid in cash at the rate of 0.08 baht per share from the net profit of the year 2019, and the retained earnings for 440,000,000 ordinary shares, equivalent to 35,200,000 baht, or a dividend payment rate of 60.94 percent of the net profits after the allocation of legal reserve fund. The Board of Directors Meeting No. 1/2020, held on 28 February 2020 has approved to propose to the 2020 Annual General Meeting of Shareholder for consideration.

## Financial discussion and analysis and operation result

### 1. Overview of previous operation result

Bangkok Sheet Metal Public Co., Ltd. (BM) operates business of manufacturer and selling processed steel product such as electrical wire way, communication racks, cabinets and enclosures and electrical switchboard and lighting fixture that are used for building, condominium, office, department store, factory, electrical power station and so on under Brand “BSM”, “BM”, “BS” and “BEST” and processed steel products as respond to customer’s requirement. In addition, the Company is a dealer of electrical conduits that hires outsource company to produce as per the Company’s order for sale under the Company’s brand and also under the brand of such mentioned outsource company. In addition, at the end of 2017, the Company invested in Nitto Kogyo BM (Thailand) Co., Ltd., providing Electrical equipment cabinet, stainless steel, plastic and cooling systems that use high electrical power to cooling systems, also use medium and low electrical power such as in industrial plants. The Company is holding 41% with the registered capital of 2.41 million baht and increasing capital in the year 2018, holding 48% with the registered capital of 7.19 million baht

In 2018, the Company invested in MECT Company Limited, providing electrical system installation in contractor business, holding 20% with the registered capital of 152.14 million baht. The operating result in Nitto Kogyo BM (Thailand) Co., Ltd. The Company has increases the investment that will not turn profit at the beginning, and MECT Company Limited, according to the nature of business, revenue in each quarter may fluctuate, resulting in loss profits in each quarter. In 2019, Nitto Kogyo BM (Thailand) Company Limited has profit of 0.91 Million baht. MECT Co., Ltd lost 26.16 Million baht.

6 product categories consists of following products:

- 1) Metal Trunkings and White Conduits
- 2) Communication Racks, Cabinets and Enclosures
- 3) Electrical Switchboards and Lighting Fixtures
- 4) Fabrication and Metal Working
- 5) Mold & Die Making, Machine Tools and equipment
- 6) Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts

Company’s total revenue in year 2017-2019 were 846.80 million baht, 996.89 million baht and 913.33 million respectively and net profit in such years were mentioned years were 44.30 million baht, 24.67 million baht and 36.01 million baht respectively.

## 1.1 Income

The Company has total revenue for the year 2017-2019 in amount of 846.80 million baht, 996.89 million baht and 913.33 million baht respectively which are sales and service revenue in the amount of 846.95 million baht, 985.17 million baht and 907.72 million baht or 99.37%, 98.82% and 99.39% of total revenue respectively, and other revenue in the amount of 5.34 million baht, 11.72 million baht and 5.61 million baht or 0.63%, 1.14% and 0.61% of total revenue respectively.

Income is classified by product category during Year 2017 - 2019

Income classification	Year 2017		Year 2018		Year 2019	
	Million baht	%	Million baht	%	Million baht	%
<b>Sale revenue</b>						
1) Income from selling wire way and electrical conduits	472.23	55.77	515.50	50.14	495.21	54.22
2) Income from selling communication racks, cabinets and enclosures	73.59	8.69	65.58	6.38	47.81	5.23
3) Income from selling electrical switchboards and lighting fixtures	30.82	3.64	19.76	1.92	122.75	13.44
4) Income from selling fabrication and metal working	23.03	2.72	144.82	14.09	31.88	3.49
5) Income from selling mold & die making, machine Tools and equipment	24.23	2.86	13.41	1.30	22.20	2.43
6) Income from selling sheet metal parts, press parts, machine parts and assembly parts	194.99	23.03	196.04	<b>19.07</b>	151.39	<b>16.58</b>
7) Income from trading <sup>/1</sup>	15.58	1.84	23.60	2.30	30.92	3.39
<b>Sale revenue</b>	<b>834.47</b>	<b>98.54</b>	<b>978.71</b>	<b>95.19</b>	<b>902.16</b>	<b>98.78</b>
Income from service <sup>/2</sup>	6.99	0.83	6.46	0.63	5.56	0.61
<b>Sale and service income</b>	<b>841.46</b>	<b>99.37</b>	<b>985.17</b>	95.82	<b>907.72</b>	99.39
Dividend	-		31.30	3.04	-	-
Other income <sup>/3</sup>	5.34	0.63	11.72	1.14	5.61	0.61
<b>Total income</b>	<b>846.80</b>	<b>100.00</b>	<b>1,028.19</b>	<b>100.00</b>	<b>913.33</b>	<b>100.00</b>

Remark: /1 Income from trading such as income from selling installation equipment, powder painting and other.



/2 Income from service such as income from powder painting service for products as per requested by external customers.

/3 Other income such as received interest, profit (lost) from asset disposal, selling scrap etc.

### **Sale and service income**

The Company has sales and service revenues in year 2017-2019 in the amount of 841.46 million baht, 985.17 million baht and 907.72 million baht or 99.37%, 95.82% and 99.39% of total income respectively. The sales and service revenue for the Year 2019 decreased by 77.45 million baht or decreased by 17% compared to the previous year. The sales and service revenue structure is presented as follows:

- 1) Revenue from selling metal trunking and white conduit: for the Year 2017, 2018 and 2019 were 472.23 million baht, 515.50 million baht and 495.21 million baht or 55.77%, 50.14% and 54.22% of total revenue respectively. Revenue from selling metal trucking and white conduit in Year 2019 decreased by 20.29 million baht or 3.94% compared to the previous year due to the slowdown of real estate, condominium, factories. However, the Company has revenue from the MRT electric train project and Suvarnabhumi Airport phase 2 project.
- 2) Revenue from selling communication racks, cabinets and enclosures: for the Year 2017, 2018 and 2019 were 73.59 million baht, 65.58 million baht and 47.81 million baht or 8.69%, 6.38% and 5.23% of total revenue respectively. Revenue for the Year 2019 decreased by 17.77 million baht or 27.10%
- 3) Revenues from selling electrical switchboards and lighting fixtures: for the Year 2017, 2018 and 2019 were 30.82 million baht, 19.76 million baht and 122.75 million baht or 3.64%, 1.92% and 13.44% of total revenue respectively. Revenue for the Year 2019 increased by 102.99 million baht or 521.20% Revenue from selling communication racks, cabinet enclosures and electrical cabinet increased by 85.22 million baht or 99.89% which come from USO net project and new customer (OEM)
- 4) Revenue from selling fabrication and metal working: for the Year 2017, 2018 and 2019 were 23.03 million baht, 144.82 million baht and 31.88 million baht or 2.72%, 14.09% and 3.49% of total revenue respectively. Revenue for the year 2019 decreased by 112.94 million baht or 77.99% Revenue from selling fabrication for the Year 2019 decreased due to the Company received decrease number of purchase order in communication tower.
- 5) Revenue from selling mold & die making, machine tools and equipment: for the Year 2017, 2018 and 2019 were 24.23 million baht, 13.40 million baht and 22.20 million baht or 2.86%, 1.30% and 2.43% of total revenue respectively. Revenue from selling mold & die making, machine tools and equipment for the year 2019 increased by 8.79 million baht or 65.55% due to the Company start exporting to the international market.

- 6) Revenue from selling sheet metal parts, press parts, machine parts and assembly parts: for the Year 2017, 2018 and 2019 were 194.99 million baht, 196.04 million baht and 151.39 million baht or as ratios 23.03%, 19.07% and 16.58% of total revenue respectively. Revenue from selling sheet metal parts, press parts, machine parts and assembly parts for the year 2019 decreased by 22.78% due to the decreased of purchase order.
- 7) Revenue from trading: revenues from trading installation tools & equipment, fitting, powder coating, etc. for the Year 2017, 2018 and 2019 were 15.58 million baht, 23.60 million baht and 30.92 million baht or 1.84%, 2.30% and 3.39% of total revenue respectively. Revenue for the Year 2019 increased by 7.32 million baht or 31.02% compared to the previous year since the Company sold bundles of metal trunking and white conduit products.
- 8) Revenue from service: such as income from steel powder painting service for external customers in Year 2017, 2018 and 2019 for 6.99 million baht, 6.46 million baht and 5.56 million baht or 0.83%, 0.63% and 0.61% of total income respectively.

Revenue structure table as shown in customer classification Year 2017 - 2019

Customer classification	Year 2017		Year 2018		Year 2019	
	Million baht	%	Million baht	%	Million baht	%
Contractor customer	503.05	59.78	535.26	54.33	617.96	68.08
Business cluster customer	338.41	40.22	449.91	45.67	289.76	31.92
Dealer <sup>*/</sup>	---	---	---	---	---	---
<b>Total sale and service income</b>	<b>841.46</b>	<b>100.00</b>	<b>985.17</b>	<b>100.00</b>	<b>907.72</b>	<b>100.00</b>

As above revenue structure by customer classification that the Company is their supplier, found that the Company's primary customer was electrical system and construction contractor clusters. Income from this such customer in Year 2017-2019 were 503.05 million baht, 535.26 million baht and 617.96 million baht or 59.78%, 54.33% and 68.08% of sale and service income respectively. Secondary customer classification was business customer cluster income from this customer in Year 2017, 2018 and 2019 were 338.41 million baht, 449.91 million baht and 289.76 million baht or 40.22%, 45.67% and 31.92% of sale and service income respectively.

According to the revenue structure table by customer classification in 2017, 2018 and 2019, the The Company receives benefits from the construction business sector including shopping mall, electrical train which bring more orders for cable tray and white conduits. The income of business sector has reduced by 160.15 million baht from the communication tower project due to order decrease compared to the previous year.

**Other revenue**

The Company has other income in Year 2017-2019 were 5.34 million baht, 11.72 million baht and 5.61 million baht or 0.63%, 1.14% and 0.61% of total income respectively. The other income consists of received interest, profit (loss) from asset selling, profit (loss) from asset disposal and income from selling scraps

**1.2 Cost of sale and gross profit margin**

The Company had cost of sale and service for the year ended 31 December 2019, it was 711.09 million baht, decreased by 104.62 million baht or 12.83%. Gross profit was 21.66% compared to year 2018. The gross profit of 17.20% increased by 4.46%. due to great production cost control management.

**1.3 Expenses****Selling and administrative expenses**

Selling and administrative expenses in Year 2019 and 2018 were 119.77 million baht and 126.17 million baht respectively, decreased by 6.40 million baht or 5.07% because in previous year the company had consultant expenses regarding the capital increase for the offering newly issued ordinary shares to specific investors under the general mandate and valuation of the shares of MECT Company Limited (non-recurring item) and transportation costs (non-recurring items)

**Financial cost**

The financial cost in Year 2019 was 8.83 million baht increased by 3.44 million baht or increased by 63.82% over the previous year because the company has long-term loans and withdraw short-term loans from financial institutions for use as working capital in the business and invest in associated companies.

**1.4 Net profit and net profit margin**

Under the equity method, in Year 2019, the Company had net profit of 36.01 million baht and net profit margin of 3.94% by recognize the loss from MECT Co., Ltd. the Company has account receivable reserve for 2 major projects. As for Nitto Kogyo BM (Thailand) Co., Ltd., the profit is recognized from Red line electric train project.

**1.5 Return on equity**

The Company had Return on Equity (ROE) in Year 2017, 2018 and 2019 of 6.48%, 3.59% and 5.21% respectively. In 2017, the Company had ROE of 7.15%, decreasing from the previous year, due to the net profit has decreased. In Year 2017, Annual General Meeting of Shareholders on 3 April 2017 approved to increasing the

registered capital of the company to 220.00 million baht by issuing 40,000,000 ordinary shares at a par value of 0.50 baht per share in the form of general mandate. At the Board of Directors Meeting No. 5/2017 held on November 13,

In 2019, the Company has the return on equity (ROE) of 5.21%, increased from previous year due to the increase of net profit in 2019. As a result, the company has higher ROE. However, year 2018 and 2019 had lower ROE than 2017 because in 2018, it recognized loss of associates, MECT Company Limited and Nitto Kogyo BM (Thailand) Company limited. In 2019, ROE to shareholders increased from 2018 due to the company has better operating results but still recognized loss from account receivable reserve of MECT Company Limited, an associated company.

## 2. Financial statement

### 2.1 Total asset

As of December 31, 2017, 2018 and 2019, the Company had total asset for 896.39 million baht, 1,083.44 million baht and 1,113.22 million respectively. Assets changing description as follows:

#### Current asset

As of December 31, Year 2017, 2018 and 2019, the Company had current asset for 327.17 million baht, 333.05 million baht and 314 million baht or 36.50%, 30.747% and 28.21% of total asset respectively. Breakdown description as follows:

- Cash or cash equivalent : as of December 31, Year 2017, 2018 and 2019, the value for 5.96 million baht, 0.89 million baht and 3.30 million baht or as portion per total asset for 0.67%, 0.08% and 0.30% respectively which consists of cash, petty cash, saving deposit cash and interest from bank deposit with guarantee contract.
- Account receivable and other debtor - Net : as of December, Year 2017, 2018 and 2019, the Company had account receivable and other debtor – Net for 181.80 million baht, 277.71 million baht and 205.48 million baht or as portion per total asset for 20.28%, 21.02% and 18.46% respectively with following detail:

(Unit : Million baht)

	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019
Account receivable	203.67	250.54	231.15
Deduct: reserved for debt lost	(23.00)	(24.28)	(26.61)
Account receivable - Net	180.67	226.26	204.54
Other debtor – Net	1.13	1.45	0.94

<b>Total account receivable and other debtor - Net</b>	<b>181.80</b>	<b>227.71</b>	<b>205.48</b>
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Considering the value of trade accounts receivable as of December 31, 2017, 2018, it found that in Year 2019, the revenue from selling products decreased. Therefore, outstanding receivables decreased from previous years. In Year 2019, the allowance for doubtful accounts increased 2.33 million baht from year 2018 due to the issuance of customer credit policy, which the company has continuously followed up the collection of overdue accounts.

(Unit : Million baht)				
<b>Account receivable value</b>	31 Dec. 2018	%	31 Dec. 2019	%
Not due of payment	150.10	59.91	143.02	61.87
Overdue of payment				
- less than or equal 3 months	72.71	29.02	63.21	27.35
- more than 3 months to 6 months	2.72	1.08	1.18	0.51
- more than 6 months or 12 months	4.30	1.72	3.90	1.69
- more than 12 months	20.71	8.27	19.84	8.58
<b>Total account receivable</b>	<b>250.54</b>	<b>100.00</b>	<b>231.15</b>	<b>100.00</b>
Deduct: reserved for debt lost	<u>(24.28)</u>		<u>(26.61)</u>	
<b>Account receivable - Net</b>	<b>226.26</b>		<b>205.54</b>	

As above shown table of account receivable value in aging classification, found that most account receivable was not due of payment and overdue of payment in phase of less than or equal 3 months, with value of 72.71 million baht and 63.21 million baht or 29.02% and 27.35% of total account receivable. As of December 31, 2018, and 2019 respectively. For overdue payment, more than 12 months with value of 19.84 million baht or 8.58% of total account receivable as of December 31, 2019. The Company had operated legal process for account receivable who was in long term overdue of payment. Therefore, the Company approved policy for set up provision of doubtful lost debt for 100%, for account receivable who was in phase of more than 12 months overdue of payment and account receivable who was unexpected to collect debts.

The Company approved policy of credit term allowing 30 -90 days for account receivable with customer's financial statement, payment history, order frequency and order amount

consideration. In Year 2017 – 2019, the Company's average collection periods were 77 days, 76 days and 87 days respectively. As mentioned above description, it could find that the Company had longer collecting debt period than the defined policy due to in accounting shall start counting credit term period since the date that the Company issued invoice to customer (invoicing date). But in practically for collecting these debts, the Company had agreed with customers to start counting credit term period 1 month after delivery date. Therefore, in practically collecting these debts shall be late as longest for 30 days. For some customers had defined condition of invoicing and receiving cheque date after given credit term was due, which this case shall effect to have longer receiving payment.

**Inventory balance - Net:** As of December 31, Year 2017, 2018 and 2019, the net inventory values were 72.59 million baht, 103.57 million baht and 102.09 million baht or 8.10%, 9.56% and 9.17% to total assets.

As shown below was finished goods value and goods in duration process that consists of cost of material, wage, production expenses in weighted averaged cost price method or net value as expected to receive which the the price in which mentioned method was lower and showed material value of FIFO cost price method or net value as expected to receive that which price as mentioned method was lower cost that shall be acquired to be part of production cost when there will have requisition of use. Details as shown in below table:

	(Unit : Million baht)					
	31 Dec.2017	%	31 Dec.2018	%	31 Dec.2019	%
Finished goods	25.49	29.90	29.87	26.38	23.85	20.83
Goods in duration process	13.54	15.88	16.80	14.84	27.57	24.07
Material	46.24	54.22	66.55	58.78	63.11	55.10
Total	85.27	100.00	113.22	100.00	114.53	100.00
<u>Deduct</u> cost price adjustment to be net value	(12.68)		(9.65)		(12.44)	
<b>Inventory balance-Net</b>	<b>72.59</b>		<b>103.57</b>		<b>102.09</b>	

Majority of inventory are materials, which are 59.86%, 54.22% and 58.78% of total inventory value as of December 31, Year 2017, 2018 and 2019 respectively. The Company's main materials are steel, equipment/consumable material for production and paint due to most customers are system project contractors, construction contractors. Therefore the Company had to make order as sufficient

to demand for each project. The Company had increased portion of finished goods per total inventory balance as of December 31, 2019 for 20.83% of total inventory balance. Most finished goods was metal trunkings as the Company produced by demand of each order and white conduits as ordered to purchase or produce but in delivery duration to customers. The most inventory balance items in stock are some metal trunkings that the Company had finished as per received purchase orders and some are white conduits that been ordered from supplier or been produced by the Company which they are in waiting process to deliver to the customers.

If consider from average sale period in ratio during Year 2017 – 2019, found that the Company had average sale period 12 days, 12 days and 12 days respectively or as period of finished goods storage until these goods were able to sell in 1 week expectation. The Company approved policy to set up provision of obsolete goods. For the obsolete goods (finished goods, consumable material and goods in duration process that been kept in stock more than 1 year and no movement transaction and over than 6 months for paint. The Company had set up provision of obsolete goods for whole amount and will have no setting up this provision for steel raw material due to having low deterioration. As of December 31, 2019, the Company had set up provision of obsolete goods for 12.43 million baht as separated into provision of decreased value goods for 2.98 million baht, from production material for 9.45 million baht.

#### Non-current asset

As of December 31, Year 2016, 2017 and 2019, the Company had non-current asset value was 569.2 million baht, 750.39 million and 799.22 million baht or 63.50%, 69.26% and 71.79% of total asset respectively. Breakdown detail as follows:

- Bank deposit with guarantee contract: as of December 31, Year 2017, 2018 and 2019, was 7.50 million baht, 10.50 million baht and 6.00 million baht of bank deposit with guarantee contract respectively. Company had pawned into regular bank deposit for guarantee to a financial institute creditor for promissory note guarantee of the Company, and to secured with a financial institution for 6 million baht for guarantee credit facilities.
- Associated Company: as of December 31, 2017 and 2018, the value is 1.98 million baht and 116.96 million baht. At the Board of Directors Meeting No. 5/2017 on November 13, 2017, approved the investment in Nitto Kogyo Trading (Thailand) Co., Ltd. (NKT) (later changed to Nitto Kogyo BM (Thailand) Co., Ltd.) On November 30, 2017, the Company purchased ordinary shares from the same shareholder of NKT with 2.46 million baht or 41% shareholding of paid-up capital to participate in the expansion of the electrical cabinet, communication cabinet and various types of steel market.

On March 12, 2018, the Company increased investment in ordinary shares and preference shares of Nitto Kogyo BM (Thailand) Co., Ltd. of 7.14 million baht, with a total investment of 9.60 million baht, resulting in an increase in the shareholding proportion from 41% to 48% of the paid-up capital.

On May 23, 2018, the Company invested in ordinary shares of MECT Co., Ltd. of 152.1 million baht or 20% of the paid-up capital. The Company therefore recognized its share of losses from investment in associated company in the financial statements under equity method from 23 May 2018 to 31 December 2018.

On March 13, 2019, the Board of Directors Meeting No. 2/2019 approved the capital increase in the associated company, Nitto Kogyo BM (Thailand) Company Limited, an associated company, increasing by 130 million baht, from 20 million to 150 million baht in total. The Company holding 48% of the registered capital fully paid 62.40 million baht for year 2019. The Company recognized loss from the provision for doubtful debts of MECT Company Limited and the Company recognizes the share of profit (loss) from investments in associated companies as follows:

Associated Companies	Year 2019	Year 2018
MECT Co., Ltd	(26.16)	(8.05)
Nitto Kogyo BM (Thailand) Co., Ltd.	0.91	(4.92)
<b>Total</b>	<b>(25.25)</b>	<b>(12.97)</b>

- Land, building and equipment–Net: as of December 31, Year 2016, 2017 and 2018, the Company had net value of land, building and equipment for 425.45 million baht, 542.62 million baht and 611.03 million baht or 51.11%, 60.53% and 56.40% to total assets respectively. The Company had invested into land, building and equipment continuously during past 3 years. In year 2017, the Company had invested buying land for 4,260 m<sup>2</sup> to support business expansion.

In Year 2018, the Company has additional invested machines such as CNC Turret Punch Press (machine for cutting and punching metal sheet), robot welding to support expansion of sheet metal parts and cutting machine for fabrication metalworking.

In Year 2019, the Company has additionally invested in machines such as robot welding, CNC Turret Punch Press (machine for cutting and punching metal sheet) to support expansion for cable tray and white conduit production.

- Deferred tax assets: as of Year 2017, 2018 and 2019, the Company had deferred tax asset for software in amount of 6.55 million baht, 5.19 million baht and 4.27 million baht respectively, accounting



for 0.73%, 0.48% and 0.38% of total asset. In 2019, the company did not have any additional investment in this part of the assets.

## 2.2 Source of funding

### Debt

#### Total debt

As of December 31, Year 2017, 2018 and 2019, the Company had total debt 212.32 million baht, 392.13 million baht and 421.25 million baht or as portion 23.69%, 36.19% and 37.84% of total asset respectively. Significant detail as follows:

#### Current liability

As of December 31, Year 2017, 2018 and 2019, the Company had current liability value of 184.63 million baht, 311.01 million baht and 322.41 million baht, accounting for 20.60%, 28.70% and 28.96% of total asset respectively. Significant are detail as follows:

- Trade payable and other trade payable: as of December 31, Year 2017, 2018 and 2019, the Company had trade payable and other trade payable of 164.42 million baht, 200.08 million baht and 165.32 million baht or equivalent 18.34%, 18.47% and 14.85% respectively. Detail are presented in below table:

	(Unit: Million baht)		
	<u>31 Dec. 2017</u>	<u>31 Dec. 2018</u>	<u>31 Dec. 2019</u>
Trade payables in associated company	-	0.02	-
Trade payable	139.50	169.30	136.41
Other trade payable	1.96	1.56	2.20
Trade payable for buying machine	3.22	8.38	4.15
Unpaid interest for director	-	-	-
Unpaid expenses	19.74	20.78	22.43
Unpaid expenses		0.04	0.12
<b>Total trade payable and other trade payable</b>	<b>164.42</b>	<b>200.08</b>	<b>165.31</b>

As above detail, trade payable value as of December 31, Year 2017, 2018 and 2019, found that the Company had increased revenue from Year 2018 which impacted to trade payable as of December 2019 also was increased.

The Company had received payment credit term by trade payable for 30 – 90 days with payment period in Year 2017, 2018 and 2019 for 81 days, 81 days and 94 days respectively. From this, found that the Company's payment period was trended to decrease as shown the better performance of debt payable of the Company.

Short term loan from connected person for unpaid bonuses for executives and employees of the Company. As of December 31, Year 2017, 2018 and 2019, the Company has unpaid bonus of 15.22 million baht, 14.46 million baht and 15.79 million baht respectively.

#### Non-current liability

As of December 31, Year 2017, 2018 and 2019, the Company had non-current liability for 27.69 million baht, 81.12 million baht and 98.84 million baht or as portion 3.09%, 7.49% and 8.88% of total asset respectively. Detail as follows:

- Long term loan: As of December 31, Year 2017, 2018 and 2019, the Company had long term debt from financial institute (Net) for 3.04 million baht, 58.30 million baht and 32.52 million baht or 0.34%, 5.38% and 2.92% to total asset respectively. This such amount was combined into long term loan as on payment due in 1 year, the Company shall have total long term loan for 11.08 million baht, 94.70 million baht and 72.05 million baht or as portion per total asset for 1.24%, 8.74% and 6.47% respectively. In 2019, the Company got support for short term loan from financial institute.
- Trade payable of leasing and debt as financial rental contract: as of December 31, Year 2017, 2018 and 2019, the Company had net trade payable of leasing and debt as financial rental contract for 7.6 million baht, 2.87 million baht and 39.03 million baht or as portion per total asset for 0.85%, 0.26% and 3.51% respectively. This such amount was combined into trade payable of leasing and financial rental contract as on payment due in 1 year for 16.05 million baht, 7.31 million baht and 50.59 million baht or as portion per total asset for 1.79%, 0.66% and 4.55% respectively. The mentioned details were consisted of vehicle leasing contract and financial leasing contract for machines, vehicles and production equipment and the Company's operation.

### **2.3 Shareholder's equity**

As of December 31, Year 2017, 2018 and 2019, the Company had shareholder's equity of 684.07 million baht, 691.32 million baht 691.97 million baht or equivalent to 76.31%, 63.81% and 62.16% of total asset respectively. Significant details are as follows:

- Registered capital and paid-up capital:

- As AGM 2015 on April 28, 2015, the conclusion was approved to increase capital of the Company for more 59 million baht by issuing new 590,000 common stocks with price value 100.00 baht per share for price offering to current shareholders according to shareholding portion. This caused to increase the Company's registered capital to be 150 million baht as classified into 1,500,000 shares with price value 100.00 baht per share. And at this meantime, as such AGM had conclusion to approve changing price value from 100.00 baht per share to be 0.25 baht per share and approved to increase capital more 50 million baht as caused the registered capital to be 200 million baht by issuing 200,000,000 common stocks with price value 0.25 baht for IPO.
- As AGM 2017 on April 3, 2017, approved the capital increase of the company to 220.00 by increasing the general mandate to allocate to the private placement. On November 21, 2017, the company has increased paid-up capital to 220.00 million baht by selling the newly issued ordinary shares to Nitto Kogyo Corporation in amount of 40,000,000 shares at the price of 3.73 baht per share.
- As EGM 2018, August 2, 2018, the Company increased the registered capital from 220 million baht to 275 million baht by issuing new ordinary share 110,000,000 shares par value of 0.50 baht per share.

- Excess value of common stock: it was transaction had been happened since Year 2009. In July 2009, the Company had increased registered capital from 60.00 million baht to be 79.00 million baht by issuing 190,000 common stocks with price value 100 baht per share on price offering 150 baht per share for building new building, training center and additional investment in punching machine for production in communication rack, cabinets and enclosure. Later in December 2009, the Company had re-increased registered capital from 79.00 million baht to be 91.00 million baht by issuing 120,000 common stocks with price value 100 baht per share on price offering 150 baht per share for buying additional machine and building paint spraying room. This reason caused the Company had total excess value of shares for 15.50 million baht. Later in Year 2016, the Company had proceeded IPO raise fund into SET for 100,000,000 shares with price value 2.88 baht per share. As of December 31, 2015, the Company had excess value of shares for 244.86 million baht as portion per total asset for 29.42%

In Year 2017, the Company has allocated 40,000,000 new ordinary shares with a par value of baht 0.50 per share to Nitto Kogyo Corporation at a price of baht 3.73 per share, with total baht 149.20 million baht. The result ordinary shares increased by 129.20 million baht.

- Unallocated accumulated profit: as of December 31, Year 2017, 2018 and 2019, the Company had unallocated accumulated profit for 78.74 million baht, 79.48 million baht and 76.79 million baht as portion per total asset for 8.45%, 7.34% and 6.90% respectively. As the Board of Director Meeting No. 1/2020 on February 28, 2020, approved dividend from the operating results of 2019 in amount of 35.20 million baht or equivalent to a dividend payout ratio of 57.45% of the net profit after deduction with legal reserve for 440,000,000 ordinary shares. The dividend payment is one agenda for AGM 2020 for further approval.

#### Financial structure ratio

The Company had ratio of liability per shareholder's equity as of December 31, 2017, 2018 and 2019 for 0.31 time, 0.53 time and 0.55 time respectively. In Year 2017, ratio of liability per shareholder's equity has increased by offering 40,000,000 new shares at a par value of Baht 0.50 per share to Nitto Kogyo Corporation at an offering price of Baht 3.73 per share. Total 149.20 million baht. As a result, the Company has higher shareholders' equity and the debt to equity ratio has decreased. In the year 2019, the company has requested to support long-term loans from financial institutions for the investment in an associated company, and the Company has increased financial lease by 50.00 million baht to pay short-term debt. Therefore, the debt to equity ratio increased from the previous year.

#### **2.4 Liquidity**

As of December 31, Year 2017, 2018 and 2019, the Company had current asset for 327.17 million baht, 333.05 million baht and 314 million baht or as portion per total asset for 36.50%, 30.74% and 28.21% respectively with significant reason of decreased current asset in Year 2019, decreasing trade accounts receivable due to sales decreased. The increased of non-current assets is an increase of investments in associates, property and equipment.

As of December 31, Year 2017, 2018 and 2019, the Company had current liability for 184.63 million, 311.01 million baht and 322.41 million baht or as portion per total asset for 20.60%, 28.71% and 28.96% respectively. The main reason of decreased current liability in Year 2018 is the Company has decreased in current liabilities due to decreased in trade accounts payable. Current portion of hire purchase payables and liabilities under finance lease agreements and the portion of long-term loans due within one year. Year 2019, Current liabilities had increased from the use of overdraft lines and short-term loans, trade accounts payable and current portion of long-term loan.

From this such changing of current asset and current liability, it impacted the Company's liquidity ratio in Year 2017, 2018 and 2019 for 1.77 time, 1.07 time and 0.97 time respectively and quick liquidity ratio for 1.36 time, 0.74 time and 0.66 time respectively.

If consider the cash cycle ratio, shall found that in Year 2017, 2018 and 2019, the Company had cash cycle ratio for 30 days, 29 days and 30 days respectively which this cash cycle decreasing in past 3 years was the Company's better performance in account receivable's debt collecting management.

#### **Cash flow for fiscal year 2019 as of December 31, 2019**

##### **Net received cash (spent) from operation activities**

The Company had cash from operation activities for 102.13 million baht decreased from the increase in the company's payables and other suppliers 39.17 million baht, trade receivables decreased 19.86 million baht, resulting in positive cash flow from operations in 2019.

##### **Net received cash (spent) from investment activities**

The Company had net cash for investment activities for 108.45 million baht. The negative cash flow from investment activities as renovation of office buildings, machines and equipment to support the expansion of production in welding metal parts, tools and equipment and other metal work for 49.61 million baht. Paid investment in associated companies for 64.20 million baht.

##### **Net received cash (spent) from financial activities**

The Company had net cash spending from financial activities of 8.72 million baht, received cash from back overdraft and short-term loan from financial institute of 25.12 million baht, received from long-term loan from financial institute of 16.11 million baht, repaid to leasing trade payable and liabilities according financial leasing contracts of 7.62 million baht, repaid long-term loan of 38.77 million baht and paid dividend of 35.20 million baht.

## **2.5 Expenses for investment**

Previous investment expenses of the Company was objected to invest buying land, building new factory and additional machines for future business expansion with following investment expenses description:

#### **Expenses description table for investment**

Unit: Million baht

	<b>Year 2017</b>	<b>Year 2018</b>	<b>Year 2019</b>
Expenses for fixed asset investment	151.72	103.60	49.61

For Year 2017, the Company had invested in the construction of new factory, additional machine and equipment for use in new factory building and production expansion of production in welding and metalworking. Also bought and for 4,260 m<sup>2</sup> to support business expansion (B2B).

For Year 2018, the Company had invested buying additional machines and equipment for metal trunkings and white conduits for expanding production capacity, inventory and logistic building.

For Year 2019, the Company had invested buying additional machines and equipment for machine tools and factory building expansion.

Bangkok Sheet Metal Public Company Limited

Report and financial statements

31 December 2019

## Independent Auditor's Report

To the Shareholders of Bangkok Sheet Metal Public Company Limited

### Opinion

I have audited the accompanying financial statements in which the equity method is applied of Bangkok Sheet Metal Public Company Limited (“the Company”), which comprise the statement of financial position as at 31 December 2019, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements in which the cost method is applied of Bangkok Sheet Metal Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Sheet Metal Public Company Limited as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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.

I have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

#### *Revenue recognition*



Revenue from sales of goods is one of the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. In 2019, revenues from sales were 99 percent of total revenues of the Company. I have paid particular attention to the Company's recognition of revenue from sales of goods.

I assessed and tested the internal controls of the Company relevant to revenue cycle by making enquiry of responsible executives, gaining an understanding and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I examined supporting documents for sale transactions occurring during the year and near the end of the accounting period, reviewed credit notes that the Company issued after the period end, and performed analytical review procedures on sales account.

#### *Investments in associated companies*

As disclosed in Note 11 to the financial statements, as at 31 December 2019, the Company has investments in associated companies in the financial statements in which the equity method is applied and the separate financial statements in which the cost method is applied amounting to Baht 154 million and Baht 224 million, respectively, which are significant amounts. In assessing the impairment of these investments, the management needs to exercise substantial judgement to make forecasts of operating results and projections of future cash flows from the investments, including determination of appropriate discount rates, long-term growth rates and other assumptions.

I assessed the management's identification of impairment of investments in associated companies by enquiring with the management regarding management's process of consideration and assessing the assumptions applied in the projections of cash flows from the investments. I also gained an understanding of the process by which the figures were derived, compared the assumptions with external and internal sources of information regarding the associated companies and compared the cash flow projections with actual operating results.

Furthermore, I evaluated the discount rate used based on analysis of the average cost of capital and other data and also tested the calculation of projected cash flows based on the above information and assumption.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 do not express any form of assurance conclusion thereon.

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

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities between the Company and its associated company ("The Group") to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.

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Preecha Arunnara

Certified Public Accountant (Thailand) No. 5800

EY Office Limited

Bangkok: 28 February 2020

## Bangkok Sheet Metal Public Company Limited

## Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	3,297,423	887,847	3,297,423	887,847
Trade and other receivables	8	205,476,141	227,704,933	205,476,141	227,704,933
Inventories	9	102,094,180	103,571,217	102,094,180	103,571,217
Other current assets		3,133,150	884,132	3,133,150	884,132
<b>Total current assets</b>		<b>314,000,894</b>	<b>333,048,129</b>	<b>314,000,894</b>	<b>333,048,129</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	6,000,000	10,500,000	6,000,000	10,500,000
Investments in associated companies	11	153,958,686	116,964,824	224,141,475	161,741,475
Other long-term investment		380,000	-	380,000	
Property, plant and equipment	12	624,790,973	611,028,644	624,790,973	611,028,644
Intangible assets	13	4,274,156	5,189,775	4,274,156	5,189,775
Deferred tax assets	23	9,767,739	6,661,404	9,767,739	6,661,404
Other non-current assets		50,000	50,000	50,000	50,000
<b>Total non-current assets</b>		<b>799,221,554</b>	<b>750,394,647</b>	<b>869,404,343</b>	<b>795,171,298</b>
<b>Total assets</b>		<b>1,113,222,448</b>	<b>1,083,442,776</b>	<b>1,183,405,237</b>	<b>1,128,219,427</b>

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

**Bangkok Sheet Metal Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 December 2019**

(Unit: Baht)

		Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	Note	2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short - term loans					
from financial institutions	14	92,023,832	66,905,406	92,023,832	66,905,406
Trade and other payables	15	165,313,549	200,082,992	165,313,549	200,082,992
Current portion of liabilities under hire-purchase and finance lease agreements	16	11,560,805	4,442,101	11,560,805	4,442,101
Current portion of long-term loans	17	39,528,000	36,403,093	39,528,000	36,403,093
Income tax payable		10,868,588	-	10,868,588	-
Other current liabilities		3,111,986	3,172,872	3,111,986	3,172,872
<b>Total current liabilities</b>		<b>322,406,760</b>	<b>311,006,464</b>	<b>322,406,760</b>	<b>311,006,464</b>
<b>Non-current liabilities</b>					
Liabilities under hire-purchase and finance lease agreements - net of current portion	16	39,033,392	2,870,558	39,033,392	2,870,558
Long-term loans - net of current portion	17	32,519,817	58,300,000	32,519,817	58,300,000
Provision for long-term employee benefits	18	27,290,822	19,950,014	27,290,822	19,950,014
<b>Total non-current liabilities</b>		<b>98,844,031</b>	<b>81,120,572</b>	<b>98,844,031</b>	<b>81,120,572</b>
<b>Total liabilities</b>		<b>421,250,791</b>	<b>392,127,036</b>	<b>421,250,791</b>	<b>392,127,036</b>
<b>Shareholders' equity</b>					
Share capital	19				
Registered					
550,000,000 ordinary shares of Baht 0.50 each		275,000,000	275,000,000	275,000,000	275,000,000
Issued and fully paid					
440,000,000 ordinary shares of Baht 0.50 each		220,000,000	220,000,000	220,000,000	220,000,000
Share premium		374,060,000	374,060,000	374,060,000	374,060,000
Retained earnings					
Appropriated-statutory reserve	21	21,271,500	17,771,500	21,271,500	17,771,500
Unappropriated		76,794,609	79,484,240	146,822,946	124,260,891
Other comprehensive income		(154,452)	-	-	-
<b>Total shareholders' equity</b>		<b>691,971,657</b>	<b>691,315,740</b>	<b>762,154,446</b>	<b>736,092,391</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,113,222,448</b>	<b>1,083,442,776</b>	<b>1,183,405,237</b>	<b>1,128,219,427</b>

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

Director

**Bangkok Sheet Metal Public Company Limited****Statement of comprehensive income****For the year ended 31 December 2019**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		907,719,985	985,174,569	907,719,985	985,174,569
Dividend income		-	-	-	31,300,000
Other income		5,617,884	11,718,702	5,617,884	11,718,702
<b>Total revenues</b>		<b>913,337,869</b>	<b>996,893,271</b>	<b>913,337,869</b>	<b>1,028,193,271</b>
<b>Expenses</b>					
Cost of sales and services		711,093,662	815,708,097	711,093,662	815,708,097
Selling expenses		47,667,840	51,492,569	47,667,840	51,492,569
Administrative expenses		72,102,341	74,677,155	72,102,341	74,677,155
<b>Total expenses</b>		<b>830,863,843</b>	<b>941,877,821</b>	<b>830,863,843</b>	<b>941,877,821</b>
<b>Profit before share of loss from investments in associated companies, finance cost and income tax expenses</b>		<b>82,474,026</b>	<b>55,015,450</b>	<b>82,474,026</b>	<b>86,315,450</b>
Share of loss from investments in associated companies	11	(25,251,686)	(12,974,392)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>57,222,340</b>	<b>42,041,058</b>	<b>82,474,026</b>	<b>86,315,450</b>
Finance cost		(8,827,619)	(5,390,771)	(8,827,619)	(5,390,771)
<b>Profit before income tax expenses</b>		<b>48,394,721</b>	<b>36,650,287</b>	<b>73,646,407</b>	<b>80,924,679</b>
Income tax expenses	23	(12,384,352)	(11,980,155)	(12,384,352)	(11,980,155)
<b>Profit for the year</b>		<b>36,010,369</b>	<b>24,670,132</b>	<b>61,262,055</b>	<b>68,944,524</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains - net of income tax		-	173,435	-	192,314
Share of other comprehensive income from investments in associated companies	11	(154,452)	-	-	-
<b>Other comprehensive income for the year</b>		<b>(154,452)</b>	<b>173,435</b>	<b>-</b>	<b>192,314</b>
<b>Total comprehensive income for the year</b>		<b>35,855,917</b>	<b>24,843,567</b>	<b>61,262,055</b>	<b>69,136,838</b>
<b>Earnings per share</b>	24				
Basic earnings per share					
Profit for the year		0.08	0.06	0.14	0.16

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

**Bangkok Sheet Metal Public Company Limited****Cash flow statement****For the year ended 31 December 2019**

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	48,394,721	36,650,287	73,646,407	80,924,679
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	42,738,038	41,416,076	42,738,038	41,416,076
Allowance for doubtful accounts	2,331,032	1,281,124	2,331,032	1,281,124
Reduction of inventory cost to net realisable value (reversal)	2,785,212	(3,027,228)	2,785,212	(3,027,228)
Gain on disposal of equipment	(230,464)	(155,545)	(230,464)	(155,545)
Loss on written-off of assets	13,136	20,041	13,136	20,041
Share of loss from investments in associated companies	25,251,686	12,974,392	-	-
Dividend income	-	-	-	(31,300,000)
Provision for long-term employee benefits	7,340,808	4,012,944	7,340,808	4,012,944
Interest income	(117,463)	(103,136)	(117,463)	(103,136)
Interest expenses	8,917,509	5,406,384	8,917,509	5,406,384
Profit from operating activities before changes in operating assets and liabilities	137,424,215	98,475,339	137,424,215	98,475,339
Operating assets (increase) decrease				
Current investments	-	64,201,657	-	64,201,657
Trade and other receivables	19,869,413	(47,266,684)	19,869,413	(47,266,684)
Inventories	(1,308,175)	(27,952,031)	(1,308,175)	(27,952,031)
Other current assets	(2,249,018)	1,906,488	(2,249,018)	1,906,488
Operating liabilities increase (decrease)				
Trade and other payables	(39,169,483)	30,466,492	(39,169,483)	30,466,492
Other current liabilities	(60,887)	1,868,915	(60,887)	1,868,915
Cash paid for long-term employee benefits	-	(869,470)	-	(869,470)
Cash flows from operating activities	114,506,065	120,830,706	114,506,065	120,830,706
Cash paid for interest expenses	(7,896,804)	(4,540,090)	(7,896,804)	(4,540,090)
Cash paid for income tax	(4,622,099)	(10,759,762)	(4,622,099)	(10,759,762)
Cash received from interest income	145,810	182,699	145,810	182,699
<b>Net cash flows from operating activities</b>	<b>102,132,972</b>	<b>105,713,553</b>	<b>102,132,972</b>	<b>105,713,553</b>

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



**Bangkok Sheet Metal Public Company Limited****Cash flow statement (continued)****For the year ended 31 December 2019**

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from investing activities</b>				
(Increase) decrease in restricted bank deposits	4,500,000	(3,000,000)	4,500,000	(3,000,000)
Cash paid for investments in associated companies	(62,400,000)	(159,281,475)	(62,400,000)	(159,281,475)
Cash paid for other long-term investments	(380,000)	-	(380,000)	-
Acquisition of property, plant and equipment	(49,609,299)	(103,599,964)	(49,609,299)	(103,599,964)
Acquisition of intangible assets	(909,206)	(617,800)	(909,206)	(617,800)
Cash received from dividends	-	31,300,000	-	31,300,000
Proceeds from disposal of equipment	350,467	1,050,000	350,467	1,050,000
<b>Net cash flows used in investing activities</b>	<b>(108,448,038)</b>	<b>(234,149,239)</b>	<b>(108,448,038)</b>	<b>(234,149,239)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans				
from financial institutions	25,118,426	66,905,406	25,118,426	66,905,406
Increase in long-term loans from financial institutions	16,112,235	100,000,000	16,112,235	100,000,000
Payment of liabilities under hire-purchase and				
finance lease agreements	(7,618,509)	(9,565,292)	(7,618,509)	(9,565,292)
Proceeds from sale and lease back transactions	49,080,000	-	49,080,000	-
Repayment of long-term loans	(38,767,510)	(16,373,784)	(38,767,510)	(16,373,784)
Dividend paid	(35,200,000)	(17,600,000)	(35,200,000)	(17,600,000)
<b>Net cash flows from financing activities</b>	<b>8,724,642</b>	<b>123,366,330</b>	<b>8,724,642</b>	<b>123,366,330</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,409,576</b>	<b>(5,069,356)</b>	<b>2,409,576</b>	<b>(5,069,356)</b>
Cash and cash equivalents at beginning of year	887,847	5,957,203	887,847	5,957,203
<b>Cash and cash equivalents at end of year</b>	<b>3,297,423</b>	<b>887,847</b>	<b>3,297,423</b>	<b>887,847</b>
	-	-	-	-
<b>Supplemental cash flow information:</b>				
Non-cash transactions				
Purchases of assets under finance lease agreement	55,674,688	-	55,674,688	-
Increase in accounts payable - purchase of assets	4,150,083	5,156,101	4,150,083	5,156,101

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

**Bangkok Sheet Metal Public Company Limited**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2019**

	Financial statements in which the equity method is applied							(Unit: Baht)
	Issued and fully paid share capital	Share premium	Other components of equity					
			other comprehensive income				Total shareholders' equity	
			Share of other					
			Retained earnings	comprehensive income				
			Appropriated - statutory reserve	Unappropriated	from investments in associated companies	Total other components of shareholders' equity		
Balance as at 1 January 2018	220,000,000	374,060,000	14,271,500	75,740,673	-	-	684,072,173	
Profit for the year	-	-	-	24,670,132	-	-	24,670,132	
Other comprehensive income for the year	-	-	-	173,435	-	-	173,435	
Total comprehensive income for the year	-	-	-	24,843,567	-	-	24,843,567	
Dividend paid (Note 27)	-	-	-	(17,600,000)	-	-	(17,600,000)	
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	3,500,000	(3,500,000)	-	-	-	
Balance as at 31 December 2018	220,000,000	374,060,000	17,771,500	79,484,240	-	-	691,315,740	
Balance as at 1 January 2019	220,000,000	374,060,000	17,771,500	79,484,240	-	-	691,315,740	
Profit for the year	-	-	-	36,010,369	-	-	36,010,369	
Other comprehensive income for the year	-	-	-	-	(154,452)	(154,452)	(154,452)	
Total comprehensive income for the year	-	-	-	36,010,369	(154,452)	(154,452)	35,855,917	
Dividend paid (Note 27)	-	-	-	(35,200,000)	-	-	(35,200,000)	
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	3,500,000	(3,500,000)	-	-	-	
Balance as at 31 December 2019	220,000,000	374,060,000	21,271,500	76,794,609	(154,452)	(154,452)	691,971,657	

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

**Bangkok Sheet Metal Public Company Limited**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2019**

	Separate financial statements in which the cost method is applied					(Unit: Baht)
	Issued and fully paid share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity	
<b>Balance as at 1 January 2018</b>	220,000,000	374,060,000	14,271,500	76,224,053	684,555,553	
Profit for the year	-	-	-	68,944,524	68,944,524	
Other comprehensive income for the year	-	-	-	192,314	192,314	
Total comprehensive income for the year	-	-	-	69,136,838	69,136,838	
Dividend paid (Note 27)	-	-	-	(17,600,000)	(17,600,000)	
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	3,500,000	(3,500,000)	-	
<b>Balance as at 31 December 2018</b>	220,000,000	374,060,000	17,771,500	124,260,891	736,092,391	
<b>Balance as at 1 January 2019</b>	220,000,000	374,060,000	17,771,500	124,260,891	736,092,391	
Profit for the year	-	-	-	61,262,055	61,262,055	
Other comprehensive income for the year	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	61,262,055	61,262,055	
Dividend paid (Note 27)	-	-	-	(35,200,000)	(35,200,000)	
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	3,500,000	(3,500,000)	-	
<b>Balance as at 31 December 2019</b>	220,000,000	374,060,000	21,271,500	146,822,946	762,154,446	

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

**Bangkok Sheet Metal Public Company Limited****Notes to financial statements****For the year ended 31 December 2019****1. General information**

Bangkok Sheet Metal Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of metal forming products. The registered office of the Company is at 149 Moo 6, Suksawad Road, Tambol Bangjak, Amphur Phrapradang, Samutprakarn.

The Market for Alternative Investment (“mai”) has approved the Company’s ordinary shares as listed securities traded on the mai, effective from 17 May 2016.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

- 2.2 The separate financial statements present investments in associated companies under the cost method.

**3. New financial reporting standards****(a) Financial reporting standards that became effective in the current year**

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

The management of the Company is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable of goods supplied after deducting discounts, excluding value added tax.

###### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### **4.3 Trade receivables**

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost which is determined by first-in, first-out method and net realisable value and are charged to production costs whenever consumed.

#### **4.5 Investments**

- a) Investments in associates are accounted for in the financial statements in which the equity method is applied using the equity method.
- b) Investments in associates are accounted for in the separate financial statements using the cost method. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Property, plant and equipment/Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings and building improvement	20 years
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 7 years
Motor vehicles	5 - 10 years

Depreciation is included in profit or loss. No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.8 Intangible assets**

Computer software is stated at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Computer software is amortised as expenses in profit or loss on a straight-line basis over the economic useful life of 3 years and 5 years. No amortisation is provided on software under installation. Intangible assets are tested for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method of such asset are reviewed at least at each financial year end.

#### **4.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.12 Employee benefits**



***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

***Post-employment benefits******Defined contribution plans***

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

***Defined benefit plans***

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefits plans are recognised immediately in other comprehensive income.

**4.13 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

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

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to

the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.15 Fair value measurement**

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

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

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

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

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

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

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Allowance for diminution in value of inventory**

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for reduce cost to net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

**Property, plant and equipment/Depreciation**

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

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

**Post-employment benefits under defined benefit plans**

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.

**6. Related party transactions**

During the year, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	2019	2018	Transfer pricing policy
<u>Transactions with associated companies</u>			
Sales of goods	27,927	8,250	With reference to market price
Dividend income	-	31,300	As approved by shareholder meeting
Purchase of raw material	150	556	With reference to market price
<u>Transactions with related companies</u>			
Sales of goods	-	3,616	With reference to market price

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2019	2018
<b><u>Trade receivables - related parties</u></b> (Note 8)		

Associated companies	19,741	1,576
Related companies (related by common shareholders)	-	415
Total trade receivables - related parties	19,741	1,991

**Trade payables - related parties (Note 15)**

Associated companies	-	21
Total trade payables - related parties	-	21

**Directors and management's benefits**

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as detailed below.

	(Unit: Thousand Baht)	
	2019	2018
Short-term employee benefits	23,788	21,457
Post-employment benefits	1,692	1,067
Total	25,480	22,524

**7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	2019	2018
Cash	96	99
Bank deposits		
Saving accounts	2,959	600
Current accounts	198	189
Fixed deposit	44	-
Total	3,297	888

As at 31 December 2019, bank deposits in saving accounts and fixed deposit carried interests between 0.05 and 0.38 percent per annum (2018: Saving accounts carried interests between 0.13 and 0.38 percent per annum).

**8. Trade and other receivables**

	(Unit: Thousand Baht)	
	2019	2018
<u>Trade receivables - related parties (Note 6)</u>		
Aged on the basis of due dates		

(Unit: Thousand Baht)

	2019	2018
Not yet due	18,940	1,258
Past due		
Up to 3 months	801	733
Total trade receivables - related parties	19,741	1,991
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	124,082	148,840
Past due		
Up to 3 months	62,406	71,974
3 - 6 months	1,178	2,725
6 - 12 months	3,900	4,296
Over 12 months	19,842	20,708
Total	211,408	248,543
Less: Allowance for doubtful debts	(26,607)	(24,276)
Total trade receivables - unrelated parties, net	184,801	244,267
Total trade receivable - net	204,542	226,258
<u>Other receivables</u>		
Other receivables	934	1,447
Total other receivables	934	1,447
Total trade and other receivables - net	205,476	227,705

**9. Inventories**

(Unit: Thousand Baht)

	31 December 2019		
	Reduce cost to net		
	Cost	realisable value	Inventories - net
Finished goods	23,854	(2,907)	20,947
Work in process	27,570	(81)	27,489
Raw materials	63,106	(9,448)	53,658
Total	114,530	(12,436)	102,094

(Unit: Thousand Baht)

31 December 2018

		Reduce cost to net	
	Cost	realisable value	Inventories - net
Finished goods	29,874	(2,368)	27,506
Work in process	16,796	(142)	16,654
Raw materials	66,551	(7,140)	59,411
Total	113,221	(9,650)	103,571

During the current year, the Company reduced cost of inventories by Baht 2.8 million, to reflect the net realisable value. This was included in cost of sales. (2018: reversed the write-down of cost of inventories by Baht 3.0 million).

#### 10. Restricted bank deposits

As at 31 December 2019, the Company has deposits with bank of Baht 6 million (2018: Baht 10.5 million) which are pledged with the banks to secure credit facilities as described in Note 14 and Note 17 to the financial statements.

#### 11. Investments in associated companies

##### 11.1 Details of associates

		(Unit: Thousand Baht)						
Company's name	Issued and fully paid		Shareholding		Investments in		Investments in	
	shares		percentage*		associated		associated	
					companies		companies	
					in which the equity		in which the cost	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2019	2018	2019	2018	2019	2018	2019	2018
			%	%				
Nitto Kogyo BM (Thailand) Company Limited	150,000	20,000	48	48	67,491	4,178	72,000	9,600
M E C T Company Limited	195,625	195,625	20	20	86,467	112,787	152,141	152,141
Total					153,958	116,965	224,141	161,741

\*Proportion is calculated according to the amount of investment in ordinary shares and preferred shares.

On 12 March 2018, the Company increased its investment in ordinary shares and preferred shares of Nitto Kogyo BM (Thailand) Co., Ltd. amounting to Baht 7.14 million. As a result, the shareholding percentage increased from 41% to 49% of paid-up capital of such company.

On 23 May 2018, the Company invested in the ordinary shares of MECT Company Limited amounting to Baht 152.1 million, equivalent to 20% of paid-up capital of such company. Therefore, the Company has recognized the share of gain or loss from investment in this associated company in the financial statements in which the equity method is applied since 23 May 2018 onward.

The management of the Company believes that the acquisition of those associated companies consisted of business combination, in accordance with the definition specified in TFRS 3 Business Combinations.

During the fourth quarter of 2018, the Company completed the process of measuring the fair value at the acquisition date of the identifiable assets acquired and the liabilities assumed.

On 25 June 2019, Extraordinary General Meeting of the Nitto Kogyo BM (Thailand) Co., Ltd.'s shareholders passed a resolution to approve a Baht 130 million increase in the ordinary shares of Nitto Kogyo BM (Thailand) Co., Ltd., from Baht 20 million (16,940 ordinary shares with a par value of Baht 1,000 each and 3,060 preferred shares with a par value of Baht 1,000 each) to Baht 150 million (146,940 ordinary shares with a par value of Baht 1,000 each and 3,060 preferred shares with a par value of Baht 1,000 each), through the issue of 130,000 additional ordinary shares with a par value of Baht 1,000 each. The Company had acquired some part of such the issuance of additional ordinary shares as reflect to decrease in proportion to its common shareholding from 49% to 48%. Even if the proportion is calculated according to the amount of investment in ordinary shares and preferred shares, its existing shareholding proportion. The Company made payment of Baht 62.4 million for the new shares on 28 June 2019.

During the current year, an associate, MECT Company Limited, submitted a statement of claims regarding a breach of hire of work agreement to Thai Arbitration Institute, and claimed compensatory damages with a customer. The customer filed a statement of defense stating that the construction damage occurred due to non-compliance with the agreement and the remaining work has not been delivered. On 30 September 2019, the Arbitration tribunal considered and rendered an award ordering that the associate be liable to the compensatory damages of Baht 80 million payable to the customer. In addition, the associate filed a lawsuit with the court requesting the revocation of the arbitral award and the case is currently under consideration by the court. However, the management of the associate determined to set aside a contingent liability from the dispute and an allowance for doubtful accounts that may be incurred from this customer totaling of Baht 124 million. The share of loss from investment in this associate recognized by the Company during the current year was reflected those cases already.

## **11.2 Share of comprehensive income and dividend received**

During the years, the Company has recognised its share of profit/loss from investments in associates in the financial statements in which the equity method is applied and dividend income in the separate financial statements as follows:

Associates	Financial statements in which the equity method is applied				(Unit: Thousand Baht) Separate financial statements in which the cost method applied	
	Share of loss from investments in associates during the year		Share of comprehensive income from investments in associates during the year		Dividend received during the year	
	2019	2018	2019	2019	2019	2018
Nitto Kogyo BM (Thailand) Company Limited	913	(4,920)	-	(19)	-	-
M E C T Company Limited	(26,165)	(8,054)	(154)	-	-	(31,300)
<b>Total</b>	<b>(25,252)</b>	<b>(12,974)</b>	<b>(154)</b>	<b>(19)</b>	<b>-</b>	<b>(31,300)</b>

### 11.3 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Thousand Baht)			
	Nitto Kogyo BM (Thailand)		M E C T Company Limited	
	2019	2018	2019	2018
Current assets	128,469	27,858	507,290	527,523
Non-current assets	56,487	1,289	257,917	261,273
Current liabilities	(42,454)	(18,834)	(333,099)	(231,498)
Non-current liabilities	(590)	(297)	(25,371)	(18,963)
<b>Net assets</b>	<b>141,912</b>	<b>10,016</b>	<b>406,737</b>	<b>538,335</b>
<u>Less: Preferred share</u>	<u>(3,060)</u>	<u>(3,060)</u>	<u>-</u>	<u>-</u>
<b>Ordinary proportion share of net assets</b>	<b>138,852</b>	<b>6,956</b>	<b>406,737</b>	<b>538,335</b>
Shareholding percentage (%)	48.17%	49.47%	20%	20%
<b>Share of net assets</b>	<b>66,885</b>	<b>3,441</b>	<b>81,347</b>	<b>107,667</b>
Preferred share	1,220	1,220	-	-
Goodwill	610	610	30,526	30,526
Amount equity adjustment from change in shareholding percentage during the year (Note 11.1)	(1,224)	(1,093)	-	-
Amount equity adjustment from invested in the ordinary shares during the year	-	-	(10,003)	(10,003)
Adjustment from the result of the fair value of the identifiable assets acquired and liabilities assumed	-	-	(15,403)	(15,403)



**Carrying amounts of associates based on  
equity method**

<u>67,491</u>	<u>4,178</u>	<u>86,467</u>	<u>112,787</u>
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Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December			
	Nitto Kogyo BM (Thailand)			
	Company Limited		MECT Company Limited	
	2019	2018	2019	2018
Revenue	82,927	73,161	717,083	802,701
Profit (loss)	1,896	(9,945)	(130,824)	59,862
Other comprehensive income	-	(38)	(772)	-
Total comprehensive income	1,896	(9,983)	(131,596)	59,862

**12. Property, plant and equipment**

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Cost:</b>							
1 January 2018	122,763	263,873	323,315	15,818	36,425	7,640	769,834
Additions	-	-	33,279	1,245	1,986	72,246	108,756
Disposals/write-offs	-	-	(595)	(90)	(1,574)	-	(2,259)
Transfer in (out)	-	6,883	14,521	64	-	(21,468)	-
31 December 2018	122,763	270,756	370,520	17,037	36,837	58,418	876,331
Additions	-	-	63,778	1,171	1,826	42,658	109,433
Disposals/write-offs	-	-	(63,530)	(365)	(1,712)	-	(65,607)
Transfer in (out)	-	25,754	9,699	490	-	(35,943)	-
31 December 2019	122,763	296,510	380,467	18,333	36,951	65,133	920,157
<b>Accumulated depreciation:</b>							
1 January 2018	-	65,409	130,805	10,426	20,568	-	227,208
Depreciation for the year	-	12,479	22,797	1,867	2,296	-	39,439
Depreciation on disposals/write-offs	-	-	(482)	(89)	(774)	-	(1,345)
31 December 2018	-	77,888	153,120	12,204	22,090	-	265,302
Depreciation for the year	-	12,639	24,928	1,959	1,387	-	40,913
Depreciation on disposals/write-offs	-	-	(8,905)	(352)	(1,592)	-	(10,849)
31 December 2019	-	90,527	169,143	13,811	21,885	-	295,366
<b>Net book value:</b>							
31 December 2018	122,763	192,868	217,400	4,833	14,747	58,418	611,029
31 December 2019	122,763	205,983	211,324	4,522	15,066	65,133	624,791
<b>Depreciation for the year</b>							
2018 (Baht 32 million included in manufacturing cost, and the balance in selling and administrative expenses)							39,439
2019 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)							40,913

As at 31 December 2019, the Company had machinery, vehicles and equipment with net book values of Baht 15 million (2018: Baht 30 million) which were acquired under hire-purchase and finance lease agreements.

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 127 million (2018: Baht 109 million).

The Company has pledged its property, plant and equipment amounting to approximately Baht 283 million (2018: Baht 351 million) as collateral against credit facilities received from financial institutions.

### 13. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)
	<u>Computer software</u>
As at 31 December 2019:	
Cost	13,184
<u>Less</u> Accumulated amortisation	(8,910)
Net book value	<u>4,274</u>
As at 31 December 2018:	
Cost	12,275
<u>Less</u> Accumulated amortisation	(7,085)
Net book value	<u>5,190</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	5,190	6,549
Increase in intangible assets during the year	909	618
Amortisation for the year	(1,825)	(1,977)
Net book value at end of year	<u>4,274</u>	<u>5,190</u>

**14. Bank overdrafts and short-term loans from financial institutions**

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2019	2018
Bank overdrafts	MOR	2,024	21,905
Short-term loans	3.0 - 3.3	90,000	45,000
Total bank overdrafts and short-term loans from financial institutions		92,024	66,905

Bank overdrafts and short-term loans from commercial banks are secured by the mortgage of the Company's land with constructions thereon and machinery and the pledge of the Company's fixed deposits.

**15. Trade and other payables**

(Unit: Thousand Baht)

	2019	2018
Trade payables - related parties (Note 6)	-	21
Trade payables - unrelated parties	136,411	169,296
Other payables - unrelated parties	2,203	1,560
Other payables for purchases of machineries	4,150	8,379
Accrued expenses	22,432	20,786
Interest payables	118	41
Total trade and other payables	165,314	200,083

**16. Liabilities under hire-purchase and finance lease agreements**

(Unit: Thousand Baht)

	2019	2018
Liabilities under hire-purchase and finance lease agreements	55,548	7,837
Less: Deferred interest expenses	(4,953)	(524)
Total	50,595	7,313
Less: Portion due within one year	(11,561)	(4,442)
Liabilities under hire-purchase and finance lease agreements - net of current portion	39,034	2,871

**Hire-purchase payables**

Hire-purchase payable consists of amounts payable under various vehicle hire-purchase agreements, whereby it is committed to pay rental on a monthly basis. The term of agreements are generally between 4 and 5 years. These agreements are non-cancellable.

**Liabilities under finance lease agreements**

The Company has entered into sell and lease back for machinery used in its production and the finance lease agreements with leasing companies for rental of machinery, motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years. These agreements are non-cancellable.

Future minimum lease payments required under the hire-purchase and finance lease agreements were as follows:

(Unit: Million Baht)			
As at 31 December 2019			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	14	42	56
Deferred interest expenses	(2)	(3)	(5)
Present value of future minimum lease payments	12	39	51

(Unit: Million Baht)			
As at 31 December 2018			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5	3	8
Deferred interest expenses	(1)	-	(1)
Present value of future minimum lease payments	4	3	7

**17. Long-term loans**

(Unit: Thousand Baht)					
Loan	Credit facility (Million Baht)	Interest rate (%)	Repayment schedule	2019	2018
1	28.2	Refer to MLR	55 monthly installments (ending in 2019)	-	3,043

2	100	Refer to MLR	36 monthly installments (ending in 2021)	58,300	91,660
3	17	Refer to MLR	36 monthly installments (ending in 2022)	13,748	-
Total				72,048	94,703
<u>Less: Current portion</u>				(39,528)	(36,403)
Long-term loans, net of current portion				32,520	58,300

The loans are secured by the mortgage of the Company's land and construction thereon and the pledge of the Company's fixed deposits.

The loan agreements contain several restriction and covenants which, among other things, require the Company to maintain debt-to-equity ratio, debt service coverage ratio and interest coverage ratio at the rate prescribed in the agreements.

#### 18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

		(Unit: Thousand Baht)	
		2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	<b>beginning of</b>	19,950	17,047
Included in profit or loss:			
Current service cost		3,045	2,880
Interest cost		391	341
Past service cost		3,905	791
Included in other comprehensive income:			
Actuarial loss arising from			
Demographic assumptions changes		-	324
Financial assumptions changes		-	518
Experience adjustments		-	(1,082)
Benefits paid during the year		-	(869)
<b>Provision for long-term employee benefits at end of year</b>		27,291	19,950

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 3.9 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current period.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 18 years (2018: 20 years).

Significant actuarial assumptions are summarized as below:

	2019	2018
	(% per annum)	(% per annum)
Discount rate	1.9	1.9
Salary increase rate	4.5 - 5.0	4.5 - 5.0
Turnover rate (depending on age of employee)	0 - 48.0	0 - 48.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2019			
	Increase 1%		Decrease 1%	
Discount rate	Decrease	1,229	Increase	1,371
Salary increase rate	Increase	1,568	Decrease	1,434
Turnover rate	Decrease	1,320	Increase	444

(Unit: Thousand Baht)

	As at 31 December 2018			
	Increase 1%		Decrease 1%	
Discount rate	Decrease	943	Increase	1,048
Salary increase rate	Increase	1,009	Decrease	928
Turnover rate	Decrease	1,010	Increase	318

**19. Share capital**

The Extraordinary Meeting of the Company's shareholders No. 1/2018 held on 2 August 2018 passed a resolution to increase the Company's registered share capital from Baht 220 million to Baht 275 million through the issuance of 110 million ordinary shares with a par value of Baht 0.50 each. The Company registered the increase in its share capital with the Ministry of Commerce on 3 August 2018. The additional shares are reserved for the exercise of warrants to be allotted to the existing shareholders of the Company.

**20. Warrants**

On 17 August 2018, the Company issued up to 110,000,000 units of warrants (BM-W1) for allocation to the existing shareholders of the Company in a ratio of 1 warrant for every 4 ordinary shares, free of charge. The warrants have a term of 2 years from the issue date, and can be exercised in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 4 per share. Warrant holders can exercise them on 14 August 2020.

On 30 August 2018 the warrants were listed on the Stock Exchange of Thailand, and they began trading on the Stock Exchange of Thailand on the same date.

**21. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit, until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

**22. Expenses by nature**

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2019	2018
Salaries and wages and other employee benefits	150,765	147,311
Depreciation and amortisation	42,738	41,416
Raw materials and consumables used and subcontracting works	475,615	564,530
Changes in inventories of finished goods and work in process	(4,754)	(7,640)



**23. Income tax**

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Financial statements in which		Separate financial statements in	
	the equity method is applied		which the cost method is applied	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	15,490	8,166	15,490	8,166
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,106)	3,814	(3,106)	3,814
<b>Income tax expenses reported in profit or loss</b>	<b>12,384</b>	<b>11,980</b>	<b>12,384</b>	<b>11,980</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Financial statements		Separate financial statements in	
	in which the equity method is applied		which the cost method is applied	
	2019	2018	2019	2018
Deferred tax relating to actuarial losses	-	48	-	48

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Financial statements		Separate financial statements	
	in which the equity method is applied		in which the cost method is applied	
	2019	2018	2019	2018
Accounting profit before tax	48,395	36,650	73,646	80,925

Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	9,679	7,330	14,729	16,185
Effects of:				
Dividend income	-	-	-	(6,260)
Share of loss from investments in associates	5,050	2,595	-	-
Non-deductible expenses	3,115	3,099	3,115	3,099
Additional expense deductions allowed	(3,222)	(3,243)	(3,222)	(3,243)
Others	(2,238)	2,199	(2,238)	2,199
Total	2,705	4,650	(2,345)	(4,205)
Income tax expenses reported in profit or loss	12,384	11,980	12,384	11,980

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Financial statements		Separate financial	
	in which the equity method		statements in which the cost	
	is applied		method is applied	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,823	741	1,823	741
Allowance for diminution in value of inventories	2,487	1,930	2,487	1,930
Provision for long-term employee benefits	5,458	3,990	5,458	3,990
<b>Deferred tax assets</b>	9,768	6,661	9,768	6,661

## 24. Earnings per share

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

Diluted earnings per share was calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to

convert all dilutive potential ordinary shares into ordinary shares. The calculation assumed that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Financial statements in which the equity method is applied					
Profit for the year		Weighted		Earnings per share	
ended 31 December		average number of			
		ordinary shares			
2019	2018	2019	2018	2019	2018
(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit for the year	36,010	24,670	440,000	440,000	0.08 0.06

Separate financial statements in which the cost method is applied					
Profit for the year		Weighted		Earnings per share	
ended 31 December		average number of			
		ordinary shares			
2019	2018	2019	2018	2019	2018
(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit for the year	61,262	68,945	440,000	440,000	0.14 0.16

No diluted earnings per share is presented in the statements of comprehensive income for the year ended 31 December 2019 because the exercise price of warrants exceeds the average market price of ordinary shares.

## 25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company is principally engaged in the manufacture and distribution of metal forming products. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

#### Major customers

For the year 2019, the Company has revenue from three major customers in amounting to Baht 232 million (2018: Baht 313 million derived from two major customers).

## **26. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2% - 5% of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 1.9 million (2018: Baht 1.9 million) were recognised as expenses.

## **27. Dividends**

Dividend	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht per share)
Final dividends for 2018	Annual General Meeting of the shareholders on 24 April 2019	35,200	0.08
Total dividends for 2019		35,200	0.08
Final dividends for 2017	Annual General Meeting of the shareholders on 24 April 2018	17,600	0.04
Total dividends for 2018		17,600	0.04

## **28. Commitments and contingent liabilities**

### **28.1 Capital commitments**

As at 31 December 2019, the Company had capital commitments of approximately Baht 16 million (2018: Baht 13 million), relating to the construction of factory building and acquisition of machinery.

## 28.2 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 6.2 million (2018: Baht 5.5 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business to guarantee electricity use and payment due to creditors.

## 29. Financial instruments

### 29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, restricted bank deposits, bank overdrafts, short-term loans from financial institutions, trade and other payables, liabilities under hire-purchase and finance lease agreements and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

(Unit: Million Baht)

	As at 31 December 2019					
	Fixed interest rates					
	Within	1 - 5	Floating	Non-interest		
	1 year	years	interest rate	bearing	Total	Interest rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	3	-	3	0.05 - 0.38
Trade and other receivables	-	-	-	205	205	-
Restricted bank deposits	6	-	-	-	6	0.10 - 1.35
	6	-	3	205	214	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	92	-	92	MOR, MLR
Trade and other payables	-	-	-	165	165	-

## Liabilities under hire-purchase

and finance lease agreements	12	39	-	-	51	4.10 - 10.64
Long-term loans	40	32	-	-	72	MLR
	<u>52</u>	<u>71</u>	<u>92</u>	<u>165</u>	<u>380</u>	

The Company is exposed to credit risk primarily with respect to trade accounts receivable, and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statement of financial position.

**Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans from financial institutions, liabilities under hire-purchase and finance lease agreements and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2018						
	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1	-	1	0.13 - 0.38
Current investments	-	-	-	228	228	-
Trade and other receivables	11	-	-	-	11	0.90 - 1.35
	<u>11</u>	<u>-</u>	<u>1</u>	<u>228</u>	<u>240</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	-	-	67	-	67	MOR, MLR

Trade and other payables	-	-	-	200	200	-
Liabilities under hire-purchase and finance lease agreements	4	3	-	-	7	5.19 - 10.64
Long-term loans	37	58	-	-	95	MLR
	<u>41</u>	<u>61</u>	<u>67</u>	<u>200</u>	<u>369</u>	

## 29.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear interest rates which are close to market rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

## 30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Company's debt-to-equity ratio in the financial statements in which the equity method is applied was 0.61:1 (2018: 0.57:1) and the Company's debt-to-equity ratio in the separate financial statement in which the cost method is applied was 0.55:1 (2018: 0.53:1).

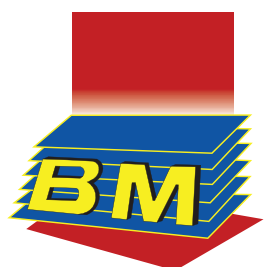
## 31. Events after the reporting period

On 28 February 2020, the Board of Directors of the Company passed a resolution to approve for the Company to pay a dividend of Baht 0.08 per share, totaling Baht 35.2 million, to its shareholders. This resolution will be further proposed for the shareholders' approval in Annual General Meeting of the shareholders for fiscal year 2020.

## 32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2020.

# ANNUAL REPORT 2019



BANGKOK SHEET METAL PUBLIC COMPANY LIMITED