

# ANNUAL REPORT 2020



BANGKOK SHEET METAL  
PUBLIC COMPANY LIMITED





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For more information, the Company's Annual Registration Statement (Form 56-1) is available  
for investors on [www.sec.or.th](http://www.sec.or.th), or the Company's website at [www.bmpic.co.th](http://www.bmpic.co.th)



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



**Mr. Damnoen Kaewthawee**

**Chairman of the Board of Directors**



**Mr. Tanin Sajjaboribun**

**Chief Executive Officer**

In year 2020, various industrial sectors have been severely affected by the COVID-19 pandemic. Bangkok Sheet Metal Public Company Limited (the Company) has quickly adjusted and adapted to the new business environment by giving the priority to the preventive measures. The Company is finding new business opportunities to compensate for the delays in construction projects. To expand the customer base, the Company has increased our production to boost export potential. As always, the Company operates the business under good corporate governance principles, also applies international industrial standards to drive efficiency and effectiveness in all aspects. Besides, the Company commits to achieve the highest goal, which is to create sustainability of the organization.

To adapt the business to current circumstances, the Company aims to increase manufacturing efficiency, together with cost minimization, by using innovation to grow the business. The increase in export transactions helps the Company to diversify risks and significantly increase the Company's revenue. Therefore, the recent operating results show an increase in net profit, compared to the previous year, as the Company improves our cost management and regularly explores new business opportunities.

This year the Company has a plan for larger manufacturing facility to expand export business on a new piece of land (25 Rai), and the construction is projected to start next year. In addition, the



construction of new manufacturing facility of Nitto Kogyo BM (Thailand) Company Limited (NBT), an associated company, is complete this year. The new factory aims to manufacture and sell panel boards, steel enclosures and copper parts. The cooperation with Nitto Kogyo Corporation, Japanese business partner, encourages NBT to specialize in and have a commitment to quality and product reputation, accelerating NBT to generate positive business results and achieve its target well.

The accomplishments in 2020 would not have been possible without dedication and contribution from the management team and all employees of 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. Damnoen Kaewthawee

Chairman of the Board of Directors

Mr. Tanin Sajjaboribun

Chief Executive Officer





## Report of the Audit Committee

Dear Shareholders of Bangkok Sheet Metal Public Company Limited

The Audit Committee of Bangkok Sheet Metal Public Company Limited comprises 3 independent directors, which are Assoc. Prof. Prapart Praisuwanna (Chairman of the Audit Committee), Mr. Damnoen Kaewthawee (Audit Committee) and Ms. Namthip Kitsaksakul (Audit Committee). The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, internal audit and internal control performance practice as per regulation and involved laws, also consider reasonable connected transaction or conflict of interest transaction, sufficient information disclosure, and consider to propose the appointment of accounting auditor and accounting audit fee.

For the year 2020, the Audit Committee that constituted a quorum held four meetings, sometimes meeting with the accounting auditor without the management in attendance. The issues are as follows:

1. To examine the quarterly financial report and financial statements for the year 2020 as audited and monitored by the accounting auditor before proposing to the Board of Directors. The Audit Committee provided the opinions that the Company's financial report was accurate, complete, and reliable, together with sufficiency of information disclosure.
2. To evaluate internal control on a quarterly basis and secure that the Company has sufficient internal control. The Audit Committee considered internal audit report and ensured that the management made improvements as per comments provided by the internal auditor within the defined period.
3. To examine the Company complying with the securities laws, the Stock Exchange of Thailand (SET)'s regulations, other laws relating to the Company's business and the policy of good governance. The Audit Committee audited and provided the opinion that there was no concern issues in compliance with the securities laws, SET's regulations, and other related laws.



4. To audit the connected transaction or conflict of interest transaction according to the securities laws and the SET's regulations. The Audit Committee audited and provided the opinion that the transactions were reasonable and benefited the Company, as well as provided accuracy, complete and sufficiency of information disclosure.
5. The Audit Committee approved the 2020 internal audit plan to ensure that the internal audit operating efficiently and effectively. The Audit Committee audited the internal auditor's scope and responsibility to safeguard the quality of the audit.
6. To consider to propose the appointment of the Company's accounting auditor and the accounting audit fee for the fiscal year 2021. The Audit Committee proposed to the Board of Directors to agree in the shareholders' meeting regarding the appointment of the accounting auditor as follows: Miss Wannisa Ngambuathong (CPA Registration No. 6838); or Mr. Peradate Pongsathiansak (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 and one of the proposed accounting auditors shall audit and provide opinion on the Company's financial report for the year 2021. The proposed accounting auditors are qualified, competency, independent, and have no relationships with or interests in the Company. As well, the Audit Committee considered the accounting audit fee of the year 2021 as appropriate.
7. The Audit Committee evaluated operation result in compliance with the audit committee charter that the Audit Committee completely operated, provided report and recommendations, and informed the Board of Director after every meeting.

In conclusion, the Audit Committee has operated and been responsible completely, carefully and independently as defined in the audit committee charter, especially has focused on the reliability, transparency and proper of the internal audit along with good governance.

As stated by the role and function of the Audit Committee as above mentioned, the Audit Committee provided opinion that in overall the internal audit of the Company has been sufficient and been appropriate to the Company's business. The Company has allocated a sufficient number of



employees to support the internal control and audit efficiently, has monitored the Company's operation, accounting system, accuracy and reliability of financial report, and has complied with the securities laws, SET's regulations, and other related laws.

Assoc. Prof. Prapart Praisuwanna

Chairman of the Audit Committee

Bangkok Sheet Metal Public Company Limited



## The Board of Directors and Management Team

### 1. The Board of Directors

As of 31 December 2020 the Board of Directors consisted of 7 members as follows:

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

Remark: <sup>/1</sup> The Board of Directors' Meeting on 25 February 2021 approved the re-election of 2 directors who retired by rotation as the Company's directors for another term; (1) Tanes Sajjaboriboon took the position of Director, and (2) Ms. Namthip Kitsaksakul took the position of Director / Audit Committee / Independent Director, and proposed to the 2021 AGM of shareholders for approval.

Mr. Tanes Sajjaboribun acted as the Company Secretary.

#### Authorized directors:

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



Any above two out 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 Officer
5. Ms. Laongdao Ngamkara	Director of Accounting and Financial Department



## **Preliminary information of the Company's Directors, Management, and Company Secretary**

**1. Mr. Damnoen Kaewthawee** Chairman of the Board of Directors, Audit Committee,  
and Independent Director

### **Education**

- Master of Science (Computer Science), Chulalongkorn University
- Bachelor of Engineering (Telecommunications), King Mongkut's Institute of Technology  
Ladkrabang
- Certification of Post and Telecommunication School (Class 23)
- Psychological Operations in Administration Course (Class 82)
- Information Technology for Senior Management Course (CIO-20)
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors (IOD) 66/2007

### **Work experience in the past 5 years**

- |                |   |
|----------------|---|
| 2014 – Present | <ul style="list-style-type: none"><li>- Chairman of the Board of Directors / Audit Committee /<br/>Independent Director of Bangkok Sheet Metal PCL.</li><li>- Type of business: producer and distributor of processed steel, including<br/>wire way, white conduit, communications rack, cabinets, electrical cabinets<br/>and metal parts.</li></ul> |
| 2012 - Present | <ul style="list-style-type: none"><li>- Chairman of Infinite Technology Corporation Company Limited.</li><li>- Type of business: research, design, development, installation and services<br/>for electronic and computer work groups.</li></ul>  |
| 2007 – Present | <ul style="list-style-type: none"><li>- Audit Committee / Independent Director of IT City PCL</li><li>- Type of business: computers, tablets, smartphones, peripherals including<br/>all IT related products and smart phone integrated.</li></ul>  |
| 2004 - 2014    | <ul style="list-style-type: none"><li>- Chairperson of Club Association,<br/>Communication Authority of Thailand</li></ul>  |



- Business type: communication
- 2013 – 2014
  - Information Technology Strategy Subcommittee of Metropolitan Waterworks Authority
  - Type of business: water supply
- 2008 – 2010
  - Audit and Evaluation Committee of Ministry of Culture
  - Type of business: government agency
- 2008 - 2009
  - Advisor, Communication and Telecommunications Commission
  - Secretariat of the House of Representatives
  - Type of business: House of Representatives
- 2006 - 2007
  - Senior Executive Vice President of Information Technology Division of CAT Telecom PCL.
  - Type of business: telecommunication business and service provider
- 2004 - 2007
  - Adviser, Savings Co-Operate LTD, Communications and Authority of Thailand
  - Type of business: Communications of Thailand

**2. Assoc. Prof. Prapart Praisuwanna**

Director, Chairman of the Audit Committee,  
and Independent Director

**Education**

- Master Degree of Electrical Engineering (Electrical Engineer), King Mongkut's Institute of Technology Ladkrabang
- Bachelor Degree of Engineer (Electrical Engineering), King Mongkut's Institute of Technology Ladkrabang
- Advance Management Program, National Institute of Development Administration.
- Executive Leadership Development Program, Institute for Enterprise Development.



- Corporate Governance Program for Directors and Top Executives of State Enterprises and Public Organizations (PDI6), Institute of the development of Directors and Top Executives of Public Organizations.
- Certificate Director Accreditation Program (DAP), Thai Institute of Directors (IDO) 119/2009
- Certificate, Financial Statements for Directors (FSD), Thai Institute of Directors Association (IDO) 20/2013
- Certificate Program, Capital Market Academy (CMA), Class 17

**Work experience in the past 5 years**

- |                |  |
|----------------|--|
| 2014 - Present | <ul style="list-style-type: none"><li>- Director, Chairman of the Audit Committee and Independent Director of Bangkok Sheet Metal PCL.</li><li>- Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts.</li></ul>   |
| 2015 – Present | <ul style="list-style-type: none"><li>- Director of KMIT Company Limited Ladkrabang</li><li>- Type of business: research and experimental development business in natural science</li></ul>  |
| 2014 – Present | <ul style="list-style-type: none"><li>- Director PEA-ENCOM International Company Limited</li><li>- Type of business: invest in electricity in Thailand and abroad, organize training on electrical systems</li></ul>   |
| 2015 - Present | <ul style="list-style-type: none"><li>- Director / Audit Committee / Independent Directors of Communication and Systems Solutions Public Company Limited.</li><li>- Type of business: distribution of electrical wiring products and other equipment related to the electrical system and providing telecommunication system design and installation services, as well as maintenance services for telecommunication systems</li></ul> |
| 2013 – 2014    | <ul style="list-style-type: none"><li>- National Cyber Security Committee</li></ul>  |





	- Type of business: national cyber security
2012 - Present	- Audit Committee / Independent Director of CPT Dry and Power Public Company Limited
	- Business type: design and assembly of electrical cabinets for controlling machines in industrial plants
2553 - Present	- Director's Pool
	- Type of business: government agency
2012 - 2014	- Vice President of King Mongkut's Institute of Technology Ladkrabang
	- Type of business: education
2009 - 2014	- Director of Provincial Electricity Authority (PEA)
	- Type of business: electricity of the government sector
2011 - 2014	- Vice Chairman of the Board of Directors Deputy Director / Vice President / Nomination Committee / Executive Committee / Structural Supervisory Committee / Human Resource Executive Committee / Assessment Committee of Executive Team / Coordinating Committee between CAT Telecom Public Company Limited and Office of the National Broadcasting and the Telecommunications Commission (NBTC), CAT Telecom PCL.
	- Type of business: telecommunication business and services provider
2011 – 2014	- Subcommittee on Performance Evaluation of Governor, PEA
	- Type of business: electricity of the government sector
2010 - 2014	- Chairman of the Nomination and Compensation Committee, PEA
	- Type of business: electricity of the government sector
2010	- Dean's Advisor, Faculty of Engineering, King Mongkut's Institute of Technology Ladkrabang
	- Type of business: education
2009 - 2014	- Chairman of Subcommittee on Appeal of Staff Punishment, PEA



- Type of business: electricity of the government sector
- 2009 - 2013
  - Committee, Institute Council of King Mongkut's Institute of Technology Ladkrabang
  - Type of business: education
- 2009 - 2011
  - Director / Independent Director / Governance Committee, PEA
  - Type of business: electricity of the government sector

**3. Mr. Tanin Sajjaboriboon** Director, Chairman of Executive Committee  
and Chief Executive Officer

**Education**

- Bachelor of Engineering (Electrical Engineering) King Mongkut's Institute of Technology Ladkrabang
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors Association (DAP 63/2007)
- Certificate of Understanding the Fundamental of Financial Statement (UFS), Thai Institute of Directors Association (UFS 10/2007)

**Work experience in the past 5 years**

- 1995 - Present
  - Director, Chairman of the Executive Committee and Chief Executive Officer of Bangkok Sheet Metal PCL.
  - Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts.
- 1987 - 2019
  - Managing Partner of Sinboribunsingthor Limited Partner
  - Type of business: textile
- 1983 - 1986
  - Engineering of Supamitr Co., Ltd.
  - Type of business: contractor



**4. Mr. Tirawat Amornthatri**

Director, Executive Committee, Managing Director and  
Chief Operating Officer (Acting)

**Education**

- Master of Engineering (Mechanical Engineering), King Mongkut's Institute of Technology North Bangkok
- Bachelor of Industrial Education and Science (Mechanical Engineering) King Mongkut's Institute of Technology North Bangkok
- Certificate, Department of Motor Mechanics Changkon Pathumwan College
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors (IOD) 62/2007
- Certificate of Understanding the Fundamental of Financial Statement (UFS), Thai Institute of Directors (IOD) 10/2007

**Work experience in the past 5 years**

- |                |  |
|----------------|--|
| 2006 - Present | <ul style="list-style-type: none"><li>- Director, Executive Committee, Managing Director and Operation Officer (acting) of Bangkok Sheet Metal PCL</li><li>- Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts.</li></ul> |
| 1996 – 2006    | <ul style="list-style-type: none"><li>- Director and Deputy Managing Director of Bangkok Sheet Metal Co., Ltd.</li><li>- Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts.</li></ul>                                     |
| 1998 – 2002    | <ul style="list-style-type: none"><li>- Dean, Faculty of Engineering of St. John's University</li><li>- Type of business: education</li></ul>  |
| 1993 - 1997    | <ul style="list-style-type: none"><li>- Deputy Dean, Faculty of Engineering / Head of Mechanical Engineering of St. John's University</li></ul>  |



- Type of business: education
- 1988 – 1993
  - Consulting Engineer at CH Machinery Company Limited
  - Type of business: plastic manufacturer
- 1988 - 1992
  - Head of Mechanics Department of St. John Polytechnic School
  - Type of business: education
- 1987 - 1988
  - Engineer at Mahaphant Asbestos Tile Company Limited
  - Type of business: construction material
- 1980 – 1987
  - Head of Department at St. John Vocational School
  - Type of business: education

**5. Mr. Tanes Sajjaboriboon** Director, Executive Committee, Chief Financial Officer,  
and Company Secretary

**Education**

- Bachelor of Commerce and Accountancy Industrial Management Thammasat University
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors (IOD) 76/2008
- Certificate of Company Secretary Program (CSP), Thai Institute (IOD) 56/2014

**Work experience in the past 5 years**

- 2013 – Present
  - Director, Executive Committee, Chief Financial Officer,  
Company Secretary of Bangkok Sheet Metal PCL.
  - Type of business: producer and distributor of processed steel, including  
wire way, white conduit, communications rack, cabinets, electrical cabinets  
and metal parts.
- 2009 – 2013
  - Marketing & Sales Director of Bangkok Sheet Metal PCL.
  - Type of business: producer and distributor of processed steel, including  
wire way, white conduit, communications rack, cabinets, electrical cabinets  
and metal parts.



- 2006 - 2009
- Sales Manager of Bangkok Sheet Metal PCL
  - Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts.
- 1990- 2006
- Assistant Manager of Sinboriboon Limited Partner
  - Type of business: textile

**6. Mr. Vinai Wongsawangramee** Director, Executive Committee, Chief Marketing Officer

**Education**

- Master of Marketing, Thammasat University.
- Bachelor of Business Administration (Marketing) University of the Thai Chamber of Commerce
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors (IOD) 62/2007

**Work experience in the past 5 years**

- 2013 - Present
- Director, Executive Committee, and Chief Marketing Officer of Bangkok Sheet Metal PCL.
  - Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts
- 2000 - 2013
- Marketing & Sales Director of Bangkok Sheet Metal Company Limited.
  - Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts
- 1994 - 1999
- Sales Manager of Lighting and Equipment Company Limited  
(Currently named Lighting and Equipment Public Company Limited)



- Type of business: manufacturer and distribute of electric lamps, electric bulbs and lighting equipment including design and installation of lighting systems.

1986 - 1993

- Sales Manager of Yong Enterprise Limited Partner
- Type of business: import, distribute of electrical equipment

## **7. Ms. Namthip Kitsaksakul**

Director, Audit Committee and Independent Director

### **Education**

- Master of Business Administration, Major in International Management, University of Dallas, Texas, USA
- Bachelor of Commerce and Accountancy, Thammasat University
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors (IOD) 110/2014
- Certificate of Advance Audit Committee Program (AACP), Thai Institute of Directors (IOD) 16/2014

### **Work experience in the past 5 years**

2014 - Present

- Director, Audit Committee and Independent Director of Bangkok Sheet Metal PLC.
- Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts

2006 - 2009

- Deputy Managing Director, Internal Audit, Deputy Managing Director, Accounting Department of Golden Land Property Development Public Limited Company
- Type of business: real estate

2003 - 2005

- Senior Finance and Administration Manager of Carrier Linde Refrigeration (Thailand) Company Limited



- Type of business: manufacture, import, distribute, and install refrigeration systems and maintain refrigeration for commercial use.
- 1999 - 2003
  - Finance and Administration Manager of Linde B.Grim Refrigeration Limited
  - Type of business: manufacture, import, distribute, and install refrigeration systems and maintain refrigeration for commercial use.
- 1995 – 1999
  - Cost Manager of Bangkok Post Public Company Limited.
  - Type of business: advertisement
- 1989 - 1995
  - Accounting Manager of Philips Electronics (Thailand) Limited
  - Type of business: electrical appliances, medical apparatus and instruments.

**8. Ms. Laongdao Ngamkara** Director of Financial and Accounting

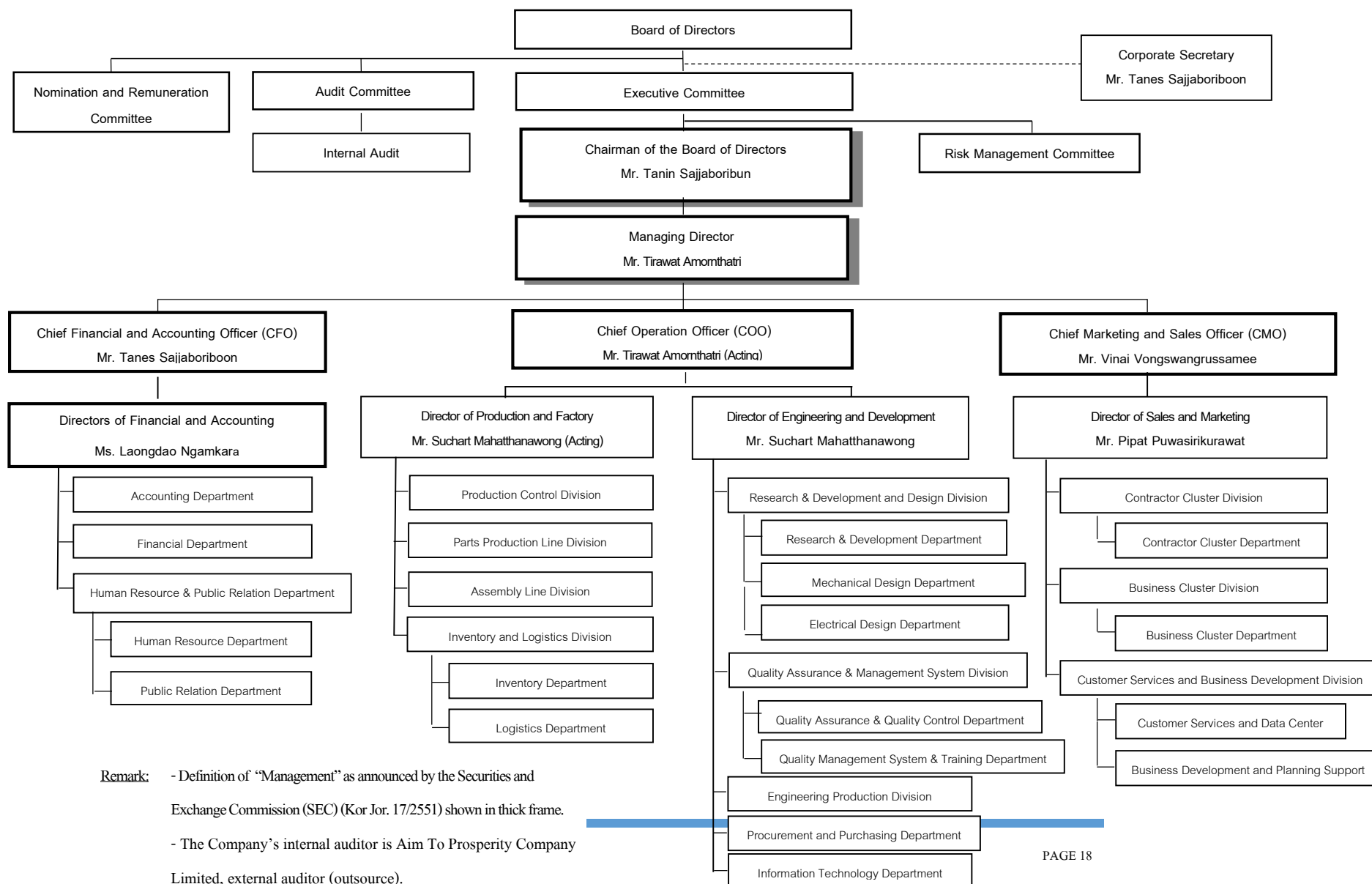
**Education** - Bachelor of Accounting of Dhurakij Pundit University

**Work experience in the past 5 years**

- 2015 - Present
  - Financial and Accounting Director of Bangkok Sheet Metal PLC.
  - Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts
- 2007 - 2014
  - Financial and Accounting Manager of Bangkok Sheet Metal PCL.
  - Type of business: producer and distributor of processed steel, including wire way, white conduit, communications rack, cabinets, electrical cabinets and metal parts
- 2005 – 2007
  - Manager, Cost Division of Intech Feed Company Limited
  - Type of business: manufacture and distribute raw material for animal food
- 1995 – 2005
  - Accounting Manager of City Wood Company Limited
  - Type of business: manufacture rubber wood furniture for export.



## Management Structure



**Remark:**

- Definition of "Management" as announced by the Securities and Exchange Commission (SEC) (Kor Jor. 17/2551) shown in thick frame.
- The Company's internal auditor is Aim To Prosperity Company Limited, external auditor (outsourse).





## General Information

### 1. General information of securities 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 metal trunking, communication racks & enclosures, and electrical switchboards for the buildings, condominiums, offices, shopping malls, industrial factories and mass rapid transits, etc., and other steel forming products as customized by customers, also being distributor of white
Head Office / Factory	: conduit. 149 Moo 6, Suksawad Road, Bangjak, Phrapradang,
Telephone	: Samutprakarn 10130 Thailand
Fax.	: +66-2817-5555-7, +66-2817-5440-3
Website (URL)	: +66-2817-5432 , +662817-5443
Registered capital	: www.bmplc.co.th
Paid-up capital	: THB 275,000,000
Par value	: THB 220,000,062.50 THB 0.50

### 2. Information of references



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	: Miss Wannisa Ngambuathong Certified Public Accountant Registration No. 6838 Dharmniti Auditing Company Limited 178, Dharmniti Building, 6-7th Floor, Soi Persap (Prachachuen 20), Prachachuen Road, Bang Sue, Bangkok, 10800 Tel: +66-2596-0500 ext. 610 Fax: +66-2596-0567
Law advisor	: Thep Company Limited 1193, Exim Building, 11th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel: +66-2278-1679-84 Fax: +66-2271-2367
Financial advisor	: -None-

### 3. Information of juristic persons holding more than 10% of all shares



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) : [th.nito-trading.com/](http://th.nito-trading.com/)

Registered capital : THB 150,000,000

Paid-up capital : THB 150,000,000

Par value : THB 1,000



Company name : MECT Company Limited

Company's registration number : 0125531000536

Nature of business : Electrical and air conditioning 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) : [www.mect.co.th](http://www.mect.co.th)

Registered capital : THB 195,625,000

Paid-up capital : THB 195,625,000

Par value : THB 100

**List of the Shareholders**

The top 10 shareholders of the Company in the shareholder registration book as of 23 April 2020 are listed below:

Name	As of 23 April 2020 (Par value of THB 0.50)	
	Number of shares	Ratio (percent)
<b><u>1. Sajjaboribun Family</u></b>	<b><u>133,611,300</u></b>	<b><u>30.36</u></b>
1.1 Mr. Tanin Sajjaboribun <sup>/1</sup>	31,699,000	7.20
1.2 Mr. Tanes Sujjaboriboon <sup>/2</sup>	49,555,500	11.26
1.3 Mr. Worakul Sajjaboribun	13,967,800	3.17
1.4 Ms. Aree Sajjaboribun	13,398,200	3.05
1.5 Mr. Suvakit Sajjaboribun	10,017,100	2.28
1.6 Mr. Gorrasarn Sajjaboribun	9,953,700	2.26
1.7 Ms. Chureeporn Sajjaboribun	5,000,000	1.14
1.8 Ms. Arisa Sajjaboribun	20,000	0.00
<b><u>2. Amornthatri Family</u></b>	<b><u>52,195,500</u></b>	<b><u>11.86</u></b>
2.1 Mr. Tirawat Amornthatri <sup>/3</sup>	47,473,800	10.79
2.2 Ms. Wanna Amornthatri	2,248,700	0.51
2.3 Ms. Arunya Amornthatri	1,305,000	0.30
2.4 Mr. Pipat Amornthatri	1,068,000	0.24
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 Vongswangrussamee <sup>/4</sup>	27,592,200	6.27



Name	As of 23 April 2020 (Par value of THB 0.50)	
	Number of shares	Ratio (percent)
3.2 Mr. Pavit Wongsavangrussamee	14,517,800	3.30
3.3 Mr. Somchai Vongsavangrussamee	3,341,600	0.76
3.4 Mr. Thatchaphong Vongsavangrussamee	767,200	0.17
<b>4. Nitto Kogyo Corporation</b>	<b>40,000,000</b>	<b>9.09</b>
<b><u>5. Pho-ob Family</u></b>	<b><u>33,425,900</u></b>	<b><u>7.60</u></b>
5.1 Mr. Luecha Pho-ob	28,015,300	6.37
5.2 Mr. Varit Pho-ob	5,410,600	1.23
<b>6. Ms. Monthip Wittayakorn</b>	<b>13,881,000</b>	<b>3.15</b>
<b>7. Ms. Waraporn Siriboonma</b>	<b>9,073,100</b>	<b>2.06</b>
<b>8. Ms. Napaphat Kuntawang</b>	<b>6,879,400</b>	<b>1.56</b>
<b>9. Mr. Kittipong Uchin</b>	<b>6,727,700</b>	<b>1.53</b>
<b><u>10. Thinrunroj family</u></b>	<b><u>6,724,700</u></b>	<b><u>1.54</u></b>
10.1 Mr. Woranan Thinrunroj	5,522,700	1.26
10.2 Ms. Suwanna Thinrunroj	753,000	0.17
10.3 Dr. Vasunon Thinrunroj	289,000	0.07
10.4 Ms. Nuntawan Thinrunroj	160,000	0.04
<b>11. Other shareholders</b>	<b>91,262,600</b>	<b>20.74</b>
<b>Total</b>	<b>440,000,000</b>	<b>100.00</b>

Remark: The shareholders are grouped by family name, not by related persons specified under Section 258 of the Securities and Exchange Act B.E. 2535 (1992) or by shareholder control.



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

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

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

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



## **Dividend policy**

The Company sets the annual dividend payment 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. On 9 August 2018, the Company approved the issuance and offering of Warrants to purchase the ordinary shares of the Company Series 1 (BM-W1), which were allocated proportionally to the existing shareholders (Rights Offering) at the ratio of 4 existing shares to 1 Warrant for free. The calculation of the allocation for each shareholder shall be adjusted in accordance with the rights adjustment conditions. The Company shall cash dividend payment in not exceeding 80 percent of Company's income after tax in any financial year (Separate Financial Statement) during the maturity period of the Warrants. However, the dividend payment may be changed, depending on the operating results, financial position, investment plans, liquidity, necessity and other appropriate circumstances in the future, as the Board of Directors shall deem appropriate. The annual dividend payment of the Company must be approved by the shareholders' meeting, except the interim dividend payment. The Board of Directors shall be entitled to approve the interim dividend payment and report to the shareholders' meeting at the next meeting.

## **Nature of Business**

Bangkok Sheet Metal Public Company Limited or BM was established on 11 May 1995. At present, the Company conducts business of manufacturer and sell the steel processing products such as metal trunking, communication racks, cabinets, enclosures and electrical switchboards for buildings, condominiums, offices, shopping malls, industry factories, electricity power plants, etc. under “BSM”, “BM” and “BEST” brands, plus other steel processing products as per customer's requirement. Also the Company sells white conduit by outsourcing to supplier to manufacture white conduit under the Company's brand, while the Company conversely is a dealer of the white conduit supplier.





The Company's products are classified into 6 categories:

- 1) Metal Trunking and White Conduit
- 2) Communication Rack, Cabinet and Enclosure
- 3) Electrical Switchboard and Lighting Fixture
- 4) Fabrication and Metal Working
- 5) Mold & Die Making, Machine Tool and Equipment
- 6) Sheet Metal Part, Press Part, Machine Part and Assembly Part

The Company is an ISO 9001: 2015 certified company for the quality management system, issued by the Anglo Japanese American (AJA) Registrars, accredited by the United Kingdom Accreditation Service (UKAS) and the National Accreditation Council of Thailand (NAC Thailand). The Company aims to maintain the quality management system effectively, deliver quality products responding to the customer needs, and achieve high customer satisfaction levels.



## Revenue structure

### Revenue breakdown by product category in year 2018 - 2020 (in THB)

Revenue	Year 2018		Year 2019		Year 2020	
	Million	%	Million	%	Million	%
1) Revenue of Metal Trunking and White Conduit	515.50	50.14	495.21	54.22	413.33	41.09
2) Revenue of Communication Rack, Cabinet and Enclosure	65.58	6.38	47.81	5.23	33.29	3.31
3) Revenue of Electrical Switchboard and Lighting Fixture	19.76	1.92	122.75	13.44	32.27	3.21
4) Revenue of Fabrication and Metal Working	144.82	14.09	31.88	3.49	25.89	2.57
5) Revenue of Mold & Die Making, Machine Tool and Equipment	13.41	1.30	22.20	2.43	300.70	29.89
6) Revenue of Sheet Metal Part, Press Part, Machine Part and Assembly Part	196.04	19.07	151.39	16.58	162.32	16.14
7) Revenue of Trading <sup>/1</sup>	23.60	2.30	30.92	3.39	20.09	2.00
<b>Revenue of Product Sales</b>	<b>978.71</b>	<b>95.19</b>	<b>902.16</b>	<b>98.78</b>	<b>987.89</b>	<b>98.21</b>
Revenue of Service <sup>/2</sup>	6.46	0.63	5.56	0.61	5.87	0.59
<b>Revenue of Product Sales and Service</b>	<b>985.17</b>	<b>95.82</b>	<b>907.72</b>	<b>99.39</b>	<b>993.76</b>	<b>98.80</b>
Dividend	31.30	3.04	-	-	7.04	0.70
Other Revenue <sup>/3</sup>	11.72	1.14	5.61	0.61	5.06	0.50
<b>Total Revenue</b>	<b>1,028.19</b>	<b>100.00</b>	<b>913.33</b>	<b>100.00</b>	<b>1,005.86</b>	<b>100.00</b>



Remark: /1 Revenue of trading is the revenue of selling assembly equipment, painting parts, etc.

/2 Revenue of service is the revenue of painting steel parts for external customers.

/3 Other revenue is the revenue of interest income, profit (loss) from asset disposal and amortization, selling scraps, etc.

Customer cluster by product category

Product Category	Customer Cluster	
	Contractor	Business
Metal Trunking and White Conduit	✓	✓
Communication Rack, Cabinet and Enclosure	✓	✓
Electrical Switchboard and Lighting Fixture	✓	✓
Fabrication and Metal Working	✓	✓
Mold & Die Making, Machine Tool and Equipment		✓
Sheet Metal Part, Press Part, Machine Part and Assembly Part		✓

**Revenue of product sales and service by customer cluster in year 2018 - 2020 (in THB)**

Customer Cluster	Year 2018		Year 2019		Year 2020	
	Million	%	Million	%	Million	%
Contractor Cluster	535.26	54.33	617.96	68.08	445.60	44.84
Business Cluster	449.91	45.67	289.76	31.92	548.16	55.16
Dealer/Agent	-	-	-	-	-	-
<b>Revenue of Product Sales and Service</b>	<b>985.17</b>	<b>100.00</b>	<b>907.72</b>	<b>100.00</b>	<b>993.76</b>	<b>100.00</b>



## **Vision and mission**

### **Vision**

- 1) Create excellence in metal processing and forming products under international quality standards
- 2) Develop technical skills and manufacturing technology responding to customer satisfaction extensively
- 3) Participate in domestic industry development in order to reduce foreign dependency and replace foreign imports
- 4) Expand customer base in The Asian Economic Community (AEC) and international markets

### **Mission**

1. Deliver quality products on time with price satisfaction
2. Focus on developing people and technology to meet international standards
3. Conduct business to earn a fair return for the shareholders and employees
4. Build good relationships with customers and suppliers to be long-term trusted business partners
5. Encourage employees to take part of organizational development for sustainable growth

### **Principle**

1. Develop and maintain quality management system to meet engineering standards
2. Reduce manufacturing expenses to stay competitive in the market
3. Develop and improve operational efficiency and working conditions
4. Enhance team efficiency and workplace collaboration

### **Safety policy**

1. Safety is the top priority and first consideration.



2. Create 5S culture and behaviour: Sort, Set, Shine, Standardize and Sustain
3. Create safety mind at work, including awareness on energy efficiency and environment
4. Reduce annual accident rate in the workplace

#### **Quality policy**

Standard production

Quality service

Employee collaboration

Sustainable development

#### **Work slogan**

Immediate, Consistent, Continuous and Complete

#### **Recent major activities**

Bangkok Sheet Metal Public Company Limited was established on 11 May 1995 by a group of experienced engineers who specialize and work in a variety of fields, with initially 7 million baht of registered capital. The first factory was built to produce metal products to meet engineering and international standards. The Company, in later years, continuously increased the registered capital to 150 million baht. On 15 May 2015, the Company converted into a public company limited and raised the capital by 50 million baht. On 17 May 2016, the Company started Initial Public Offering (IPO), a listed company on the Market for Alternative Investment (mai), and had the registered capital of 200 million baht.

On 2 November 2017, the Company received a letter of intent from Nitto Kogyo Corporation (Japan), requesting 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. The Company received the payment of the shares in full. On 21 November 2017, the Company's paid-up capital was increased from 200 million baht to 220 million baht.



In 2020, Nitto Kogyo BM (Thailand) Company Limited (NBT) invested in the construction of new factory at Rojana Industrial Park 2 and the purchase of machinery and equipment for the manufacturing of panel boards, steel enclosures and copper parts, totaling 350 million baht.

At present, the Company manufactures and sells metal products such as metal trunking, communication racks, cabinets and enclosures, electrical switchboards for buildings, condominiums, offices, shopping malls, industry factories, power stations, etc. under “BSM”, “BM” and “BEST” brands, and other metal products as per customer requirements. Also the Company sells white conduit, by outsourcing to supplier to manufacture white conduit under the Company’s brand, while the Company conversely is a dealer of the white conduit supplier.

The Company’s head office is located at 149 Moo 6, Suksawad Rd., Bangjak, Prapradang, Samutprakarn, 10130, Thailand and the branch office is located at 147-148 Moo 6, Suksawad Rd., Bangjak, Prapradang, Samutprakarn 10130, Thailand.

#### **Summary of the Company’s major activities:**

Year 1995 - On 11 May 1995, On 11 May 1995, the Company was established by a group of experienced engineers who specialize and work in a variety of fields. Initially the management team rented mini-factory, located on Suksawad Rd., Prapradang, Samutprakarn, to produce metal products for construction projects under international standards. The first product category was metal trunking such as wire way, cable tray, cable ladder and floor trunking under “BSM” brand.

Year 1996 - On 12 June 1996, the Company increased the registered capital to 16.50 million baht. The common stocks were issued and offered to the existing shareholders proportionally for the investment in new factory for the production of Communication Rack, Cabinet and Enclosure (Product Category 2) and Electrical Switchboard and Lighting Fixture (Product Category 3).



- Year 1997 - In April 1997, the Company built a factory on a piece of land (3-1-0 Rai), located at 149 Moo 6, Suksawad Rd., Bangjak, Prapradang, Samutprakarn 10130, Thailand, for business expansion.
- Year 2001 - On 12 September 2001, the Company raised the registered capital to 24.75 million baht. The common stocks were issued and offered to the existing shareholders proportionally for the capital increase to invest in machinery and equipment for stamping part.
- Year 2003 - On 26 February 2003, the Company obtained ISO 9001: 2008 certification (quality management system), issued by Anglo Japanese American (AJA) Registrars, accredited by United Kingdom Accreditation Service (UKAS) and National Accreditation Council of Thailand (NAC Thailand).
- Year 2006 - On 10 February 2006, the Company increased the registered capital to 50 million baht. The common stocks were issued and offered to the existing shareholders, to expand the current office and factory site from 3-1-0 Rai to 6-1-77 Rai and invest in machine tools and metalworking for die making and press part.
- Year 2007 - On 22 May 2007, the Company increased the registered capital to 60 million baht. The common stocks were issued and offered to the existing shareholders to invest in machinery and equipment for Fabrication and Metalworking (Product Category 4).
- Year 2008 - The Company expanded the current office and factory site from 6-1-77 Rai to be 10-1-97 Rai for business expansion.
- Year 2009 - On 16 July 2009, the Company increased the registered capital to 79 million baht. The common stocks were issued and offered to the existing shareholders proportionally for building new office and training center, also invest in punching machine for the production of Communication Rack, Cabinet and Enclosure (Product Category 2) and Sheet Metal Part, Press Part, Machine Part and Assembly Part (Product Category 6).





- On 28 December 2009, the Company increased the registered capital to 91 million baht. The common stocks were issued and offered to the existing shareholders to purchase new machines and painting line.
- Year 2010
  - On 2 April 2010, the Company invested in arc welding robots to support business expansion.
  - On 13 October 2010, the Company invested in high precision press-breaks bending machine for the production of Communication Rack, Cabinet and Enclosure (Product Category 2) and Sheet Metal Part, Press Part, Machine Part and Assembly Part (Product Category 6).
- Year 2011
  - On 11 March 2011, the Company invested in CNC turret punching machine to increase production capacity of Communication Rack, Cabinet and Enclosure (Product Category 2) and Mold & Die Making, Machine Tool and Equipment (Product Category 5) for agricultural machine parts.
  - On 31 July 2011, the Company invested in water treatment system according to the required standard.
  - On 16 August 2011, the Company invested in high precision press-breaks bending machine for the production of Communication Rack, Cabinet and Enclosure (Product Category 2) and Sheet Metal Part, Press Part, Machine Part and Assembly Part (Product Category 6).
  - On 31 August 2011, the Company invested in powder painting line to support the business expansion of Communication Rack, Cabinet and Enclosure (Product Category 2) and Mold & Die Making, Machine Tool and Equipment (Product Category 5) for agricultural machine parts.
- Year 2012
  - On 30 March 2012, the Company invested in CNC plasma punching machine to increase production capacity of Communication Rack, Cabinet and Enclosure (Product Category 2) and Mold & Die Making, Machine Tool and Equipment (Product Category 5) for agricultural machine parts, plus invested in high precision press-breaks bending machine for the production of



Communication Rack, Cabinet and Enclosure (Product Category 2) and Sheet Metal Part, Press Part, Machine Part and Assembly Part (Product Category 6).

Year 2013 - In February 2013, the Company invested in laser cutting machine, and purchased a piece of land (9-1-92.5 Rai), on the opposite side of the head office, for production and warehouse to store raw materials and finished goods to support business expansion in the future.

- On 30 March 2013, the Company invested in FARO portable CMM set for effective measurement.

Year 2014 - On 1 January 2014, the Company invested in CNC lathe for the production of Mold & Die Making, Machine Tool and Equipment (Product Category 5) for agricultural machine parts, CNC vertical machining center for Mold & Die Making (Product Category 5), and single crank press machine for the production of Communication Rack, Cabinet and Enclosure (Product Category 2) and Mold & Die Making, Machine Tool and Equipment (Product Category 5) for agricultural machine parts.

- On 24 December 2014, the Company received Certificate of Appreciation “Supplier Delivery Improvement Award 2014” and Silver Award of “Excellent QCD Performance 2014” from Siam Kubota Corporation Company Limited.

Year 2015 - On 28 April 2015, the Company increased the registered capital to 150 million baht. The common stocks were issued and offered to the existing shareholders proportionally for better capital structure and preparing to be a listed company on the Market for Alternative Investment (mai).

- On 15 May 2015, the Company converted (from a company limited) into a public company limited and registered with the Ministry of Commerce.

- In September 2015, the Company expanded the production of Fabrication and Metalworking (Product Category 4), Mold & Die Making, Machine Tool and Equipment (Product Category 5) and Sheet Metal Part, Press Part, Machine Part



and Assembly Part (Product Category 6) to the new factory on the opposite side of the head office, plus invested in band saw machine.

Year 2016 - On 9 - 11 May 2016, the Company offered Initial Public Offering (IPO), totaling 100,000,000 shares with par value of 0.50 baht per share. As a result, the Company's paid-up capital was increased to 200 million baht and First Trading Day on the Market for Alternative Investment (mai) was on 17 May 2016.

- In quarter 2 and quarter 3, the Company built a new 2-storey building at the head office for warehouse and logistics.

Year 2017 - On 12 April 2017, the Company increased the registered capital to 220 million baht by issuing 40,000,000 new ordinary shares with par value of 0.50 baht per share under the General Mandate of the Company and allocating to the private placement.

- On 2 November 2017, the Company received a letter of intent from Nitto Kogyo Corporation (Japan) requesting 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 21 November 2017, the Company's paid-up capital was increased from 200 million baht to 220 million baht because the Company sold 40,000,000 newly issued ordinary shares to Nitto Kogyo Corporation with par value of 50 baht per share.

- On 30 November 2017, the Company invested in Nitto Kogyo Trading (Thailand) Company Limited (later renamed to Nitto Kogyo BM (Thailand) Company Limited) by purchasing ordinary shares from the existing shareholder and holding 41% of shares of the paid-up capital in order to expand the markets of panel boards, steel cabinets and enclosures.

Year 2018 - On 12 March 2018, the Company purchased more ordinary shares and preferred shares of Nitto Kogyo BM (Thailand) Company Limited amounted to 7.14 million



baht. Consequently, the Company increased the shareholding from 41% to 48% of the shares of the paid-up capital.

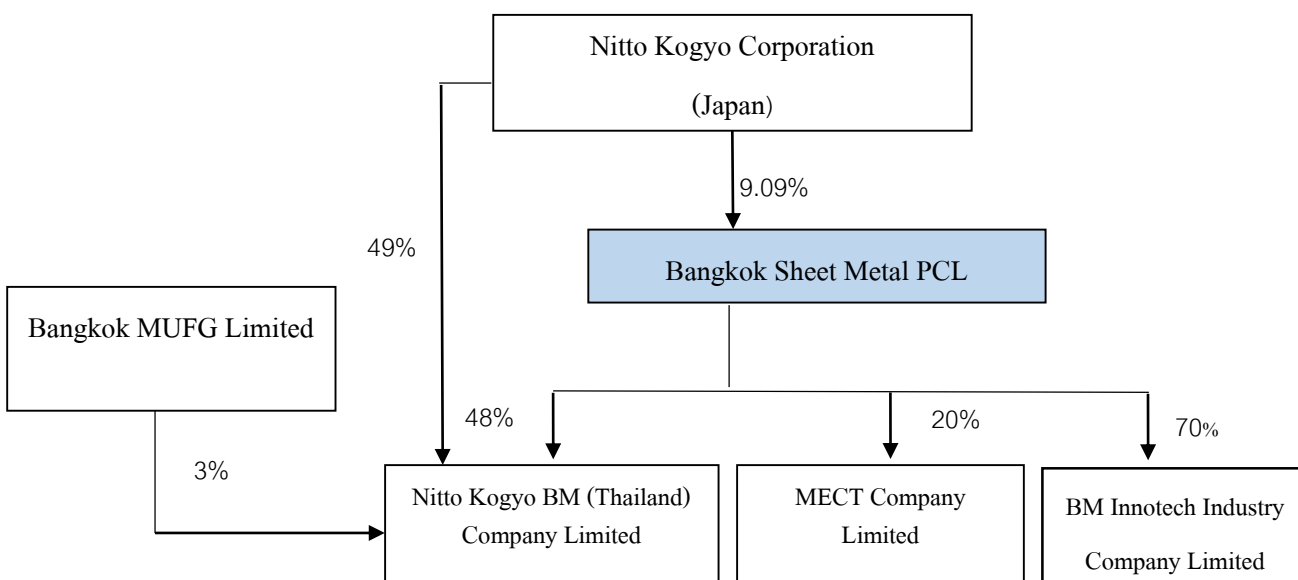
- On 23 May 2018, the Company invested in MECT Company Limited (MECT) amounted to 152.14 million baht, holding 20% of shares of the paid-up capital. MECT's business was to provide electrical, communication, air conditioning, fire protection, sanitary and pipe systems.
- On 2 August 2018, the Company increased the registered capital from 220 million baht to 275 million baht, increasing by 55,000,000 million baht, by issuing 110,000,000 new ordinary shares with a par value of 0.50 baht per share.

Year 2019 - On 13 March 2019, the Board of Directors Meeting No. 2/2019 approved the capital increase in an associated company, Nitto Kogyo BM (Thailand) Company Limited (NBT). The registered capital was increased from 20 million baht to 150 million baht, increased by 130 million baht. The Company took a 48% stake, based on the portion of capital contribution ratio.

Year 2020 - In 2020, the Company invested in the purchase of a new piece of land (25 Rai) to enlarge manufacturing facility for export business expansion. Nitto Kogyo BM (Thailand) Company Limited (NBT), an associated company, invested in the construction of new factory (12 Rai) and the purchase of machinery and equipment for the manufacturing of panel boards, steel enclosures and copper parts. The new factory is located at Rojana Industrial Park 2 in Phra Nakorn Sri Ayutthaya. The construction of the new factory amounted to 350 million baht was derived from the shareholder fund of 150 million baht and the application for long-term borrowings of 200 million baht from Nitto Kogyo Corporation, its parent company.



## Shareholding Structure



## Corporate governance

### 1. Corporate governance policy and manual

The Board of Directors Meeting No. 1/2015 on 18 May 2015 (the first meeting after complete registering of transformation to the public company) officially approved the written corporate governance policy to comply with the Stock Exchange of Thailand (SET) regulation and be a guideline for traceable, transparent and efficient management system in order to build confidence in the shareholders, investors, stakeholders and all related parties. It can be classified into 5 sections:

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

The Board of Directors is aware of the importance of fundamental rights of the shareholders with rightly practice as per related laws such as the rights of stock trading and transfer, receiving dividend and information, attending the shareholders' meeting and voting, appointment of proxy,



appointment of the Company's directors and accounting auditor, providing opinion and enquiry to the directors at the shareholders' meeting, proposing meeting agendas and nominating candidates for director election in advance, etc. The Board of Directors shall treat all rights of the shareholders strictly and not violate or deprive of the shareholders' rights.

#### 1. The shareholders' meeting

At every Annual General Meeting of Shareholders, the Company shall follow the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) regulations.

- 1.1. The Company shall disclose policy to support or promote all shareholders to participate in the shareholders' meeting.
- 1.2. The Company shall give the meeting details such as meeting date, time, venue and agendas, also provide explanation and rationale or resolution for each agenda item together with the invitation to the shareholders' meeting or the enclosures.
- 1.3. The Company shall fully facilitate the shareholders to attend the meeting and vote, and not deprive the rights of the shareholders to attend the meeting such as high expenditure or difficulty in vote casting, inconvenient itinerary to the meeting venue, etc.
- 1.4. The Company shall give an opportunity for the shareholders to submit their enquiry before the meeting date. The enquiry submission rules must be clearly informed to the shareholders, delivered with the invitation to the shareholders' meeting and announced on the Company's website.
- 1.5. The Company shall facilitate the shareholders by providing the proxy forms which grant the proxy to vote on his/her behalf. As well, at least one independent director should be nominated for the appointment as proxy.

#### 2. The meeting procedures

- 2.1. The Company shall apply and use technology in the shareholders' meeting for fast, clear and accurate registration, vote counting and result display.



- 2.2. All directors should attend the shareholders' meeting and the shareholders are entitled to submit questions to the sub-committees regarding the related agendas.
- 2.3. At the shareholders' meeting, resolution of each agenda item shall be passed individually.
- 2.4. The Board of Directors shall allow independent person to witness and inspect vote counting at the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) of shareholders, disclose voting result at the meeting and record into the minutes.
- 2.5. The Board of Directors shall encourage using voting ballots for important agenda items such as connected transaction, asset acquisition or disposal, etc. for transparency and traceability in an event of dispute.
- 2.6. The Chairman of the meeting should allocate appropriate time and provide the shareholders an opportunity to give opinions and questions relating to the Company's business.

3. Minutes and resolution disclosure of the shareholders' meeting

- 3.1. The minutes of the shareholders' meeting shall describe the procedures of voting casting and result display before the meeting begins, also give the shareholders an opportunity to settle issues or ask questions, and record those questions, answers and voting results of "Approval", "Disapproval", and "Abstention" for each agenda item. The names of directors who are absent and preset at the meeting shall be listed and recorded as well.
- 3.2. The Company shall disclose and announce voting result of each agenda item of the AGM and EGM of shareholders on the Company's website.

**Section 2: Equitable treatment of shareholders**



The Board of Directors and management shall reassure the appropriate capital management to give the shareholders confidence in their investment in the Company. The Board of Directors shall secure the fundamental rights of the shareholders equally as follows:

1. The right to appoint a proxy to attend the shareholders' meeting and vote on his/her behalf

In an event that any shareholder is unable to attend the meeting, he/she have the right to appoint a proxy or appoint the independent director as proxy (proposed by the Company) to attend the meeting and vote on his/her behalf. The shareholder is required to submit the proxy form and attach a copy of identification card, passport or other identification document to the Company before the meeting date.

2. The right to propose additional agendas

The Company shall give the shareholders an opportunity to propose the meeting to consider any matters other than those proposed in the agenda items of the AGM of shareholders. The additional agenda proposal shall be made as follows:

- To submit the proposed matters and provide facts, rationale, and necessary information in the AGM agenda proposal form.
- The Company shall determine the status of the shareholders, who submit the proposed matters, from the Company's shareholder registration list as of the closing date. The criteria is that the proposed matters must involve the Company's business or affect the Company's operation significantly. If the Board of Directors approves, the proposed matters shall be added into the agendas of the shareholders' meeting, and shall be noted as "proposed by the shareholders".

3. The right to nominate person to take the position of director

The shareholders have the right to nominate candidates to take the position of director. The Company reserves the right of qualification approval as per the following criteria:





- Appropriately qualified and not be prohibited under the Public Limited Company Act, the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) regulations, and the Company's good corporate governance.
- Possess education, working experiences or other related qualifications as per the Company's recruitment criteria.
- Fully dedicate competency and time to the most benefit of the Company which is the main duty and available to attend the Company's meeting regularly.
- Not take the position of director in more than 5 listed companies as current period.

The Company's independent directors shall consider the qualified candidates and propose to the shareholders' meeting for consideration and approval. If there is no candidate proposed by the independent directors, the candidate names shall be proposed at the shareholders' meeting, which is apart from the Board of Directors' comment. To nominate candidates for director position, the shareholders are requested to attach the following documents: (1) The form of nominating candidate for the director position, and (2) Profile of candidate for the director position, attached with the stock certificate or stock domination confirmation issued by the securities company/broker, certified true copy, and registered mail to the Company within the defined period.

#### 4. Prevention of internal information use

The Company has a policy to limit internal information use for middle-level to high-level management only. The audited financial statements shall be kept by the accounting manager. The other confidential information shall be used for business discussion by manager level only. The Company has penalty policy for the related parties in the event that the internal information use causes disadvantage to the Company. Furthermore, the Company requires the directors and management to report the Company's securities domination to the Securities and Exchange Commission (SEC).

#### 5. Internal securities trading



The Company has a policy not to permit any employee, management and those/insider who internally acknowledge operating results to trade securities, since the acknowledged date until the publicized date of information. As well, the Company do not permit to publicize internal information to raise up value of securities, especially 1 month before trading period which before the financial statements publicized.

The Company's directors and management team have to report the change in securities to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) under Section 258 of the Securities and Exchange Act B.E. 2535 (1992), also acknowledge penalty under the Securities and Exchange Act B.E. 2535 (1992), and report the change of securities domination by spouse and underage children. Therefore the directors and management team have to submit a copy of such report to the Securities and Exchange Commission (SEC) within 3 working days as defined, and submit to the Company on the same day.

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

The Company shall well treat all stakeholders such as customers, employees, business alliances, shareholders or investors, creditors and communities around the Company's location, etc. The stakeholders shall be treated by the Company according to the related laws. The Company shall not violate the rights of the stakeholders as given by the related laws or as agreed. The Company shall enhance the participation, role and duty of the stakeholders to promote the Company's operation. In addition, the Company shall create sustainable growth steadily and give fair benefit to all parties. Moreover, the Company shall provide channels for the stakeholders to provide comment or information to the Board of Directors via the Company's independent directors or Audit Committee.

The Company considers to promote collaboration between the Company and the stakeholders for wealth financial stability and sustainability of the business as follows:



- Be aware of the importance of the Company's employees by giving fairly practice and appropriate remuneration based on their abilities and performances, and developing their knowledge and skills continuously. Significantly focus on environment and safety in workplace and living quality of the employees.
- Purchase products and services from the Company's business alliances and strictly comply with the mutual commercial agreements and conditions for long-term relationships.
- Comply with the conditions of loan agreement.
- Care and be responsible for the customers in terms of product quality, good service, high standards, confidentiality and fair price under pricing policy.
- Follow competition rules, and avoid dishonest approach which damages the business competitors
- Focus on environmental responsibility of neighbor community and society, and support public activities and environmental development in the community and society for better living as appropriate.

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

The Company is aware of the importance of information disclosure including the financial and non-financial information correctly, completely, timely and transparently. Information channels must be convenience, reliability, equally according to the defined law. The Company's information disclosure includes financial statements and non-financial information which shall not impact the Company's securities price in accordance with SET and SEC regulations.

The Company shall maintain the quality of financial report, complying with the accounting accreditation standard and audited by independent accounting auditor as accredited by SEC and SET. Moreover, the Company shall disclose the following information for transparent business conduct:

- Duties of the Board of Directors and Audit Committee such as number of the meeting and number of meeting attendance of each director in the previous year.



- Remuneration policy of the directors and high-level management team.
- Report of good corporate governance policy and result of practice.

The above information shall be publicized via SEC or SET portal and announced on the Company's website.

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

The Company's Board of Directors comprises of directors who are qualified and experienced to develop to define policy which benefits the Company. The Company's directors are independent to make decision for most benefit of the Company and the shareholders. The Board of Directors has an important role in policy formulation including tracking and monitoring the management's performance and evaluating operation result as per target plan. The Board of Directors consists of 7 directors who are 4 members of management team and 3 members of independent directors, greater than one-third (1/3) of all 7 directors to appropriate counterbalancing of management. In addition, the Company appoints the Audit Committee which consists of 3 independent directors and the period of taking position is 3 years with scope and authorization as obviously defined on the audit committee charter.

The Company sets remuneration obviously and transparently by proposing to the shareholders' meeting for approval. The remuneration shall be approved in appropriate rate per scope and responsibility of each director. The remuneration rate shall be attractive for the directors who dedicate to the Company, and sensible compared to the rate in the same industry.

The Company's directors understand their responsibility as director. The Company's directors are always able to provide their comments independently, perform their duty honestly and carefully and be aware the most benefit to the Company and fair to all shareholders. In addition, all directors dedicate their practices in full responsibility, and attend the Board of Directors meeting unless it is necessary.



The Board of Directors also focuses on appropriate information disclosure to the shareholders, investors and all parties. The disclosed information must be accurate, transparent, thoroughly and timely. Under corporate governance, the Company's financial report, operating results, and other relevant information related to securities price shall be disclosed to the shareholders, investors and relevant parties for their decision-making in investment via the following channels; mail, SEC and SET portal, and the Company's website, after the ordinary shares being registered with SET.

#### The Board of Directors' structure

The Board of Directors consists of 7 members, which are 4 members of management team and 3 members who are not in management team and qualified as independent directors. To appropriate counterbalancing of the Board of Directors, at least one-third of all directors must be independent directors. The qualification, name list, scope and responsibility of director are equivalent to the criteria as defined by SEC, together with the recruitment and selection of director.

The Company has policy to limit number of companies, which each director is able to take director position, not more than 5 listed companies. However, the Company does not define the number of tenure term but in case of director who is knowledgeable and competent, he/she is able to take the position of director for another term.

The Company has policy to appoint different persons to take the positions of Chairman of the Board of Directors and Chief Executive Officer for clear and transparent business administration, while the scopes and responsibilities of these positions are obviously defined, including the qualification and term of each position shall be disclosed in Annual Registration Statement (Form 56-1).



#### Composition, recruitment and selection of the Audit Committee

The Audit Committee shall be appointed by the Board of Directors and agreed by the shareholders to the position of the director and qualified according to the securities law and notice, rule and/or SET regulation. The number of Audit Committee must be at least 3 members which one of them must be qualified in accounting and finance. The term of holding position is 3 years since the appointment date. After full term of holding position, if the Board of Directors or the shareholders' meeting does not appoint new Audit Committee, the existing Audit Committee is permitted to continue practice for another term until new Audit Committee is approved for replacement, and/or to follow the tenure of the Board of Directors.

#### Composition, recruitment and selection of the Executive Committee

The Executive Committee shall be the Company's directors and/or management who are appointed by the Board of Directors. The number of the Audit Committee members shall be considered by the Board of Directors as deemed appropriate, and one of such above members shall be appointed as Chairman of the Executive Committee.

#### Business ethics

The Board of Directors shall set and promote business ethics to the directors, management team and employees for practice and taking responsibilities for the most benefit to all stakeholders, and increasing business reliability for sustainable growth of the Company.

#### Risk management policy

The Board of Directors shall set the Company's risk management policy for overall by initially defining risk identification, risk evaluation, risk monitoring and control, and risk standardization for



risk prevention effectively and continuously. In addition, the Company shall appoint the Risk Management Committee to responsible for risk management procedure in the Company.

#### Guidelines for remuneration of directors and senior management

The Board of Directors approves the remuneration of the directors and senior management based on their duties and scope of works, also considering their performances and the Company's operating results. The remuneration shall be in line with remuneration rate in the labor market or industry, and also be approved by the shareholders' meeting.

Furthermore, the Company appoints the Nomination and Remuneration Committee to define appropriate nomination, recruitment and selection of directors, according to business conduct, and when this agenda coming for the Board of Directors' approval.

#### Director's tenure

In 1 year, one-third of all directors (or the nearest number) shall be retired by rotation and be re-elected to the position. The tenure of director shall start from the appointment date until the date of the AGM of shareholders.

#### Self-evaluation of the Board of Directors

The Board of Directors shall conduct self-evaluation at least once a year. Together the Board of Directors shall consider their performances and concerns in order to improve their efficiency.



#### Development of the directors and management team

The Board of Directors approves to arrange orientation to make new directors understand the Company's business and relevant regulation. Moreover, the Board of Directors has policy to support all directors, high-level management and the company secretary to continuously attend trainings relating to corporate governance from internal and external organizations such as SET, SEC or Thai Institute of Directors (IOD). So, the directors, high-level management and the company secretary shall utilize their additional knowledge and experience to improve and develop the Company in the future.

#### Succession plan

The Board of Directors sets the policy and criteria for the selection and succession plan of the management team in case of emergency or their retirement. The selection shall be transparency and based on their knowledge, abilities, experiences and ethics.

#### Orientation for new director

For new directors and management, the Company shall provide basic information of the Company such as organizational chart and structure, nature of business, main products, corporate rules and regulations, and related laws, including the regulations of SEC and SET. As a result, the new directors and management shall understand the company's operation and be aware of their roles, duties and responsibilities for the positions of director or independent director.

#### Meeting of non-executive directors

The Company shall arrange meeting of the non-executive directors internally as appropriate and give them an opportunity to express opinions or questions and concerns for the development of the Company.





## 2. Sub-committees

The structure of the Company's directors consists of 5 panels, which are the Board of Directors, Audit Committee, Executive Committee, Risk Management Committee, and Nomination and Remuneration Committee. The Board of Directors' Meeting No. 1/2015 on 18 May 2015 (the first Board of Directors' meeting after converting into a public company limited) approved the scopes and responsibilities of 2 sub-committees, which are the Audit Committee and Executive Committee. Later, the Board of Directors' Meeting No. 3/2015 on 12 November 2015 approved the scopes and responsibilities of Risk Management Committee, and Nomination and Remuneration Committee. The details are stated below.

### 2.1 The Audit Committee

As of 31 December 2020 the Audit Committee consisted of 3 members as follows:

Name	Position
1. Assoc. Prof. Prapart Praisuwan	Chairman of the Audit Committee / Independent Director
2. Mr. Damnoen Kaewthawee	Audit Committee / Independent Director
3. Ms. Namthip Kitsaksakul	Audit Committee / Independent Director

Remark : The Board of Directors' Meeting on 25 February 2021 approved the re-election of 2 directors who retired by rotation as the Company's directors for another term; (1) Tanes Sajjaboriboon took the position of Director, and (2) Ms. Namthip Kitsaksakul took the position of Director / Audit Committee / Independent Director, and proposed to the 2021 AGM of shareholders for approval.



Ms. Namthip Kitsaksakul who acts as the Audit Committee possesses adequate knowledge and experience to review the reliability of the financial statements. She graduated Bachelor degree in Accounting, Faculty of Commercial and Accountancy from Chulalongkorn University, and Master degree in International Administration, Faculty of Business Administration from the University of Dallas, Texas (USA). She took the positions of Accounting Manager, Cost Accounting Manager, Financial and Administration Manager, Senior Manager of Financial and Administration, Managing Director of Accounting Department, and Vice Managing Director of Internal Audit (the latest position) of a listed company.

Ms. Laongdao Ngamkara is the secretary of the Audit Committee. The main duty is to support the Audit Committee's operation in terms of meeting appointment, agenda preparation, minutes taking and all activities of the Audit Committee according to the Company's Articles of Association, relevant laws and regulations.

#### Scope and responsibility of the Audit Committee

1. To audit the financial statements to ensure that it is accurate and reliable, as well as information disclosure is adequate. The Audit Committee shall coordinate with the external accounting auditor and executives who are responsible for the preparation of quarterly and yearly financial statements.
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 the 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 the 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 with laws and SET's 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 to be 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 the Audit Committee and consists 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 securities laws, SET laws and regulations, or relevant laws relating to 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 with the audit committee charter.
  - (H) Other matters that the shareholders and investors should know. Under the scope of duties and responsibilities as assigned by the Board of Directors.



10. To give opinion when considering the appointment, withdrawn and evaluation of the internal audit department.
11. To invite the executives or relevant employees to give opinion, attend the meeting or submit relevant documents as necessary.
12. To hire a consultant or outsider according to the Company's regulation for giving opinion or consultation if necessary.
13. The Audit Committee shall conduct self-evaluation, also report the evaluation result and any difficulties which may cause failure to achieve the Audit Committee's objectives to the Board of Directors every year.
14. To review and improve the audit committee charter.
15. To practice as assigned by the Board of Directors under the scope and responsibility of the Audit Committee.

As such above duties, the Audit Committee reports directly to the Board of Directors and be responsible for the Company's operation with outsiders. The three Audit Committees are independent directors and qualified according to Section 17 of Capital Market Supervisory Board (CMSB) Tor Jor. 39/2559.

#### Tenure of the Audit Committee

The Audit Committee shall hold a tenure for 3 years. The 1-year holding term means the period from the AGM's date as appointed until the AGM's date in the next year. When the tenure of the Audit Committee ends, the Audit Committee can be appointed again, except the following incidents:

- 1) Passing away
- 2) Resignation
- 3) Disqualification from the Audit Committee or SET regulation
- 4) Retirement of director position

An Audit Committee, who needs to resign, has to submit resignation letter with reason directly to the Chairman of the Board of Direction by at least 1 month in advance. The resignation must be approved by the Board of Directors. The Company shall inform and send a copy of the resignation



letter to SET. In case of the tenure of all audit committees ends, all of them shall perform as Acting Audit Committee until new Audit Committee being appointed.

In case of a position of the Audit Committee is vacant due to other reason apart from the end of tenure, the Board of Directors shall appoint a qualified person as new Audit Committee. The replacement shall be made within 90 days to secure the full members of the Audit Committee in according with the Company's regulation. The tenure of the new Audit Committee shall end according to the residual tenure of the previous Audit Committee.

## 2.2 The Executive Committee

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

Name	Position
1. Mr. Tanin Sajjaboribun	Chairman of the 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 and responsibility of the 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. The meeting of the Executive Committee must consist of not less than half of all Executive Committees. Resolution of the Executive Committee must be passed by a simple majority of the Executive Committee and must be at least half of the Executive Committee.



- 2) To approve the level of authorization for individual properly and provide appropriate segregation of duties to prevent corruption. Also define procedure and business transaction to major the shareholders, directors, executives or relevant persons properly for avoid benefit transition. And propose such principles to the Board of Directors for consideration and approval, including make use of the approved principles.
- 3) To consider annual budget and expenditure procedure and propose to the Board of Directors and control the 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 plan and budget as authorized in authorization manual.
- 6) To approve that the contracts are legal bidding as authorized in authorization manual.
- 7) To be responsible for the Company's important information to be adequate for decision-making for the Board of Directors, shareholders, and prepare reliable financial statements as acceptable standard and transparency.
- 8) To consider the Company's profit and loss report and propose annual dividend to the Board of Directors.
- 9) To consider to propose new business opportunity or off business to the Board of Directors.
- 10) To supervise the operation and report usual or unusual or illegal actions to the Executive Committee immediately. In case of such actions above significantly impact the Company, the Executive Committee shall report to the Board of Directors 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) Any agendas approved by the Executive Committee must be reported for acknowledgement to the Board of Directors at the next meeting.

The assignment of scope and responsibility of the Executive Committee above shall not include the authorization and/or sub-authorization to approve matters that the Executive Committee or sub-attorney or those who may have conflict of interest (as defined by Capital Market Supervisory Board



(CMSB)) to the Company. The matters shall be proposed to the Board of Director's meeting and/or the shareholders' meeting (if the case) for approval according to the Company's regulation or relevant law.

### 2.3 The Risk Management Committee

The Company complies with the ministerial regulation regarding the quality assurance in the operation and performance evaluation to meet the Company's goals and policies. The Risk Management Committee issued Announcement No. BM011/2020: The announcement of the appointment of the Risk Management Committee in order to operate the risk management of the Company and to achieve the Company's objectives.

The Risk Management Committee consists of 15 members as follows:

Name	Position
1. Mr. Tirawat Amornthatri	Chairman of the Risk Management Committee
2. Mr. Suchart Mahatthawong	Vice Chairman of the Risk Management Committee
3. Mr. Suphot Lertthana	Vice Chairman of the Risk Management Committee
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 Nonchattrapong	Risk Management Committee
10. Ms. Laongdao Ngamkara	Risk Management Committee
11. Mr. Komon Jamjan	Risk Management Committee
12. Ms. Panchakhasorn Suwasri	Risk Management Committee



Name	Position
13. Mr. Phongthep Koshayodhin	Risk Management Committee
14. Ms. Suranya JanAkkarakul	Risk Management Committee
15. Ms. Pornpimon Chanwedchasad	Secretary of the Risk Management Committee

#### Scope and responsibility of the Risk Management Committee

1. To set policy and structure of risk management and propose to the Executive Committee according to risk management guideline of SET and the Institute of Internal Auditors of Thailand.
2. To plan strategy according to risk management policy, also evaluate, follow up and control each classified risk at an acceptable and appropriate level. The relevant departments shall cooperate to manage and control these risks.
3. To evaluate risk in organization level and define the risk management approach at an acceptable level, including control the risk management as defined approach.
4. To review the risk management policy, and ensure that the improvements in efficiency and effectiveness are adequate.
5. As authorized to invite and appoint relevant employees at all levels to take roles and duties of risk management as appropriate, and report to the Risk Management Committee to succeed the risk management's objectives.
6. To report the result of risk management to the Executive Committee and Audit Committee, and propose to the Board of Directors on a quarterly basis.
7. To prepare the risk management manual.
8. To specify risks in any matters, then analyze and evaluate the prospective risks and trend of the matters which may affect the Company.
9. To prepare the risk prevention plan or risk reduction.
10. To evaluate and prepare the report of risk management.
11. To deploy an integrated risk management connected with information technology system.





12.To practice other assignments by the Board of Directors as appropriate.

## 2.4 The Nomination and Remuneration Committee

The Board of Directors' Meeting No. 3/2015 on 12 November 2015 approved to appoint the Nomination and Remuneration Committee consisting of 3 members as follows:

Name	Position
1. Mr. Damnoen Kaewthawee	Chairman of the Nomination and Remuneration Committee
2. Assoc. Prof. Prapart Praisuwanna	Nomination and Remuneration Committee
3. Mr. Tanin Sajjaboribun	Nomination and Remuneration Committee

### Scope and responsibility of the Nomination and Remuneration Committee

#### Recruitment and selection

1. To define appropriate recruitment approach, qualification, skill and experience which require for the position and suitable with the Company's nature and business operation.
2. To recruit and select the Nomination and Remuneration Committee, when tenure is due, by nominating candidates to the Board of Directors for consideration. The Company may consider the existing committees to continue their position, or openly to receive nomination from the shareholders, or recruitment by external company, or from professional director directory, or each director shall nominate appropriate candidates.
3. To consider the nominated persons and select the appropriate candidate who is qualified according to the defined criteria.
4. To check that the nominated persons are qualified according to the laws and regulations of relevant authorities.



5. To invite the qualified person and ensure that the candidate shall be willing to acquire the position, if appointed by the shareholders.
6. To nominate the candidate to the Board of Directors for consideration, and place the candidate name into the invitation letter to the AGM for consideration and approval.
7. To recruit and select high-level executives as assigned by the Board of Directors.

### **Remuneration approval**

1. To consider the appropriate remuneration criteria of the directors and high-level executives by reviewing the current remuneration criteria, compared to the remuneration rate of other companies in the same industry. Also define the appropriate criteria to boost the outcome as expected and give fair remuneration to those who dedicate to the success of the Company.
2. To review all remunerations such as annual remuneration, remuneration based on performance, and meeting allowance by considering the remuneration in the same industry, turnover and business size, and responsibility, skill, competency and experiences of the Company's directors and high-level executives as per expected.
3. To approve evaluation criteria of Chief Executive Officer (CEO), C-level and high-level executives as assigned by the Board of Directors.
4. To define annual remuneration of directors, CEO, C-level and high-level executives according to the approved criteria, and propose the remuneration of the Managing Director, C-level and high-level executives to the Board of Directors. The remuneration of the Board of Directors shall be proposed to the shareholders' meeting for approval.
5. To consider appropriate opinion in case of offering new securities to the directors and employees, being fair to the shareholders and motivating directors and employees to work and add value in the long term and maintain qualified employees genuinely.



### **3. Recruitment, selection and appointment of the directors and high-level executives**

To appoint the directors or high-level executives of the Company, the appropriate persons shall be qualified completely in accordance with Section 68 of Public Company Limited Act B.E. 2535 (1992) and Capital Market Supervisory Board (CMSB) Tor Jor. 39/2559. The details are as follows:

#### **3.1 Composition, recruitment and selection of the directors**

1. The Company's Board of Directors consists of at least 5 members and not less than half of all directors resident in Thailand. The directors have to be qualified according to relevant laws. Not less than one-third of all directors must be independent directors, and not less than 3 independent directors.
2. The Board of Directors shall be appointed by the shareholders' meeting with the following criteria and procedures:
  - 2.1 Each shareholder shall have a number of votes equal to the total number of shares held.  
1 share shall be entitled to 1 vote.
  - 2.2 Each shareholder shall cast all their votes and select only one person or more to be elected for director position, but vote splitting (distribution of votes among multiple candidates) is not allowed.
  - 2.3 The candidates who receive the highest votes respectively shall be appointed to take director position. The number of selected directors depends on the number of directors who retire by rotation each year. In case the candidates receive the same votes, the Chairman of the meeting shall make the final decision.
3. At every AGM, one-third of all directors (or the nearest number) shall retire by rotation. The directors who retire by rotation may be re-elected as director. In the first and second year after the registration of listed company, the directors shall draw lots to decide who shall retire by rotation. In the later years, the directors with the longest tenures shall be selected to retire by rotation.
4. A director, who needs to resign, shall submit resignation letter to the Company. The resignation shall be effective as of the date that the Company receives the resignation



letter.

5. In case of a director position is vacant due to other reason apart from the end of tenure, the Board of Directors shall appoint a qualified person, not prohibited by laws, for the replacement and attendance at the next meeting. Unless the tenure of such director is less than two months, the director who replaces shall only hold tenure as the tenure of the resigned director remains.

The resolution of the Board of Directors for the replacement of director shall be passed by not less than three-fourths of all existing directors.

6. The shareholders' meeting may approve a director to resign before his/her tenure ends. The resolution shall be passed by not less than three-fourths of the shareholders present at the meeting and vote, and having not less than half of all shares of the shareholders present at the meeting and entitled to vote.
7. The directors shall be the Company's shareholders, or shall not be.
8. The Board of Directors shall appoint one director as the Chairman of the Board of Directors. As well, the Board of Directors may appoint one director or more to act as Vice Chairman of the Board of Directors. The duty of Vice Chairman shall be assigned by Chairman of the Board of Directors and in line with the Company's Articles of Association.

### **3.2 Composition, recruitment and selection of the Audit Committee**

The Company's Audit Committee shall be appointed by the Board of Directors and the shareholders' meeting and qualified by the securities and SET laws including announcements, rules and /or regulations. The Audit Committee consists of not less than 3 members and at least 1 member must have knowledge and competency in accounting and finance. The tenure of the Audit Committee is 3 years as of the appointment date. When the Audit Committee's tenure ends and the Board of Directors or the shareholder's meeting does not appoint new Audit Committee, the existing Audit Committee is permitted to perform their duty for another term until new Audit Committee is approved



for replace the Audit Committee whose tenure ends and/or to follow the tenure of the Board of Directors. The Audit Committee must be independent director and qualified as follows:

Qualifications of the independent directors

1. Hold not more than 1 percent of all shares with the right to vote of the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder, including those who are related to independent director.
2. Not be or used to be executive director, employee, advisor who receives salary or controls a company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder, unless the independent director has left such office at least 2 years before the submission date to SEC and SET. The above mentioned prohibitions shall not include the independent director used to be the government officer or advisor, as major shareholder or controlling shareholder of company.
3. No blood ties or relative-in-law as parent, spouse, sibling and child and also the child's spouse of director, major shareholder, controlling or person who shall be nominated as director or executive to control the Company or subsidiary.
4. Not have or used to have business relationship with the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder in terms of obstruction for independent judgment. Also not be or used to be shareholder who significantly influences those who have business relationship to the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder unless the independent director has left such office at least 2 years before the submission date of permission request to SEC and SET.

Business relationship includes normal commercial transaction, real estate rental, asset or service transaction or offer/receive financial support in terms of loan



application or receiving loan, guarantee, collateral, and relevant transaction accordingly. The above mentioned transactions cause the requester or contractual party has responsibility for paying debt to another party, more than 3 percent of the requester's tangible asset or more than 20 million baht depending on which amount is lower. Therefore, the mentioned debt calculation shall be based on SEC's criteria. The debt responsibility as mentioned shall include debt occurs 1 year before the date of having business relationship with the related person.

5. Not be or used to be the accounting auditor of the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder and not be shareholder who significantly controls or partners with accounting auditor office which has accounting auditor of the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder affiliated as employee. Unless the independent director has left from such state as mentioned at least 2 years before the submission date of permission request to SEC and SET
6. Not be or used to be legal or financial advisor with annual service fee of more than 2 million baht of the Company, subsidiary, associated company, major shareholder or controlling shareholder. And not be shareholder who significantly influences, controls or partners with the mentioned service provider unless the independent director has left from such state as mentioned at least 2 years before the submission date of permission request to SEC and SET.
7. Not be director who is appointed as representative of the Board of Directors, major shareholder or shareholder who is related to the major shareholder.
8. Not have the same business nature and significantly compete with the Company or subsidiary, or not be business partner or be executive director, employee, advisor who receives salary or holds shares greater than 1 percent of all shares with the right



- to vote in company that conducts the same business nature and significantly competes with the Company or subsidiary.
9. Not have any qualifications which discourage to give opinion independently relating to the business of the Company.
  10. The independent director who is qualified as mentioned above may be assigned by the Board of Directors to make business decision of the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder, which is called as collective decision.

#### Qualifications of the Audit Committee

The Audit Committee must have the same qualifications as the Independent Director as described above, and have additional qualifications as follows:

1. Not be director who is assigned by the Board of Directors to make business decision of the Company, headquarter, subsidiary, associated company, major shareholder or controlling shareholder.
2. Not be director of headquarter, subsidiary or subsidiary class of listed company.
3. Possess adequate knowledge and experience to practice as the Audit Committee. At least 1 audit committee must have adequate knowledge and experience to audit the reliability of financial statements.
4. The scope and responsibility of the Audit Committee comply with SET regulation.

### **3.3 Composition, recruitment and selection of the Executive Committee**

The Executive Committee must be the director and/or executive of the Company who is appointed by the Board of Directors with the appropriate number of directors. The Board of



Director shall appoint one director as Chairman of the Executive Committee. The tenure of the Executive Committee is rotated according to the tenure of position in the Company. Unless the Executive Committee, who is appointed by the Board of Directors, does not take position in the Company, the tenure shall be as defined by the Board of Directors.

### **3.4 Composition, recruitment and selection of the Risk Management Committee**

The Risk Management Committee shall be the director, executive and/or employee who is appointed and assigned by the Board of Directors, with the appropriate number of directors approved by the Board of Directors. The Board of Directors shall appoint one of the Risk Management Committee as Chairman of the Risk Management Committee.

### **3.5 Composition, recruitment and selection of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall be appointed by the Board of Directors, consist of at least 3 members and mostly be independent director and non-executive director. One of the Nomination and Remuneration Committee shall be appointed as Chairman of the Nomination and Remuneration Committee.

### **3.6 Composition, recruitment and selection of the Chief Executive Officer**

The Chief Executive Officer (CEO) shall be selected from the existing Executive Committee. The candidate name shall be proposed to the Board of Directors to approve the appointment of CEO position.





#### 4. Corporate governance of subsidiary and associated company

The Company shall consider the investment in subsidiary or associated company or other investment projects. The Company shall focus on the investment which supports and benefits the Company by carefully considering the investment return, risk and liquidity of the Company. The investment must be considered by the Board of Directors and the shareholders' meeting in accordance with SEC and SET regulations and announcements, and relevant laws. The Company shall assign the directors and/or executives of the Company to take management positions in subsidiary and associated company in order to define business direction and policy of subsidiary and associated company in keep with the Company's business.

On 30 November 2017, the Company invested in one associated company by purchasing the shares of Nitto Kogyo Trading (Thailand) Company Limited (NKT) (later changed to Nitto Kogyo BM (Thailand) Company Limited) from the existing shareholder. The Company held 41% of NKT's paid-up capital, and aims to expand customer base and market of panel boards and steel enclosures. The Company assigns 3 directors and executives of the Company to take director position in the associated company as follows:

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



On 12 March 2018, the Company increased the investment in the ordinary shares and preferred shares of Nitto Kogyo BM (Thailand) Company Limited (NBT) amounted to 7.14 million baht. Therefore, the Company's shareholding proportion increased from 41% to 48% of the paid-up capital.

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

On 13 March 2019, the Board of Directors Meeting No. 2/2019 approved the capital increase of Nitto Kogyo BM (Thailand) Company Limited (NBT), an associated company, from 20 million baht to 150 million baht, increasing by 130 million baht, holding 48% of the registered capital or equivalent to 62.40 million baht (fully paid).

## **5. Use of internal information**

The Board of Directors' Meeting No. 1/2015 (the first Board of Directors' Meeting after converted into a listed company) on 18 May 2015 approved the Company's regulation for internal information use for itself or others, in accordance with good corporate governance as follows:

1. Directors, executives, employees and workers of the Company are required to take the following actions:
  - a) Maintain confidentiality and/or internal information of the Company.
  - b) Not disclose the Company's confidentiality and/or internal information, or seek direct or indirect benefits for themselves or others and whether to receive remuneration.
  - c) Not trade, transfer or receive the Company's securities by making use of the Company's confidentiality and/or internal information, and/or legal acts by making use of the Company's confidentiality and/or internal information which may cause direct or indirect damage to the Company.



Therefore the directors, executives, employees and workers of the Company, who work in the departments that acknowledge the internal information of the Company, should avoid or halt trading the Company's securities 1 month before the disclosure of financial statements. The above mentioned regulations include spouse and underage child of the Company's directors, executives and employees. Violation shall be seriously liable to penalty.

2. The Company's directors and executives including the accounting auditor must report the changes of their shareholding in the Company including spouse and underage child to SEC under Section 59 of Securities and Exchange Act B.E. 2535 and acknowledge the penalty under Securities and Exchange Act B.E. 2535. Therefore, the directors and executives must submit a copy of the mentioned report to the Securities and Exchange Commission (SEC) within 3 working days since the date of trading, selling, transfer or receiving the securities, and submit to the Company on the same day.

3. The Company shall widely announce the above mentioned regulations to the directors, executives, employees and workers.

## **6. Accounting audit fee**

### **6.1 Audit fee**

The Company's accounting audit fees for the fiscal year 2019-2020 are presented below. The Company appoints Dharmniti Auditing Company Limited as the accounting auditor who has audit license certified by SEC. The Board of Directors' Meeting No.1/2021 on 25 February 2021 approved to appoint Dharmniti Auditing Company Limited as the Company's accounting auditor for the year 2021.

**Unit: Baht**



<b>Audit Fee</b>	<b>Year 2019</b>	<b>Year 2020</b>	<b>Year 2021<sup>/1</sup></b>
1. Annual audit fee	1,170,000	650,000	720,000
2. Review fee for interim financial statements	630,000	630,000	660,000
3. Review fee for annual report	150,000	-	-
4. Audit fee for promoted BOI company	-	-	90,000
<b>Total</b>	<b>1,950,000</b>	<b>1,280,000</b>	<b>1,470,000</b>

Remark: / 1 The review and audit fees of financial statements for the year 2021 were approved by the Board of Directors' Meeting No. 1/2021 on 25 February 2021 and shall be proposed to the 2021 AGM 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 overall society under code of business conduct manual and anti-corruption policy, which define principles for corporate social responsibility issued by SET. The 8 principles as follows: 1) Conducting business with fairness, 2) Anti-corruption, 3) Human rights respect, 4) Fair treatment to labor, 5) Responsibility to consumers, 6) Environment caring, 7) Community or society development, 8) Innovation and broadcast which come from responsibility towards society, environment and stakeholders.

### **1. Overall policy**

The Board of Directors' Meeting No. 1/2015 (the first Board of Directors' Meeting after converted into a listed company) on 18 May 2015 approved the written code of business conduct manual and anti-corruption policy officially, being effective in all departments for effective administration, transparent and traceability. Normal business conduct shall build confidence in shareholders, investors, stakeholders and relevant persons, for example, procurement and purchasing with business alliances, suppliers, customers, business partners and co-investors, including production without environmental impact. The Company shall create awareness of role and responsibility of a good society member and establish good relationship between the Company and society based on rightness, transparency, fairness, and promote society and community development activities. Besides, the Company shall arrange safety environment in workplace, treat all employees equally, set guidelines for the directors, executives and employees to perform their duties with honesty, treat customers well, build customer confidence in good product quality, standard, and fair price in order to increase customer satisfaction and deliver good quality products to customers.

The Company has effective management system, and prevents conflict of interest and corruption. The audit shall be conducted by the accounting auditor certified by SEC and SET and internal auditor in order to ensure that the Company acknowledges the rights of stakeholders according



to relevant laws and the Company's policy, including shareholders, employees, customers, business alliances, etc.

## **2. Business operation and report preparation**

The Company defines responsibility towards society, environment and stakeholders under the code of business conduct manual and anti-corruption policy as follows:

### **2.1 Fair business conduct**

The Company manufactures and sells steel products such as wire ways, cable trays, cable ladders, enclosures, cabinets and electrical switchboards for buildings, condominiums, offices, shopping malls, factories, power stations under "BSM", "BM", and "BEST" brands, plus customize steel products as per customer requirements. Moreover, the Company sells white conduit by outsourcing to supplier to manufacture white conduit under the Company's brand, while the Company conversely is a dealer of the white conduit supplier.

The Company has policy to conduct business with honesty, transparency, traceability, social responsibility, lawfulness, integrity and behave well to individual, community, society and environment, and fair to customers in terms of products and services, without bias.

The Company shall disclose the Company's information to stakeholders and relevant parties. The Company has no policy and does not allow the directors, executives or employees to seek benefits from their position, including not allow the directors to run business against the Company which may cause conflict of interest to the Company.



## **2.2 Anti-corruption**

The Company defines guideline for the directors and executives to perform their duties honestly and carefully with good business vision, not seek benefits for themselves from the Company's information, not disclose the Company's confident information to external parties, and not perform any actions that may cause conflict of interest. The Company's employees shall perform their duties with honesty, perseverance and diligence to improve efficiency, not directly or indirectly ask for remuneration and bribe, request or accept any bribe from others or external parties, or take benefit from the Company, unless the benefit is for business conduct, festival or tradition.

## **2.3 Respect for human rights**

The Company is aware of the value of the Company's employees and supports all departments to practice based on human dignity and respect to individual rights which is the fundamental of human resources development and human relation development in society. Therefore, the Company sets guideline to promote and activate basic human rights and equality without discrimination on the basis of nationality, race, skin color, gender, language, religion, political, belief, tribe or social background, wealth, origin or status. Moreover, the Company encourages and provide the employees an opportunity to express their opinion or complain regarding discrimination.

## **2.4 Fair labour practices**

The Company believes that human resources are important factor and add value to the Company's business. The Company requires the employees to utilize their knowledge, competency and dedication to perform their duties in order to achieve the Company's goals. The Company gives importance to and treats all-level employees of the Company equally and fairly, provide remuneration based on knowledge and skill of individual employee, and develop employee skill and capability continuously. In addition, the Company focuses on to create awareness of safety environment in



workplace to all-level employees, together with good quality of living. Moreover, the Company sees the importance and value of the employees. So, the Company's executives shall treat the employees fairly and honestly, develop employee capability, efficiency and growth, plus promote ethical conduct to the employees, prepare appropriate welfare to the employees, and listen to the employees' opinions and suggestions reasonably.

Moreover, the Company has written safety policy for the Company's employees as follows:

**Safety policy**

1. In every mission, safety shall be the first consideration.
2. Create 5S culture and behavior: Sort, Set, Shine, Standardize and Sustain
3. Create safety mind at work, including awareness on energy efficiency and environment
4. Reduce annual accident rate in the workplace

**2.5 Responsibility for consumers**

The Company has policy to supply or deliver good quality products to the customers or consumers. The Company shall closing monitor the manufacturing process, starting from raw material acquisition, efficient production, using precise and effective machine, quality assurance and product delivery to the customers. The Company always cares and be responsible for the customers in terms of quality of products, standard and good services, non-disclosure information, fair price and the most customer satisfaction.

The Company has quality policy which targets to deliver good quality products and good standard services (both at the Company's factory and on-site product assembly) according to engineering and international standards. The Company officially announces the written quality policy as a guideline for all departments to perform as follows:

**Quality policy**

Standard production

Quality service





## Employee collaboration

## Sustainable development

### 1) Standard production

1.1 Produce products according to customer requirements.

1.2 Comply with quality management system

1.3 Comply with manufacturing laws and regulations

### 2) Quality service

2.1 Respond to customer's complaint and product claim with right solution.

### 3) Employee collaboration

3.1 All employees are internal customer, while the satisfaction of external customer is top priority.

### 4) Sustainable development

4.1 Improve product quality

4.2 Develop quality management system continuously.

4.3 Enhance employee development and quality of work-life.

## 2.6 Environmental care

The Company is aware of responsibility for society and community as one key mission of the Company. The directors, executives and employees shall reserve natural resources and environment, follow environmental laws strictly, not take any actions that might cause damage to natural resources, environment and ecosystem, and continuously organize or support activities especially for stakeholders, public interest and social service.

In addition, the Company concerns and cares for life, health and sanitary of all employees in working hours and everyday life. Therefore, the Company officially announces the written environment policy for all departments as follows:

“Comply with environmental regulation strictly.

Develop management system and environment activities continuously.



Promote and control resources and energy use effectively.

Create awareness to all employees and comply with environmental management regulation.”

## **2.7 Society / community development**

The Company is aware of role and responsibility of being good member in society by complying with relevant law, regulation and social responsibility. The Company realizes the responsibility towards neighbor community and society, environmental development in community and society for better quality of living as appropriate.

## **2.8 Corporate Social Innovation (CSI) towards society, environment and stakeholders**

The Company shall apply innovation for internal work and external work (between organizations), including new actions, new methods, new thinking process and production for value added. The purpose of innovation drives for positive change, better action and better result in order to benefit society the most.

The Company takes responsible for society by promoting innovation to all stakeholders via direct or indirect communication channels in order to ensure that the stakeholders can access to the Company’s information thoroughly.



### **3. Activities for society and environment (After Process)**

The Company is responsible for society, environment and all stakeholders continuously and conducts good business in parallel. Currently, the Company's production process does not affect environment such as dust, noise and air pollution. Powder painting of the Company requires chemical use and it is operated under closed system. Besides, the Company installs cyclone dust collector to collect and reuse the powder. Moreover, the Company installs water treatment system, for example, waste treatment after paint spraying and cleaning. The above mentioned approaches reduce dust and air pollution from paint coating process. In addition, the Company outsources an external company for sewage treatment, including manufacturing waste according the relevant laws.

The Company also supports building good relationships between the Company and the employees of the Company for society development and annually organize activities for community, society and public interest. The main objectives are to build awareness of social and environmental responsibilities to the employees such as coastal ecosystem restoration (a royal project at Samae San, Sattahip, Chonburi province), and Smile Sharing Project (the Company in the cooperation with the business alliance) to make donations such as sport equipment, stationeries, school supplies, etc. to Tha Yiam School, Lam Sonthi, Lopburi province.

### **4. Prevention of corruption**

The Company participates Collective Action Coalition of Thai private sector in accordance with good corporate governance. In addition, the Board of Directors approves anti-corruption policy and principle such as offering and receiving gifts, money, entertainment events, financial supports, and donations. The Company shall not get involved in corruption directly and indirectly, and the executives and employees of the Company, subsidiary and stakeholders shall proceed accordingly. The anti-corruption program shall be publicized on the Company's website and communicate to the stakeholders.



## **Risk Factors**

The risk factors of the Company are as follows:

### **1. The risk of reliance on major supplier of raw material (steel)**

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

The main material for the production of the Company is steel i.e. hot rolled steel sheet or cold rolled steel sheet, galvanized steel sheet (zinc), electro galvanized steel sheet. The Company purchases steel from domestic manufacturers or distributors. The purchases of steel in year 2019 – 2020 are 37.16% and 49.88% of the total purchase of raw material respectively. As well, the purchases of steel from the supplier who receives the highest order from the Company (the first rank) in year 2019 – 2020 are 9.45% and 11.75% of total purchase respectively.

However, there are many manufacturers and distributors of flat product in Thailand and they are able to sell metal sheets (main material) to the Company. Recently the Company purchases steel material from 10 – 20 suppliers and the Company hardly finds difficulty in the purchases. The Purchasing Department of the Company prepares daily report of steel price comparison. So, the Company is able to purchase steel material as per required (in both quantity and quality). Moreover, the Company has good relationship with these suppliers continuously.

#### **1.2 The risk of reliance on supplier of white conduit**

The Company sells white conduit, the Company does not have production line for white conduit, but the Company outsources external manufacturer (sole-source supplier) to produce white conduit under the Company's brand. With this reason, the Company has risk of reliance on the white conduit supplier. The Company's sales revenues of white conduit (from sole-source supplier) in year 2018 - 2020 are 16.87%, 15.97% and 12.91% of sales and service revenue of the Company respectively. However, the Company never experiences a shortage of white conduit purchased from the mentioned



supplier, and the white conduit of the mentioned supplier is qualified under Thai Industrial Standards Institute (TIS 770-2533). The mentioned supplier has good financial position, and its market share is one-third of total market in white conduit category. The Company considers that there is low risk that this supplier shall not sell white conduit to the Company because the Company has good relationship with this supplier more than 10 years, also a good business alliance.

### **1.3 The risk of being dealer of white conduit**

Apart from that fact that the company relies on sole-source supplier to produce white conduit under the Company's brand, the Company conversely is a dealer of the white conduit supplier. The price of white conduit under the supplier's brand is more expensive than the price of white conduit under the Company's brand. The Company has advantage and remains competitive in this product category and can generate revenue from the mentioned supplier. The Company considers that being a dealer of the white conduit supplier helps raising up the Company's revenue. The Company does not run business against the white conduit supplier, but increase sales revenue of the Company and the mentioned supplier. In addition, the Company has good relationship with this supplier more than 10 years, being good business alliance. The Company's sales revenues from white conduit (as a dealer) in year 2018 – 2020 are 1.69%, 2.45% and 1.09% of sales and service revenue of the Company respectively.

### **1.4 The risk of reliance on real estate and construction**

Construction industry, especially for fundamental infrastructure construction, is important to the development of the country. Projects of public utilities can impact the revenue growth of the Company because metal trunking and white conduit are main products of the Company and necessary for construction materials, electrical wiring installation in buildings, and public utilities. Therefore, the construction projects of both government and private sectors shall affect the Company's revenue. In the case that industrial estate and construction industries do not grow as expected or slow down due to



some incidents such as floods or unstable political situation, the investment made by the government may be uncertain, discontinued and/or delayed. The government's budget also may be delayed and finally affect the Company's revenue.

However, apart from metal trunking and white conduit (product category 1), the Company generates revenue from product category 2 – 6, which helps to decrease fluctuation in revenue, since the investment in industrial estate and construction in the future is unpredictable.

### **1.5 The risk of increase in competitors**

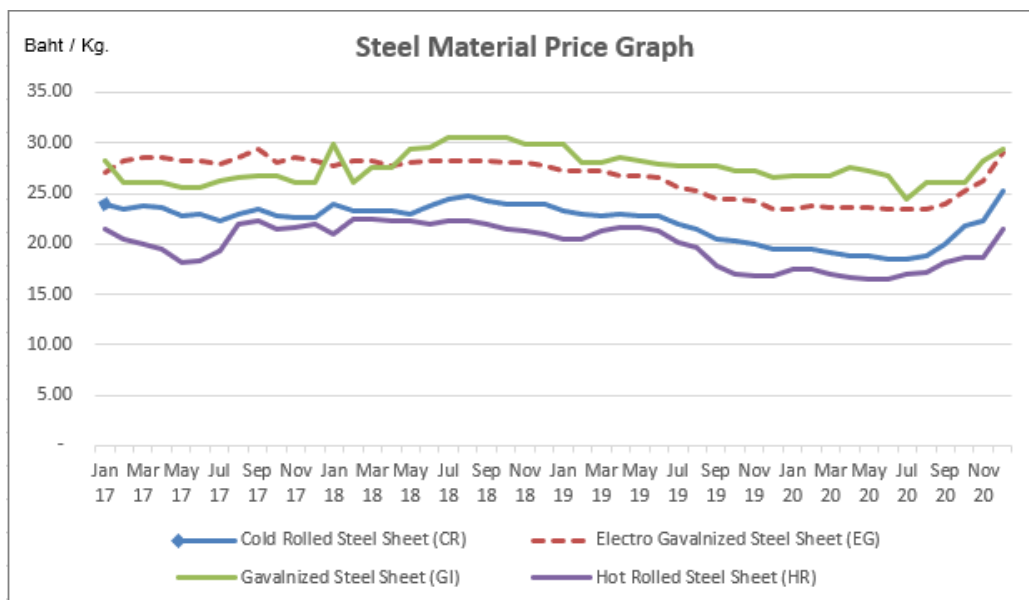
As the Company's business nature has no barrier to entry and the Company's business is to produce and sell steel products such as metal trunking, communication racks, cabinets, enclosures and electrical switchboards for buildings, condominiums, offices, shopping malls, factories, power plants, etc. In addition, the Company sells white conduit by outsourcing to supplier to manufacture white conduit under the Company's brand, while the Company conversely is a dealer of the white conduit supplier. The business competition is moderate and production technology is not complicated. So, it is not difficult for competitors to enter into the market. However, the Company has many product categories as per customer requirements which can easily respond to various customer requests in quicker time. With this reason, the Company is more outstanding and different from other competitors. In conclusion, the Company is able to customize products according to customer demands, focuses on product quality, standard and precision, uses modern technology, and has good relationship with the customers which build confidence in the Company's products continuously.



## 2. The risk of production

### 2.1 The risk of steel material price varies based on global market

The Company's main materials for production are 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 prices of above mentioned materials vary based on global market, and policy of government or domestic authorities, which the Company has to take risk in fluctuation of material prices. In case that the material prices increase and the Company does not have sufficient stock of materials for production, these may affect the manufacturing cost and profit rate of the Company as the Company is unable to higher sales prices accordingly. In the recent years, the Company presents the steel material prices of 4 main categories, which are hot rolled steel sheet, cold rolled steel sheet, galvanized steel sheet and electro galvanized steel sheet (EG), that the Company purchases from the manufacturer in January 2017 – December 2020 (4 years) as follows:



However, the Company's Purchasing Department closely and daily follows up the steel material price. The Company is able to maintain business as the executives have more than 20 years experiences in steel industry, have good relationship with the steel suppliers, and purchase the steel material appropriate to production plan.



The Company has policy to purchase and manage sufficient steel material for production according to the Company's production plan. The purchase of steel material can be classified into 2 categories; 1) the purchase of steel material when receiving project confirmation from customers such as contractors, and 2) the purchase of steel material to maintain minimum stock (safety stock) for production, approximately 7-14 days in advance, to prevent the material shortage. Nevertheless, the Company has no policy to stock big lot of steel material and no policy for speculation on price fluctuations.

### **3. The risk of finance**

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

To conduct business, the Company relies on source of funding from 2 financial institutes in Thailand. As of 31 December 2019, the Company got long-term loans from financial institutes (including loans with maturity of 1 year) of 107.92 million baht for the investment in the purchase of the land, factory building construction, and working capital of the Company respectively.

As of 31 December 2019, Nitto Kogyo BM (Thailand) Company Limited (NBT), an associated company, applied for long-term borrowings of 178 million baht (the maximum loan application amount is 200 million baht) from Nitto Kogyo Corporation, its parent company, at interest rate of 1.53% per annum. So, there is no risk of reliance on source of funding from financial institute.

In year 2020, the Company's Current Assets to Current Liabilities ratio is 0.88 and Debt to Equity (D/E) ratio is 0.81.

#### **3.2 The risk of change in interest rate**

The Company has risk of domestic change in interest rate from long term and short term loans, which may affect the Company's financial cost. In year 2019 and 2020, the Company paid financial cost (interest expense) to domestic financial institutes amounted to 8.83 million baht and 8.70 million baht respectively. As of 31 December 2020, the Company got loans from financial institutes amounted





to 107.92 million baht and the interest rates of financial institutes are floating interest rates and vary according to recent markets, which are Minimum Loan Rate (MLR) and Minimum Overdraft Rate (MOR). If the interest rates increase, the Company shall have higher interest expense. However, the Company currently less relies on the loans from financial institutes and the Company pays back the loans continuously. Therefore, the risk of change in interest rate of the Company is relatively low.

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

The company's export revenue is paid in US dollar, totally 258.25 million baht or equivalent to 25.86% of total revenue. The Company imports raw materials, amounted to 88.54 million baht or equivalent to 13.20% of the total purchase. The Company reports loss from exchange rate of 0.79 million baht. To minimize risk, the Company imports in US dollar and uses Forward and Natural Hedge options.

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

### **4.1 The risk of reliance on the director and executive for business management**

Mr. Tanin Sajjaboribun is founder of the Company, director, authorized director, Chairman of Executive Committee, CEO and holds 7.20% of the paid-up capital as of 23 April 2020. Mr. Tanin is an expert and has strong business experience and wide vision, and directly responsible to define policy, direction and business conduct. Therefore, change in the mentioned positions may impact the company business in the future. To decentralize power and reduce risk of reliance on the director, the Company organizes organizational structure, appoints the directors and executives who are qualified and experienced to participate in making decision and defining business direction, decentralize power, and define their scopes and responsibilities precisely. Nevertheless, Mr. Tanin Sajjaboribun still defines the key policy of the Company while each executive of each department makes his/her operational decision, in order to reduce risk of reliance on the director and executive.



## **Internal control and risk management**

### **1. Summary of the Board of Directors' opinion on the Company's internal control**

The Board of Directors' Meeting No. 1/2021 on 25 February 2021 (3 audit committees present at the meeting) evaluated and considered the adequacy of internal control of the Company (5 principles, 17 topics) according to the internal control evaluation form of SEC and SET.

The Board of Directors had their comment that the Company has adequate and appropriate internal control system for the Company's operation, and the comments of the Independent Directors and Audit Committee are not different from the comment of the Board of Directors. The Company complies with accounting standards generally accepted by SEC and SET including SET regulation. The Company performs internal control regarding transactions of major shareholders, directors, executives or those related to the mentioned persons adequately and appropriately. The approvals of the mentioned transactions shall be made mainly based on benefit of the Company. Moreover, the Company defines policy to carefully consider the mentioned transactions. In the future, the approval of the mentioned transactions shall be made by those who have no conflict of interest of such transactions. The Board of Directors truly is aware of good corporate governance of a listed company.

### **2. The Comment on the review of internal audit regarding financial report by accounting auditor for the fiscal year 2020**

Dharmniti Auditing Company Limited, the Company's certified accounting auditor, submits comment and recommendation regarding internal control relating to financial statement preparation accurately and appropriately, and propose appropriate audit methodology suitable for the situation but not comment on the effectiveness of internal control. After auditing the financial statements as of 31 December 2020, the accounting auditor had no comment on the Company's internal control and reported the audit result to the Audit Committee meeting No.1/2021 on 25 February 2021.



### 3. The Comment on the review of internal control of the Company by accounting auditor for the year 2020

The Company has appointed Aim To Prosperity Company Limited as the Company's internal auditor since year 2013. Mr. Phaisan Phuratcharoenchai is mainly responsible for conducting internal audit of the Company. The Audit Committee has considered profiles of Aim To Prosperity Company Limited and Mr. Phaisan Phuratcharoenchai, and announced that they are qualified for the duty, independent, competency, and have good understanding in business. The internal auditor shall report the internal audit result directly to the Audit Committee and shall comply with internal auditor standards of Institute of Internal Auditor of Thailand.

The selection, appointment, transfer, and withdraw of the head of internal audit of the Company must be considered and approved by the Audit Committee. The qualifications of the head of internal audit are attached.

The Company appoints Aim To Prosperity Company Limited to conduct and review internal audit for the year 2020 on a quarterly basis. The details are as follows:

Audit no.	Audit date	Subject
1/2020	6 - 16 January 2020	1. Organization and environment management system 2. Information technology system 3. Production system 4. Material and inventory system 5. Logistics system 6. Financial system 7. Procurement system 8. Human resource management system 9. Accounting system
2/2020	30 March – 10 April 2020	1. Organization and environment management system 2. ISO system 3. QC&QA system 4. Engineering and design system 5. Security and safety system 6. Engineering and maintenance system



Audit no.	Audit date	Subject
		7. Sales and marketing system 8. Financial system 9. Accounting system
3/2020	7 -17 July 2020	1. Organization and environment management system 2. Information technology system 3. Production system 4. Material and inventory system 5. Logistics system 6. Financial system 7. Procurement system 8. Human resource management system 9. Accounting system
4/2020	5 - 16 October 2020	1. Organization and environment management system 2. ISO system 3. QC&QA system 4. Engineering and design system 5. Security and safety system 6. Engineering and maintenance system 7. Sales and marketing system 8. Financial system 9. Accounting system

**Comments of internal auditor**

- Internal Audit No. 1/2020: The internal auditor submits internal audit report to the Audit Committee. The Company has adequate internal control as defined which facilitates the Company to meet the objectives of internal control, while the heads of related departments follow up the improvements continuously.
- Internal Audit No. 2/2020: The internal auditor submits internal audit report to the Audit Committee. The Company has adequate internal control as defined, performs risk management in the organization according to guideline of COSO to meet the Company's objectives and business strategy, reports and complies with the related laws and regulations strictly.



- Internal Audit No. 3/2020: The internal auditor submits internal audit report to the Audit Committee. The Company clearly defines operational guidelines and prepare the written manuals, but the Company should define policy and audit information for more accuracy and ease of understanding.
- Internal Audit No. 4/2020: The internal auditor submits internal audit report to the Audit Committee. The Company has adequate internal control in all systems as defined in order to achieve the Company's objectives and business strategy.

The Company appoints the internal auditor to continue their duty and conduct the internal audit of the Company for the year 2021 and also requests Aim To Prosperity Company Limited to propose internal audit plan for the year 2021 to the Audit Committee meeting No. 1/2021 on 25 February 2021. The Audit Committee acknowledges the internal audit plan for the year 2021, totally 4 times as follows:

- 1<sup>st</sup> time: within January 2021
- 2<sup>nd</sup> time: within April 2021
- 3<sup>rd</sup> time: within July 2021
- 4<sup>th</sup> time: within October 2021

**Transaction****1. Connected transaction****1.1 Relationship**

The Company had transactions with persons who may have conflict of interest. The mentioned transactions were between the directors and/or executives and/or major shareholders and related companies, which occurred during the fiscal year 2019 ended 31 December 2019 and the fiscal year 2020 ended 31 December 2020.

The Company had transactions with juristic persons and individuals who may have conflict of interest as listed below:

Juristic person/person who may have conflict	Relationship	Transaction (Yes = ✓, No = ✕)	
		Year 2019 ended 31 December 2019	Year 2020 ended 31 December 2020
1. Mr. Tanin Sajjaboribun	<ul style="list-style-type: none"><li>- Director, Authorized Director, Chairman of Executive Committee, and Chief Executive Officer of the Company.</li><li>- Major shareholder of the Company, holding 7.20% of paid-up capital as of 23 April 2020.</li></ul>	✓	✓
2. Mr. Tirawat Amornthatri	<ul style="list-style-type: none"><li>- Director, Authorized Director, Executive Committee, Managing Director, and Chief Operation Officer (Acting) of the Company.</li></ul>	✓	✓



Juristic person/person who may have conflict	Relationship	Transaction (Yes = ✓, No = ✕)	
		Year 2019 ended 31 December 2019	Year 2020 ended 31 December 2020
	- Major shareholder of the Company, holding 10.79% of paid-up capital as of 23 April 2020.		
<p>3. MECT Company Limited (MECT): Contractor of installation for electrical system, air-con system and selling electrical tools.</p> <p>It consisted of 6 directors:</p> <ol style="list-style-type: none"> <li>1) Mr. Luecha Pho-ob</li> <li>2) Mr. ManatKhemaphiphat</li> <li>3) Mr. Angkool Kusalan</li> <li>4) Mr. Bancha Piyapornnarin</li> <li>5) Mrs. Sarochin Pho-ob</li> <li>6) Mr. Varit Pho-ob</li> </ol>	<ul style="list-style-type: none"> <li>- Mr. Luecha Pho-ob as Director and Authorized Director of MECT, major shareholder of MECT, holding 15.34% of registered capital and paid-up capital (Pho-ob family totally holding 57.66% of registered capital and paid-up capital.) of MECT.</li> <li>- Mr. Luecha Pho-ob as a major shareholder of the Company, holding 6.37% of paid-up capital as of 23 April 2020.</li> <li>- Mr. Tanin Sajjaboribun as Director, Authorized Director, Chairman of Executive Committee and Chief Executive Officer of the Company, major shareholder of the Company (holding 7.20% of paid-up capital of the Company as of 23 April 2020), holding 0.10% of registered capital and paid-up capital of MECT.</li> <li>- Mr. Vinai Vongswangrussamee as Director, Authorized Director, Executive Committee and Chief Marketing and Sales Officer, and shareholder of the Company (holding 6.27% of paid-up capital of the Company as of 23 April 2020), holding 0.51% of registered capital and paid-up capital of MECT.</li> </ul>	✓	✓



Juristic person/person who may have conflict	Relationship	Transaction (Yes = ✓, No = ✕)	
		Year 2019 ended 31 December 2019	Year 2020 ended 31 December 2020
<p>4. Nitto Kogyo BM (Thailand) Company Limited (NBT): Manufacturing, trading and sales of electric and mechanical equipment such as panel boards, consumer units, metal enclosures, racks and so on. It consisted of 3 directors: 1) Mr. Tirawat Amornthatri 2) Mr. Sushart Mahatthnawong 3) Mr. Pavit Wongsavangrussamee</p>	<ul style="list-style-type: none"> <li>- The Company as major shareholder of NBT, holding 48% of registered capital.</li> <li>- Nitto Kogyo Corporation (Japan) holding 49% of registered capital.</li> <li>- Bangkok MUFG Limited holding 3% of registered capital.</li> </ul>	✓	✓





## 2. Details of connected transaction

The connected transactions between juristic persons and individuals who may have conflict of interest during the fiscal year 2019 ended 31 December 2019 and the fiscal year 2020 ended 31 December 2020 are listed below:

Person who may have conflict	Transaction	Transaction value (million baht)		Necessity and appropriate
		Year 2019 As of 31 December 2019	Year 2020 As of 31 December 2020	
1. MECT Company Limited (MECT)  - Mr. Luecha Pho-ob holding 6.37% of registered shares of the Company and taking position of Director of MECT, holding 15.34% of registered capital of MECT.  - Pho-ob family totally holding 57.66% of registered capital of MECT.	<u>Sales revenue</u>  - The Company sold metal trunking and white conduit to MECT.	9.67	14.41	The Company sold metal trunking and white conduit under pricing standard according to commercial conditions.  <u>The Audit Committee's opinion</u> The Audit Committee gave opinion that such transaction was normal business transaction and appropriate. The prices and payment terms were not different from other customers.
	<u>Account receivable</u>  - The Company had account receivable from the mentioned sales.	4.08	5.49	



Person who may have conflict	Transaction	Transaction value (million baht)		Necessity and appropriate
		Year 2019 As of 31 December 2019	Year 2020 As of 31 December 2020	
2. Nitto Kogyo BM (Thailand) Company Limited (NBT)	<u>Sales revenue</u>			The Company sold metal trunking and electrical enclosures under pricing standard according to commercial conditions.  <u>The Audit Committee's opinion</u> The Audit Committee gave opinion that such transaction was normal business transaction and appropriate. The prices and payment terms were not different from other customers.
	- The Company sold metal trunking and electrical enclosures to NBT.  <u>Account receivable</u> - The Company had account receivable from the mentioned sales.	18.26  15.66	11.69  0.92	



Person who may have conflict	Transaction	Transaction value (million baht)		Necessity and appropriate
		Year 2019 As of 31 December 2019	Year 2020 As of 31 December 2020	
	<u>Purchase</u> - The Company purchased cabinet equipment from NBT.  <u>Trade payable</u> - The Company had trade payable from the mentioned purchases.	0.15       -	-       -	<p>The Company purchased cabinet equipment from NBT due to specific requirements from customers.</p> <p><u>The Audit Committee's opinion</u></p> <p>The Audit Committee gave opinion that such transaction was normal business transaction. The prices and payment terms were not different from other suppliers.</p>



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

The Audit Committee Meeting No. 1/2021 on 25 February 2021 considered the connected transactions between the Company and juristic persons or individuals who may have conflict of interest or conflict of future interest. The Audit Committee provided opinion that the connected transactions were reasonable, complied with commercial conditions and fair practice, and same as juristic persons or individuals who were irrelevant, also there was no benefit transfer between those.

### **4. Measure and procedure to approve connected transaction**

The Board of Directors' Meeting No. 1/2015 (the first Board of Directors' Meeting after converted into a listed company) on 18 May 2015 approved the measure and procedure for approval of connected transaction as follows:

#### **4.1 Measure and procedure to approve connected transaction**

In case of connected transactions between the Company and persons who involve, may have conflict of interest or conflict of future interest, commercial agreements which contractual parties can commonly do in the same situation, trade bargaining without influence of the directors, executives or relevant persons, general commercial conditions or market prices which are reasonable and checkable, and no benefit transfer, the Company's executives are able to perform as usual under the approval of the Board of Directors and submits summary report to the Audit Committee on a quarterly basis.

In case of connected transactions are not normal, the Company's Audit Committee shall determine necessity and suitability of such transaction. In case that the Audit Committee does not have expertise to consider the connected transactions, the Company shall request independent evaluator, specialist or accounting auditor to provide opinion on such connected transactions to the Audit Committee. Next, the Audit Committee shall express opinion to the Board of Directors or the



shareholders and get approval of such connected transactions. Nevertheless, the Company shall disclose and remark the connected transactions in financial statements audited by the Company's accounting auditor. If the common stocks of the Company are registered on the Market for Alternative Investment (mai), the Company shall disclose the connected transactions in annual transaction form (Form 56-1) and annual report (Form 56-2) in accordance with SEC and SET law and regulation. As well, the approval of the connected transactions must follow SEC and SET law, regulation and announcement. The persons who may have conflict of interest to the connected transactions shall not have the right to vote for the connected transactions.

The Company shall announce policy of connected transaction between the Company and juristic person, individual or relevant person, also officially announce asset acquisition or disposal of the Company according to the announcement of Capital Market Supervisory Board and regulations as defined by SEC and SET to the employees.

## **5. Policy or trend of future connected transaction**

The Board of Directors' Meeting No. 1/2015 (the first Board of Directors' Meeting after converted into a listed company) on 18 May 2015 approved policy or trend of future connected transaction as follows:

### **5.1 Policy or trend of future connected transaction**

In the future, if the Company needs to proceed connected transaction with person who may have conflict of interest to the Company, the Company shall define conditions according to normal commercial operation and market price, compared to the price in the same business industry, which the Company agrees with external person. The Audit Committee shall provide opinion on price, remuneration, including necessity and suitability of such connected transaction. In case that the Audit Committee does not have expertise to consider the connected transaction, the Company shall request independent evaluator, specialist or accounting auditor to provide opinion on such connected



transaction to the Audit Committee. Next, the Audit Committee shall express opinion to the Board of Directors or the shareholders. Nevertheless, the Company shall disclose and remark the connected transaction in financial statements audited by the Company's accounting auditor. If the common stocks of the Company are registered on the Market for Alternative Investment (mai), the Company shall disclose the connected transaction in annual transaction form (Form 56-1) and annual report (Form 56-2) in accordance with the SEC and SET laws, regulations, notices and announcements.

Considering future connected transaction, the directors shall follow SEC and SET regulation and shall not approve any connected transaction which themselves may have conflict of interest to the Company. The directors shall disclose such connected transaction to the Board of Directors for consideration. The Company shall comply with SEC and SET laws, regulations, and announcements. Besides, the Company shall strictly follow the disclosure regulation regarding the connected transaction and the Company's asset acquisition or disposal according to accounting standard required by Accounting Association. The Company shall not proceed connected transaction with juristic person who do not perform normal business conduct.

In the year 2020, the company strictly implemented policy of connected transaction. The Audit Committee considered that the company's connected transactions were appropriate and not different from other customers of the Company, also benefited the company. The Company disclosed and remarked the connected transactions in financial statements audited by the Company's accounting auditor, and already disclosed the connected transactions in annual transaction form (Form 56-1) and annual report (Form 56-2).

## **6. Measure to protect investors**

To protect the investors, in case of any connected transaction (between the Company and person who may have conflict of interest or future conflict) occurring in future, the Company shall propose the connected transaction to the Board of Directors' Meeting, the Audit Committee in



attendance, to ensure that the connected transaction is proceeded fairly with appropriate pricing policy.

The Board of Directors shall comply with SEC and SET laws, regulations, and announcements, also strictly follow the disclosure regulation regarding the connected transaction and the Company's asset acquisition or disposal. Nevertheless, the Company shall disclose and remark the connected transaction in financial statements reviewed or audited by the Company's accounting auditor.



## Financial information

### Summary of financial statements and operating results

#### (1) Financial position

Financial statements	Ended 31 December 2018		Ended 31 December 2019		Ended 31 December 2020	
	Equity method		Equity method		Equity method	
	Million baht	%	Million baht	%	Million baht	%
Cash and cash equivalents	0.89	0.08	3.30	0.30	16.86	1.30
Current investment	-	-	-	-	-	-
Account receivables and other receivables - net	227.71	21.02	205.48	18.46	180.79	13.99
Inventories - net	103.57	9.56	102.09	9.17	154.00	11.92
Other current assets	0.88	0.08	3.13	0.28	9.10	0.71
<b>Total current assets</b>	<b>333.05</b>	<b>30.74</b>	<b>314.00</b>	<b>28.21</b>	<b>360.75</b>	<b>27.92</b>
Pledged deposits at financial institutions	10.50	0.97	6.00	0.54	-	-
Other non-current financial assets	-	-	-	-	9.30	0.72
Investment in associated company <sup>1/</sup>	116.96	10.80	153.96	13.83	159.12	12.32
Other long-term investment	-	-	0.38	0.03	-	-
Property, plant and equipment – net	611.03	56.40	624.79	56.13	744.03	57.58
Right-of-use assets	-	-	-	-	3.46	0.27
Intangible assets	5.19	0.48	4.27	0.38	3.55	0.27
Deferred tax assets	6.66	0.61	9.77	0.88	11.92	0.92
Deferred tax assets	0.05	-	0.05	-	0.05	-
<b>Total non-current assets</b>	<b>750.39</b>	<b>69.26</b>	<b>799.22</b>	<b>71.79</b>	<b>931.43</b>	<b>72.08</b>
<b>Total assets</b>	<b>1,083.44</b>	<b>100.00</b>	<b>1,113.22</b>	<b>100.00</b>	<b>1,292.18</b>	<b>100.00</b>



Financial statements	Ended 31 December 2018		Ended 31 December 2019		Ended 31 December 2020	
	Equity method		Equity method		Equity method	
	Million baht	%	Million baht	%	Million baht	%
Bank overdrafts and short-term loans from financial institutions	66.91	6.18	92.02	8.26	100.00	7.74
Trade payables and other payables	200.08	18.47	165.32	14.85	250.51	19.39
Lease liabilities and financial lease with maturity of 1 year	4.44	0.41	11.56	1.04	18.93	1.46
Long-term loans with maturity of 1 year	36.40	3.36	39.53	3.55	31.11	2.41
Income tax payable	-	-	10.87	0.98	-	-
Other current liabilities	3.17	0.29	3.11	0.28	9.47	0.73
<b>Total current liabilities</b>	<b>311.00</b>	<b>28.70</b>	<b>322.41</b>	<b>28.96</b>	<b>410.02</b>	<b>31.73</b>
Lease liabilities and financial lease with maturity of 1 year – net	2.87	0.26	39.03	3.51	61.57	4.76
Long-term loans with maturity of 1 year – net	58.30	5.38	32.52	2.92	76.81	5.95
Provision for long-term employee benefits	19.95	1.84	27.29	2.45	31.22	2.42
<b>Total non-current liabilities</b>	<b>81.12</b>	<b>7.49</b>	<b>98.84</b>	<b>8.88</b>	<b>169.60</b>	<b>13.13</b>
<b>Total liabilities</b>	<b>392.12</b>	<b>36.19</b>	<b>421.25</b>	<b>37.84</b>	<b>579.62</b>	<b>44.86</b>
Registered capital <sup>/2</sup>	275.00	25.38	275.00	24.70	275.00	21.28
Issued and fully paid capital <sup>/2</sup>	220.00	20.31	220.00	19.76	220.00	17.02
Share premium <sup>/2</sup>	374.06	34.53	374.06	33.60	374.06	28.95
Retained earnings:						
Appropriated - statutory reserve	17.77	1.64	21.27	1.91	23.82	1.84

Financial statements	Ended 31 December 2018		Ended 31 December 2019		Ended 31 December 2020	
	Equity method		Equity method		Equity method	
	Million baht	%	Million baht	%	Million baht	%
Unappropriated	79.49	7.34	76.79	6.90	94.54	7.32
Other components of shareholders' equity	-	-	(0.15)	(0.01)	(0.15)	(0.01)
Non-controlling interests	-	-	-	-	0.29	0.02
<b>Total shareholder's equity</b>	<b>691.32</b>	<b>63.81</b>	<b>691.97</b>	<b>62.16</b>	<b>712.56</b>	<b>55.14</b>
<b>Total debt and shareholder's equity</b>	<b>1,083.44</b>	<b>100.00</b>	<b>1,113.22</b>	<b>100.00</b>	<b>1,292.18</b>	<b>100.00</b>

Remark: /1 - The Board of Directors' Meeting No. 5/2017 on 13 November 2017 approved the investment in Nitto Kogyo Trading (Thailand) Company Limited (NKT) (later changing its name to Nitto Kogyo BM (Thailand) Company Limited). On 30 November 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 due to recording the investment under the equity method.

/2 - The 2015 AGM of Shareholders on 28 April 2015 approved the increase of registered capital from 91.00 million baht to 150.00 million baht. Common stocks were offered to the existing shareholders proportionally for better capital structure and preparing to be a listed company on the Market for Alternative Investment (mai). The Company increased the Company's capital to 200.00 million baht and started Initial Public Offering (IPO) on 9 - 11 May 2016, as a result, the Company's paid-up capital was increased to 200.00 million baht.



- The 2017 AGM of Shareholders on 3 April 2017 approved the increase in Company's capital to 220.00 million baht by issuing new ordinary shares under the General Mandate and allocating to the private placement. On 21 November 2017, the Company's paid-up capital was increased to 220.00 million baht as Nitto Kogyo Corporation (Japan) purchased the newly issued ordinary shares of the Company under the General Mandate allocated to the private placement of 40,000,000 shares, issue price of 3.73 baht per share, par value of 0.50 baht per share, share premium amounted to 374.06 million baht.
- On 23 May 2018, the Company invested in MECT Company Limited amounted to 152.14 million baht, holding 20% of shares of the paid-up capital. MECT's business was to provide electrical, communication, air conditioning, fire protection, sanitary and pipe systems
- The Extraordinary General Meeting on 2 August 2018 approved the increase in the registered capital from 220 million baht to 275 million baht, increasing by 55,000,000 million baht, by issuing 110,000,000 new ordinary shares with a par value of 0.50 baht per share, to prepare for the issuance and offering of Warrants to purchase ordinary shares of Bangkok Sheet Metal Public Company Limited Series 1 (BM-W1) in the amount of not greater than 110,000,000 units.



## Statement of comprehensive income

Statement of comprehensive income	Year 2018		Year 2019		Year 2020	
	Equity method		Equity method		Equity method	
	Million baht	%	Million baht	%	Million baht	%
Sales and Service Income	985.17	98.82	907.72	99.39	993.76	99.49
Other Income	11.72	1.18	5.61	0.61	5.06	0.51
<b>Total Revenues</b>	<b>996.89</b>	<b>100.00</b>	<b>913.33</b>	<b>100.00</b>	<b>998.82</b>	<b>100.00</b>
Cost of Sales and Services	815.71	82.80	711.09	77.86	811.64	81.26
<b>Profit (Excluding Other Income)</b>	<b>169.46</b>	<b>17.20</b>	<b>196.63</b>	<b>21.66</b>	<b>182.12</b>	<b>18.33</b>
Cost of sales and services	51.49	5.17	47.67	5.22	52.64	5.27
Administrative expenses	74.68	7.49	72.10	7.89	76.05	7.61
Share of profit (loss) from investments in associate companies	(12.97)	(1.30)	(25.25)	(2.76)	12.88	1.29
<b>Profit before finance cost and income tax expenses</b>	<b>42.04</b>	<b>4.22</b>	<b>57.22</b>	<b>6.26</b>	<b>71.37</b>	<b>7.15</b>
Finance cost	5.39	0.54	8.83	0.97	8.70	0.87
<b>Profit before income tax expenses</b>	<b>36.65</b>	<b>3.68</b>	<b>48.39</b>	<b>5.30</b>	<b>62.67</b>	<b>6.27</b>
Income tax expenses (income)	11.98	1.20	12.38	1.36	6.51	0.65
<b>Net profit (loss)</b>	<b>24.67</b>	<b>2.47</b>	<b>36.01</b>	<b>3.94</b>	<b>56.16</b>	<b>5.62</b>
Other comprehensive income (expense) for the year	0.17	0.02	(0.15)	(0.02)	-	-
<b>Total comprehensive income for the year</b>	<b>24.84</b>	<b>2.49</b>	<b>35.85</b>	<b>3.93</b>	<b>56.16</b>	<b>5.62</b>
<b>Earnings per share (Calculated from share value at 0.50 baht per share)</b>	<b>0.06</b>		<b>0.08</b>		<b>0.13</b>	



**(2) Statement of cash flows**

(Unit : Million baht)

Statement of cash flows	Year 2018	Year 2019	Year 2020
	Equity method	Equity method	Equity method
<b>Cash flows from operating activities</b>			
Profit for the year	36.65	36.01	56.16
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation and amortization	41.42	42.74	49.02
Allowance for doubtful debts (reversal)	1.28	2.33	(2.88)
Decline in value of obsolete inventories	(3.03)	2.79	3.66
Gain on sales of assets	(0.16)	(0.23)	(0.26)
Loss from written-off assets	0.02	0.01	-
Loss from refunded tax	-	-	0.10
Unrealized (gain) loss on exchange rate	-	-	(0.04)
Loss from sale of other investment	-	-	0.38
Share of (profit) loss from investment in associated companies	12.97	25.25	(12.88)
Interest income	(0.10)	(0.12)	(0.11)
Provision for long-term employee benefits expenses	4.01	7.34	4.04
Interest expenses	5.41	8.92	8.70
Income tax expense		12.38	6.50
Income from operating activities before changes in operating assets and liabilities	98.47	137.42	112.39
<b>(Increase) decrease in operating assets</b>			
Current investment	64.20	-	-



Statement of cash flows	Year 2018	Year 2019	Year 2020
	Equity method	Equity method	Equity method
Account receivables and other receivables	(47.27)	19.87	27.58
Inventories	(27.95)	(1.31)	(55.56)
Other current assets	1.91	(2.25)	(6.04)
<b>Increase (decrease) in operating liabilities</b>			
Trade payables and other payables	30.47	(39.17)	81.57
Other current liabilities	1.87	(0.06)	6.36
Cash paid for provision for long-term employee benefits	(0.87)	-	(0.11)
<b>Cash received (paid) from operating</b>	<b>120.83</b>	<b>114.50</b>	<b>166.19</b>
Cash paid for interest	(4.54)	(7.90)	(6.44)
Cash paid for income tax	(10.76)	(4.62)	(19.62)
Cash received from refunded tax	-	-	0.07
Cash received from interest income	0.18	0.15	0.24
<b>Net cash from provided by (used in) operating activities</b>	<b>105.71</b>	<b>102.13</b>	<b>140.44</b>
<b>Cash flows from investing activities</b>			
(Increase) decrease in other non-current financial assets	(3.00)	4.50	(3.30)
Cash paid for investments in associated companies	(159.28)	(62.40)	-
Cash paid for investment in other long-term investments	-	(0.38)	-
Cash paid for purchase of property, plant and equipment	(103.60)	(49.61)	(166.02)
Cash paid for purchase of intangible assets	(0.62)	(0.91)	(1.28)
Cash received from sales of equipment	1.05	0.35	0.10



Statement of cash flows	Year 2018	Year 2019	Year 2020
	Equity method	Equity method	Equity method
Cash received from dividend	31.30	-	7.04
<b>Net cash from provided by (used in) investing activities</b>	<b>(234.15)</b>	<b>(108.45)</b>	<b>(163.46)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	66.91	25.12	7.97
Cash received for investment from non-controlling interests	-	-	0.30
Cash paid for lease liabilities	(9.57)	(7.62)	(20.41)
Proceeds from sale and lease back transactions	-	49.08	48.00
Cash paid for long-term loans	(16.37)	(38.77)	(39.13)
Cash received from long-term loans	100.00	16.11	75.00
Cash received from investment in share capital from warrant	-	-	0.00
Cash paid for dividend	(17.60)	(35.20)	(35.20)
<b>Net cash provided by (used in) financing activities</b>	<b>123.37</b>	<b>(8.72)</b>	<b>36.53</b>
Net increase (decrease) in cash and cash equivalents - net	<u>(5.07)</u>	<u>2.41</u>	<u>13.51</u>
Unrealized gain on exchange rate from the translation of foreign currency bank deposits	-	-	0.05
Cash and cash equivalents - beginning of year	5.96	0.89	3.30
<b>Cash and cash equivalents - ending of year</b>	<b><u>0.89</u></b>	<b><u>3.30</u></b>	<b><u>16.86</u></b>



### (1) Financial ratio

Financial ratio	Year 2018	Year 2019	Year 2020
<b><u>Liquidity ratio</u></b>			
Liquidity ratio (time)	1.07	0.98	0.88
Quick liquidity ratio (time)	0.74	0.66	0.80
Cash flow ratio (time)	0.43	0.28	0.38
Account receivable turnover ratio (time)	4.81	4.22	5.17
Average debt collection period (day)	76	87	71
Finished Goods (FG) turnover ratio <sup>/1</sup> (time)	29.47	29.80	26.77
Average selling FG period <sup>/1</sup> (day)	12	12	14
Inventory turnover ratio <sup>2/</sup> (time)	8.22	6.26	5.87
Average selling goods period <sup>2/</sup> (day)	44	58	62
Trade payable turnover ratio (time)	4.48	3.89	3.90
Payment period (day)	82	94	94
Cash cycle calculated from FG <sup>3/</sup> (day)	38	51	39
<b><u>Profitability ratio</u></b>			
Profit ratio (percent)	17.20	21.66	18.33
Operating profit margin (percent)	4.22	6.27	7.14
Other profit ratio <sup>/4</sup> (percent)	--	--	--
Cash to operating profit ratio (percent)	2.51	1.78	1.97
Net profit margin (percent)	2.47	3.94	5.62
Return on Equity (ROE) ratio (percent)	3.59	5.21	8.00
<b><u>Efficiency ratio</u></b>			
Return on Assets (ROA) ratio (percent)	2.49	3.28	4.67



Financial ratio	Year 2018	Year 2019	Year 2020
Return on Fixed Assets (ROFA) ratio (percent)	11.46	12.74	15.37
Asset turnover ratio (time)	1.01	0.83	0.83
<b>Financial policy ratio</b>			
Debt to Equity (D/E) ratio (time)	0.57	0.61	0.81
Interest coverage ratio (time)	22.83	13.97	17.88
Debt-service coverage ratio (time)	0.34	0.52	0.54
Dividend payout ratio <sup>/5</sup> (percent)	51.06	57.45	69.90
Dividend <sup>/6</sup> (million baht)	35.20	35.20	35.20

**Remark:**

- /1 Calculate from cost of sales divided by inventory (only Finished Goods (FG), excluding Work in Process (WIP) and raw material) on average.
- /2 Calculate from cost of sales divided by total inventory (Finished Goods (FG), Work in Process (WIP) and raw material) on average.
- /3 Calculate from collection period plus selling period, then minus selling period, in case of calculate from cost of sales, divided by total inventory (Finished Goods (FG), Work in Process (WIP) and raw material) on average.
- /4 Calculate from non-operation profit divided by total income.
- /5 Annual dividend ratio: Calculate from paid dividend for the year divided by net profit.
- /6 The Board of Directors' Meeting No. 1/2021 on 25 February 2021 approved dividend payment in cash from the operating results of the year 2020, allocated 2,550,000 baht as legal reserve or equivalent to 5.06% of the net profit for the year 2020. The Company has a retained earnings of legal reserve of 23,821,500 baht or equivalent 8.66% of the registered capital. The dividend shall be paid in cash at the rate of 0.08 baht per share, from the net profit of the year 2020 and the retained earnings, totally 440,000,125 ordinary shares or equivalent to 35,200,010 baht, or a dividend payment rate of 69.90 percent of the net profits.



The Board of Directors' Meeting No. 1/2021 on 25 February 2021 approved to propose to the 2021 Annual General Meeting of Shareholder for consideration.



## Financial discussion & analysis and operating results

### 1. Overview of operating results

Bangkok Sheet Metal Public Company Limited (BM) manufactures and sells steel products such as metal trunking, communication racks, cabinets and enclosures, and electrical switchboards for buildings, condominiums, offices, shopping malls, factories, power plants, etc. under “BSM”, “BM” and “BEST” brands, plus customize steel products as per customer requirements. Moreover, the Company sells white conduit by outsourcing to supplier to manufacture white conduit under the Company’s brand, while the Company conversely is a dealer of the white conduit supplier. In addition, at the end of 2017, the Company invested in Nitto Kogyo BM (Thailand) Company Limited (NBT) which sells stainless steel, steel and plastic panel boards and ventilation systems for large, medium and small-sized industrial and commercial sites. The registered capital of NBT was 2.41 million baht and the Company held 41% of all shares. As NBT’s registered capital increased to 7.19 million baht in year 2018, the Company held 48% of all shares. In year 2018, the Company invested in MECT Company Limited (MECT) amounted to 152.14 million baht, holding 20% of the paid-up capital. MECT’s business was to provide electrical, communication, air conditioning, fire protection, sanitary and pipe systems. Nitto Kogyo BM (Thailand) Company Limited (NBT) has been increasing its investments, therefore, NBT shall not deliver profit at the beginning. According to MECT Company Limited (MECT)’s business nature, its revenue in each quarter may fluctuate and possibly make profit or loss in each quarter. In year 2020, the Company had share of loss amounted to 0.64 million baht from Nitto Kogyo BM (Thailand) Company Limited (NBT), while share of profit amounted to 13.52 million baht from MECT Company Limited (MECT).

The Company has 6 product categories as stated below:

- 1) Metal trunking and white conduit
- 2) Communication rack, cabinet and enclosure



- 3) Electrical switchboard and lighting fixture
- 4) Fabrication and metal working
- 5) Mold & die making, machine tool and equipment
- 6) Sheet metal part, press part, machine part and assembly part

The Company's total revenues in the year 2018, 2019 and 2020 were 996.89 million baht, 913.33 million and 998.82 million baht respectively, and net profits in such mentioned years were 24.67 million baht, 36.01 million baht and 56.16 million baht respectively.

### 1.1 Income

The Company had total revenues in the year 2018, 2019 and 2020 amounted to 1,028.19 million baht, 913.33 million baht and 1,005.86 million baht respectively, sales and service income amounted to 985.17 million baht, 907.72 million baht and 993.76 million baht or equivalent to 95.82%, 99.39% and 98.80% of total revenue respectively, and other income amounted to 11.72 million baht, 5.61 million baht and 5.06 million baht or equivalent to 1.14%, 0.61% and 0.50% of total revenue respectively.

#### Income by product category in year 2018 - 2020

Income	Year 2018		Year 2019		Year 2020	
	Million baht	%	Million baht	%	Million baht	%
<b>Sales Revenue</b>						
1) Revenue of Metal Trunking and White Conduit	515.50	50.14	495.21	54.22	413.33	41.09
2) Revenue of Communication Rack, Cabinet and Enclosure	65.58	6.38	47.81	5.23	33.29	3.31

Income	Year 2018		Year 2019		Year 2020	
	Million baht	%	Million baht	%	Million baht	%
3) Revenue of Electrical Switchboard and Lighting Fixture	19.76	1.92	122.75	13.44	32.27	3.21
4) Revenue of Fabrication and Metal Working	144.82	14.09	31.88	3.49	25.89	2.57
5) Revenue of Mold & Die Making, Machine Tool and Equipment	13.41	1.30	22.20	2.43	300.70	29.89
6) Revenue of Sheet Metal Part, Press Part, Machine Part and Assembly Part	196.04	19.07	151.39	16.58	162.32	16.14
7) Revenue of Trading <sup>/1</sup>	23.60	2.30	30.92	3.39	20.09	2.00
<b>Revenue of Product Sales</b>	<b>978.71</b>	<b>95.19</b>	<b>902.16</b>	<b>98.78</b>	<b>987.89</b>	<b>98.21</b>
Revenue of Service <sup>/2</sup>	6.46	0.63	5.56	0.61	5.87	0.59
<b>Revenue of Product Sales and Service</b>	<b>985.17</b>	<b>95.82</b>	<b>907.72</b>	<b>99.39</b>	<b>993.76</b>	<b>98.80</b>
Dividend	31.30	3.04	-	-	7.04	0.70
Other Revenue <sup>/3</sup>	11.72	1.14	5.61	0.61	5.06	0.50
<b>Total Revenue</b>	<b>1,028.19</b>	<b>100.00</b>	<b>913.33</b>	<b>100.00</b>	<b>1,005.86</b>	<b>100.00</b>

Remark: /1 Income from trading such as income from selling assembly equipment, powder paints and others.

/2 Income from service such as income from powder painting service for external customers.

/3 Other income such as interest income, profit (lost) from asset disposal and amortization, selling scraps, etc.



### **Sale and service income**

The Company had sales and service income in the year 2018, 2019 and 2020 amounted to 985.17 million baht, 907.72 million baht and 993.76 million baht or equivalent to 95.82%, 99.39% and 98.80% of total revenue respectively. The sales and service income for the year 2020 increased by 86.04 million baht or equivalent to 9.48% compared to the previous year. The structure of sales and service income is described as follows:

- 1) Revenues from selling metal trunking and white conduit in the year 2018, 2019 and 2020 were 515.50 million baht, 495.21 million baht and 413.33 million baht or equivalent to 50.14%, 54.22% and 41.09% of total revenue respectively.

The main revenue of the Company in year 2020 was the revenue from selling metal trucking and white conduit (Product Category 1), which decreased by 81.88 million baht or equivalent to 16.53% compared to the previous year (year 2019) due to the slowdown of condominium and other construction projects caused by the Covid-19 pandemic. However, the Company generated revenue from mass rapid transit projects.

- 2) Revenues from selling communication rack, cabinet and enclosure in the year 2018, 2019 and 2020 were 65.58 million baht, 47.81 million baht and 33.29 million baht or equivalent to 6.38%, 5.23% and 3.31% of total revenue respectively. The revenue for the year 2020 decreased by 14.52 million baht or equivalent to 30.37% compared to the previous year.

- 3) Revenues from selling electrical switchboard and lighting fixture in the year 2018, 2019 and 2020 were 19.76 million baht, 122.75 million baht and 32.27million baht or equivalent to 1.92%, 13.44% and 3.21% of total revenue respectively. The revenue from selling electrical switchboard and lighting fixture for the year 2020 decreased by 90.48 million baht or equivalent to 73.71% compared to the previous year.

The projects of Product Category 2 and 3 also slowed down due to the Covid-19 outbreak.



- 4) Revenues from fabrication and metal working in the year 2018, 2019 and 2020 were 144.82 million baht, 31.88 million baht and 25.89 million baht or equivalent to 14.09%, 3.49% and 2.57% of total revenue respectively. The revenue from fabrication and metal working for the year 2020 decreased by 5.99 million baht or 18.79% compared to the previous year.
- 5) Revenues from mold & die making, machine tool and equipment in the year 2018, 2019 and 2020 were 13.40 million baht, 22.20 million baht and 300.70 million baht or equivalent to 1.30%, 2.43% and 29.89% of total revenue respectively. The revenue from mold & die making, machine tool and equipment for the year 2020 increased by 278.50 million baht or equivalent to 1,254.50% compared to the previous year (year 2019) due to the export of furniture (industrial rack).
- 6) Revenues from sheet metal part, press part, machine part and assembly part in the year 2018, 2019 and 2020 were 196.04 million baht, 151.39 million baht and 162.32 million baht or equivalent to 19.07%, 16.58% and 16.14% of total revenue respectively. The revenue for the year 2020 increased by 10.93 million baht or equivalent to 7.22% compared to the previous year. The orders of rice harvester continuously slowed down since year 2019 but recovered at the end of year 2020.
- 7) Revenues from trading such as assembly tool & equipment, fitting, powder coating, etc. in the year 2018, 2019 and 2020 were 23.60 million baht, 30.92 million baht and 20.09 million baht or equivalent to 2.30%, 3.39% and 2.00% of total revenue respectively. The revenue for the year 2020 decreased by 10.83 million baht or equivalent to 35.03% compared to the previous year due to the decrease in selling electrical wire & cable and equipment which were used and installed with metal trunking and white conduit (Product Category 1).
- 8) Revenues from service such as income from powder painting service for external customers in the year 2018, 2019 and 2020 were 6.46 million baht, 5.56 million baht and 5.87 million baht or equivalent to 0.63%, 0.61% and 0.59% of total revenue respectively.

Revenue structure by customer cluster in year 2018 - 2020

Customer cluster	Year 2018		Year 2019		Year 2020	
	Million baht	%	Million baht	%	Million baht	%
Contractor cluster	535.26	54.33	617.96	68.08	445.60	44.84
Business cluster	449.91	45.67	289.76	31.92	548.16	55.16
Dealer <sup>*/</sup>	---	---	---	---	---	---
<b>Total sales and service income</b>	<b>985.17</b>	<b>100.00</b>	<b>907.72</b>	<b>100.00</b>	<b>993.76</b>	<b>100.00</b>

Considering the above revenue structure by customer cluster, the Company's main customers were electrical system and construction contractors (contractor cluster). The revenues of the mentioned cluster in the year 2018, 2019 and 2020 were 535.26 million baht, 617.96 million baht and 445.60 million baht or equivalent to 54.33%, 68.08% and 44.84% of sales and service income respectively. The revenues of business customer in the year 2018, 2019 and 2020 were 449.91 million baht, 289.76 million baht and 548.16 million baht or equivalent to 45.67%, 31.92% and 55.16% of sales and service income respectively.

According to the revenue structure by customer cluster in the year 2018, 2019 and 2020, the revenue of contractor cluster in year 2020 decreased due to the Covid-19 situation, while, for business cluster, the Company's export increased significantly over the entire year.

**Other income**

The Company had other income in the year 2018, 2019 and 2020 were 11.72 million baht, 5.61 million baht and 5.06 million baht or equivalent to 1.14%, 0.61% and 0.50% of total revenue





respectively. The other income consisted of interest income, profit (loss) from asset disposal and amortization, and selling scraps, etc.

### **1.2 Cost of sales and services and profit margin**

The Company's cost of sales and services for the year ended 31 December 2020 increased by 100.55 million baht or equivalent to 14.14 percent. Compared to the same period of the previous year (year 2019), profit margin reduced from 21.66 percent to 18.33 percent, decreasing by 3.33 percent, because of higher cost of sales (greater than sales revenue). As the Company was in intense price competition with competitors in Vietnam, the profit of export was not high.

### **1.3 Selling and administrative expenses**

For the year ended 31 December 2019 and 2020, the Company had selling and administrative expenses of 128.69 million baht and 119.77 million baht respectively, increasing by 8.92 million baht or equivalent to 7.45 percent, due to cost of export from foreign exchange loss, and an allowance for doubtful accounts according to the TFRS 9 accounting standard.

### **Financial cost**

The Company had finance cost of 8.70 million baht, decreasing by 0.13 million baht or equivalent to 1.47 percent, over the same period of the previous year, because the Company managed the finance cost better.

### **1.4 Net profit and net profit margin under the Equity Method**

For the year ended 31 December 2020, the company reported net profit of 56.16 million baht and net profit margin of 5.62 percent. The Company had share of profit from MECT Company Limited



(MECT) amounted to 13.52 million baht, while had share of loss from Nitto Kogyo BM (Thailand) Company Limited (NBT) amounted to 0.64 million baht since the depreciation on factory building and machinery was recognized in Q4/2020.

### **1.5 Return on Equity**

The Company had Return on Equity (ROE) in year 2019 and 2020 of 5.21% and 8.00% respectively.

In year 2020, the Company had ROE of 8.00%, increasing from the previous year (year 2019). Due to the increase in net profit in year 2020, the company had higher ROE. In year 2019, the Company recognized loss from account receivable reserve and share of loss in the investment in associated companies, which were MECT Company Limited and Nitto Kogyo BM (Thailand) Company limited. In year 2020, the operating results of the associated companies were better, therefore, ROE was higher than year 2019.

## **2. Statements of financial position**

### **2.1 Total assets**

As of 31 December 2018, 2019 and 2020, the Company had total assets of 1,083.44 million baht, 1,113.22 million baht and 1,292.17 million baht respectively. The details were as follows:

#### **Current assets**

As of 31 December 2018, 2019 and 2020, the Company had current assets of 333.05 million baht, 314 million baht and 360.75 million baht or equivalent to 30.74%, 28.21% and 27.92% of total assets respectively. The details were as follows:

- Cash or cash equivalent as of 31 December 2018, 2019 and 2020 were 0.89 million baht, 3.30 million baht and 16.86 million baht or equivalent to 0.08%, 0.30% and 1.30% of total



assets respectively, which consist of cash, petty cash, savings deposit and interest from pledged deposit.

- Account receivables and other receivables - net as of 31 December 2018, 2019 and 2020 were 277.71 million baht, 205.48 million baht and 180.79 million baht or equivalent to 21.02%, 18.46% and 13.99% of total assets respectively as follows:

(Unit : Million baht)

	31 Dec 2018	31 Dec 2019	31 Dec 2020
Account receivables	250.54	231.15	203.83
Less: Allowance for doubtful debts	(24.28)	(26.61)	(23.73)
Account receivables – net	226.26	204.54	180.10
Other receivables – net	1.45	0.94	0.69
<b>Total account receivables and other receivables – net</b>	<b>227.71</b>	<b>205.48</b>	<b>180.79</b>

Considering account receivables as of 31 December 2019 and 2020, the Company had higher sales and service income in year 2020 and the account receivables decreased. The Company's export was 25.70% of total revenue and the credit term was 30 days. As a result, the account receivables decreased from the previous years. However, the allowance for doubtful debts in year 2020 increased 0.60 million baht from year 2019 according to the TFRS 9 accounting standard, and the company continuously followed up the debt collection of overdue accounts.

(Unit : Million baht)

<b>Account receivables</b>	31 Dec 2019	%	31 Dec 2020	%
Not yet due	143.02	61.87	133.40	65.45



Over due

- Less than or equal to 3 months	63.21	27.35	40.84	20.04
- More than 3 months to 6 months	1.18	0.51	0.84	0.41
- More than 6 months or 12 months	3.90	1.69	10.26	5.03
- More than 12 months	19.84	8.58	18.49	9.07
<b>Total account receivables</b>	<b>231.15</b>	<b>100.00</b>	<b>203.83</b>	<b>100.00</b>
Less: Allowance for doubtful debts	(26.61)		(23.73)	
<b>Account receivables - net</b>	<b>205.54</b>		<b>180.10</b>	

Considering account receivables by aging, most of account receivables were not yet due. The account receivables over due less than or equal to 3 months as of 31 December 2019 and 2020 were 63.21 million baht and 40.84 million baht or equivalent to 27.35% and 20.04% of total account receivables respectively. The account receivables over due more than 12 months as of 31 December 2020 was 18.49 million baht or equivalent to 9.07% of total account receivables, including the debt recovery litigation for the account receivables long over due. In addition, the Company set policy regarding allowance for doubtful debts, 100% of the account receivables over due more than 12 months and uncollectible accounts.

The Company sets credit term for account receivables to pay in 30 -90 days by considering financial position of customers, payment history, purchase frequency and purchase amount. The Company's average debt collection periods in year 2019 and 2020 were 87 days and 71 days respectively. But in reality the Company agrees with customers that, after product delivery, the credit term shall start at a later month. As a result, the Company delays the debt collections by another 30 days maximum. Besides, some customers set the dates for placing invoices and receiving cheques after the payment date,



which allows longer payment period. In year 2020, debt collection period was 71 days (less than the previous year) because the credit term for foreign customer was 30 days.

Inventory - net as of 31 December 2018, 2019 and 2020 were 103.57 million baht, 102.09 million baht and 154.00 million baht or equivalent to 9.56%, 9.17% and 11.92% of total assets respectively.

The Company reported the values of Finished Goods (FG) and Work in Process (WIP), and cost of raw materials including cost price under Weighted Average Costing method or net value, depending on which value was lower. The Company also reported cost price under First in, First out (FIFO) method or net value, depending on which value was lower. The Company considered them as a part of manufacturing cost after inventory draw. The detail are as follows:

	(Unit : Million baht)					
	31 Dec 2018	%	31 Dec 2019	%	31 Dec 2020	%
Finished goods	29.87	26.38	23.85	20.83	30.32	17.83
Work in Process	16.80	14.84	27.57	24.07	38.63	22.71
Raw materials	66.55	58.78	63.11	55.10	101.14	59.46
Total	113.22	100.00	114.53	100.00	170.09	100.00
<u>Less: Adjustment from cost price to net value</u>	(9.65)		(12.44)		(16.09)	
<b>Inventory – net</b>	<b>103.57</b>		<b>102.09</b>		<b>154.00</b>	

Majority of inventory as of 31 December 2018, 2019 and 2020 was raw materials, equivalent to 58.78%, 55.10% and 59.46% of total inventory respectively. Main raw



materials of the Company were steel, consumables, and powder paints. Major customers of the Company were system and construction contractors, therefore, the Company needed to maintain sufficient inventory to support the demands of each project. The Company's Finished Goods (FG) as of 31 December 2020 was 17.83% of total inventory. Most of Finished Goods (FG) were metal trunking and the Company already manufactured as per customer orders, also industrial racks for export were in awaiting shipment status.

The Company's average selling periods for the year 2018, 2019 and 2020 were 12 days, 12 days and 14 days respectively, and items were considered as Finished Goods (FG) for approximately 1 week until the items were sold.

The Company set policy regarding provision for obsolete inventory, which are finished goods, consumables, and goods in process at the age of more than 1 year and nonmoving and powder paints at the age of more than 6 months. The Company reported the provision of obsolete inventory regarding quantity and steel material, but did not report provision for obsolete products due to low rate of deterioration.

As of 31 December 2020, the Company reported provision of obsolete inventory amounted to 16.09 million, which were 4.93 million baht from Finished Goods (FG) and 11.16 million baht from consumables.

#### Non-current assets

As of 31 December 2018, 2019 and 2020, the Company had non-current assets of 750.39 million, 799.22 million baht and 931.43 million baht or equivalent to 69.26%, 71.79% and 72.08% of total assets respectively. The details are as follows:



- Pledged deposits as of 31 December 2018, 2019 and 2020 were 10.50 million baht, 6.00 million baht and 9.30 million baht respectively. The Company pledged deposit accounts at 2 financial institutions amounted to 9.30 million baht to secure credit facilities.
- Investment in associated companies as of 31 December 2019 and 2020 were 153.96 million baht and 159.12 million baht.

On 12 March 2018, the Company increased investment in ordinary shares and preferred shares of Nitto Kogyo BM (Thailand) Company Limited amounted to 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 23 May 2018, the Company invested in ordinary shares of MECT Company Limited amounted to 152.1 million baht or equivalent to 20% of the paid-up capital. The Company therefore recognized share of loss from investment in the associated company in the financial statements under equity method from 23 May 2018 to 31 December 2018.

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

In 2020, the Company recognized share of profit from investment in associated companies amounted to 12.88 million baht.

Associated company	Year 2020	Year 2019
MECT Company Limited	13.52	(26.16)
Nitto Kogyo BM (Thailand) Company Limited	(0.64)	0.91
<b>Total</b>	<b>12.88</b>	<b>(25.25)</b>



- Property, plant and equipment - net of the Company as of 31 December 2018, 2019 and 2020 amounted to 611.03 million baht, 624.79 million baht and 744.03 million baht or equivalent to 56.40%, 56.13% and 57.58% to total assets respectively. In year 2020, the Company purchased 25 Rai, 1 Ngan and 37 square Wa of land for export business expansion.

In year 2018, the Company invested in machinery such as arc welding robots for the production of cellular poles, roll forming, laser cutting and CNC machines for the production of metal trunking, forklifts for warehouse, and renovation of plant and warehouse.

In Year 2019, the Company additionally invested in machinery such as arc welding robots, roll forming, laser cutting CNC machines to support the production of metal trunking, and plant expansion.

- Intangible assets of the Company as of 31 December 2019, 2019 and 2020 were computer software amounted to 5.19 million baht, 4.27 million baht and 3.55 million baht, accounting for 0.48%, 0.38% and 0.27% of total assets respectively. In year 2020, the Company did not have any additional investment in the mentioned assets.

## **2.2 Source of funding**

### **Liabilities**

#### **Total liabilities**

As of 31 December 2018, 2019 and 2020, the Company had total liabilities of 392.13 million baht, 421.25 million baht and 579.62 million baht or equivalent to 36.19%, 37.84% and 44.86% of total assets respectively. The significant activities are stated below:



Total current liabilities

As of 31 December 2018, 2019 and 2020, the Company had total current liabilities of 311.01 million baht, 322.41 million baht and 410.02 million baht, accounting for 28.70%, 28.96% and 31.73% of total assets respectively. The details are as follows:

- Trade payables and other payables as of 31 December 2018, 2019 and 2020 were 200.08 million baht, 165.32 million baht and 250.51 million baht or equivalent to 18.47%, 14.85% and 19.39% of total assets respectively. The details are presented in below table:

	(Unit: Million baht)		
	<u>31 Dec 2018</u>	<u>31 Dec 2019</u>	<u>31 Dec 2020</u>
Trade payables - associated company	0.02	-	-
Trade payables	169.30	136.41	218.83
Other trade payables	1.56	2.20	2.33
Trade payables for purchase of machinery	8.38	4.15	3.75
Interest payables to director	-	-	-
Accrued payables	20.78	22.43	25.54
Interest payables	0.04	0.12	0.06
<b>Total trade payables and other trade payables</b>	<b>200.08</b>	<b>165.31</b>	<b>250.51</b>

Considering trade payables as of 31 December 2018, 2019 and 2020, the Company had higher sales income compared to year 2019, therefore, trade payable as of 31 December 2020 also increased.

Trade payables' payment period was 30 – 90 days. The trade payables' payment periods in year 2018, 2019 and 2020 were 82 days, 94 days and 94 days respectively. The



Company made full payment within the specific periods, which relatively represented high debt-paying ability of the Company.

Major activity of accrued payables was bonus payables to the directors and employees of the Company. As of 31 December 2018, 2019 and 2020, the Company had bonus payables of 15.85 million baht, 17.19 million baht and 19.02 million baht respectively.

#### Total non-current liabilities

As of 31 December 2018, 2019 and 2020, the Company had total non-current liabilities of 81.12 million baht, 98.84 million baht and 169.60 million baht or equivalent to 7.49%, 8.88% and 13.13% of total assets respectively. The details are as follows:

- Long-term loans: As of 31 December 2018, 2019 and 2020, the Company had long-term loans at financial institutes - net amounted to 58.30 million baht, 32.52 million baht and 76.81 million baht or equivalent to 5.38%, 2.92% and 5.95% of total assets respectively. After combining long-term liabilities with the maturity of 12 months, the Company had long-term loans as of 31 December 2018, 2019 and 2020 amounted to 94.70 million baht, 72.05 million baht and 107.92 million baht or equivalent to 8.74%, 6.47% and 8.35% of total assets respectively. In year 2019, the Company applied for long-term loan from a financial institution.
- Lease liabilities: As of 31 December 2018, 2019 and 2020, the Company had lease liabilities - net of 2.87 million baht, 39.03 million baht and 61.57 million baht or equivalent to 0.85%, 3.51% and 4.76% of total assets respectively. After combining lease liabilities and financial lease with the maturity of 12 months, the company had lease liabilities in year 2018, 2019 and 2020 of 7.31 million baht, 50.59 million baht and 80.50 million baht or equivalent to 0.66%, 4.55% and 6.63% of total assets



respectively. Major activities were vehicle and machinery leasing for business operation and production.

## 2.3 Shareholder's equity

As of 31 December 2018, 2019 and 2020, the Company had total shareholder's equity of 691.32 million baht, 691.97 million baht and 712.56 million baht or equivalent to 63.81%, 62.16% and 55.14% of total assets respectively. Significant details are as follows:

- Registered capital and paid-up capital:
  - The 2015 AGM of shareholders on 28 April 2015 approved to increase the Company's capital from 91.00 million baht to 150.00 million baht. Common stocks were offered to the existing shareholders proportionally for better capital structure and preparing to be a listed company on the Market for Alternative Investment (mai). The Company increased the Company's capital to 200.00 million baht and started Initial Public Offering (IPO) on 9 - 11 May 2016, as a result, the Company's paid-up capital was increased to 200.00 million baht.
  - The 2017 AGM of Shareholders on 3 April 2017 approved the increase in Company's capital to 220.00 million baht by issuing new ordinary shares under the General Mandate and allocating to the private placement. On 21 November 2017, the Company's paid-up capital was increased to 220.00 million baht as Nitto Kogyo Corporation (Japan) purchased the newly issued ordinary shares of the Company under the General Mandate allocated to the private placement of 40,000,000 shares, issue price of 3.73 baht per share, par value of 0.50 baht per share, share premium amounted to 374.06 million baht.



- The 2018 Extraordinary General Meeting on 2 August 2018 approved the increase in the registered capital from 220 million baht to 275 million baht, increasing by 55,000,000 million baht, by issuing 110,000,000 new ordinary shares with a par value of 0.50 baht per share, to prepare for the issuance and offering of Warrants to purchase ordinary shares of Bangkok Sheet Metal Public Company Limited Series 1 (BM-W1) in the amount of not greater than 110,000,000 units.

-Capital in excess of par value: In July 2009, the Company increased the registered capital from 60.00 million baht to 79.00 million baht by issuing 190,000 common stocks with par value of 100 baht per share, issue price of 150 baht per share, for training center and new office building and additional investment in punching machine for the production of product category 2 and 6. In December 2009, the Company increased the registered capital from 79.00 million baht to 91.00 million baht by issuing 120,000 common stocks with price value 100 baht per share, issue price of 150 baht per share for the purchase of machinery and painting line installation. Therefore, the Company had capital in excess of par value amounted to 15.50 million baht. Later, in year 2016, the Company registered as a listed company to raise the capital and offered Initial Public Offering (IPO) by issuing 100,000,000 ordinary shares, issue price of 2.88 baht per share. After IPO, the Company had capital in excess of par value as of 31 December 2016 amounted to 244.86 million baht or equivalent to 29.42% of total assets.

In year 2017, Nitto Kogyo Corporation (Japan) or Nitto purchased the newly issued ordinary shares of the Company under the General Mandate allocated to the private placement of 40,000,000 shares, par value of 0.50 baht per share, issue price of 3.73 baht per share, totaling 149.20 million baht. Consequently, the Company had capital in excess of par value amounted to 129.20 million baht.



On 17 August 2018 (date of issuance), the issuance and offering of Warrants to purchase the ordinary shares of the Company Series 1 (BM-W1) in the amount not greater than 110,000,000 units to the existing shareholders at the ratio of 4 existing ordinary shares to 1 unit of Warrant for free, with 2 years tenor from the date of issuance of the Warrants. 1 unit of Warrant was entitled to purchase 1 new ordinary share at the exercise price of 4 baht per share.

On 30 August 2018, the Company filed application to list the Warrants as listed securities on the mai Stock Exchange. Investors were able to trade the Warrants on the mai Stock Exchange on the same date.

On 30 July – 13 August 2020, investor exercised 125 units of the Warrants. The capital increase shares were filed on the mai Stock Exchange on 10 September 2020.

- Unappropriated retained earnings: As of 31 December 2018, 2019 and 2020, the Company had unappropriated retained earnings of 79.48 million baht, 76.79 million baht and 94.54 million baht or equivalent to 7.34%, 6.90% and 7.32% of total assets respectively. The Board of Directors' Meeting No. 1/2021 on 25 February 2021 approved dividend payment from the profits of the year 2020 amount to 35.20 million baht or equivalent to a dividend payout ratio of 69.90% of the net profit to the shareholders of the Company, totaling 440,000,000 ordinary shares. The dividend payment shall be proposed to the 2021 AGM of shareholders for approval.

#### Financial structure

The Company's Debt to Equity (D/E) ratio as of 31 December 2018, 2019 and 2020 were 0.57, 0.61 and 0.81 respectively. The Company's Debt to Equity (D/E) ratio increased gradually. In year 2017, The Company offered 40,000,000 newly issued ordinary shares to Nitto Kogyo Corporation with a par value of 0.50 baht per share, issue price of 3.73 baht per share, totaling 149.20



million baht. As a result, the Company's capital in excess of par value increased while Debt to Equity (D/E) ratio declined. In year 2019, the Company got long-term loan from financial institute for investment in associated company, and equipment leasing amounted to 50.00 million baht. In year 2020, the Company got long-term loan of 75 million baht from financial institute to purchase 25 Rai, 1 Ngan and 37 square Wa, and equipment leasing of 48.00 million baht. Therefore, Debt to Equity (D/E) ratio increased from the previous year.

## 2.4 Liquidity

As of 31 December 2018, 2019 and 2020, the Company had total current assets of 333.05 million baht, 314 million baht and 360.74 million baht or equivalent to 30.74%, 28.21% and 27.92% of total assets respectively. Total current assets in year 2020 increased because account receivables from inventories were higher due to awaiting shipment, while the increase in non-current assets derived from investment in property, plant and machinery.

As of 31 December year 2018, 2019 and 2020, the Company had total current liabilities of 311.01 million baht, 322.41 million baht and 410.02 million baht or 28.70%, 28.96% and 31.73% of total assets respectively. In year 2019, total current liabilities increased from lease liabilities, financial lease with the maturity of 12 months and long-term loans with the maturity of 12 months. In year 2020, total current liabilities increased from bank overdrafts, short-term loans, long-term loans with the maturity of 12 months and income tax payables.

In consequence of the above mentioned changes in total current assets and total current liabilities, liquidity ratios in year 2018, 2019 and 2020 were 1.07, 0.97 and 0.88 respectively, and quick liquidity ratios of 0.74, 0.66 and 0.88 respectively.

Cash cycle of the Company in year 2018, 2019 and 2020 was 38 days, 51 days and 39 days respectively. In the past 3 years, the Company regularly followed up and was able to collect account receivables, foreign customer in particular.

**Cash flows for fiscal year 2020 ended 31 December 2020****Net cash provided by (used in) operating activities**

The Company's net cash provided by (used in) operating activities was 140.44 million baht from increase in trade payables and other payables of 81.57 million baht, and decrease in account receivables of 27.58 million baht. Therefore, net cash from operating activities of the Company in year 2020 stayed positive.

**Net cash provided by (used in) investing activities**

The Company's net cash used in investing activities was 163.47 million baht. The negative net cash derived from purchases of land, equipment and tools to increase productivity, especially for furniture export of product category 5.

**Net cash provided by (used in) financing activities**

The Company's net cash provided by financing activities was 36.53 million baht, which included cash received from bank overdrafts and short-term loans from financial institutions of 7.98 million baht, cash received from long-term loans from financial institutions of 75.00 million baht, proceeds from sale and lease back transactions of 48.00 million baht, cash paid for long-term loans of 39.13 million baht, and cash paid for dividend of 35.20 million baht.

**Cash flows from investing activities**

Cash flows from investing activities of the Company were for plant expansion and purchase of machinery to support business expansion in the future. The details are shown in below table.

**Expenses for investing activities**

Unit: Million baht

	<b>Year 2018</b>	<b>Year 2019</b>	<b>Year 2020</b>
Cash paid for purchase of property, plant and equipment	103.60	49.61	166.02



In year 2018, the Company invested in purchase of machinery for the production of cellular towers and metal trunking, forklifts for warehouse, plus renovation of factory and warehouse.

In year 2019, the Company invested in purchase of machinery to increase the production of product category 5 (future export), including factory expansion.

In year 2020, the Company purchased 25 Rai, 1 Ngan and 37 square Wa of land and invested in machinery and tools for the production of industrial racks (furniture) for export business.





BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

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REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



## **INDEPENDENT AUDITOR'S REPORT**

To                    The Shareholders and Board of Directors of  
  
Bangkok Sheet Metal Public Company Limited

### **Opinion**

I have audited the consolidated financial statements of Bangkok Sheet Metal Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Bangkok Sheet Metal Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Bangkok Sheet Metal Public Company Limited and its subsidiaries as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Bangkok Sheet Metal Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the



Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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### **Emphasis of matter**

I draw attention to Note 3.2 to the financial statements. Due to the impact of COVID-19 pandemic, in preparing the financial statement for the year ended December 31, 2020, the Group has adopted the Accounting Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation” announced by the Federation of Accounting Professions. My opinion is not modified in respect of these matters.

### **Key Audit Matter**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statement 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.

### **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 2020, 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.

### **Response by the auditor**

I gained an understanding and assessed the internal controls of the Company relevant to revenue cycle by making enquiry of responsible executives 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, sales transactions near the end of the accounting period, conducted sampling of sales agreements to test the revenue recognition whether it follows the terms and conditions specified in the sales agreement and corresponds with the Company's revenue recognition policy. Furthermore, I 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 12 to the financial statements, as at 31 December 2020, the Company has investments in associated companies in the consolidated financial statements and the separate financial statements amounting to Baht 159 million and Baht 224 million, respectively, which are significant amounts. In assessing the impairment of these investments, the management needs to exercise substantial judgment in assessing the indication of impairment, as well as 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.

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### **Response by the auditor**

I assessed the management's identification of impairment of investments in associated companies by enquiring with the management regarding management's process of consideration on the indication of impairment such as operating results and interest in the invested company, etc., assessed the method selected by the management in measuring the value of investments in associated companies and also assessed the assumptions applied in the projections of future 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 reviewed 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 matter**

The statements of financial position of Bangkok Sheet Metal Public Company Limited as at December 31, 2019, presented herewith for comparative information, were audited by another auditor who expressed an unqualified opinion on those statements in the report dated February 28, 2020.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.



My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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





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

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements and separate financial statements.

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

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- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that we 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.

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From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Wannisa Ngambuathong.

(Miss Wannisa Ngambuathong)

Certified Public Accountant

Registration No. 6838

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 25, 2021



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**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2020**

		<u>ASSETS</u>				
		In Baht				
		Consolidated	Financial statements	Separate Financial Statements		
		Financial Statements	in which the equity			
			method is applied			
		As at December	As at December	As at December	As at December	
Note		31, 2020	31, 2019	31, 2020	31, 2019	
CURRENT ASSETS						
	Cash and cash equivalents	7	16,855,999	3,297,423	15,875,299	3,297,423
	Trade and other receivables	8	180,792,674	205,476,141	180,792,674	205,476,141
	Inventories	9	153,996,626	102,094,180	153,996,626	102,094,180
	Other current assets		9,100,566	3,133,150	9,100,563	3,133,150
	Total current assets		360,745,865	314,000,894	359,765,162	314,000,894
NON-CURRENT ASSETS						
	Pledged deposits at financial institutions	10	-	6,000,000	-	6,000,000
	Other non-current financial assets	10	9,300,000	-	9,300,000	-
	Investment in subsidiary	11	-	-	700,000	-
	Investment in associated company	12	159,116,325	153,958,686	224,141,475	224,141,475
	Other long-term investment		-	380,000	-	380,000
	Property, plant and equipment	13	744,027,877	624,790,973	744,027,877	624,790,973
	Right-of-use assets	14	3,461,091	-	3,461,091	-
	Intangible assets	15	3,551,739	4,274,156	3,551,739	4,274,156
	Deferred tax assets	16	11,922,520	9,767,739	11,922,520	9,767,739
	Other non-current assets		50,000	50,000	50,000	50,000
	Total non-current assets		931,429,552	799,221,554	997,154,702	869,404,343
TOTAL ASSETS			1,292,175,417	1,113,222,448	1,356,919,864	1,183,405,237



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**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

## THE STATEMENTS OF FINANCIAL POSITION (CONT.)

**AS AT DECEMBER 31, 2020**

## **LIABILITIES AND SHAREHOLDERS' EQUITY**

ANNUAL REPORT 2020



**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

		In Baht			
		Consolidated	Financial statements	Separate Financial Statements	
		Financial Statements	in which the equity		
			method is applied		
		As at December	As at December	As at December	As at December
Note		31, 2020	31, 2019	31, 2020	31, 2019
SHAREHOLDERS' EQUITY					
Share capital					
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					
	440,000,125 ordinary shares of Baht 0.50 each	22, 23	220,000,062	220,000,062	
	440,000,000 ordinary shares of Baht 0.50 each		220,000,000		220,000,000
	Share premium		374,060,438	374,060,000	374,060,438
Retained earnings					
	Appropriated - statutory reserve		23,821,500	21,271,500	23,821,500
	Unappropriated		94,536,680	76,794,609	159,429,899
	Other components of shareholders' equity		(154,452)	(154,452)	-
	Total shareholder's equity of the parent company		712,264,228	691,971,657	777,311,899
	Non-controlling interests		290,348	-	-
TOTAL SHAREHOLDERS' EQUITY			712,554,576	691,971,657	777,311,899
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			1,292,175,417	1,113,222,448	1,356,919,864

**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

ANNUAL REPORT 2020





**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

		In Baht								
		Consolidated Financial Statements								
		Issued and fully paid share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity of the parent company	Non-controlling interests	Total
				Appropriated - statutory reserve	Unappropriated	Share of other comprehensive income from investments in associated companies	Total other components of shareholders' equity			
	Note									
Balance as at January 1, 2019		220,000,000	374,060,000	17,771,500	79,484,240	-	-	691,315,740	-	691,315,740
Dividend paid	29	-	-	-	(35,200,000)	-	-	(35,200,000)	-	(35,200,000)
Unappropriated retained earnings transferred to statutory reserve	24	-	-	3,500,000	(3,500,000)	-	-	-	-	-
Comprehensive income										
Profit for the year		-	-	-	36,010,369	-	-	36,010,369	-	36,010,369
Other comprehensive income for the year		-	-	-	-	(154,452)	(154,452)	(154,452)	-	(154,452)
Balance as at December 31, 2019		220,000,000	374,060,000	21,271,500	76,794,609	(154,452)	(154,452)	691,971,657	-	691,971,657
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	5	-	-	-	(676,551)	-	-	(676,551)	-	(676,551)
Balance as at 1 January 2020 - as restated		220,000,000	374,060,000	21,271,500	76,118,058	(154,452)	(154,452)	691,295,106	-	691,295,106
Non-controlling interests from investment in subsidiaries	11	-	-	-	-	-	-	-	300,000	300,000
Increase in share capital from warrant	23	62	438	-	-	-	-	500	-	500
Dividend paid	29	-	-	-	(35,200,000)	-	-	(35,200,000)	-	(35,200,000)
Unappropriated retained earnings transferred to statutory reserve	24	-	-	2,550,000	(2,550,000)	-	-	-	-	-
Comprehensive income										
Profit (loss) for the year		-	-	-	56,168,622	-	-	56,168,622	(9,652)	56,158,970
Other comprehensive income (expense) for the year		-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020		220,000,062	374,060,438	23,821,500	94,536,680	(154,452)	(154,452)	712,264,228	290,348	712,554,576



**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

		In Baht			
		Separate Financial Statements			
Note	Issued and fully paid share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
			- statutory reserve		
Balance as at January 1, 2019	220,000,000	374,060,000	17,771,500	124,260,891	736,092,391
Dividend paid	29	-	-	(35,200,000)	(35,200,000)
Unappropriated retained earnings transferred to statutory reserve	24	-	3,500,000	(3,500,000)	-
Comprehensive income					
Profit for the year	-	-	-	61,262,055	61,262,055
Other comprehensive income for the year	-	-	-	-	-
Balance as at December 31, 2019	220,000,000	374,060,000	21,271,500	146,822,946	762,154,446
Increase in share capital from warrant	23	62	438	-	500
Dividend paid	29	-	-	(35,200,000)	(35,200,000)
Unappropriated retained earnings transferred to statutory reserve	24	-	2,550,000	(2,550,000)	-
Comprehensive income					
Profit for the year	-	-	-	50,356,953	50,356,953
Other comprehensive income for the year	-	-	-	-	-
Balance as at December 31, 2020	220,000,062	374,060,438	23,821,500	159,429,899	777,311,899



**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	In Baht			
	Consolidated	Financial statements	Separate Financial Statements	
	Financial Statements	in which the equity		
		method is applied		
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit for the year	56,158,970	36,010,369	50,356,953	61,262,055
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	49,019,127	42,738,038	49,019,127	42,738,038
Allowance for expected credit losses/allowance for doubtful debts (reversal)	(2,879,798)	2,331,032	(2,879,798)	2,331,032
Allowance for the decline in value of obsolete inventories	3,655,036	2,785,212	3,655,036	2,785,212
Gain on sales of assets	(258,603)	(230,464)	(258,603)	(230,464)
Loss from written-off assets	-	13,136	-	13,136
Loss from refunded tax	101,242	-	101,242	-
Unrealized (gain) loss on exchange rate	(46,144)	-	(46,144)	-
Loss from sale of other investment	380,000	-	380,000	-
Share of (profit) loss from investment in associated companies	(12,876,690)	25,251,686	-	-
Dividend income	-	-	(7,042,500)	-
Interest income	(112,388)	(117,463)	(112,211)	(117,463)
Provision for long-term employee benefits expenses	4,040,528	7,340,808	4,040,528	7,340,808
Interest expense	8,703,533	8,917,509	8,703,533	8,917,509
Income tax expense	6,501,712	12,384,352	6,501,712	12,384,352
Income from operating activities before changes in operating assets and liabilities	112,386,525	137,424,215	112,418,875	137,424,215
(Increase) decrease in operating assets				
Trade and other receivables	27,582,564	19,869,413	27,704,993	19,869,413
Inventories	(55,557,482)	(1,308,175)	(55,557,482)	(1,308,175)
Other current assets	(6,043,884)	(2,249,018)	(6,043,882)	(2,249,018)
Increase (decrease) in operating liabilities				
Trade and other payables	81,572,647	(39,169,483)	81,560,147	(39,169,483)
Other current liabilities	6,359,177	(60,887)	6,358,802	(60,887)
Cash paid for provision for long-term employee benefits	(105,600)	-	(105,600)	-
Cash received (paid) from operating	166,193,947	114,506,065	166,335,853	114,506,065



**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	In Baht			
	Consolidated	Financial statements	Separate Financial Statements	
	Financial Statements	in which the equity		
	method is applied			
	2020	2019	2020	2019
Cash paid for interest	(6,444,658)	(7,896,804)	(6,444,658)	(7,896,804)
Cash paid for income tax	(19,620,239)	(4,622,099)	(19,620,239)	(4,622,099)
Cash received from refunded tax	70,385	-	70,385	-
Cash received from interest income	240,835	145,810	118,229	145,810
Net cash from provided by (used in) operating activities	140,440,270	102,132,972	140,459,570	102,132,972
<b>Cash flows from investing activities</b>				
(Increase) decrease in other non-current financial assets	(3,300,000)	4,500,000	(3,300,000)	4,500,000
Cash paid for investment in subsidiary	-	-	(700,000)	-
Cash paid for investments in associated companies	-	(62,400,000)	-	(62,400,000)
Cash paid for investment in other long-term investments	-	(380,000)	-	(380,000)
Cash paid for purchase of property, plant and equipment	(166,024,016)	(49,609,299)	(166,024,016)	(49,609,299)
Cash paid for purchase of intangible assets	(1,284,000)	(909,206)	(1,284,000)	(909,206)
Cash received from sales of equipment	100,000	350,467	100,000	350,467
Cash received from dividend	7,042,500	-	7,042,500	-
Net cash from provided by (used in) investing activities	(163,465,516)	(108,448,038)	(164,165,516)	(108,448,038)
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term				
loans from financial institutions	7,976,168	25,118,426	7,976,168	25,118,426
Cash received for investment from non-controlling interests	300,000	-	-	-
Cash paid for lease liabilities	(20,410,994)	(7,618,509)	(20,410,994)	(7,618,509)
Proceeds from sale and lease back transactions	48,000,000	49,080,000	48,000,000	49,080,000
Cash paid for long-term loans	(39,131,753)	(38,767,510)	(39,131,753)	(38,767,510)
Cash received from long-term loans	75,000,000	16,112,235	75,000,000	16,112,235



**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**THE STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	In Baht			
	Consolidated	Financial statements	Separate Financial Statements	
	Financial Statements	in which the equity		
		method is applied		
	2020	2019	2020	2019
Cash received from investment in share capital from warrant	500	-	500	-
Cash paid for dividend	(35,200,000)	(35,200,000)	(35,200,000)	(35,200,000)
Net cash provided by (used in) financing activities	36,533,921	8,724,642	36,233,921	8,724,642
Net increase (decrease) in cash and cash equivalents - net	13,508,675	2,409,576	12,527,975	2,409,576
Unrealized gain on exchange rate from the translation of foreign currency bank deposits	49,901	-	49,901	-
Cash and cash equivalents - beginning of year	3,297,423	887,847	3,297,423	887,847
Cash and cash equivalents - ending of year	16,855,999	3,297,423	15,875,299	3,297,423
Supplementary disclosures of cash flows information:				
Non-cash transaction				
Account receivable for sale of assets	226,000	-	226,000	-
Account payables for purchase of assets	3,754,086	4,150,083	3,754,086	4,150,083
Assets acquired under finance lease agreements	61,038,183	55,674,688	61,038,183	55,674,688

**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020****1. GENERAL INFORMATION****(a) Legal status and address**

Bangkok Sheet Metal Public Company Limited is a public company incorporated and domiciled in Thailand.

The address of its registered office is as follows :

149 Moo 6, Suksawad Road, Tambol Bangjak, Amphur Phrapradang, Samutprakarn.

**(b) Nature of the Company's business**

Its principal activities are manufacture and distribution of metal forming products.

**2. BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS**

- 2.1 The accompanying consolidated financial statements include the financial statements of Bangkok Sheet Metal Company Limited and the following subsidiary which is owned directly and indirectly by the Company as follows:

			Percentage of shareholdings	
			As at December	As at December
Name	Business type	Country of registration	31, 2020	31, 2019
<u>Subsidiary</u>				
BM Innotech Industry Company Limited	Design, development, machinery and automation services	Thailand	70.00	-

- 2.2 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investment balance in the Company's books and share capital of the subsidiaries are eliminated from the consolidated financial statements.
- 2.3 Subsidiaries are fully consolidated in the consolidated financial statement as from the date of acquisition, being the date on which the Company obtains control until the end of such control.
- 2.4 The accounting policies of the subsidiaries for similar accounting transactions are the same as the Company.



- 2.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately from the portion of owners of the parent.

### 3. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

#### 3.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 financial statements in Thai language version.

#### 3.2 Thai Financial Reporting Standards that become effective in the current year

During the year, the Company and its subsidiaries have adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

##### **Financial reporting standards related to financial instruments:**

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

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
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 amortized 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.

### **TFRS 16 Leases**

TFRS 16 Leases supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

January 1, 2020, the Company has adopted TFRSs related to financial instruments and TFRS 16 in its financial statements by applying modified retrospective approach. The impact from the first-time adoption has been disclosed in Note 5 to the financial statements.

### **Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where use a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the





fair value as at January 1, 2020.

### 3.3 Financial reporting standards that become effective in the future

During the year, the Federation of Accounting Professions issued a notification of the Federation of Accounting Professions and published in the Government Gazette for the conceptual framework of financial reporting (new) and several revised financial reporting standards from the year 2019 by becomes effective for the accounting period beginning on or after January 1, 2021 onwards. Which such adjustments are improve/revise principles the financial reporting is as follows:

#### **Adjustment is reference to the conceptual framework in the financial reporting standards**

Several financial reporting standards are reference to “IASC’s Framework for the Preparation and Presentation of Financial Statements.” The adjustment of reference project on the conceptual framework in the financial reporting standards has updated reference or partial reference adjustment and other to describe clearly whether each document is reference to “the conceptual framework” of which year.

#### **Conceptual Framework for Financial Reporting**

The conceptual framework for financial reporting consisted of revised definitions of assets and liabilities. Criteria for recognition assets and liabilities in the financial statements. It also includes the following new principles and guidance:

1. Measurement, including factors that must be considered in selecting the valuation criteria.
2. Presentation and disclosure which includes when the income and expenses are classified into other comprehensive income.
3. Reporting entities.
4. When the assets and liabilities derecognition from the financial statements.

In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information.

#### **Definition of Business**

Business definition revised in the financial reporting standard No. 3 “Business Combination” describes more clearly on definition of business. The objective is for the

business to establish that such transaction has to be recorded as “business combination” or “purchase of assets” or not. Adjustments are as follows:

1. Describe clearly on the consideration of “business”, activity group and acquired assets must include input data factor, key process that at least combined will significantly generate outputs.
2. Eliminate the assessment that the market partner can substitute input factor or missing process and generate further outputs from the standards.
3. Add practice guide and example to support understanding and help the company assess whether the key process is acquired.
4. Narrow down the definition of business and definition of outputs by placing interest in the product and service provided to the customer and eliminate the reference on ability to reduce cost from the standards.
5. Add the intention test as an alternative which allows to make assessment easily whether the activity group and acquired assets are business or not.

#### **Definition of significance**

The definition of significance resulted in revising the accounting standard No.1 “Presentation of Financial Statements, Presentation of Financial Statements and Accounting Standards No.8 – Accounting Policy, Change of Accounting Estimates and Error and the revision that resulted in other financial reporting standards.

The adjustment creates better understanding of the definition of significance by

1. For the definition to follow the same direction of the financial reporting standards and conceptual framework to avoid the confusion that may arise from the definition difference.
2. Include the requirements together of the accounting standard No.1 “Presentation of financial statements” in the definition for it to become clearer and describe how the materiality can be clearly applied.
3. Applying existing practice guidance of the definition of the materiality in the same place as the definition.

#### **Reform of swap interest rate**

The reform of swap interest rate resulted in the adjustment of the financial reporting standards No. 9 financial instruments and financial reporting standards No.7 financial instrument disclosure. Such adjustment has changed the hedge accounting requirements, especially to reduce the impact arising from the uncertainty as a result of the swap interest rate reform such as interbank offer rates-IBORs. In addition, the adjustment requires the



business to provide additional information to investors regarding the relation of hedging directly impacted from any uncertainties.

The management of the Company and its subsidiaries are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

#### 3.4 Thai Financial Reporting Standard No.16 “Leases”

The Federation of Accounting Professions has revised TFRS 16 lease agreements and published in the Government Gazette on January 27, 2021 with the following revisions.

1. The Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

2. Added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

These TFRSs to the financial statements do not have any significant impact on the Company and its subsidiaries’s financial statements.

## 4. SIGNIFICANT ACCOUNTING POLICES

### 4.1 Revenue recognition

#### Sale of goods

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

#### Revenue of service

Revenue of service is recognized when the service.

#### Dividends

Dividends are recognized as income when having the rights to receive the dividends.

### 4.2 Financial assets and financial liabilities

Applicable from January 1, 2020

### **Classification and measurement of financial assets**

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company and its subsidiaries classify its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company and its subsidiaries reclassify debt instruments when and only when its business model for managing those assets changes.

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

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



or loss.

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

Dividends from such investments continue to be recognized in profit or loss which shown be “other income” when the Company and its subsidiaries’s right to receive payments is established.

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



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

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

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

At initial recognition, the Company and its subsidiaries measure financial liabilities at fair value. The Company and its subsidiaries reclassify all financial liabilities as subsequently measured at amortised cost, except for some financial liabilities.

### **Recognition and derecognition**

The Company and its subsidiaries shall recognize a financial asset or a financial liability in its statement of financial position when the Company and its subsidiaries become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company and its subsidiaries commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Company and its subsidiaries have been transferred the financial assets and transferred substantially all the risks and rewards of ownership of the financial assets.

### **Impairment**

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

## **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at bank, and highly liquid short-term investment with an original maturity of three months or less and not subject to withdrawal restrictions.



#### 4.4 Trade accounts receivable

Applicable from January 1, 2020

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

Trade receivables are stated at the amount expected to be collectible, the Company and its subsidiaries apply the TFRS 9 simplified approach to measuring allowance for expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and its subsidiaries have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognized in profit or loss within administrative expenses.

Applicable prior to January 1, 2020

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.

#### 4.5 Inventories

Finished goods and work in process stated at cost (under the weighted average method) or net realisable value, whichever is lower. The cost of inventories is measured using the standard cost method, which approximates actual cost and consist of material cost, labour cost and factory overheads.

Raw material stated at cost which is determined by first-in, first-out method or net realisable value, whichever is lower and are charged to production costs whenever consumed.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of



conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

#### 4.6 Investments

##### Investment in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries in the separate financial statement are stated at cost net from allowance on impairment (if any).

##### Investment in associates

Associates are all entities over which the Company has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are initially recognized at cost and using the equity method in the consolidated financial statements.

Investments in associates in the separate financial statement are stated at cost net from allowance on decline in value (if any).

Interests in associates are accounted for using the equity method. They are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control or significant influence ceases.

#### 4.7 Derivatives

The Company uses derivatives, such as forward currency contracts to hedge its foreign currency risks, respectively.

Derivatives are initially recognised at fair value on the date on which a derivative





contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as other current assets or other current liabilities if the remaining maturity of the instrument is settled within 12 months.

#### 4.8 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

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

The Company and its subsidiaries have reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

#### 4.9 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.



#### 4.10 Intangible assets

Computer software is stated at cost less accumulated amortization and allowance on impairment (if any).

Computer software is amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 3 years and 5 years.

The useful lives are reviewed by the Company and its subsidiaries every year.

The amortization is included in the determination of income.

#### 4.11 Related party transactions

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

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

#### 4.12 Leases

Applicable from January 1, 2020

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

The Company and its subsidiaries assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

##### **Right-of-use assets-as a lessee**

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets



includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

### **Lease liabilities**

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Company and its subsidiaries exercising the option to terminate. Short-term leases and leases of low-value assets

In calculating the present value of lease payments, the Company and its subsidiaries use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

The Company and its subsidiaries apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.



Applicable prior to January 1, 2020

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.

#### 4.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the statement of financial position date are translated into Baht at the rates ruling on the statement of financial date.

Exchange gains and losses are included in determining earnings.

#### 4.14 Impairment of non-financial assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of non-financial 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.

#### 4.15 Employee benefits

##### Short-term employment benefits

The Company and its subsidiaries recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

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

The Company, its subsidiaries and its employees have jointly established a provident



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

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

The Company and its subsidiaries has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiaries treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

#### 4.16 Provision

A liability provision is recognized when there is a present obligation which arises as a result of a past event and 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.

#### 4.17 Income tax expense

##### Income tax

Income tax comprises current income tax and deferred tax.

##### Current tax

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates 20% of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and a subsidiary is exempted from corporate income tax on net profit of investment.



The subsidiary records income tax expense, if any, based on the amount currently payable under the Revenue Code. Income tax is calculated at the tax rates from net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and the subsidiaries is exempted from corporate income tax on net profit of investment. Income tax is calculated at the rates as follows.

	<u>Tax rate</u>
Net profit before income tax	
Less than 300,000 Baht	exempted
300,000 - 3,000,000 Baht	15%
More than 3,000,000 Baht	20%

#### Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiaries will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiaries will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

#### 4.18 Measurement of fair values

A number of the Company and its subsidiaries's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets.

When measuring the fair value of an asset or a liability, the Company and its subsidiaries use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

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

#### 4.19 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

#### 4.20 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of account receivables

Applicable from January 1, 2020

In determining an allowance for expected credit losses of account receivables, the management needs to make judgement in selecting a method and make assumptions as disclosed in Note 4.4 to the financial statements.

Allowance for doubtful accounts

Applicable prior to January 1, 2020

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 decline value of inventories

The determination of allowance for decline value of inventories 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.

Impairment of investment in associate

Determining whether investment in associate is impaired requires an estimation of the recoverable amount. The value-in-use calculation requires the Company's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, an impairment loss may arise.

Property, plant and equipment/ right-of-use assets and depreciation

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





In addition, the management is required to review property, plant and equipment and right-of-use assets for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement 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.

### **5. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

As described in Note 3.2 to the financial statements, during the current year, the Company has impacts from adoption of TFRSs related to financial instruments and TFRS 16. The cumulative effect of the changes in accounting policies are recognized as an adjustment to retained earnings as at January 1, 2020 and the comparative information was not restated.



The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

	In Thousand Baht			
	Financial statements in which the equity method is applied			
	As at December 31, 2019	TFRSs related to financial instruments	TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
<b>Non-current assets</b>				
Pledged deposits at financial institutions	6,000	(6,000)	-	-
Other non-current financial assets	-	6,380	-	6,380
Investment in associated company	153,958	(676)	-	153,282
Other long-term investment	380	(380)	-	-
Property, plant and equipment	624,791	-	(11,441)	613,350
Right-of-use assets	-	-	11,441	11,441
<b>Shareholders' equity</b>				
Unappropriated retained earnings	76,794	(676)	-	76,118

	In Thousand Baht			
	Separate Financial Statements			
	As at December 31, 2019	TFRSs related to financial instruments	TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
<b>Non-current assets</b>				
Pledged deposits at financial institutions	6,000	(6,000)	-	-
Other non-current financial assets	-	6,380	-	6,380
Other long-term investment	380	(380)	-	-
Property, plant and equipment	624,791	-	(11,441)	613,350
Right-of-use assets	-	-	11,441	11,441



## 5.1 Financial instruments

The total impact on the retained earnings as at January 1, 2020 is as follows:

	In Thousand Baht	
	Financial statements in which the equity method is applied	Separate Financial Statements
Unappropriated retained earnings as at December 31, 2019	76,794	146,822
Increase in loss allowance for trade and other receivables - associates	(676)	-
Unappropriated retained earnings as at January 1, 2020 - TFRS 9	76,118	146,822

### Classification and measurement

On January 1, 2020 (the date of initial application), the Company's management has assessed which business models applied to the financial assets and liabilities held by the Company and has classified the financial assets and liabilities as below.

	In Thousand Baht		
	Financial statements in which the equity method is applied/Separate Financial Statements		
	FVPL	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	3,298	3,298
Trade and other receivables	-	205,476	205,476
Pledged deposits at financial institutions	-	6,000	6,000
Other non-current financial assets	380	-	380
	380	214,774	215,154

	In Thousand Baht		
	Financial statements in which the equity method is applied/Separate Financial Statements		
	FVPL	Amortized cost	Total
Financial liabilities as at January 1, 2020			
Bank overdrafts and short-term loans from financial institutions	-	92,024	92,024
Trade and other payables	-	165,314	165,314
Long-term loans	-	72,048	72,048
Lease liabilities	-	50,594	50,594
	-	379,980	379,980



## 5.2 Leases

As at January 1, 2020, leases previously classified as finance leases applying TAS 17, the Company reclassified the carrying amount of the lease assets and lease liabilities immediately before adoption of TFRS 16 as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

	<u>In Thousand Baht</u>
	<u>Financial statements in</u>
	<u>which the equity method</u>
	<u>is applied/Separate</u>
	<u>Financial Statements</u>
As at January 1, 2020	
Machinery	7,298
Vehicle	4,143
Total right-of-use assets	<u>11,441</u>



## 6. RELATED PARTY TRANSACTIONS

During the year, the Company had significant business transactions with related persons and related companies (related by ways of common shareholders and/or common directors). These transactions follow the trade terms and rules agreed between the Company and those companies in the normal course of business

Detail of relation between the Company and its related parties and companies are summarized as follow:

Company's name	Country of incorporation	Type of relation
BM Innotech Industry Company Limited	Thailand	Subsidiary
Nitto Kogyo BM (Thailand) Company Limited	Thailand	Associated company
M E C T Company Limited	Thailand	Associated company

Significant transaction with related companies for the year ended December 31, 2020 and 2019, are as follows:

	In Million Baht		
	Consolidated Financial Statements/Separate Financial Statements		Pricing policy
	2020	2019	
<b>Transactions with associates</b>			
Sales of goods	26.10	27.93	Close to market price
Dividend income	7.04	-	As approved by shareholder meeting
Purchase of raw material	-	0.15	Close to market price
Other expense	0.62	-	As agreed upon

The significant outstanding balances with related parties as at December 31, 2020 and 2019 as follows:

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
<b>Trade receivables - related parties (Note 8)</b>		
Associated companies	6,411	19,741

Guarantee obligations with related parties

As at December 31, 2020, the Company had outstanding obligations in respect of guarantees



on an associated company for credit line bank guarantee amount Baht 15 million and for credit line loan amount Baht 10 million by the investment proportion.

#### Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

Management benefit expenses for the year ended December 31, 2020 and 2019, are as follows:

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
Short-term employee benefits	26,153	23,788
Post-employment benefits	1,042	1,692
Total	27,195	25,480

## 7. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash	85	96	85	96
Cash at bank - current accounts	2,418	2,959	2,416	2,959
Cash at bank - savings accounts	14,309	198	13,330	198
Cash at bank - fixed deposit 3 months	44	44	44	44
Total	16,856	3,297	15,875	3,297

Savings accounts carry interest at the floating rates which are set by the bank. Fixed deposit carried interests between 0.25 and 0.75 percent per annum.

**8. TRADE AND OTHER RECEIVABLES**

The aging of outstanding trade and other receivables balance as at December 31, 2020 and 2019 based on due date, are as follows:

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
<u>Trade receivables - related parties (Note 6)</u>		
Not yet due	4,872	18,940
Over due		
Less than 3 months	1,539	801
Total trade receivables - related parties	6,411	19,741
<u>Trade receivables - unrelated parties</u>		
Not yet due	128,532	124,082
Over due		
Less than 3 months	39,301	62,406
3 - 6 months	842	1,178
6 - 12 months	10,264	3,900
More than 12 months	18,484	19,842
Total	197,423	211,408
Less : Allowance for expected credit losses/ allowance for doubtful debts	(23,727)	(26,607)
Total trade receivables - unrelated parties, net	173,696	184,801
Total trade receivables - net	180,107	204,542
<u>Other receivables</u>		
Other receivables	686	934
Total other receivables	686	934
Total trade and other receivables - net	180,793	205,476

The Company gives its general customers a credit term ranging 30 - 120 days.



The movements of the allowance for expected credit losses are as follow :

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
Allowance for expected credit losses/		
allowance for doubtful debts - beginning	26,607	24,276
Add : Addition of allowance	7,898	2,331
Less : Reversing of allowance	(10,778)	-
Allowance for expected credit losses/		
allowance for doubtful debts - ending	23,727	26,607

The allowance for expected credit losses reversed to the repayment amount of Baht 1.4 million and written off bad debt amount of Baht 9.4 million.

## 9. INVENTORIES

	In Thousand Baht					
	Consolidated Financial Statements/Separate Financial Statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	30,318	23,854	(3,943)	(2,907)	26,375	20,947
Work in process	38,626	27,570	(990)	(81)	37,636	27,489
Raw materials	101,143	63,106	(11,157)	(9,448)	89,986	53,658
Total	170,087	114,530	(16,090)	(12,436)	153,997	102,094

During the current year, the Company reduced cost of inventories by Baht 3.6 million, to reflect the net realisable value. This was included in cost of sales. (2019 : Baht 2.8 million).

As of December 31, 2020 and 2019, the Company has pledged inventories as collateral for liabilities with a financial institution. Guarantee credit line amount of Baht 50 million.

## 10. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS/ OTHER NON-CURRENT FINANCIAL ASSETS

As at December 31, 2020 and 2019, fixed deposits of the Company in the amount of Baht 9.3 million and Baht 6 million, respectively which are pledged with the banks to secure credit facilities as described in Note 17 and Note 20 to the financial statements.





## 11. INVESTMENT IN SUBSIDIARY

As at December 31, 2020, the details of investment in subsidiary as presented in the separate financial statements is as follows:

Company name	In Thousand Baht	Percentage of shareholding	In Thousand Baht
	Paid-up capital		Separate Financial Statements
	2020		Cost method 2020
BM Innotech Industry Company Limited	1,000	70	700

On July 29, 2020, the Board of Directors' Meeting No. 7/2020 had the resolution to approved establishment of BM Innotech Industry Company Limited with registered capital of Baht 1 million which was established on September 28, 2020. The Company invest in the proportion of 70 percent of the total ordinary shares.



## 11.1 Non - controlling interests

The summarized financial information represents significant amounts before intragroup eliminations as follows:

	<u>In Thousand Baht</u>
	<u>2020</u>
Non-controlling interest percentage	30%
Current assets	981
Non-current assets	-
Current liabilities	13
Non-current liabilities	-
Net assets	<u>968</u>
Book value of non - controlling interest	<u>290</u>
Revenue	-
Profit (loss) for the year	(32)
Comprehensive income (loss) for the year	-
Profit (loss) allocated to non-controlling interest	10
Cash flows provided from (used in) operating activities	(19)
Cash flows provided from (used in) investing activities	-
Cash flows provided from (used in) financing activities	<u>1,000</u>
Net increase (decrease) in cash and cash equivalents	<u>981</u>



## 12. INVESTMENT IN ASSOCIATED

12.1 Investment in associated consisted of investment in share capital and preferred shares , as follows:

Company name	In Thousand Baht		Percentage of shareholding*		In Thousand Baht			
					Consolidated Financial Statements	Financial statements in which the equity method is applied	Separate Financial Statements	
	Paid-up capital				Equity method		Cost method	
	2020	2019	2020	2019	2020	2019	2020	2019
Nitto Kogyo BM (Thailand) Company Limited	150,000	150,000	48	48	66,852	67,491	72,000	72,000
M E C T Company Limited	195,625	195,625	20	20	92,265	86,467	152,141	152,141
Total					159,117	153,958	224,141	224,141

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

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 year 2019, 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 year 2019 was reflected those cases already.

12.2 Share of profit (loss) of associates and dividend received, are as follows:

Company name	In Thousand Baht					
	Consolidated Financial Statements/ Financial statements in which the equity method is applied				Separate Financial Statements	
	Share of profit (loss) from investments in associates		Share of other comprehensive income from investments in associates		Dividend received	
	2020	2019	2020	2019	2020	2019
Nitto Kogyo BM (Thailand) Company Limited	(639)	913	-	-	-	-
M E C T Company Limited	13,516	(26,165)	-	(155)	7,042	-
Total	12,877	(25,252)	-	(155)	7,042	-



12.3 Summarized financial information in respect of Associated company of the material associate:

	In Thousand Baht			
	Nitto Kogyo BM (Thailand)		M E C T Company Limited	
	Company Limited			
	2020	2019	2020	2019
Current assets	107,765	128,469	597,512	507,290
Non-current assets	313,052	56,487	291,610	257,917
Current liabilities	(100,136)	(42,454)	(428,196)	(333,099)
Non-current liabilities	(180,096)	(590)	(25,201)	(25,371)
Net assets	140,585	141,912	435,725	406,737
Less: Preferred share	(3,060)	(3,060)	-	-
Ordinary proportion share of net assets	137,525	138,852	435,725	406,737
Shareholding percentage (%)	48.17%	48.17%	20%	20%
Share of net assets	66,246	66,885	87,145	81,347
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 12.1)	(1,224)	(1,224)	-	-
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	66,852	67,491	92,265	86,467
Revenue	60,375	82,927	1,027,026	717,083
Profit (loss) for the year	(1,328)	1,896	67,582	(130,824)
Other comprehensive income (loss)	-	-	-	(772)
Total comprehensive income (loss)	(1,328)	1,896	67,582	(131,596)



### 13. PROPERTY, PLANT AND EQUIPMENT

	In Thousand Baht						
	Consolidated Financial Statements/Separate Financial Statements						
	Land	Building and building improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>At cost</b>							
December 31, 2019	122,763	296,510	380,467	18,333	36,951	65,133	920,157
Effects of the adoption of TFRS16 as at January 1, 2020	-	-	(10,500)	-	(5,473)	-	(15,973)
January 1, 2020	122,763	296,510	369,967	18,333	31,478	65,133	904,184
Acquisitions	93,767	-	68,425	1,849	991	65,783	230,815
Disposals	-	-	(78,034)	-	-	-	(78,034)
Transfer in (out)	-	23,634	87,381	1,750	72	(102,337)	10,500
December 31, 2020	216,530	320,144	447,739	21,932	32,541	28,579	1,067,465
<b>Accumulated depreciation</b>							
December 31, 2019	-	90,527	169,143	13,811	21,885	-	295,366
Effects of the adoption of TFRS16 as at January 1, 2020	-	-	(3,202)	-	(1,330)	-	(4,532)
January 1, 2020	-	90,527	165,941	13,811	20,555	-	290,834
Depreciation for the year	-	14,177	28,722	2,183	761	-	45,843
Depreciation for disposal	-	-	(16,928)	-	-	-	(16,928)
Transfer in (out)	-	-	3,689	-	-	-	3,689
December 31, 2020	-	104,704	181,424	15,994	21,316	-	323,438
<b>Net book value</b>							
December 31, 2019	122,763	205,983	211,324	4,522	15,066	65,133	624,791
January 1, 2020	122,763	205,983	204,026	4,522	10,923	65,133	613,350
December 31, 2020	216,530	215,440	266,315	5,938	11,225	28,579	744,027

	In Thousand Baht						
	Consolidated Financial Statements/Separate Financial Statements						
	Land	Building and building improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>At cost</b>							
January 1, 2019	122,763	270,756	370,520	17,037	36,837	58,418	876,331
Acquisitions	-	-	63,778	1,171	1,826	42,658	109,433
Disposals	-	-	(63,530)	(365)	(1,712)	-	(65,607)
Transfer in (out)	-	25,754	9,699	490	-	(35,943)	-
December 31, 2019	122,763	296,510	380,467	18,333	36,951	65,133	920,157
<b>Accumulated depreciation</b>							
January 1, 2019	-	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 for disposal	-	-	(8,905)	(352)	(1,592)	-	(10,849)
December 31, 2019	-	90,527	169,143	13,811	21,885	-	295,366
<b>Net book value</b>							



December 31, 2018	<u>122,763</u>	<u>192,868</u>	<u>217,400</u>	<u>4,833</u>	<u>14,747</u>	<u>58,418</u>	<u>611,029</u>
December 31, 2019	<u>122,763</u>	<u>205,983</u>	<u>211,324</u>	<u>4,522</u>	<u>15,066</u>	<u>65,133</u>	<u>624,791</u>

As at December 31, 2020 the Company had machinery used in its production under sell and lease back agreements with net book values of Baht 106 million.

As at December 31, 2019, the Company had machinery, vehicles and equipment with net book values of Baht 65 million, which were acquired under hire-purchase and finance lease agreements.

As at December 31, 2020 and 2019, certain equipment of the Company has been fully depreciated but still in use. The costs of those assets amounted to Baht 142 million and Baht 127 million, respectively.

As at December 31, 2020 and 2019, the Company has pledged its property, plant and equipment amounting to Baht 336 million and Baht 252 million, respectively as collateral against credit facilities received from financial institutions as described in Note 17 and Note 20 to the financial statements.

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
Depreciation charged to the statements of comprehensive income		
Cost of sales and services	39,435	34,293
Distribution cost	573	412
Administrative expenses	5,835	6,208
Total	<u>45,843</u>	<u>40,913</u>

**14. RIGHT-OF-USE ASSETS**

The net book value of right-of-use assets related to lease contracts and the movement for the year ended December 31, 2020 are presented below.

	In Thousand Baht
	Consolidated Financial Statements/Separate Financial Statements
<b>Cost</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	15,973
As at January 1, 2020	15,973
Addition	-
Written-off	-
Transfer in (out)	(10,500)
As at December 31, 2020	5,473
<b>Accumulated depreciation</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	4,532
As at January 1, 2020	4,532
Depreciation for the year	1,169
Depreciation - written-off	-
Transfer in (out)	(3,689)
As at December 31, 2020	2,012
<b>Net book value</b>	
As at December 31, 2019	-
As at January 1, 2020	11,441
As at December 31, 2020	3,461



**15. INTANGIBLE ASSETS**

	In Thousand Baht
	Consolidated Financial Statements/Separate Financial Statements
	Computer software
<b>At cost</b>	
January 1, 2020	13,184
Acquisitions during the period	1,284
Disposals and write-off during the period	-
December 31, 2020	14,468
<b>Accumulated amortization</b>	
January 1, 2020	8,910
Amortization for the year	2,006
Accumulated amortization on disposals and write-off	-
December 31, 2020	10,916
<b>Net book value</b>	
December 31, 2019	4,274
December 31, 2020	3,552

	In Thousand Baht
	Consolidated Financial Statements/Separate Financial Statements
	Computer software
<b>At cost</b>	
January 1, 2019	12,275
Acquisitions during the period	909
Disposals and write-off during the period	-
December 31, 2019	13,184
<b>Accumulated amortization</b>	
January 1, 2019	7,085
Amortization for the year	1,825
Accumulated amortization on disposals and write-off	-
December 31, 2019	8,910

**Net book value**

December 31, 2018

5,190

December 31, 2019

4,274

In Thousand Baht

Consolidated Financial Statements/  
Separate Financial Statements

2020

2019

Amortization charged to the statements of  
comprehensive income

Cost of sales and services

373

277

Administrative expenses

1,633

1,548

Total

2,006

1,825

**16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

16.1 Deferred tax assets and deferred tax liabilities as follows:

In Thousand Baht

Consolidated Financial Statements/  
Separate Financial Statements

2020

2019

Deferred tax assets

11,923

9,768

Deferred tax liabilities

-

-

11,923

9,768



16.2 Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2020 and 2019 are summarized as follows:

	In Thousand Baht			
	Consolidated Financial Statements/Separate Financial Statements			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 2019	In profit or loss	In other comprehensive income	Dec. 31, 2020
Deferred tax assets:				
Trade account receivables	1,823	637	-	2,460
Inventories	2,487	731	-	3,218
Provisions for long-term employee benefits	5,458	787	-	6,245
Total	9,768	2,155	-	11,923

	In Thousand Baht			
	Consolidated Financial Statements/Separate Financial Statements			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 2018	In profit or loss	In other comprehensive income	Dec. 31, 2019
Deferred tax assets:				
Trade account receivables	741	1,082	-	1,823
Inventories	1,930	557	-	2,487
Provisions for long-term employee benefits	3,990	1,468	-	5,458
Total	6,661	3,107	-	9,768

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Interest rate (percent per annum)	In Thousand Baht	
		Consolidated Financial Statements/ Separate Financial Statements	
		2020	2019
Bank overdrafts	MOR	-	2,024
Short-term loans	2.0 - 2.6	100,000	90,000
Total		100,000	92,024



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 as described in Note 10 and Note 13 to the financial statements.

## 18. TRADE AND OTHER PAYABLES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Trade payables - unrelated parties	218,826	136,411	218,826	136,411
Other payables - unrelated parties	2,332	2,203	2,332	2,203
Account payables for purchases of machineries	3,754	4,150	3,754	4,150
Accrued expenses	25,537	22,432	25,524	22,432
Interest payables	59	118	59	118
Total	<u>250,508</u>	<u>165,314</u>	<u>250,495</u>	<u>165,314</u>

**19. LEASE LIABILITIES**

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2020 and 2019 are presented below.

	In Thousand Baht	
	Consolidated Financial Statements	
	/Separate Financial Statements	
	2020	2019
Beginning balance	50,595	7,313
Addition	48,000	50,923
Accretion of interest	2,390	863
Payments	(20,412)	(8,504)
Decrease from contract cancellation	(73)	-
Ending balance	80,500	50,595
Less: Current portion	(18,934)	(11,561)
Lease liabilities - net of current portion	61,566	39,034

The Company has entered into vehicle hire-purchase agreements and 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.

Under the term of the lease agreement referred to above, the Company shall have to comply with certain conditions and restrictions as specified in the lease agreements.

Lease liabilities for the portion due within one year are presented under “current liabilities” in the statement of financial position.

The following are the amounts recognized in profit or loss:

	In Thousand Baht	
	Consolidated Financial	
	Statements/Separate Financial Statements	
Depreciation of right-of-use assets		1,169
Interest expense on lease liabilities		2,390
Total		3,559

The Company and its subsidiaries had total cash outflows for leases of Baht 20.4 million (the



separate: Baht 20.4 million) and also had non-cash additions to right-of-use assets and lease liabilities of Baht 61 million (the separate: Baht 61 million).

**20. LONG-TERM LOANS**

As at December 31, 2020 and 2019, the Company has long-term loans as follows :

				In Thousand Baht	
				Consolidated Financial Statements	/Separate Financial Statements
Loan	Credit facility (Million Baht)	Interest rate per annum (%)	Repayment	2020	2019
1	100	THBFIX6M + 1.29	Repayment of principal with interest 36 monthly installments (ending in 2021)	24,940	58,300
2	17	MLR - 3.225	Repayment of principal with interest 36 monthly installments (ending in 2022)	7,976	13,748
3	75	Year 1 - 4 : MLR - 2.83 then MLR - 2.33	Repayment of principal with interest 36 monthly installments (ending in 2028)	75,000	-
Total				107,916	72,048
Less: Current portion				(31,108)	(39,528)
Long-term loans, net of current portion				76,808	32,520

The loans are secured by the mortgage of the Company's land and construction thereon, the pledge of the Company's fixed deposits and share capital of M E C T Company Limited which the Company investment in its.

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.

Movement of long-term loans for the year ended December 31, 2020 and 2019 shown as follow:

			In Thousand Baht	
			Consolidated Financial Statements/ Separate Financial Statements	
			2020	2019
Beginning balance			72,048	94,703
Add: Additional during the year			75,000	16,112
Less: Repayment during the year			(39,132)	(38,767)
Ending balance			107,916	72,048

**21. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS**

Movement of provision for long-term employee benefits for the year ended December 31, 2020 and 2019 shown as follow:

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
Beginning balance	27,291	19,950
Past service costs	-	3,905
Current service costs and interest	4,041	3,436
Provision for long-term employee benefits paid	(106)	-
Ending balance	31,226	27,291

Revenues and expenses recognized in the statement of comprehensive income for the year ended December 31, 2020 and 2019 are as follows:

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
<b>Recognized in profit or loss</b>		
Current service costs		
Cost of sales and services	2,058	1,750
Distribution costs	445	380
Administrative expenses	1,061	915
Interest on obligation	477	391
Past service costs	-	3,905
Total	4,041	7,341

**The main assumptions in the assessment financial assumptions**

For the year ended December 31, 2020 and 2019	Percentage
	Consolidated Financial Statements/ Separate Financial Statements
Discount rate	1.9
Salary increase rate	4.5 - 5.0
Employee turnover rate	0 - 48.0





Mortality rate

105 of Table of death B.E.2017

**Sensitivity analysis**

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 and 2019 are summarized below:

percentage of change 1	In Thousand Baht			
	Consolidated Financial Statements/ Separate Financial Statements			
	2020		2019	
	Increase	Decrease	Increase	Decrease
Discount rate	(1,284)	1,437	(1,229)	1,371
Future salary increase rate	1,843	(1,669)	1,568	(1,434)
Staff turnover rate	(1,382)	499	(1,320)	444

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 year 2019.

**22. 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.

**23. WARRANTS**

On August 17, 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. 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 August 30, 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.

From July 30, 2020 to August 13, 2020, the warrants has exercised amount 125 shares which were listed on the Stock Exchange of Thailand, and they began trading on the Stock Exchange of Thailand on September 10, 2020.

## 24. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company and a subsidiary is required to set aside as statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward, (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

Under the terms of the Civil and Commercial Code, ten subsidiaries are required to set aside as statutory reserve at least 5 percent of its net income at each dividend declaration as the statutory reserve until the statutory reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 25. EXPESE BY NATURE

Significant expenses by nature are follow:

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2020	2019
Salaries and wages and other employee benefits	162,171	150,765
Depreciation and amortization	49,019	42,738
Raw materials and consumables used and subcontracting works	618,909	475,615
Changes in inventories of finished goods and work in process	(17,521)	(4,754)



## 26. INCOME TAX

26.1 Major components of tax expense (income) are summarized as follow:

	In Thousand Baht			
	Consolidated	Financial statements	Separate Financial Statements	
	Financial	in which the equity		
	Statements	method is applied		
	2020	2019	2020	2019
Current income tax:				
Interim corporate income tax charge	8,657	15,491	8,657	15,491
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,155)	(3,107)	(2,155)	(3,107)
Income tax (income) expenses reported in the statement of income	6,502	12,384	6,502	12,384

26.2 A numerical reconciliation between tax expense (income) and the product of accounting profit

multiplied by the applicable tax rate are summarized as follow:

	In Thousand Baht			
	Consolidated	Financial	Separate Financial Statements	
	Financial	statements in		
	Statements	which the equity		
	2020	2019	2020	2019
Accounting profit (loss) for the year	62,661	48,395	56,859	73,646
The applicable tax rate (%)	20.01%	20%	20%	20%
Tax expense (income) at the applicable tax rate	12,538	9,679	11,372	14,729
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	(663)	3,115	(663)	3,115
- Additional expense deductions allowed	(3,459)	(3,222)	(3,459)	(3,222)
- Dividend income	-	-	(1,409)	-
- Share of (gain) loss from investments in associates	(2,575)	5,050	-	-
- Others	661	(2,238)	661	(2,238)
Total reconciliation items	(6,036)	2,705	(4,870)	(2,345)
Total tax expense (income)	6,502	12,384	6,502	12,384



## 26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

are

summarized as follows:

	Consolidated Financial Statements			
	2020		2019	
	Tax amount	Tax rate	Tax amount	Tax rate
	(In Thousand Baht)	(%)	(In Thousand Baht)	(%)
Accounting profit (loss) before tax expense for the year	62,661		48,395	
Tax expense (income) at the applicable tax rate	12,538	20.01	9,679	20.00
Reconciliation items	(6,036)	(9.63)	2,705	5.59
Tax expense (income) at the average effective tax rate	6,502	10.38	12,384	25.59

	Separate Financial Statements			
	2020		2019	
	Tax amount	Tax rate	Tax amount	Tax rate
	(In Thousand Baht)	(%)	(In Thousand Baht)	(%)
Accounting profit (loss) before tax expense for the year	56,859		73,646	
Tax expense (income) at the applicable tax rate	11,372	20.00	14,729	20.00
Reconciliation items	(4,870)	(8.57)	(2,345)	(3.18)
Tax expense (income) at the average effective tax rate	6,502	11.43	12,384	16.82

## 27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit or loss for the year attributable to equity holders of the parent company by the weighted average number of ordinary shares which are issued during the year and held by outside party.

	Consolidated Financial Statements	Financial statements in which the equity method is applied	Separate Financial Statements	
	2020	2019	2020	2019
Profit (loss) for the year of the parent company (Thousand Baht)	56,168	36,010	50,357	61,262
Weighted average number of ordinary shares (Thousand shares)	440,000	440,000	440,000	440,000
Earnings per share (Baht per share)	0.13	0.08	0.11	0.14

## 28. 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 2020 amounting to approximately Baht 2.2 million (2019: Baht 1.9 million) were recognised as expenses.

## 29. DIVIDEND PAID

On 23 April 2020, the Annual General Meeting of the Company's shareholders passed a resolution to approve the dividend payment of Baht 0.08 per share, for 440 million ordinary shares, or a total of Baht 35.2 million to its shareholder from net profit of 2019. The dividend payment was scheduled on May 15, 2020.

On 24 April 2019, the Annual General Meeting of the Company's shareholders passed a resolution to approve the dividend payment of Baht 0.08 per share, for 440 million ordinary shares, or a total of Baht 35.2 million to its shareholder from net profit of 2018. The dividend payment was scheduled on May 10, 2019.

## 30. FINANCIAL INFORMATION BY SEGMENT

The Company is principally engaged in the manufacturing and distribution of metal forming products. Its operations are carried on only in Thailand by having distribution to both domestic and oversea. The subsidiary operates its principal businesses related to design and development of automation machines and related services. 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.

The following table presents revenue information regarding the Company's operating segments for the year ended December 31, 2020 and 2019 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements/ Separate Financial Statements			
	2020	2019	2020	2019
Income from external customers				
Domestic	735,509	896,312	735,509	896,312
Oversea	258,247	11,408	258,247	11,408
Total	<u>993,756</u>	<u>907,720</u>	<u>993,756</u>	<u>907,720</u>

## 31. FINANCIAL INSTRUMENTS

### Financial risk management

The Company's financial instruments 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, lease liabilities and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### 31.1 Financial assets and financial liabilities

On January 1, 2020 (the date of initial application of new financial reporting standards), the Company and its subsidiaries's management have assessed which business models applied to the financial assets and liabilities and have classified the financial assets and liabilities balances as at January 1, 2020 has been disclosed in Note 5.

	In Thousand Baht	
	Consolidated Financial	Separate Financial
	Statements	Statements
	Amortized cost	Amortized cost
Financial assets as at December 31, 2020		
Cash and cash equivalents	16,856	15,875
Trade and other current receivables	180,793	180,793
Other non-current assets	9,300	9,300
	<u>206,949</u>	<u>205,968</u>
Financial liabilities as at December 31, 2020		
Bank overdrafts and short-term loans from financial institutions	100,000	100,000
Trade and other current payables	250,508	250,495
Lease liabilities	80,500	80,500
Long-term loans	107,916	107,916
	<u>538,924</u>	<u>538,911</u>

### 31.2 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, and other receivables. The Company and its subsidiaries manage 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.

### 31.3 Interest rate risk

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



As at December 31, 2020 and 2019, 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 as follows:

In Million Baht						
Consolidated Financial Statements						
As at December 31, 2020						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1 - 5 year				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	17	-	17	0.30 - 0.90
Trade and other receivables	-	-	-	181	181	-
Other non-current financial assets	9	-	-	-	9	0.25 - 1.35
	<u>9</u>	<u>-</u>	<u>17</u>	<u>181</u>	<u>207</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans						
from financial institutions	-	-	100	-	100	MOR, MLR
Trade and other payables	-	-	-	250	250	-
Lease liabilities	19	62	-	-	81	4.00 - 9.79
Long-term loans	31	77	-	-	108	MLR
	<u>50</u>	<u>139</u>	<u>100</u>	<u>250</u>	<u>539</u>	

In Million Baht						
Separate Financial Statements						
As at December 31, 2020						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1 - 5 year				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	16	-	16	0.30 - 0.90
Trade and other receivables	-	-	-	181	181	-
Other non-current financial assets	9	-	-	-	9	0.25 - 1.35
	<u>9</u>	<u>-</u>	<u>16</u>	<u>181</u>	<u>206</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans						
from financial institutions	-	-	100	-	100	MOR, MLR
Trade and other payables	-	-	-	250	250	-
Lease liabilities	19	62	-	-	81	4.00 - 9.79



In Million Baht					
Separate Financial Statements					
As at December 31, 2020					
	Fixed interest rates			Total	Interest rate
	Within 1 year	1 - 5 year	Floating interest rate	Non-interest bearing	(% per annum)
Long-term loans	31	77	-	-	MLR
	50	139	100	250	

In Million Baht					
Consolidated Financial Statements/Separate Financial Statements					
As at December 31, 2019					
	Fixed interest rates			Total	Interest rate
	Within 1 year	1 - 5 year	Floating interest rate	Non-interest bearing	(% per annum)
<b>Financial assets</b>					
Cash and cash equivalents	-	-	3	-	0.05 - 0.38
Trade and other receivables	-	-	-	205	-
Pledged deposits at financial institution	6	-	-	-	0.10 - 1.35
	6	-	3	205	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	-	-	92	-	MOR, MLR
Trade and other payables	-	-	-	165	-
Lease liabilities	12	39	-	-	4.10 - 10.64
Long-term loans	40	32	-	-	MLR
	52	71	92	165	





### 31.4 Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarized below:

	In Thousand Baht					
	Financial assets		Financial liabilities		Average exchange rate	
	2020	2019	2020	2019	2020	2019
USD	47,043	11,047	16,684	3,580	30.11	30.04

As at December 31, 2020, the Company had outstanding of forward contracts which mainly has the duration 4 - 5 months were as follows:

	Forward contract			Fair value
	Exchange rate	(Million US Dollar)	(Million Baht)	(Million Baht)
The selling contract				
- US Dollar	30.53 - 31.82	840	26,188	75

The Company presented as current assets or liabilities to the extent they are expected to be realized within 12 months after the end of the reporting period and adjusted the fair value of forward contracts through profit and loss.

### 31.5 Fair value of financial instruments

As at December 31, 2020, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :

	In Thousand Baht			
	Consolidate Financial Statements/Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Liabilities under foreign currency forward contracts	-	75	-	75

Valuation techniques on fair value and inputs to level 2 valuations

The fair value of forward exchange contracts is based on the adjustment of the value of the contracts that the Company has entered into with financial institutions.

In the current year, there were no transfers within the fair value hierarchy.

**32. COMMITMENTS AND CONTINGENT LIABILITIES****32.1 Capital commitments**

As at December 31, 2020, the Company had capital commitments of approximately Baht 6 million (31 December 2019: Baht 16 million), relating to the construction of factory building and acquisition of machinery.

**32.2 Bank guarantees**

As at December 31, 2020, there were outstanding bank guarantees issued by the bank on behalf of the Company of Baht 45.5 million (December 31, 2019 : Baht 6.2 million) in respect of certain performance obligations required in the normal course of business of the Company for guarantee electricity use and purchase payment.

**33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

	Consolidated Financial Statements/Separate Financial Statements (In Thousand Baht)			
	Balance as at January 1, 2020	Cash flows increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2020
Bank overdrafts and short-term loans from financial institutions	92,024	7,976	-	100,000
Lease liabilities	50,595	27,589	2,316	80,500
Long-term loan	72,048	35,868	-	107,916
Total	214,667	71,433	2,316	288,416



## Consolidated Financial Statements/Separate Financial Statements

(In Thousand Baht)

	Balance as at January 1, 2019	Cash flows increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts and short-term loans from financial institutions	66,905	25,119	-	92,024
Lease liabilities	7,313	41,461	1,821	50,595
Long-term loan	94,703	(22,655)	-	72,048
Total	168,921	43,925	1,821	214,667

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

### 34. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the consolidated statements of financial position as at December 31, 2020 and 2019, the Company and its subsidiaries's debt-to-equity ratio was 0.81 : 1 and 0.61 : 1, respectively.

According to the separate statements of financial position as at December 31, 2020 and 2019, the Company's debt-to-equity ratio was 0.75 : 1 and 0.55 : 1, respectively.

### 35. CORONAVIRUS DISEASE 2019 PANDEMIC

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation affects the results of operations of the Company, recognition and measurement of assets and liabilities in the financial statements. Nevertheless, the management will continue to monitor the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

### 36. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2021, 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 2021.

### 37. AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on February 25, 2021.

# **ANNUAL**

## **REPORT**

**2020**



**BANGKOK SHEET METAL PUBLIC COMPANY LIMITED**