

S.KIJCHAI ENTERPRISE

PUBLIC COMPANY LIMITED



2020 ANNUAL REPORT

รายงานประจำปี 2563

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Report of the Board of Director

S.Kijchai Enterprise Public Company Limited was established on September 28, 2010. The company's main business activities are to produce wood substitute products with medium density fiber boards or MDF boards. The company was listed and traded on the Stock Exchange of Thailand on September 26, 2017 in order to enhance its liquidity and ability to expand investment in the future.

S.Kijchai Enterprise Public Company Limited "SKN" was established with the objectives to be leading manufacturer of wood substitute products, with realization of environmental conservation for the natural sustainability. The company has been committed to corporate social and environmental responsibility under transparent management. In order to realize our vision, we have a specified policy that "We are the company commits to be a leader in the production of renewable materials, natural wood in Southeast Asia and emphasizes on creating the highest value for customers and all stakeholders under good corporate governance as well as quality manufacturing standards to the sustainability of the natural environment and society."

In 2020, the overall market status of wood substitute product has improved compared to the previous year. Despite the impact from the outbreak of the Coronavirus Disease 2019 (COVID-19), which rapidly spread around the world, together with the situations of global political and trade war uncertainties that affect to the operation and product delivery. Including the impact from the significant fluctuating exchange rate of Thai Baht against US dollar in 2020.

After all this time, amidst the fluctuating economy and epidemic, the Company has monitored situations, analysed factors that might impact the business operation for implemented the administrative plan properly. The Company has focused on learning on the continuous improvement of production processes, product quality, study new products, human resource development and conducting business with social and environmental responsibilities. Hence this results in the Company being certified to international standards and maintaining good relationship with both of domestic and international partners.

S.Kleber Chemical Co., Ltd. (Subsidiary) under the investment project of glue and chemical plant has been completed construction at the end of 2020 and ready for commercial production in the beginning of 2021. In addition, the solar roof project, the project to reduce long-term energy cost, which completed installation started its test run operation and generate electricity in 4th Quarter of 2020. However, such action is considered another important step to increase the Company's potential for competitiveness and push to drive the vision forward.

Finally, as a representative of the Board of Directors, I would like to express my appreciation for all these support and motivation to the company. These have driven us to search for a good quality products and keep improve our service continually, which help us grow repeatedly with confidence. I would like to express my gratitude to all interested person, shareholder, partner, executive officer, employee, and including financial institutions that always trusted and supported us. And please rest assured that we will always committing to operate this company with integrity and ethic, under the concept of good governance for the most benefit for all parties. And we hope that the company will receive a great support from everyone forever and ever.

Dr. Suvit Thaniyavarn

Chairman of the Board of Directors

S.Kijchai Enterprise Public Company Limited

Report of the Audit Committee

The Audit Committee of S.Kijchai Enterprise Public Company Limited consists of 3 independent Audit Committee members who are competent and possess all qualifications as per the regulations stipulated by The Stock Exchange of Thailand. These 3 Audit Committee members include;

- | | |
|---------------------------------|---------------------------------|
| 1. Mr. Tarate Poshyananda | Chairman of the Audit committee |
| 2. Pol.Lt.Gen. Sunchai Chaiporn | Audit committee |
| 3. Mr. Tiwat Rattanakate | Audit committee |

The Audit Committee abide by the responsibilities appointed by the Board of Directors of the Company and pursuant to the Audit Committee Charter, which is consistent with the best practice of the Securities and Exchange Commission by reviewing and ensuring the Company to follow the principles of good corporate governance, establish sufficient risk management and internal control and conduct internal control efficiently and effectively, where the Company shall give priority to defining systematic structure and work process, operating as a transparent organization and enhancing the quality of the Company's internal audit for sustainable improvement.

In the 2020 accounting year, the Audit Committee arranged 4 meetings in total, in which the whole members of the Audit Committee participated and discussed with the internal auditor and auditor. The summary of main points on responsibilities is as follows:

1. Reviewing the Company's financial reports

Members of the Audit Committee reviewed the Company's quarterly and annual financial statements, including related transaction together with the auditor. They questioned the auditor on the accuracy and completeness of the financial statements, important adjusting general ledger entries, including accounting forecasting which affects the financial statements, adequacy and appropriateness of bookkeeping and scope of review, accurate, complete and adequate information disclosure and independence of auditor in order to ensure that the financial statements shall be in compliance with laws and generally accepted accounting standards, credible and provided in a timely manner. Moreover, the information shall be disclosed sufficiently and beneficial for users of financial statements.

2. Reviewing Risk Management

The Audit Committee reviewed efficiency and appropriateness of risk management process, which could occur by internal and external factors, including risk management policy, plan and guidelines on risks affecting the Company's performance together with recommendations for improvement in order to promptly support in case of unexpected events.

3. Reviewing Internal Control

The Audit Committee prioritized the compliance with laws, related regulations and management focusing on professional and systematic operations by reviewing internal control system with the internal auditor on a quarterly basis in order to ensure the proper, sufficient and efficient internal control system. The Audit Committee considered the evaluation form of adequacy of the Company's internal control system according to the Stock Exchange of Thailand and Securities and Exchange Commission. The internal auditor and the Audit Committee had the agreed opinions that no major issues or flaws was detected and deemed that the internal control system is sufficient and suitable for the Company's current situation.

4. Reviewing transactions involving related or potential conflicts of interest

The Audit Committee reviewed and prioritized the consideration of processing transactions involving related or potential conflicts of interest between the Company, subsidiary, and related companies or parties in accordance with laws and regulations stipulated by the Stock Exchange of Thailand on a quarterly basis. The Audit Committee appointed the internal auditor to preliminarily monitor and review the accuracy and the auditor to regularly review such transactions in order that the reports are reasonable and provides the utmost benefit to the Company and accurate and complete information disclosure.

5. Reviewing compliance with securities and stock exchange regulations

The Audit Committee reviewed the Company's compliance with securities and stock exchange regulations, requirements of the Stock Exchange of Thailand or laws related with the Company's business. The Audit Committee deemed that the Company did not act against the relevant laws and regulations.

6. Appointment of the Auditor as of 2020 accounting year

The Audit Committee scrutinized and agreed to Siam Truth Audit Co.,Ltd. ,where the auditor are Mr. Banjong Pitchayaprasat, certify public accountant no. 7147 and/or Mr. Kraisit Silapamongkongkun, certify public accountant no. 9429 and/or Miss Khemmanan Jaichuen, certify public accountant no. 8260 the Company's and its subsidiary's auditor. The appointed auditor is independent and has no any interests which may cause a conflict of interest. The appointed auditor was proposed to the Company's Board of Directors for consideration and approval, as well as to the shareholder meeting of the year 2020 for further consideration and approval.

In conclusion, the Audit Committee has fulfilled the obligations and responsibilities as specified in the Audit Committee Charter, with their knowledge and abilities, carefulness, thoroughness, adequately independence. Moreover, they provided productive opinions and recommendations in favor of stakeholders equally. The Audit Committee scrutinized that the Company's financial reports are accurate, credible and in compliance with generally accepted accounting standards. The Company has managed an operation that is consistent with laws, obligations related to the business operations, including the good corporate governance system, adequate risk management and appropriate and efficient internal control system.

Mr. Tarate Poshyananda

Chairman of the Audit committee

S.Kijchai Enterprise Public Company Limited

Message from Managing Director

In the previous year, the overall market status of wood substitute product has improved compared to the year 2019. In 2020, the company has sales revenue of 2,466.93 million Baht, increased from the year 2019 equal to 132.42 million Baht or 5.67%. The cost of sales for the year 2020 is 1,878.76 million Baht, decreased 10.41 million Baht or 76.16% of sales revenue and the net profit is 175.69 million Baht, increased from the year 2019 equal to 111.43 million Baht or 173.42%.

The Company has increased revenue mainly due to in 2019, the Company had an increase of sales volume and selling price compared to the previous year. However, the Company operation still impacted from the outbreak of the Coronavirus Disease 2019 (COVID-19) that rapidly spread around the world. Which affected the supply chain of goods from closure countries, container shortage, a fluctuation international market situation due to global political and commercial uncertainties, and impact of the fluctuation exchange rate of Thai Baht against US dollar.

According to the aforementioned circumstance, the Company assessed and closely monitored the situation as well as adjusted strategy and implemented activities in every aspect including administration, production, sales, and marketing in order to be in accordance with current situations. Including to improve machine efficiency and develop the production process in order to have a competitive cost. Furthermore, the Company focused on product development in order to maintain the international standards and able to respond the various needs of customers. As well as maintaining financial stabilities performance. This includes prioritizing and promoting employees to continuously improve their knowledge, competencies, and skills. The company also establishing anti-corruption policy, guidelines for internal employees, emphasizing on the strict compliance, operation based on the principles of good corporate governance, responsible management for a sustainable society, community, and environmental responsibility.

In 2020, under the investment project of “Solar Roof” to reduce long-term energy cost, which completed installation and started its test run operation and generate electricity in 4th Quarter of 2020. The investment project of S.Kleber Chemical Co., Ltd. (Subsidiary) to manufacture and distribute glue and chemical, which completed construction at the end of 2020 and aimed for commercial production in the beginning of 2021. This will improve company's raw material costs and be a research and development center to increase product properties. Those projects would be another significant step of the Company for boosting competitiveness driving towards the established Company's vision.

Lastly, I would like to express my gratitude to the Board of Directors, Executives, customers, shareholders, and partners who confide in our company operations, including our employees who perform duties and assignments with their responsibility. We are committed to utilizing our experiences and proficiency in working in the wood industry for over 30 years and adhering to transparency and good governance, including the Principles of Corporate Governance to drive the Company to grow steadily and sustainable together with the nature, community, and environment.

Mr. Vichai Sangwongkit

Managing Director

S.Kijchai Enterprise Public Company Limited

Policy and Business Operation Overview

1. Policy and business Operation overview

S.Kijchai Enterprise Public Company Limited was originally founded in 2010 under name as S.Kijchai MDF Company Limited. The company's main business activities are to manufacture and distribute MDF boards. In 2016, the company transformed into the public limited company. In 2017, the company has registered itself in the Stock Exchange of Thailand with paid-up capital of 800 million baht. The company operates under policy that focuses on creating quality products with international standards and managing in accordance with the good corporate governance as well as having responsibility to all stakeholders.

1.1 Vision, Mission, Goals, and Business operational strategies

Vision

The organization is determined to be one of leaders in manufacturer of wood-based panel in Southeast Asia. The company aimed to create the highest value to customer and related parties under good governance management principle. Additionally, the aim is for to obtain production standard that is high in quality for the sustainability of nature, environment, and society.

Mission

To achieve vision of the organization, the company have mission as follow:

- 1) Manufacture quality products under based on International for standardization
- 2) Aim to develop products focusing on added-value to natural substitution materials
- 3) Respond to the highest customer satisfaction in all aspects
- 4) Promote good management and business operation, develop employee to obtain moral and ethical principle as well as responsibility to society and environment as well as all related parties

Goals and Business operational strategies

With over 30 years of experiences and expertise in wood processed industry, the organization possesses an in-depth understanding of wood processed product. The business begins to expand by using wood resource and added-value from wood bits to wood-based panel. The company use new machine with advance technology for the manufacture process and imported directly from Germany. There is a strict manufacture quality control in every process. The company operates under policy that focuses in creating quality products from international standards. The company also determine to develop manufacture process to be shorter and control the amount used of raw materials to be utmost efficient. This is aim to achieve high quality MDF board that responds to needs of domestic and international clients. Moreover, the company also promote the development of employees to obtain knowledge, moral and ethical principles as well as responsibility toward society and environment.

1.2 Significant changes and development

Significant developments of the organization are as follow:

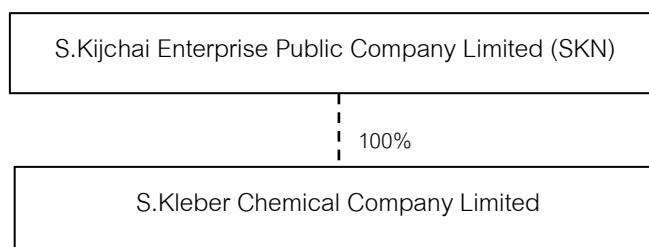
- 2010 : The company registered with registered capital of 600.00 million baht to operate in business to manufacture and distribute MDF board. The company began its operation in construction of factory and machine installment to manufacture MDF board at Klaeng District, Rayong province.

2011	: Received investment promotion certificate from the Board of Investment (BOI) and receive tax rights and other rights in related business to MDF manufacture business as stated in Investment Promotion Certificate.
2012	: Completed the process of machine installment and begins the test run.
2013	: Completed test run as the company began to operate commercially in manufacture and distribution of MDF board, the company starts to distribute to customer domestically and began to export to other countries.
	: Certified with MDF board manufacturing standard and Thin MDF also received MUTU Certification International that is based on California Code of Regulation 93120.
2014	: Extraordinary session of shareholders 12/2014, the company has reached resolution to grant registered capital from 600.00 million baht to 720.00 million baht. The company agreed to release additional 1.20 million common shares with the nominal amount of 100.00 baht to propose to shareholders based on shares holdings.
	: Received International Standardization ISO 9001:2008 which is the Quality Management System standards.
2015	: At the extraordinary session 4/2015, the company reached resolution to reduce paid-in capital from 720.00 million baht to 600.00 million baht.
2016	: Received International Standardization ISO 14001:2004 which is the Environmental Management System standards.
	: At the extraordinary session 1/2016, the company reached resolution to incorporate the company as a public limited company and change the name to S.Kijchai Enterprise Public Company Limited. It is also registered from company limited to public company limited on 14 September, 2016.
	: In addition, during the same extraordinary session, shareholders also reach resolution to increase registered capital from 600.00 million baht to 800.00 million baht. It also changes the nominal amount of shares from 100.00 baht to 1.00 baht. The release of 200.00 million more common shares with the nominal amount of 1.00 baht to propose to the common public for the first time and obtain common share of the company to registered in Stock Exchange of Thailand.
2017	: Received investment promotion certificate from the Board of Investment (BOI) for the second product line and receive tax rights and other rights in related business to MDF manufacture business as stated in Investment Promotion Certificate.
	: The company registered and began trade in Stock Exchange of Thailand for real estate and construction group in construction materials section to expand its production operation. It is also to pay a long-term loan and to use as working capital in business operations.
	: Received International Standardization ISO 9001:2015 which is the Quality Management System standards.

2018	: Received International Standardization of United States Environmental Protection Agency: US EPA which is the reduce Formaldehyde Emission from Composite Wood Product from MUTU Certification International.
	: Registered subsidiary company “S.Kleber Chemical Company Limited” with registered capital of 100.00 million baht to manufacture and distribute glue and chemical. The Common shares worth 10.00 baht per share with 50.00 million baht paid in capital. SKN is 100.00 percent shareholder.
	: Received International Standardization ISO 14001:2015 which is the Environmental Management System standards.
	: Completed installation and began the test run for second production line.
	: Started commercial production and distribution of MDF board from second production line.
2019	: At the Board of Directors of 1/2019, approved “Solar Roof” Investment Project to generate electricity for use within the factory and the Company has signed Solar Roof Investment Project Agreement on 27 July 2019.
	: Received Green Industry Level 3 (Green System) standards. which is Systematic environmental management standards including monitoring, assessment, and review for continuous improvement.
	: Received FSC-COC (Chain of Custody) standards. Which is the Company's Product are manufactured from wood of the responsible forest management.
2020	: The solar roof project completed installation of solar rooftop panels, started its operation and generate electricity to the system.

1.3 Shareholder structure and subsidiary

On 31 December 2020, the Company and subsidiary company have the shareholder structure is as follow:



The operation in business of the Company and subsidiary company

Company name	Type of business	Paid-in capital (Bath.)	Types and prices of shares (%)
S.Kijchai Enterprise Public Company Limited	Manufacture and distribution of MDF board	800,000,000	-
S.Kleber Chemical Company Limited	Manufacture and distribution of Glue and Chemical for industry	75,000,000	100

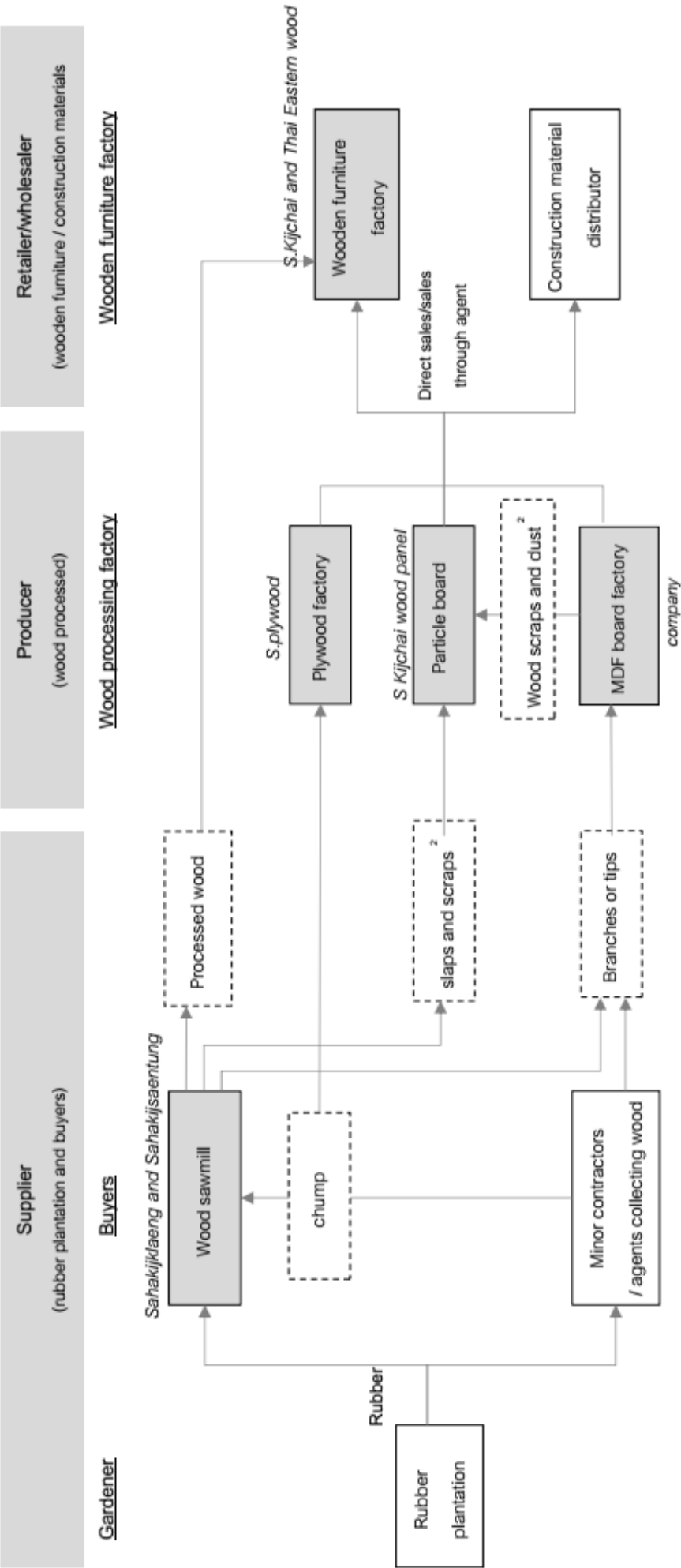
1.4 Major shareholder relations

Two main shareholder groups are S.Kijchai Group and Sahakij group. Thus, the details of each company that possess shares by S.Kijchai and Sahakij as well as rubber wood business operations in industry can be conclude as follow.

Company name	Year of establish	Type of business	Provinces	Shareholders (%)		
				S.Kijchai Group	Sahakij Group	Others
1. S.Kijchai Co., Ltd.	1981	Furniture manufacture and distribution	Rayong	100.00	-	-
2. Sahakijklaeng Co., Ltd.	1992	Rubber wood sawmill	Rayong	-	100.00	-
3. Thai Eastern Wood (1987) Co., Ltd.	1994	Furniture manufacture and distribution	Rayong	84.22	15.78	-
4. S.Kijchai Wood Panel Co., Ltd.	1997	Manufacture and distribution of Particle board and fuel briquettes	Rayong	100.00	-	-
5. S.E.P Worldwide Co., Ltd.	2002	Rubber wood sawmill	Phang Nga	33.33	-	66.67
6. Sahakij Saentung Co., Ltd.	2003	Rubber wood sawmill	Trat	-	100.00	-
7. S.Plywood Co., Ltd.	2004	Manufacture and distribution of plywood	Rayong	50.00	50.00	-
8. Klaeng Packing Wood Co., Ltd.	2004	Manufacture and distribution of pallet wood	Rayong	-	40.00	60.00
9. S.Kijchai Enterprise PCL. "the Company" ^{1/}	2010	Manufacture and distribution of MDF board	Rayong	52.35	23.02	24.63
10. S.Kijchai Bueng Kan Co., Ltd.	2015	Rubber wood sawmill	Bueng Kan	100.00	-	-
11. Sahakij Trat Co., Ltd	2016	Rubber wood sawmill	Trat	-	100.00	-

^{1/}Information of shareholding proportion as at 6 January 2021

Supply Chain diagram for rubber wood processing industry and S.Kijichai group and Sahakij group within the chain



Remark: ¹ Sawmills that contract directly from rubber plantation owner mainly will be a large scale sawmills. However, a smaller scale sawmills will mainly use the method of purchasing chump from minor contractors or agents.

² Wood scraps and bits are by-product of wood processed from sawmills and wood bits and dust is by-product of MDF board manufacture process.

This means current operated business that consists of company that obtain shares by S.Kijichai Group and/or Sahakij Group

1.4.1 Relations between company and shareholders group with related business operations

Two shareholders groups are S.Kijchai group and Sahakij group, both possess high experiences and expertise in different business related to rubber wood industry for over 30 years. Both groups operated wood sawmill business, which consist of, procure rubber plantation to eliminate rubber plant and segregate each part of rubber wood. The next process is to deliver raw materials to wood panel factory under the operation of company's shareholders that operate business in manufacture and distribution of plywood board, particleboard, and MDF board. The product received from wood panel factory will be further use as materials for furniture manufacture factory.

1. Business operations of Sahakij Klaeng and Sahakij Saentung consist of related business transactions

These two companies operated in business that interrelated by purchasing wood raw materials from Sahakij Klaeng and Sahakij Saentung. All two companies operated wood sawmill business by purchasing rubber plantation. They will use large trunks to use as raw materials for sawmill and use the other remnants such as branches and tips to distribute to the company. This is to prevent the conflict of interest between business transactions to other shareholder companies. S.Kijchai group and Sahakij group compile interrelate policy to use as a practical approach as well as processes to maintain and operate to ensure the confident that the business relations of companies under both groups will be transparent with clarity.

The company also compile policy regarding the purchase of wood raw materials to specify standardized method. This is to set standard price to every sellers without taking into consideration whether the seller is third party or company under the operation of third party or related companies. However, it is aim to consider the adequacy of raw materials and most importantly, benefits to the company.

2. Business operations and product line of S.Kijchai Wood Panel and S.Plywood possess some similarities

S.Kijchai Wood Panel and S.Plywood operate business that is similar to those of the company. Each company manufacture and distribute Wood-based panel in different types. The products of S.Kijchai Wood panel, S.Plywood and the company are particleboard, plywood board, and MDF board, respectively. Each product is often use in decoration and construction industry as well as furniture manufacture industry.

Nevertheless, if evaluate from the basis of business operations from both companies, it can be seen that in the future they might build business in manufacture and distribute MDF board to compete with the company. However, this has lower possibility that it could lead in the conflict of interest because each type of machine and type of board process differs. Thus, if S.Kijchai Wood Panel and S. Plywood begins operate MDF board business, they will need to install new machine, which will use high cost of investment. Moreover, S.Kijchai Wood Panel have cease production of particleboard since February 2016 and still do not have plan to re-manufacture particleboard. Additionally, S.Kijchai Group and Sahakij have policy to expand business and distribute fiber board through the company investment.

The company has created policy on Non- Competition Agreement with shareholders and board of every S. Plywood and S.Kijchai Wood Panel as well as parties in Sahakij Group whom are not part of shareholders as well as board members of S. Plywood and S.Kijchai Wood Panel. This is to show the intention in not operate or create business transaction in the future that will be compete against the company. The types of business are MDF board business, fiberboard business, and particleboard business. This is to prevent business competition, which could arise in the future.

1.4.2 Relations between the company and its related parties toward other companies that also obtain the name of 'S.Kijchai' similar to the name of the company.

The major shareholders of the company operate different types of business related to rubber wood panel for a long period. The company was established to operate on related business in several companies. Companies that S.Kijchai took parts in and became the major shareholder will consist of "S. Kijchai" after the name of the shareholder. Thus, the related companies will consist of "S. Kijchai" similar to the company that operate in the business regarding rubber wood panel industry: 1) S.Kijchai Co., Ltd. 2) S.Kijchai Wood Panel Co., Ltd. and 3) S.Kijchai Bueng Kan Co., Ltd.

However, although the name of three companies consist of "S. Kijchai" similar to the company but the relation of the stated company will be through the major shareholder and joint board members as well as interrelate business only. This is the regular business transaction of the company and it does not have further relation as a subsidiary or joint venture of the company.

Thus in 2020, the transactions achieved by the company toward related parties have rationale and necessity for specific transactions. The details are shown in topic 12 "Connected Transactions", sub-topic 12.1 "Connected transactions between companies/related parties".

Types of Business

2. Types of business

S. Kijchai Enterprise Public Company Limited previously name as S. Kijchai MDF Company Limited registered as a company on 28 September 2010 by S. Kijchai group and Sahakij group and has registered as a public company on 14 September 2016. In 2017, the company has registered itself in the Stock Exchange of Thailand on 31 December 2018 with paid-in capital of 800 million baht. The main product of the company is Medium Density Fiber Board of MDF board.

Revenue structures

Main revenue of the Company is from proceeds of sales which is equivalent to 99 percent of the overall earnings. Approximately 95-98 percent of the proceeds of sales are export earnings. However, domestic earning is only 2-5 percent of the Company. The revenue structures for 2018, 2019, and 2020 are display in the table below.

Overall revenue in 2018, 2019, and 2020

list of items	Closing accounts on 31 December					
	2018		2019		2020	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Proceeds of sales	1,540.08	98.02	2,334.51	98.26	2,466.93	99.51
- Export earnings	1,503.25	95.68	2,257.43	95.02	2,359.57	95.18
- Domestic earnings	36.83	2.34	77.08	3.24	107.36	4.33
Other types of earnings	31.13	1.98	41.22	1.74	12.18	0.49
Total earnings	1,571.21	100.00	2,375.73	100.00	2,479.11	100.00

2.1 Types of products and services

The Company manufactures and distributes Medium Density Fiber Board or MDF Board which is a Wood-based Panel in the type of Fiber Board. It is produced from using rubber wood fiber combining with binder substance which is Urea Formaldehyde Resin Chemical glue and compound into one board.

Wood-based Panel is a product that has been apply from knowledge and technology in making wood by enables the use of different parts of wood that cannot be use and press into a wooden board. This is to substitute for the use of natural wood which is difficult to find and high price in the present day. Types of popular Wood-based panel in the furniture industry can be divided into 3 main types 1) Plywood 2) Particle Board and 3) Fiber Board. MDF which is the main product of the company is considering a Fiber Board.

Fiber Board is made by using branches or tips of tree with high floss and grind into fiber and use the fiber to press into board with high heat. Chemical glue will help to bind wood into a board. Fiber Board can be divided into 2 types based on the density which are 1) Medium Density Fiber Board or MDF and 2) High Density Fiber Board). Both types of Fiber Board have different density so the strength in term of flexibility in angles may differ. Nevertheless, these two types of fiber board use the same production process. Thus, the machine of the Company will be able to adjust accordingly to manufacture both types of wood.

Medium Density Fiber Board or MDF is a Wood-based Panel with the quality close to the nature and can be applied in different purposes. This is especially with the manufacture of furniture such as cupboard, bed or office equipment. It can also be used in construction works, decoration works and kitchen utensils such as window frame, door frame, or wall. Thus, the characteristic of MDF as manufactured by the Company are as follow.

- | | | |
|------------------------------------|---|---|
| Size of product | : | The size of MDF that can be manufactured by the Company is 8 feet width and 24 feet height and can be cut into smaller pieces based on customer purchasing orders. |
| Product | : | <p>The Company can adjust the thickness level of MDF from 1.0 millimeters to 30.0 millimeters. The groups of thickness are as follow.</p> <ul style="list-style-type: none"> - Super thin board has thickness from 1.0 millimeters to 2.4 millimeters - Thin board has thickness from 2.5 millimeters to 4.0 millimeters - Medium board has thickness from 4.1 millimeters to 9.0 millimeters - Thick board has thickness more than 9.1 millimeters to 25.0 millimeters - Super thick board has thickness from 25.1 millimeters to 30.0 millimeters |
| Special properties of the product: | | <p>The Company manufactures and distributes the special properties MDF Board as follow.</p> <ul style="list-style-type: none"> - High Moisture Resistance board - HMR - MDF-FSC |
| Product safety standards | : | <p>MDF Board that is manufactured by the Company uses Urea Formaldehyde Resin chemical glue which is a binder substance to compound fiber of the wood. The types of Urea Formaldehyde Resin that the Company use for its manufacture is categorize based on the standard in quantity measurement and the evaporation of Formaldehyde in the product based on environment standard for furniture products. There are 3 types of substance that cover the market almost around the globe as follow.</p> <ul style="list-style-type: none"> - European standards <ul style="list-style-type: none"> • E1 : Formaldehyde \leq 8 milligrams per 100 grams of board • E2 : Formaldehyde $>$ 8 milligrams but $<$ 30 milligrams per 100 grams of board - USA standards <ul style="list-style-type: none"> • CARB P2 : thickness \leq 8 millimetres, Formaldehyde \leq 0.13 ppm • CARB P2 : thickness $>$ 8 millimetres, Formaldehyde $<$ 0.11 ppm |

In 2020, the Company purchased chemical glue materials from small group of manufacturers. Some purchases were more than 30 percent of the overall purchase. The Company may encounter risk in dependency of the certain chemical glue distributors. Additionally, the Company may encounter risk regarding the glue material as shown in topic 3 “Risk factors” sub-topic 3.1.2 “Risk result from the deterioration of chemical glue materials and risk from the dependency on small number of chemical glue distributors”. Beside the glue material, the Company also depends on any supplier for wood materials equivalent to more than 30 percent of the overall purchase. This could put the Company at risk in small number of wood distributors and the Company may encounter risk related to other wood materials; such as, sufficiency of wood materials, price fluctuations, and product deterioration as show in the topic 3 “Risk factors” with sub-topic 3.1.1 “Risks related to wood materials.”

Standards/certification and interests of the Company

The Company operates according to the policy that aim to create quality in products and sustainable working standards as well as development in international standard process as certified by several institutes to respond to the needs of domestic and international customers as follow.

Standards and quality certification of the Company

Standards/Certifications	Descriptions	Month/year of first certified
MUTU certification international	Received production standards for Medium Density Fiber Board based on California Code of Regulation 93120 standards	April 2013
MUTU certification international	Received production standards for Thin Medium Density Fiber Board based on California Code of Regulation 93120 standards	April 2013
ISO 9001:2015	Received Quality Management System standards	December 2017
MUTU certification international	Received International Standardization of United States Environmental Protection Agency: US EPA from MUTU Certification International.	March 2018
ISO 14001:2015	Received Environmental Management System standards	July 2018
Green Industry	Received Green Industry Level 3 (Green System) standards.	March 2019
Bureau Veritas Certification	Received FSC-COC (Chain of Custody) standards.	August 2019

Investment Promotion Certificate from the Board of Investment (BOI)

1. The Company received Investment Promotion Certificate Reference 1364(2)/2011 from the Board of Investment for the first production line since 21 February 2011. The Company receives tax rights that consist of exemption of import duty for machine and juristic person income tax exemption with the total value of no more than 1,461,388,776.82 baht for the total of 8 years since the start of revenue from business (with the end date on 6 January 2021). The Company also has been allowed to not acquire dividend from the business received from the Investment Promotion Certificate to calculate and pay for income tax for the whole period of the certificate juristic person income tax exemption.
2. The Company received Investment Promotion Certificate Reference 60-0836-1-00-1-0 from the Board of Investment for the second production line since 4 July 2017 and has received tax rights which consist of exemption of import duty for machine and juristic person income tax exemption with the total value of no more than 1,928,000,000 baht for 3 years from the start of the revenue from business (it will expire on 30 September 2021). The Company also has been allowed to not acquire dividend from the business received from the Investment Promotion Certificate to calculate and pay for income tax for the whole period of the certificate juristic person income tax exemption. Thus, the Company is in the process of request to extend tax rights for the second production line for additional 3 years after the first session of tax right has expired.

2.2 Market and competition

In 2020, the Company's marketing activities aim to operate in accordance with the vision and mission by focusing on sell products with special thickness or properties, increase the sale ratio of customer in new regions and the ratio of direct sales channels. Additionally, the Company also keeps monitoring the changing situation, or any situations that may affect sales and marketing both directly and indirectly. Including keep contact with customers through various channels according to the situation for a timely response.

2.2.1 Types of customer and target customers

The Company is determined to expand its customer base to cover all regions in the global stage by focusing on creating the highest value to customers in all aspects with good service and quality products from international standards. Most of the products of the Company are a Custom Made order with small number of products that is manufacture for Made to Stock. The ratio of the import earning is equivalent to 95 - 98 of total earnings of the Company.

The target group of the Company domestically and internationally can be divided into 3 main groups as follow.

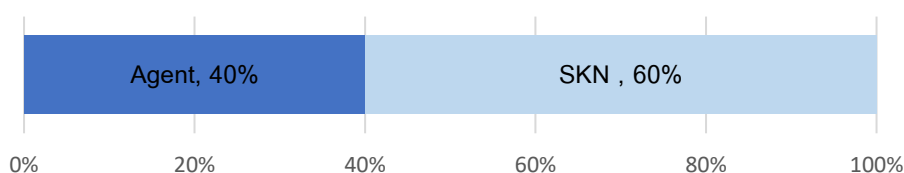
- 1) **MDF Wholesalers/ Distributors** This group of customers will have their own customer base which could be large scale wholesalers who will works as an agent in importing and expand MDF board and other construction materials to their own customer base. This group of customer usually purchase high volume and purchase consistently.
- 2) **Furniture manufacturers and construction companies** will purchase MDF board as a raw material to produce products or use as materials for manufacture of furniture, interior decoration or as part of Built-in furniture.
- 3) **Wood laminate factory** will purchase MDF board to operate in additional production process by adding to wood surface with Veneers wood or Melamine board before distribute to furniture factory, construction companies, or other distributors.

Main group of the Company's customers are international clients especially in Asia Pacific region including Southeast Asia and the Middle East. Thus, for general international customers, the Company will set prices in 2 types which are (1) Free on Board Loading Port (FOB) price which is price of products in the case that the Company will be responsible for shipping expenses until the freight or (2) Cost and Freight (CNF) price which is price of products that including freightage. This is according to the needs of the customers.

2.2.2 Distribution channels

Distribution channels of the Company can be divided into 2 main channels which are through agents or direct sales to the customers. The ratio of distribution channel through agents and direct sales to customers is equivalent to 40 percent and 60 percent from overall earnings, respectively.

The ratio of distribution channel through agents and direct sales to customers for 2020



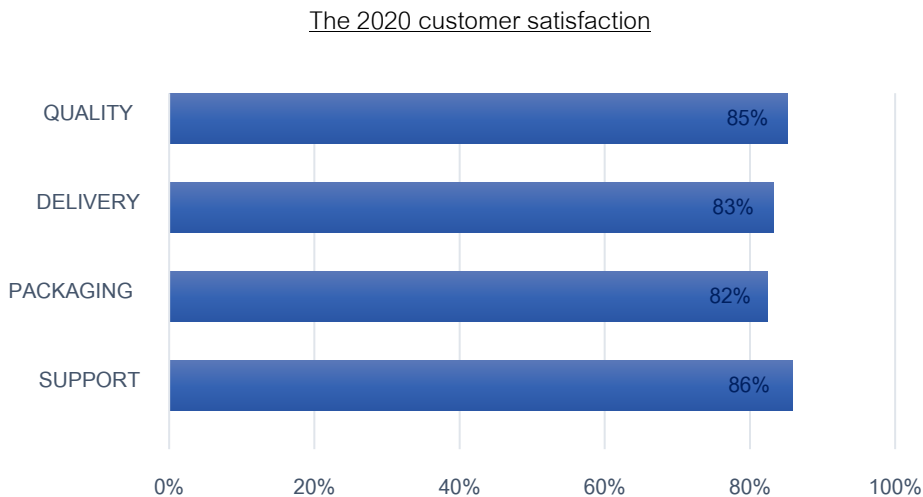
Thus, the Company has a strategic plan for sales and marketing activities by focusing on direct sales to both existing customers and new market through different distribution channels. The Company also continually studies and develop products to respond the various needs of customers. Including study new market in other countries or regions to seek for growing potential market of the MDF board product. As a result, in 2019 the sales in new regions have increased accordingly to the plan.

However, in 2019 and 2020, the Company did not sales through any agents more than 30 percent of the overall sales. The details are shown in topic 3 “Risk factors”, sub-topic 3.1.9 “Risk from dependency of major agents.”

2.2.3 Competition strategy

With experiences and high expertise in wood-panel industry for more than 30 years, the Company has an in-depth understanding with wood-based panel manufacture. The Company uses new imported machine from Germany whom are leader in wood-based panel technology with advance and modern machine, strictly control in all productions process as well as determine to develop production process to be short and precise. The Company also controls the use of raw materials to be utmost effective and product development to increase competitiveness resulting in the Company ability to manufacture quality MDF board, delivers to the customers on time, and there’re products to responds the various needs of customers, continues to maintain trading relations.

The company has arranged customer satisfaction assessment to use such information to improve products and services to respond the utmost needs of customers. In 2020, the Company has a good response from customers both in quality, delivery, packing, and service. This will ensure that the Company able to manufacture products and services to respond the needs of customers and create utmost value for customers.



2.2.4 Industry conditions

Wood-based panel industry

Wood-based panel is a raw material that can be used in different industries. The main industries are furniture industry and construction materials industry. For the construction materials, it will be used as floor, pillar structures, doorframe, and window frame. In general, wood-based panel is divided into 2 types based on the types of product which are Sawn timber and wood-based panel.

- 1) **Sawn Timber** is using large trunk to cut into an appropriate size and quality and press as well as coated with chemical solutions to maintain the quality before distribution. Sawn Timber produced from several types of perennial plants which is a hardwood; teak, Burma Padauk, rosewood, and Siamese Rosewood. The examples of soft wood is rubber wood.
- 2) **Wood-based Panel** is a product that applied from knowledge and technology by using different minor parts of tree from the wood-based process such as wood bits and pieces that are too small to use as sawn timber including branches and tips to adjust into wood-based panel. This will be a substitute product as large piece of trunk is rare and has high price in the present day.

MDF industry

At present, MDF board raises its popularity to manufacture furniture and decorations as it has closest quality to the natural wood with lower price when comparing to others natural wood. However, the outbreak of the Coronavirus Disease 2019 (COVID-19), which rapidly spread around the world. Due to the interruption of economic activity affect the world economy slowdown and consumers purchasing power which the natural wood group was also affected during that time. However, the Company expects that the economy will begin to recover and may result in the demand for MDF board and other natural wood tends to improve when the Coronavirus Disease 2019 (COVID-19) is resolved.

2.2.5 Competitive situations

The competition in MDF board industry is mainly a competition in the international market. This is because important markets of the Company as well as other manufacturers in Thailand are international customers. Thailand is also one of the key manufacturers and distributors of MDF in the global stages for several years.

MDF manufacturers in Thailand

Thailand is considered one of the leading countries for MDF board manufacturer to distribute in Southeast Asia and in the global stage. The main export markets for major manufacturers in Thailand are countries in the Middle East, Vietnam, Taiwan and United States of America.

According to the statistic collected and disclosed in website, it showed the amount of MDF board manufacture in Thailand that has continuously grow. As main factories of MDF manufacturers in the country usually will locate in the South or Eastern part of Thailand. This is because it is located near important rubber plantation. In the present day, the production capacity of 9 major distributors in the year of 2020 is equivalent to 5.19 million cubic meters per year. If taking into consideration of the highest production capacity of the Company that is equivalent to 500,000 cubic meters per year, it will be equivalent to 9.64 percent of the country's production capacity. Thus the Company is a medium scale manufacturer in the industry. However, although the Company's production capacity is not high when compared to the major manufacturers of the country, but the company keeps developing competitiveness in order to produce quality products to responds the utmost needs of customers.

The production capacity of major MDF board manufacturers in Thailand

Company	Location	Highest manufacture volume in MDF production (cubic meter per year)
Metro M.D.F Company Limited	Nonthaburi Kanchanaburi	1,380,000
Vanachai Public Company Limited	Chonburi Saraburi Suratthani	1,120,000
Panel Plus Company Limited	Songkhla	670,000
Siam Fiber Board Company Limited	Songkhla	570,000
S.Kijchai Enterprise Public Company Limited ("the Company")	Rayong	500,000
Seangsiri Parawood Company Limited	Surat Thani	270,000
Rayong MDF Company Limited	Rayong	256,700
Wise wood Company Limited	Phetchaburi	240,000
Agro Fiber Company Limited	Prachinburi	100,000
รวม		5,186,700

Source : Information from companies and list of annual company information (form 56-1) and each company websites

2.3 Products and services acquisition

2.3.1 Production base and production capacity

At present, the Company has one MDF board factory which is located at Klaeng district, Rayong province with the total area of 159 rai, 452 square meters. The factory production operation on a daily basis for 24 hours which consist of two production line.

1st Production line: The highest capacity of first production line is approximately 20,000 cubic meters per month.

2nd Production line: Started operations in the fourth quarter of 2018, the highest production capacity is approximately 21,600 cubic meters per month.

In 2020, both of production lines used approximately over 90 percent of highest production capacity.

The main machine of the Company is import from Germany who is the leader in machine manufacturer of different types of Wood-based panel that is widely accepted globally. The machine of the Company is an automatic continuous process that uses advanced technology in production and control all command with computers. In addition, the machine manufacturer also has assistance team that supports for any issues or errors of the machine through 24 hours online system.

Previously, the Company prioritizes the quality and efficiency of the production process. There is also an improvement of machine and factory efficiency. It focuses on maintenance of the machine, security system and preventive maintenance. Additionally, the Company also continuously improve the production process by obtain production data in the past to analyze and improve production formula. This is so it will be suitable for the machine and products in each work and plan production by specify types of machine and types of raw material to create consistency to prevent the loss during production process and shorten the time of production process.

2.3.2 Production processes

The production processes of the Company in manufacture MDF board are as follow.

The first step of production process starts from preparing the raw material by bringing wood raw material in to Debarker machine to be left only the trunk. The trunk will be cut into chips and will be deliver to the steamed process to soften the wood and grind it to fiber. Urea Formaldehyde will be injected to bind wood fiber together as it will enter the process of Dryer as well as contaminant segregation process. This will reduce other contaminants to dry the wood fiber and reduce contaminant. Next step is to put into wood forming machine and to the process of pressing the wood with high pressure and heat. This will transform the wood fiber into a hard board (Master Board) , then waiting for the board to cool down and harden. The next process will be sanding and cutting the board. There will be a quality control for the entire production process. The product that has passed quality control will be packed and store in a warehouse for further shipment.

2.3.3 Raw materials acquisition for production

The main raw materials that use to manufacturer MDF board are divided into 3 main types which are 1) rubber wood materials 2) chemical glue in the form of Urea Formaldehyde Resin and 3) other chemical substances such as Ammonium Chloride (adhesives agent) , Urea substance and wax. The main materials of the Company such as raw materials, rubber wood, chemical glue and other substances can be found from resources in the country.

The acquisitions for each type of raw materials are as follow.

1) Rubber wood materials

At present, almost every wood material of the Company for the manufacture of MDF board comes from branches and tips of rubber wood as well as other parts of rubber wood with the diameters between 2-6 inches. Additionally, beside rubber wood, other wood with high fiber including eucalyptus is also use to manufacture MDF board. Since rubber wood is an economic plant with high volume of planting in the country as well as in the Eastern region of the country, where the factory of the Company is located, the Company decided to use rubber wood as the main material in production.

The main source of rubber wood materials of the Company came from the rubber plantation in the Eastern part of the country. The area will cover from Rayong, Chantaburi, Trat, Prachinburi, Chachoeongsao, and Sra Kaeo. In addition, the Company also purchase rubber wood materials from other regions of Thailand to diversify the Company's raw material sources. At present, the Company is also open for purchase of wood branches and rubber wood tips from minor wholesalers, wood agents or sawmills. These groups will mainly take rubber plantation in each area and distribute to the Company. The process of purchase will be based on the policy in wood materials purchase which will take into consideration from the market price in the purchase of wood and the amount of production needs in each period.

2) Chemical glue materials

Urea Formaldehyde Resin is an important raw material for the production process of the Company. It is use as a fiber binder substance to press into a board. At present, there are several types of Urea Formaldehyde that the Company purchased for its production process. Each type will differ in term of Formaldehyde substance and other ratio of chemical solutions mix in the chemical glue. Glue is an important raw material and the quality of the chemical glue will affect directly to the efficiency and quality of the product. This has resulted in the fact that in the present day

that the Company purchases Urea Formaldehyde Resin is the factories that have their own factories and has passed quality control test. The factors that the Company uses to select the distributors will depend on the type of chemical glue that the Company need to purchase and the proposed price in each time. Each types of chemical glue is different and the purchase from different distributors will be store in a different places to prevent the chemical to be confound which may result in the quality of the glue and products. However, S.Kleber Chemical Company Limited, which is the company's subsidiary, producing and distribution of glue and chemical products. This will ensure that the Company will have a good quality raw materials source to use in production.

3) Other chemical materials

There is a small ratio in production process for other chemical substances when comparing to wood raw material and chemical glue materials. The main materials are Urea and wax. Other materials that the Company uses can also be resource within the country. Nevertheless, the Company will have contact lists for each of distributors for each types of chemical substance. The Company will consistently compare the price and quality before making a purchase. Most chemical substances can be purchase from distributors in the country. Only some types of substance will need to be purchase from abroad which will also depends on the proposed price in comparison.

In 2019, the Company purchased chemical glue material from small group of large-scale manufacturer. There was a purchase of more than 30 percent from the overall purchases to some of the distributor. The Company may encounter the risk of distributor dependency for chemical glue. This can be shown in the details in topic 3 "Risk factors", sub-topic 3.1.2 "Risk result from the deterioration of chemical glue materials and risk from the dependency on small groups of chemical glue distributors". Beside glue material, the Company also depends on any supplier for wood materials equivalent to more than 30 percent of the overall purchases. This could result in the Company to encounter risk in dependency on small number of wood distributors. Additionally, the Company will also encounter other risks related to wood materials such as sufficiency of wood materials, price fluctuation, and product deterioration as shown in topic 3 "Risk Factor", sub-topic 3.1.1 "Risk factors related to wood materials."

2.3.4 Environment effects

The Company prioritizes responsibility toward maintaining good environment so the Company's business operation will not result in a negative effect toward the environment. This will include the elimination of dust, chemical substance fetor or sewage disposal. The Company has also installed effective dust control system into main machines. There will not be any dust pollution in the area of the factory. The Company also installs several chemical fetor elimination machines that could danger the area. There is also a sewage disposal system that is a closed system that will use the clean water in the production process and will not be release back to the environment.

In addition, the Company also has certified with Environmental Management System ISO14001:2015 which is part of measurement in environmental management 14000. It will be used as a guideline for organization or sector to systematically manage the system to reach the environmental target. In addition, the Company has received FSC-COC (Chain of Custody) standards. Which verify that, according to FSC standard, the Company is able to manufactured products from wood that applied responsible forest management. And the Company has been received Green Industry Level 3 (Green System) standards. Which is a certification that the Company has a systematic environmental management including monitoring, assessment, and review for continuous improvement. However, from previous days up until the present, the Company has not encounter with any charges or lawsuits regarding environment conditions.

Risk Factors

3. Risk factors

3.1 Risk factor in business operations

3.1.1 Risk related to wood materials

Rubber wood is the main material of the company. It is agricultural products that use time to plant as well as log process. The collection of large number of wood to use as a raw material of the Company will need to use agent to collect wood. It will also need to use sawmill to seek and collect wood materials. The price of the wood materials may fluctuate depend on different factors from each period. Thus, the company will have risks related to wood material as follow.

- 1) The sufficiency of wood materials: From the research, it is found that in the present day, the quantity of rubber wood material and the amount of log in an average per year in Eastern part of Thailand is sufficient. It will respond to an increasing demand of production. Additionally, in the neighboring region also grows rubber wood plantation that is high in volume and can be a secondary resource of raw materials in the future.
- 2) The dependency of small number of major wood materials supplier: In 2019 and 2020, there is over 30 percent of wood materials purchase from any supplier combined from the overall purchase orders. The purchase is considered as a dependency on small number of major suppliers that could affect business turnover significantly. Nevertheless, the Company has contact additional large scale wood material supplier consistently. There is also a distinct regulation in the operation of purchase of wood materials as well as a memorandum on 'Right of First Refusal' to both suppliers. This is a measurement that will offer right to the Company to purchase wood materials from both suppliers first. This is to ensure that the Company will be able to continuously seek wood raw materials.
- 3) Related party wood supplier could result in disorder 'Arm's Length basis' if company have inefficient internal control: Nevertheless, the purchase of woods from all distributors will based on regulations for wood materials purchase to be fair and appropriate. There is also an appointed of wood purchase committee to investigate the process of wood materials purchase and report to board members in every quarter.
- 4) The fluctuation of wood materials price: The Company always following up with the situation regarding wood material price and the Company will set the price to purchase wood based on the information from wood materials market survey. The Company will also take into consideration the amount of wood that the Company need so the Company will be able to control the material cost to be appropriate and based on the market conditions. The Company will also adjust sales strategic to correspond to the fluctuation of conditions in material cost.
- 5) The deterioration of wood materials if kept for long period of time: Wood material is a type of material that circulate all the time as the Company also uses and manage in the 'First in First Out' method. Additionally, the Company also plans in advance; this is so the Company will acknowledge the amount of needed wood material to efficiently engage in Company's wood purchase plan.

3.1.2 Risk result from the deterioration of chemical glue materials and risk from the dependency on small groups of chemical glue distributors

The Company uses Urea-formaldehyde chemical glue as one of the main raw material to produce MDF board. The chemical glue has high risk to deteriorate if kept for long period of time. The Company also tends to purchase chemical glue from small groups of large manufacturers. This is due to the fact that the manufacturers occupy their own chemical glue factories so they will be able to distribute chemical glue certainly and in a short period. They also have an effective production plan result in the fact that the Company will be able to plan the purchase to correspond to the usage without storing high volume of chemical glue. In addition, the company established company's subsidiary names S. Kleber Chemical Company Limited, in order to manufacture and distribute glue and chemical. At present, subsidiary company expected to start operation in the first quarter of 2021. Which will ensure that the Company will receive quality chemical glue and help to reduce the risk from few amount of chemical glue distributors dependency.

3.1.3 Risk results on dependency of export market that may concentrated only in some region

Main revenue of the Company derived from exporting product to abroad. The main export market of the Company is the Middle East. Thus, the Company will encounter risk if there is any incident that could affect the regional market to cancel or reduce the quantity of purchase orders from the Company or occurs the situation that unable to export products to those countries. Nevertheless, the Company has a market strategic plan to focuses on expand the sales to other countries and aimed to expand market in new countries to reduce the risk of dependency on export to certain countries.

3.1.4 Risk related to currencies exchange

Main revenue of the Company is from the export which will use US dollars as a main payment currency for the product. The capital cost and main expenses of the Company is in Thai baht. The Company will encounter risk from currency mismatch between revenue, capital, and expenses. Nevertheless, the Company uses several financial tools to manage the risk. The Company will also encounter risk if the currency exchange of the competitor countries of US dollars depreciates when comparing to Thai baht to US dollars. This will result in the exporter of certain country to have advantage from setting price based on the depreciation of the currency. This will affect the business operation of the company. Nevertheless, the Company also consistently following up with the currency exchange fluctuation, this will enables the Company to adjust to sales plan accordingly.

3.1.5 Risk from the expiration of tax right of Investment Promotion Certificate from the Board of Investment (BOI)

The Company receives tax right from the Board of Investment which is the tax exemption from juristic person. For the net profit from business turnover of the production line 1 for the total of 8 years, it expired on 6 January 2021. It values at no more than 1,461.38 million baht and for the production line 2 which also received import duty for machine and juristic person tax exemption no more than 1,928.00 million baht for the period of 3 years, it will expire by 30 September 2021. Thus, if the Company completed the full amount of tax rights or the Investment Promotion Certificate has expired, this will result in the Company increased in tax expenses. It will also affect the net profit of the Company. Thus, the Company is in the process of consideration to extend tax rights for the second production line after the first session of tax right has expired.

3.1.6 Risk from fires

One of the main material for production of the Company are wood and chemical glue as well as the product of the company is MDF board. This is a combustible material. Thus, the Company will encounter a risk of fire. Nevertheless, the Company has control measures for hot work and installed fire prevention system within its production line as well as install fire extinguishers in each area of the factory. There are also basic fire fighting training and consistent fire safety training. The Company also acquires a property damage insurance.

3.1.7 Risk from consumers use other wood substitution product

MDF board is part of Wood-based Panel which has a quality similar to sawn timber but in a lower price when in comparison. In the future, if there is a development in production technology that can produce product with similar quality as to MDF board in a price and capital cost that is lower. The Company could encounter risk from consumers to use other wood-based panel substitution product. This will result in the negative effect toward purchasing orders and the Company business turnover. Nevertheless, MDF board has been research and developed for over 30 years and is prefer to use to manufacture furniture continuously. If the consumers prefer to use other substitution, the Company sees that the change will not be instant and the Company predicts that it will be able to adjust to correspond to the trend and direction of the industry.

3.1.8 Risk from 'Anti-dumping Duty' and 'Countervailing Duty' from countries that imported products of the company

At present, the import countries of MDF board announce an Anti-dumping duty and/or a Countervailing Duty. There are measures from countries as follows.

- 1) India has promulgated an Anti-dumping duty for the import of MDF board that is thick equal to or more than 6 millimeters to countries that export MDF board to India including Vietnam, Malaysia, Thailand, and Indonesia.
- 2) India announces a Countervailing Duty for the Fiberboards import transactions from countries that export Fiberboards to India including Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam.

Which the announcement of such measures has resulted in the importer of MDF have a chance to encounter a higher capital cost from additional tax. The Company will encounter risk from the importer from India that could cancel or reduce the amount of purchasing order from the Company. Nevertheless, the Company export to India in a ratio that is insignificant and does not have a policy to cut prices. Thus, the Company has joined to review on Anti-dumping duty and Countervailing Duty as above, which the Company is in the process of review according to such measure. So the company believes it will be able to reduce negative effect and able to manage the risk and will not significantly affect business operations of the Company.

3.1.9 Risk from dependency of major agents

In 2016, the Company sold its product through major agent which is more than 30 percent of total sales. Thus, the Company will encounter risk if the agent cancel the agreement or did not present company product on sales in the future. Nevertheless, the Company has a plan to increase product distribution through other agents as well as increase number of new agents. The Company also plans to increase the ratio of sales by direct sales to the customer to reduce the risk of agents' dependency. Since 2017, there are not any major agent who take more than 30 percent of total sales.

3.1.10 Risk from epidemic

In 2020, the outbreak of the Coronavirus Disease 2019 (COVID-19), which is considered a dangerous communicable disease according to the Communicable Disease Act B.E. 2558 (2015), has been spreading faster and more widely. Which makes the business and industry directly affected by the above situation. As a result, the global economic conditions are uncertain. Therefore, the Company has a risk of receiving decrease orders from both domestic and foreign customers or causing to postpone the delivery of products due to the customer's countries has an announcement to close the countries (Lockdown) so it impossible to receive the product or may encounter container shortage. Including may result in the production shutdown from the spread of disease. However, the Company has negotiated with customers to find shipping options and closely monitor the situation. In order to assess the situation and plan to handle such situations in time and set guidelines for employees to prevent and avoid any risk that may occur.

3.2 Risk in management

3.2.1 Risk from company structures that could lead to the conflict of interest

Two major shareholders are S.Kijchai group and Sahakij group also have a wood-based panel factors with a business operations similar to the Company which are 1) S.Kijchai Wood Panel and 2) S. Plywood. Each of the company manufactures and distributes different types of Wood-based Panel. However, business of both companies differs from the Company in several areas; for example, raw material, and production process, usage, and target groups. Additionally, the Company also has a Non-Competition Agreement to prevent competition in business that could arise in the future.

3.2.2 Risk from investment of shareholders

The Company could encounter risk from the fact that the Company has 2 groups of major shareholders which are S Kijchai group (hold shares in the name of S. Kijchai Capital) and Sahakij group. Both have combined shares more than 75 percent of the overall purchasable shares. Minor shareholder could encounter risk from the fact that major shareholders will be able to control the resolution of the shareholder meeting. Therefore, even though other shareholders attend the meeting with the right to vote, they will not be able to collect enough votes to result in a different resolution. Nevertheless, the Company has set organization structure to enable the investigation and weight the balance of power for the board members who are stakeholders. There is also an appointed audit committee to investigate the work and management of the Company in representative of the minor shareholders to prevent any risk that may occur.

Corporate Information of Company

4. Corporation information of Company

4.1 General information

(1) Information of company

Company name	:	S.Kijchai Enterprise Public Company Limited ("SKN")
Type of business	:	Manufacture and distribution of MDF board
Headquarter office	:	99/9 M.7 Huay Yang Sub-district, Klaeng District, Rayong Province 21110
Telephone number	:	038-928188
Fax	:	038-928189
Company registration number	:	0107559000435
Authorized capital	:	800,000,000
Paid-in capital	:	800,000,000
Types and prices of shares	:	Common shares worth 1.00 baht per share
Website	:	http://www.skn.co.th/
<u>Company Secretary</u>	Tel.	038 928 188 ext. 5301
	E-mail:	hr01@kijchai.co.th
<u>Investor Relations</u>	Tel.	038 928 188 ext. 5301
	E-mail:	skn@kijchai.co.th

(2) Information of subsidiary

Company name	:	S.Kleber Chemical Company Limited
Type of business	:	Manufacture and distribution of Glue and Chemical
Headquarter office	:	99 M.3 Nong Lalok Sub-district, Ban Khai District, Rayong Province 21120
Telephone number	:	038-928188
Fax	:	038-928189
Company registration number	:	0215561005624
Authorized capital	:	100,000,000
Paid-in capital	:	75,000,000
Types and prices of shares	:	Common shares worth 10.00 baht per share
Share Holding Percentage (%)	:	100% paid-up capital
Website	:	-

(3) References Parties

3.1 Securities Registrar

Company name	:	Thailand Securities Depository Company Limited
Location	:	93 Ratchadapisek Road, Din Daeng, Bangkok 10400
Telephone number	:	02 009 9381
Fax	:	02 009 9001

3.2 Company audit

Company name	:	Siam Truth Audit Company Limited
Location	:	338 Preecha Complex Building A, 8th Floor, Ratchadaphisek Road, Samsennok, Huaykwang, Bangkok 10310
Telephone number	:	02 275 9599
Auditors	:	Mr Bungjong Pitchayaprasart Certified Auditor License 7147
	:	Mr Kraisith Silpmongkonkul Certified Auditor License 9429
	:	Miss Kemmanan Jaichuen Certified Auditor License 8260

4.2 Other key information

- None -

Shareholder

5. Shareholders

5.1 Shareholders

(1) Shareholder Structure

As of 30 December 2020, the company's share distribution is as show in the following table.

Shareholders	Number of shares	% shares
Paid-up registered capital	800,000,000	100.00
Thai shareholders	799,451,900	99.93
- Juristic persons	422,817,700	52.85
- Natural persons	376,634,200	47.08
Non-Thai shareholders	548,100	0.07
- Juristic persons	125,000	0.02
- Natural persons	423,100	0.05

(2) Name lists of the major shareholders

(a) Name lists and acquired shares of the top 10 highest shareholder on Record Date on 6 January 2021

No.	Shareholders	Acquired shares	%
1.	S.Kijchai Capital Co.,Ltd	400,800,000	50.100
2.	Mr. Sanguan Saengwongkij	54,600,000	6.825
3.	Mr. Somnuk Sangwongkij	52,500,000	6.563
4.	Mrs. Malai Tangsupa-anan	15,540,000	1.943
5.	Mr. Surasit Saengwongkij	13,530,000	1.691
6.	Mr. Surasuk Saengwongkij	12,890,000	1.611
7.	Mrs. Supacha Charoensermasakul	12,322,000	1.540
8.	TISCO MID/SMALL CAP EQUITY FUND	11,372,200	1.422
9.	Ms. Suchitra Saengwongkij	10,800,000	1.350
10.	Ms. Saengchandar Saengwongkij	9,871,000	1.234
11.	Minor shareholders	205,774,800	25.722
Total		800,000,000	100.000

b) Details of shareholder of S Kijchai Capital.Co.,Ltd. (which is a Holding Company) updated on 31 December 2020

No.	Shareholders	Acquired shares	Percentage of total shares (%)
1.	Mrs.Natthaporn Arayaprakarn	100,000	10
2.	Miss Natnaree Arayaprakarn	50,000	5
3.	Miss Kanokporn Arayaprakarn	50,000	5
4.	Mrs. Kitiya Niebler	50,000	5
5.	Miss Ratikorn Sangvongkit	50,000	5
6.	Mr. Chalinwath Saengvongkij	50,000	5
7.	Miss Vichuta Saengvongkij	50,000	5
8.	Miss Thanyathon Saengvongkij	50,000	5
9.	Miss Sunisa Sangwongkij	50,000	5
10.	Mr. Chaiwat Taweepiriya	50,000	5
11.	Mr. Kunanon Taweepiriya	50,000	5
12.	Miss Varisara Taweepiriya	50,000	5
13.	Miss Variya Taweepiriya	50,000	5
14.	Mr. Vichai Sangwongkit	50,000	5
15.	Mrs. Aimorn Sangwongkit	50,000	5
16.	Miss Orawan Sangwongkit	50,000	5
17.	Mr. Harnsiri Sangwongkit	50,000	5
18.	Mr. Harnkij Sangwongkit	50,000	5
19.	Mrs. Supa Saengvongkij	30,000	3
20.	Mr. Vichien Saengvongkij	20,000	2
Total		1,000,000	100

(2) The Shareholding agreement between major shareholders and the Company will affect the Offerings or the management of the Company. The agreement consists of the cosigner companies.

Name of contract : - Agreement on First Right of Refusal dated on 20 October 2016
- The agreement for First Right of Refusal will end on 18 November 2016
- The revision of agreement on First Right of Refusal on 18 November 2016

Types of contract : Agreement on First Right of Refusal regarding the purchase of rubber wood

Partners of contract : - The Company
- Sahakijklaeng Co., Ltd
- Sahakij Saentung Co., Ltd
- SahakijTrad Co., Ltd *

(*The related cosigner agreed to have SahakijTrad Co. , Ltd to end its role as a cosigner in the First Right of Refusal agreement. It is considered void and ineffective as a cosigner to SahakijTrad Co., Ltd, according to the end of cosigner agreement of First Right of Refusal agreement, dated 18 November 2016)

Types of relation : - (1) Some of major shareholders within the Company is also a shareholder and/or board member of Sahakijklaeng Co., Ltd

- (2) Some of major shareholders within the Company is also a shareholder and/or board member of Sahakij Saentung Co., Ltd

5.2 Other assets that is beyond common shares

- None-

Dividend Payment Policy

6. Dividend payment policy

The company and subsidiary company have a policy to pay dividend in the rate that is not less than 40 percent of net profit from specific business financial budget. This is after the tax deduction from juristic person and any substitution deduction based on the law. It is also base on the regulation of the company. Nevertheless, the rate in paying dividend from the policy can be change accordingly basing on business turnover, investment plan, future business expansion, market condition, suitability, and other factors related to business transaction as see fit by the board members. This will be under the condition that company will possess adequate amount of capital for business operation. In addition, that the operation will be utmost beneficial to the shareholders as see fit by company board members and/or company shareholders.

In 2018 - 2020, the company has the details of the dividend payout ratio as follows:

List of items	Year 2018	Year 2019	Year 2020
Earning per share	0.26	0.08	0.20
Dividend (Baht/share)	0.0982	0.0306	0.1687 ^{1/}
Dividend payout ratio (%)	39.99	40.07	80.86

^{1/} On 16 November 2020, The Board of Directors' Meeting has resolved to approve the interim dividend payment for the operation of the nine-month period ended 30 September 2020 and retained earnings to shareholders, at the rate of 0.1687 Baht per share. On 24 February 2021, The Board of Directors' Meeting has resolved to approve the omission dividend payment for the operation of the three-month period ended 31 December 2020, which will be proposed in the shareholder's general meeting for approval.

Management Structure

7. Management Structure

The Company's management structure as described below allows clear segregation of roles, duties, and responsibilities of the board of director, the sub-committees, and the management for check and balances, as well as cross-checking of their performance.

7.1 Board of Director and sub-committees

The Board of Director consist of directors with expertise and experience in various fields, being properly qualified and without forbidden qualities under the Public Limited Companies Act B.E. 2535 and the Securities and Exchange Act B.E. 2535. The directors must not possess any distrustful characteristics unsuitable for the management position in public limited companies under the announcement of the Securities and Exchange Commission (SEC).

As of 31 December 2020, the Board of Directors consist of 12 directors, including 1) 8 non-executive directors, 4 of whom are independent directors, representing not less than one-third of the members and 2) 4 executive directors

The details of board and meeting attendance for the year 2020 as follow.

No	Name	Position	As of 31 December 2020 (Meetings attendance/Total Meetings)			
			Board of Director	Audit committees	Nominating committees	2020 AGM
1	Dr. Suvit Thaniyavarn	Independent director and Chairman of the Board	6/6	-	-	1/1
2	Mr. Vichai Sangwongkit	Board member and Managing Director	6/6	-	-	1/1
3	Mr. Vichien Saengvongkij	Board member	5/6	-	-	1/1
4	Mr. Chaiwat Taweepiriy	Board member	6/6	-	-	1/1
5	Mr. Sanguan Saengvongkij	Board member	6/6	-	-	1/1
6	Mr. Supot Massayamas	Board member	6/6	-	-	1/1
7	Mr. Somnuk Saengvongkij	Board member	6/6	-	-	1/1
8	Miss Kanokporn Arayaprakarn	Board member	6/6	-	-	1/1
9	Miss Orawan Sangwongkit	Board member and Nominating and Compensation Committee member	6/6	-	2/2	1/1
10	Mr. Tarate Poshyananda	Independent director, Chairman of Audit Committee and Nominating and Compensation Committee member	6/6	4/4	2/2	1/1
11	Pol.Lt.Gen. Sunchai Chaiamporn	Independent director, Audit committee member and Chairman of Nominating and Compensation Committee	6/6	4/4	2/2	1/1
12	Mr. Tiwat Rattanakate	Independent director and Audit committee member	6/6	4/4	-	1/1
13	Miss Vichuta Saengvongkij ^{1/}	Nominating and Compensation Committee member	-	-	2/2	-

^{1/} Miss Vichuta Saengvongkij is a member of sub-committee board, but not a part of the Company's board member.

1) Miss Jurirat Artwichai 2) Miss Jurairat Leephairotkun and 3) Miss Autchariya Chanduaykit to be the secretary of the Company as well as secretary of Board of Director, secretary of Audit Committee and secretary of Nominating and Compensation committee.

Authorized board member of the Company

Authorized board member of the Company is (1) Mr. Vichai Sangwongkit signed with Mr. Vichien Saengvongkij and embedded with Company seal, or (2) Mr. Vichai Sangwongkit signed with Mr. Chaiwat Taweepiriyā or Mr. Sanguan Saengvongkij or Ms. Kanokporn Arayaprakarn jointly signed and embedded with Company seal or (3) Mr. Vichien Saengvongkij signed with Mr. Chaiwat Taweepiriyā or Mr. Sanguan Saengvongkij or Ms. Kanokporn Arayaprakarn or Ms. Orawan Sangwongkit jointly signed and embedded with Company seal.

Executive Committee

As of 31 December 2020 the Company's Executive committee consists of 8 executive directors with the detail of meeting attendance as follow.

No.	Name	Position	As of 31 December 2020
			Meeting attendance/ Total meetings
1.	Mr. Vichai Sangwongkit	Chairman of Executive committee	12/12
2.	Mr. Supot Massayamas	Executive committee	12/12
3.	Miss Orawan Sangwongkit	Executive committee	12/12
4.	Mr. Thongchai Tangsupa-anan	Executive committee	11/12
5.	Miss Kanokporn Arayaprakarn	Executive committee	12/12
6.	Mrs. Kitiya Niebler	Executive committee	12/12
7.	Mr. Harnsiri Sangwongkit	Executive committee	12/12
8.	Miss Vichuta Saengvongkij	Executive committee	12/12

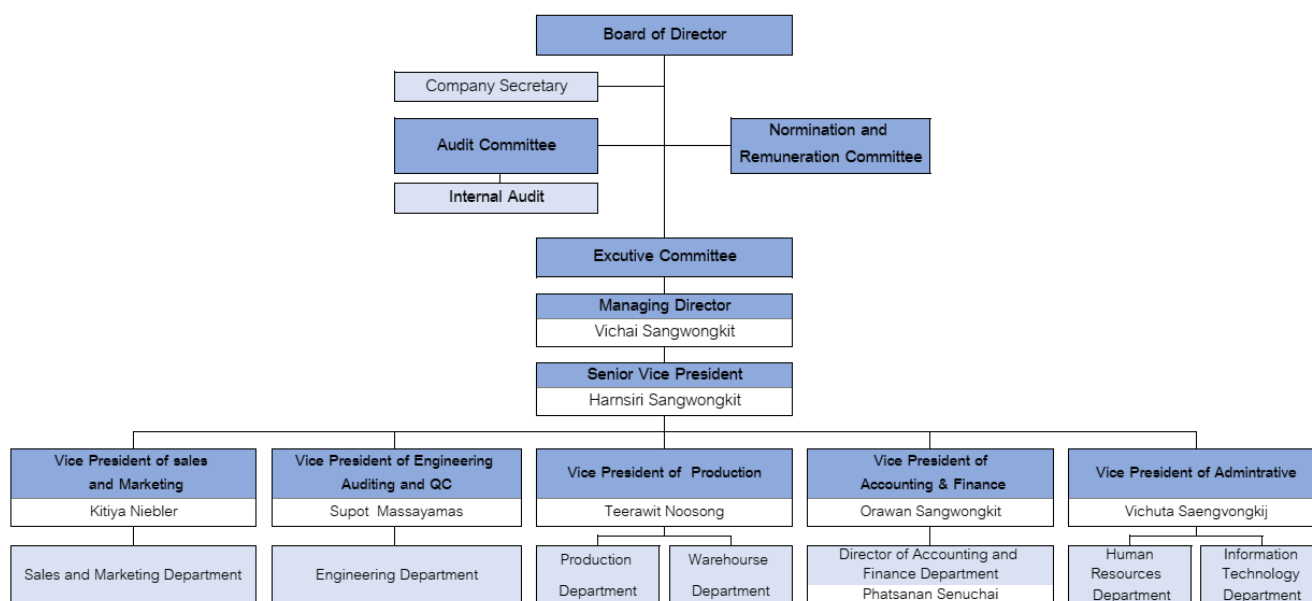
7.2 Executives

As of 31 December 2020, the Company has 8 executives as follow.

No.	Name	Position
1.	Mr. Vichai Sangwongkit	Managing Director
2.	Mr. Harnsiri Sangwongkit	Senior Vice President
3.	Mrs. Kitiya Niebler	Vice President of Sales and Marketing Department
4.	Mr. Teerawit Noosong	Vice President of Production Department
5.	Mr. Supot Massayamas	Vice President of Engineering Auditing and QC Department
6.	Ms. Orawan Sangwongkit	Vice President of Accounting and Finance Department
7.	Ms. Vichuta Saengvongkij	Vice President of Administrative Department
8.	Ms. Phatsanan Senuchai	Director in Accounting and Finance Department

Company management and operation structures

As of 31 December 2020, the Company management and operation structures consist of the Company board members, 2 sub-committees (which are auditing committees and nominating and compensation committees) and management board members according to management structures as follow



7.3 Company secretary

The board members appointed (1) Ms. Jurirat Artwichai and (2) Ms. Jurairat Leephairotkun as the company secretary since 9 August 2018 and the board of director appointed Ms. Autchariya Chanduaykit as the company secretary since 26 February 2020.

7.4 Compensation for board members and executives

7.4.1 Compensation policy

Board of director have considered remuneration for Board of director, sub-committee, executive committee and executives according to company's compensation and remuneration policy based on scope of responsibility and comparable with others company in the same industry. Thus, the remuneration of Board of Directors and sub-committees have been approved by shareholders and executive committee's remuneration have been approved by Board of Director.

7.4.2 Compensations

(1) Compensation for board members

The Company has criteria for directors' compensation as follow

- 1) The compensation should align with scope of responsibility for each of the board members
- 2) The compensation should determine at attractive level in order to retain talented director.
- 3) The compensation should accurate, transparent and easy to understand.
- 4) The compensation should be comparable to the compensation of directors in the same industry or comparable size.

At the 2020 Annual General Meeting held on 16 September 2020, specified monthly compensation and attendance fee for meeting as follow.

Position	Compensation (Baht/month)	Attendance fees (Baht/Time)			
		Nominating and compensation committee meeting	Audit committee meeting	Board of Director meetings	Shareholders meeting
Chairman of the Board	40,000	-	-	15,000	15,000
Chairman of Audit Committee	30,000	-	15,000	10,000	10,000
Members of Audit Committees	25,000	-	10,000	10,000	10,000
Chairman of Nominating and Compensation Committee	-	15,000	-	-	-
Member of Nominating and Compensation Committees	-	10,000	-	-	-
Member of the Board of Director who are not be in the position of Chairman of the Board of Director or Chairman of Audit Committee or Audit Committee or Chairman of Nomination and Remuneration Committee or Nomination and Remuneration Committee or the company employees	15,000	-	-	10,000	-
Board member who is also the Company employees	-	-	-	10,000	-

Thus, for the board member that is also appointed as sub-committee board members will only receive monthly compensation for one position. In case of monthly compensation for each position are similar, the board member will receive only one or another monthly compensation. However, in case that the rate of monthly compensation is unequal, the board member shall receive monthly compensation of the position with the higher payment rates.

Additionally, there are 2 types of compensation for the board members which are (1) monthly compensation and attendance fees according to above table and (2) bonus. Nevertheless, both (1) and (2) will not exceed 4,800,000 baht per year. In addition, if there is remaining financial amount from compensation (1), the Company board member will take into consideration and allocate accordingly to bonus (2).

The detail of the Company board members compensation as of 2019 and 2020 are as follow.

No.	Name	Compensation in 2019 (Baht)	Compensation in 2020 (Baht)
1.	Dr. Suvit Thaniyavarn	705,000	765,000
2.	Mr. Vichien Saengvongkij	300,000	330,000
3.	Mr.Vichai Sangwongkit	40,000	60,000
4.	Mr. Chaiwat Taweepiriy	300,000	340,000
5.	Mr. Sanguan Saengvongkij	300,000	340,000
6.	Mr. Supot Massayamas	30,000	60,000
7.	Mr. Somnuk Saengvongkij	300,000	340,000
8.	Miss Kanokporn Arayaprakarn	40,000	60,000
9.	Miss. Orawan Sangwongkit	60,000	80,000
10.	Mr. Tarate Poshyananda	610,000	660,000
11.	Pol.Lt.Gen. Sunchai Chaiamporn	540,000	590,000
12.	Mr. Tiwat Rattanakate	490,000	530,000
13.	Miss Vichuta Saengvongkij *	20,000	20,000
Total		3,985,000	4,175,000

* Miss Vichuta Saengvongkij is a member of sub-committee board, but not a part of the Company's board member.

(2) Managing Director compensation

The Nominating and Compensation committee conducts the managing director's performance appraisal annually. In order to determine the total compensation, including salary, bonus, or other payments by considering appropriateness and competitiveness in comparison with peer listed companies of the same industry.

(3) Executives compensation

Executives' compensation (excluding board members compensation) consists of salary, bonus, welfare, and provident fund. As of 31 December 2020, the Company provides compensation to 8 executives, the names are shown in topic 7 "Management Structure", sub-topic "7.2 Executives", the total of 29.56 million baht.

List of items	Year 2019	Year 2020
Number of people	8	8
Compensation (Million baht)	18.66 ^{1/}	29.56 ^{2/}

Remarks: ^{1/}Total estimated bonus that is expected to be paid for year 2019.

^{2/}Total estimated bonus that is expected to be paid for year 2020.

7.4.2 Other benefits

(1) Other benefits of Director

- None -

(2) Other benefits of Executives

The Company provides compensation to executives which consist of provident fund that was established in September 2016. It was open for members to be able to select their own investment policies based on the selections by fund committees. It consists of fixed income funds, equity instruments and balanced fund.

7.5 Employees

7.5.1 Compensation for Company's employees (excluding executives)

The Company offers fair compensation to employees by considering as appropriate, duties, and responsibilities. The compensation offers to employees (excluding compensation for executives) consist of salary, bonus, overtime payment, active payment, position payment, professional fees, travel allowances, and employees' residence. As of 31 December 2020, there is altogether 265 employees and the Company has pay compensation for employees, the total of 71.77 million baht.

As of 31 December 2020, total numbers of employees can be divided into main department as follow.

Department	As of 31 December 2020
	Number of employees
- Production Department	169
- Engineering Auditing and QC Department	31
- Warehouse and Parcel Department	12
- Sales and Marketing Department	16
- Accounting – Finance Department	11
- Information Technology Department	2
- Human Resource Department	21
- Procurement Department	3
Total	265

7.5.2 Labor disputes in the previous years

-None-

7.5.3 Policy in human resource development

The Company becomes aware of the value in human resources within the organization and has consistently promote the development of employees competency to acquire knowledge, expertise, and able to fulfil each responsibilities to reach the target set. Employees within the organization will need to take responsibility into their assigned tasks with ethical, morals and taken into consideration of common interest as the key importance. The human resource department of the Company will host training internally and externally. The internal training will be held by the human resource department to promote skills and develop employees' competency. For external training, the human resource department will be coordinating with external sectors so employees of the Company will have an opportunity to develop essential skills and knowledge for their assigned work operations at present and in the future.

Details of the Board of Director and Executives

8. Details of the Board of Director and Executives

1. Dr. Suvit Thaniyavarn

Position Chairman of Board of Director / Independent Director

Appointed Date 24 February 2015

Age 66 years

Educational Qualifications / Training

- Doctoral Degree in Economics, University of Illinois
- Master Degree in Economics, University of Illinois
- Bachelor Degree in Economeice, Thammasat University
- Director Certofication Program (DCP) No. 24/2002, Thai Institute of Director (IOD)
- Advanced Audit Committee Program (AACP) year 2016, Thai Institute of Director (IOD)
- Director Certofication Program (DCP) No. 244/2017, Thai Institute of Director (IOD)
- Board Nomination and Compensation Program (BNCP) year 2018, Thai Institute of Director (IOD)
- Advanced Certificate Course of Politics and Governance in Democratic Systems for Executives No.7 from King Prajadhipok's Institute

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2015	Chairman the Board of Director / Independent Director	S.Kijchai Enterprise PCL.
Present - 2014	Chairman of Audit committee / Independent Director	Big Camera Corporation PCL.
2016 - 2015	Director	Advanced Connection Corporation PCL.
Present	Director	Toyotron motor Co., Ltd.
Present	Director	Toyotron Assembly Co., Ltd.
Present	Director	EO Solution Co., Ltd.
Present	Director	EO Lifemed Co., Ltd.

2. Mr. Vichien Saengvongkij

Position Director / Director authorized signatory

Appointed Date 28 September 2010

Age 64 years

Educational Qualifications / Training

- Bachelor Degree in Political Science, Rankhamhaeng University
- Bachelor Degree in Community Development, Rambhai Barni Rajabhat University
- Director Accreditation Program (DAP) No. 118/2015, Thai Institute of Director (IOD)

Share Holding Percentage (%) 0.02 % paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2010	Director	S.Kijchai Enterprise PCL.
Present - 2020	Director	Siam Im Dee CO., LTD.
Present - 2020	Managing Partner	S.Kijchai Concrete Part., Ltd
Present - 2018	Director	S.Kleber Chemical CO.,LTD.
Present - 2017	Director	S.Kijchai Capital CO.,LTD.
Present - 2016	Director	S.Kijchai Green Power CO.,LTD.

Present - 2014	Director / Managing Director	S.Kijchai Bueng Kan CO.,LTD.
Present - 2013	Director	S K Grand Land & House CO.,LTD.
Present - 2012	Director	Urban Hann CO.,LTD.
Present - 2011	Director	Rayong Football Club CO.,LTD.
Present - 2006	Director	S.Kijchai Concrete Chantaburi CO.,LTD
Present - 2002	Director	S.E.P. Worldwide CO.,LTD.
Present - 1997	Director	S.Kijchai Wood Panel CO.,LTD.
Present - 1994	Director	Thai Eastern Wood (1987) CO.,LTD.
Present - 1989	Director	S.Kijchai CO.,LTD.

3. Mr. Vichai Sangwongkit

Position Director / Chairman of Executive Committee / Managing Director / Director authorized signatory

Appointed Date 28 September 2010

Age 60 years

Educational Qualifications / Training

- Bachelor Degree in Political Science, Chulalongkorn University
- Director Accreditation Program (DAP) No. SEC/2015, Thai Institute of Director (IOD)
- Director Certification Program (DCP) No. 227/2016, Thai Institute of Director (IOD)

Share Holding Percentage (%) 0.04 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2010	Director / Chairman of Executive Committee / Managing Director	S.Kijchai Enterprise PCL.
Present - 2019	Director	T.Y.B. CO.,LTD.
Present - 2017	Director	S.Kijchai Capital CO.,LTD.
Present - 2016	Director	S.Kijchai Green Power CO.,LTD.
Present - 2014	Director	S.Kijchai Bueng Kan CO.,LTD.
Present - 2013	Director	S K Grand Land & House CO.,LTD.
Present - 2012	Director	Urban Hann CO.,LTD.
Present - 2006	Managing Partner	S.Kijchai Concrete Part.,LTD.
Present - 2004	Director	S.Plywood CO.,LTD.
Present - 1997	Director	S.Kijchai Wood Panel CO.,LTD
Present - 1996	Director	S.Kijchai Concrete Chantaburi CO.,LTD
Present - 1996	Director	Thai Eastern Wood (1987) CO.,LTD
Present - 1989	Director	S.Kijchai CO.,LTD
2016 - 2015	Director	Sahakijbiopower CO.,LTD.
2016 - 1992	Director	Sahakij Klaeng CO.,LTD

4. Mr. Chaiwat Taweepiriyaa

Position Director / Director authorized signatory

Appointed Date 10 November 2014

Age 60 years

Educational Qualifications / Training

- Master Degree in Public Administration, Chulalongkorn University
- Bachelor Degree in Political Science, Ramkhamheang University
- Bachelor Degree in Liberal Art, Rambhai Barni Rajabhat University

- Certificate Degree in National Defense Course for The Joint State Private Sector No.56, Ministry of Defense
- Director Accreditation Program (DAP) No. 118/2015, Thai Institute of Director (IOD)
- Director Certification Program (DCP) No. 218/2016, Thai Institute of Director (IOD)
- Business Revolution and Innovation Network (BRAIN) No. 3, The Federation Of Thai Industries

Share Holding Percentage (%) 0.04 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2014	Director	S.Kijchai Enterprise PCL.
Present - 2020	Director	Siam Im Dee CO., LTD.
Present - 2019	Director	S.Kijchai Wood Panel CO.,LTD
Present - 2019	Director	S.Kijchai CO.,LTD
Present - 2019	Director	S.Kijchai Green Power CO.,LTD.
Present - 2018	Director	S.Kleber Chemical CO.,LTD.
Present - 2016	President	Thai Panel Product Industry Club, The Federation of Thai Industries
Present - 2006	Director	S.Kijchai Concrete Chantaburi CO.,Ltd.

5. Mr. Sanguan Saengwongkij

Position Director / Director authorized signatory

Appointed Date 10 November 2014

Age 48 years

Educational Qualifications / Training

- Bachelor Degree in Political Science (Government), Ramkhamhaeng University
- Director Accreditation Program (DAP) No. SEC/2014, Thai Institute of Director (IOD)
- Director Certification Program (DCP) No. 201/2015, Thai Institute of Director (IOD)
- Institute of Business and Industrial Development No.5/2018, Institute of Business and Industrial Development
- Capital Market Academy Executive Education Programs No.30

Share Holding Percentage (%) 6.83 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2014	Director	S.Kijchai Enterprise PCL.
Present - 2020	President	The Federation of Thai Industries in Rayong
Present - 2018	Director	S.Kleber Chemical CO.,LTD.
Present - 2017	Director	Grand SWL CO.,LTD.
Present - 2016	Director	Sahakij Trat CO.,LTD.
Present - 2015	Director / Managing Director	Sahakijbiopower CO.,LTD.
Present - 2013	Director	S K Grand Land & House CO.,LTD.
Present - 2004	Director / Managing Director	S.Plywood CO.,LTD.
Present - 2003	Director	Sahakij Saentung CO.,LTD.
Present - 1992	Director / Managing Director	Sahakij Klaeng CO.,LTD.

6. Mr. Tarate Poshyananda

Position Independent Director / Chairman of Audit Committee / Nomination and Compensation Committee

Appointed Date 24 February 2015

Age 56 years

Educational Qualifications / Training

- Master Degree in Marketing, Webster University
- Bachelor Degree in Business Administration, Eastern Kentucky University

- Director Accreditation Program (DAP) No. 74/2008, Thai Institute of Director (IOD)
- Director Certification Program (DCP) No. 183/2013, Thai Institute of Director (IOD)
- Anti-Corruption for Executive Program (ACEP) year 2013, Thai Institute of Director (IOD)
- OIC Advanced Insurance Program No.5 OIC Advanced Insurance Institute
- Advanced Audit Committee Program (AACP) No. 33/2019, Thai Institute of Director (IOD)
- Board Nomination and Compensation Program (BNCP) No. 7/2019, Thai Institute of Director (IOD)

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2019	Independent Director / Risk Committee / Investment Committee	Thaire Insurance PCL.
Present - 2015	Independent Director / Chairmen of Audit Committee / Nomination and Compensation Committee	S.Kijchai Enterprise PCL.
2020 - 2008	Independent Director / Audit Committee	MPG Corporation PCL.
Present - 2020	Director	Cash Spire CO., LTD.
Present - 2020	Director	P 3 N CO., LTD.
Present - 2020	Director	Crop Power CO., LTD.
Present - 2010	Director	Perfect Grill CO.,LTD.
Present - 1999	Director	Mission Success (2005) CO.,LTD.
2020 - 2018	Director / Group Chief Executive Officer	Ampak Holding CO.,LTD.
2014 - 2010	Executive Vice President	Bank of Ayudhya PCL.
2014 - 2018	Director / Chief Executive Officer	Marsh PB CO.,LTD.

7. Pol.Lt.Gen. Sunchai Chaiporn

Position Independent Director / Audit Committee / Chairman of Nomination and Compensation Committee

Appointed Date 24 February 2015

Age 63 years

Educational Qualifications / Training

- Master Degree in Public Administration Program in Public Administration, National Institute of Development Administration
- Bachelor Degree in Law, Sripatum University
- Bachelor Degree in Political Science, Chiang Mai University
- Director Accreditation Program (DAP) No. 111/2014, Thai Institute of Director (IOD)
- Role of the Compensation Committee (RCC) No. 21/2016, Thai Institute of Director (IOD)
- Role of the Nomination & Governance Committee (RNG) No. 8/2016, Thai Institute of Director (IOD)
- Certificate Degree in National Defense Course for The Joint State Private Sector No.53, Ministry of Defense

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2015	Independent Director / Audit Committee / Chairman of Nomination and Compensation Committee	S.Kijchai Enterprise PCL.
2019 - 2014	Independent Director / Audit Committee / Nomination and Compensation Committee	Pinthong Industrial Park PCL.
2017 - 2016	Inspector General	Royal Thai Police
2016 - 2010	Deputy Commissioner of Provincial Police Region 2	Royal Thai Police

8. Mr. Somnuk Saengwongkij

Position Director

Appointed Date 14 September 2016

Age 54 years

Educational Qualifications / Training

- High School, Non - Formal Education Center Amphoe Klaeng, Rayong
- Director Accreditation Program (DAP) No. 136/2017, Thai Institute of Director (IOD)

Share Holding Percentage (%) 6.56 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2016	Director	S.Kijchai Enterprise PCL.
Present - 2016	Director	Sahakij Trat CO.,LTD.
Present - 2015	Director	Sahakij Biopower CO.,LTD
Present - 2013	Director	Saharuamtun 2014 CO.,LTD
Present - 2013	Director	S K Grand Land & House CO.,LTD.
Present - 1992	Director	Sahakij Klaeng CO.,Ltd

9. Mr. Supot Massayamas

Position Director / Executive Committee / Vice President of Engineer Audit and Quality Control

Appointed Date 10 November 2014

Age 51 years

Educational Qualifications / Training

- Doctoral Degree in Business Administration, King Mongkul's University of Technology North Bangkok
- Master Degree in Engineer, King Mongkul's University of Technology North Bangkok
- Bachelor Degree in Engineer, Burapha University
- Director Accreditation Program (DAP) No. 118/2015, Thai Institute of Director (IOD)

Share Holding Percentage (%) 1.09 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2014	Director / Executive Committee / Vice President of Engineer Audit and Quality Control Department	S.Kijchai Enterprise PCL.
2015 - 2012	General Managing Director	S.Kijchai MDF CO.,LTD. (former name of the company)
2013 - 2002	Director	Siam Heng charoen CO.,LTD.
2012 - 1997	General Managing Director	S.Kijchai Wood Panel CO.,LTD.

10. Ms. Kanokporn Arayapran

Position Director / Executive Committee / Director of Sales and Marketing Department / Director authorized signatory

Appointed Date 14 September 2016

Age 34 years

Educational Qualifications / Training

- Bachelor Degree in Education, Burapha University
- Faculty of Education majoring in Chinese Language Teaching, Beijing Jiaotong University
- Director Accreditation Program (DAP) No. 136/2017, Thai Institute of Director (IOD)

Share Holding Percentage (%) 0.04 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2015	Director / Executive Committee / Director of Sales and Marketing Department	S.Kijchai Enterprise PCL.
Present - 2018	Director	S.Kleber Chemical CO.,LTD.
Present - 2016	Director	S.Kijchai Green Power CO.,LTD.
2015 - 2013	Marketing Executive	S.Kijchai MDF CO.,LTD. (former name of the company)
2013 - 2012	Sourcing Manager	S.Kijchai CO.,LTD.

11. Ms. Orawan Sangwongkit

Position Director / Nomination and Compensation Committee / Executive Committee / Vice president of Accounting and Finance Department / Chief Financial Officer (CFO) / Director authorized signatory

Appointed Date 9 March 2015

Age 32 years

Educational Qualifications / Training

- Master Degree in the Management and Economics, Assumption University
- Bachelor Degree in Liberal Arts, Thammasat University
- Director Accreditation Program (DAP) No. 136/2017, Thai Institute of Director (IOD)
- TLCA Executive Development Program (EDP) class of year 2019

Share Holding Percentage (%) 0.04 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2015	Director / Nomination and Compensation Committee / Executive Committee / Vice president of Accounting and Finance Department / CFO	S.Kijchai Enterprise PCL.
Present - 2019	Director	T.Y.B. CO.,LTD
2014 - 2013	Financial Manager	S.Kijchai MDF CO.,LTD. (former name of the company)
2011 - 2010	Marketing Executive	S.Kijchai CO.,LTD

12. Mr. Tiwat Rattanakate

Position Independent Director / Audit Committee

Appointed Date 24 April 2018

Age 64 years

Educational Qualifications / Training

- Master Degree of Science Program in the Technology of Environmental Planning for Rural Development, Mahidon University
- Bachelor Degree of Public Health, Mahidon University
- Director Accreditation Program (DAP) No. 151/2018, Thai Institute of Director (IOD)

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2018	Independent Director / Audit Committee	S.Kijchai Enterprise PCL.
2017 - 2015	Public Health	Public Health Klaeng, Rayong
2015 - 2012	Public Health	Public Health Ban Khai, Rayong
2012 - 2009	Public Health	Public Health Khao Chamao, Rayong
2008 - 2520	Public Health	Public Health Nikompattana, Rayong

13. Mr. Harnsiri Sangwongkit

Position Executive Committee / Senior Vice President

Appointed Date 26 February 2018

Age 30 years

Educational Qualifications / Training

- Bachelor Degree in Economics, Assumption University
- Director Accreditation Program (DAP) No. 139/2561, Thai Institute of Director (IOD)
- Director Certification Program (DCP) No. 290/2563, Thai Institute of Director (IOD)

Share Holding Percentage (%) 0.21 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

present - 2018	Executive Committee / Senior Vice President	S.Kijchai Enterprise PCL.
present - 2019	Director	T.Y.B. CO.,LTD.
present - 2018	Director	S.Kleber Chemical CO.,LTD.
2018 - 2014	Director of Information Technology Department	S.Kijchai Enterprise PCL.
2014 - 2013	Director	S.Kijchai CO.,LTD.

14. Mrs. Kitiya Niebler

Position Executive Committee / Vice President of Sales and Marketing Department

Appointed Date 25 June 2019

Age 37 years

Educational Qualifications / Training

- Master Degree of MSc in International Trade and Logistics, Oxford Brookes University England
- Bachelor Degree in Business Administration (Marketing), International Program, Bangkok University

Share Holding Percentage (%) 0.15 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2019	Executive committee / Vice President of Sales and Marketing Department	S.Kijchai Enterprise PCL.
2019 - 2013	Director of Sales and Marketing Department	S.Kijchai Enterprise PCL.
2012 - 2009	Marketing Executive	S.Kijchai CO.,LTD.
2004 - 2006	Financial Assistance	S.Kijchai CO.,LTD.

15. Ms. Vichuta Saenvongkij

Position Nomination and Compensation Committee / Executive Committee / Vice President of Administrative Department

Appointed Date 9 May 2019

Age 30 years

Educational Qualifications / Training

- Bachelor Degree in Social Sciences, Srinakharinwirot University
- Exchange Students Program, School of Political Science and Economics, Meiji University, Japan (March 2012 – June 2013)
- Director Accreditation Program (DAP) No. 169/2563, Thai Institute of Director (IOD)

Share Holding Percentage (%) 0.13 % of paid-up capital

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2019	Vice President of Administrative Department	S.Kijchai Enterprise PCL.
Present - 2018	Executive Committee	S.Kijchai Enterprise PCL.
Present - 2016	Nomination and Compensation Committee	S.Kijchai Enterprise PCL.

2019 - 2018	Director of Information Tecnology Department	S.Kijchai Enterprise PCL.
2019 - 2015	Director of Human Resources Department	S.Kijchai Enterprise PCL.
2014 - 2013	Sales and Maketing	S.Kijchai MDF CO.,LTD. (former name of the company)

16. Mr. Teerawit Noosong

Position Vice President of Production Department

Appointed Date 9 March 2015

Age 48 years

Educational Qualifications / Training

- Bachelor Degree in Industrial Engineering, Kasem Bundit University

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2015	Vice President of Prodection Department	S.Kijchai Enterprise PCL.
2015 - 2013	Director of Prodection Department	S.Kijchai MDF CO.,LTD. (former name of the company)
2013 - 2004	Director of Prodection Department	Siam Fiber Board CO.,LTD.

17. Ms. Phatsanan Senuchai

Position Director of Accounting and Finance Department / Chief Accountant

Appointed Date 27 June 2016

Age 44 years

Educational Qualifications / Training

- Master Degree of Business Administration, Ramkhamhaeng University
- Bachelor Degree in Accounting, Ramkhamhaeng University

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2016	Director of Accounting and Finance Department	S.Kijchai Enterprise PCL.
2013 - 2011	Director of Accounting and Finance Department	Chonburi Concrete Product PCL.
2016 - 2013	Director and Director of Accounting	CPanel CO.,LTD.

18. Ms. Jurirat Artwichai

Position Secretary of the Company / Secretary of Board of Director / Secretary of Audit Committee / Secretary of Nominating and Compensation committee

Appointed Date 9 August 2018

Age 27 years

Educational Qualifications / Training

- Bachelor Degree in Environmental Health, Burupha University

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2018	Secretary of the Company / Secretary of Board of Director / Secretary of Audit Committee / Secretary of Nominating and Compensation committee	S.Kijchai Enterprise PCL.
2017 - 2018	Environment staff	Box Asia Group International CO.,LTD.
2016 - 2017	Environment staff	Thainaturalfoam CO.,LTD.

19. Ms. Jurirat Leephairotkul

Position Secretary of the Company / Secretary of Board of Director / Secretary of Audit Committee / Secretary of Nominating and Compensation committee

Appointed Date 9 August 2018

Age 26years

Educational Qualifications / Training

- Bachelor Degree in Environmental Science, Rambhai Barni Rajabhat University

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2018	Secretary of the Company / Secretary of Board of Director / Secretary of Audit Committee / Secretary of Nominating and Compensation committee	S.Kijchai Enterprise PCL.
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20. Ms. Autchariya Chanduaykit

Position Secretary of the Company / Secretary of Board of Director / Secretary of Audit Committee / Secretary of Nominating and Compensation committee

Appointed Date 26 February 2020

Age 24 years

Educational Qualifications / Training

- Bachelor Degree in English, Rajabhat Rajanagarindra University

Share Holding Percentage (%) -None-

Working Experience during the Past 5 Years (Period / Position / Company)

Present - 2020	Secretary of the Company / Secretary of Board of Director / Secretary of Audit Committee / Secretary of Nominating and Compensation committee	S.Kijchai Enterprise PCL.
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Corporate Governance

9. Corporate Governance

9.1 The Principles of Corporate Governance

The Company prioritizes the importance of policy regarding 'The Principles of Good Corporate Governance' by specify policy for a transparent business operation that is accountable which will increase confidence to investors. The principles and practices in alignment with the Principles of Good Corporate Governance of the SET, the SEC and the recommendations of the Thai Institute of Directors (IOD). And communicated to executives and employees acknowledged and treated continuously. Thus the board of director has review the policy annually. Including always follow up and monitoring the implementation of policies to be used to ensure the suitable for the company's business and the situation and operation of the company. The Company will consistently disclose information to the public and shareholders. The Company also prioritizes internal control and internal audit. For risk management, the Company makes an effort to monitor and manage risk and takes into consideration regarding the morals in business operation. This is completed by maintain fairness to trade partners, shareholders, and all stakeholders with details as follow.

1. Rights of Shareholders

The Company prioritizes the rights of shareholders in making decision on key changes of the Company equally. The shareholders will receive accurate, adequate and on-time information of the Company to accompany in decision making in every aspect. Thus, the board of directors will specify practice approach to ensure confident that shareholders will have protection of their basic rights. The example is the Company will consistently notify all shareholders the progress of business operation by notify the shareholders directly or through the Stock Exchange of Thailand ("SET") or other channels.

1.1 Shareholders meeting

The Company will hold common meeting for shareholders within 120 days from the date of the closing account of the Company. For other shareholder meeting which known as the common meeting, the Company will hold additional meetings based on necessity and suitability. The Company allowed shareholders to submit proposal of agendas and nomination of director candidates prior to the meeting. Which be informed through the designated Stock Exchange of Thailand channels and company's website. Thus, the Company will also have legal advisor with a responsibility to provide legal opinions and works as agent in inspecting vote throughout the meeting. The Company will also have meeting agenda on complicated transactions, which the Company will invite financial advisor to take part of the meeting. This is to notify information to the meeting and answer questions from the shareholders.

In addition, the Company assigned Thailand Securities Depository Co.,Ltd. (TSD) as a securities registration of the Company to distribute meeting invitations to shareholders. The Company will post invitation and meeting documents on company's website thirty days prior to the meeting date and also publish invitation on a newspaper not less than three consecutive days prior to the meeting date, so the shareholders can study an information in advance. The meeting invitation will mention a venue, date, time, meeting agendas, related information, objectives, and reasons of each proposed agenda and also include board of directors' opinion in all agendas.

1.2 Meeting operations

The Company will open registration for shareholders two hours before the meeting and will open for registration until prior to the discussion of the last meeting items. The Company will appointed staff to welcome the shareholders as well as facilitate shareholders throughout the meeting. Before the meeting, the Company will provide suggestions to board of directors, executive committee, financial auditors, legal advisor and will notify shareholders of their rights based on the regulation of the Company. The meeting will consist of voting process and rights to vote according to types of share. After meeting items information has been provide, the Chairman of the meeting will open opportunity for shareholders to give opinions and ask questions to the meeting based on that particular meeting item equally with appropriate time for a discussion. For voting item, the board member of the Company will appoint shareholders to vote for individual board members.

1.3 Minute of Meeting and disclosure of shareholders meeting resolutions

The meeting minute of shareholder will be compiling with accurately and completely so the shareholders can verify the information. The meeting minute will consist of name list for board members who attend the meeting as well as board members who are absent from the meeting. It will also notify voting process and approaches to display voting scores to the meeting before continue the meeting as well as details of meeting resolution. It will also consist of conform votes and dissent votes and abstention. In all meeting items, there will be voting as well as conclude of opinions, questions and answers that is main point that is relating to each meeting item. The Company will publish voting results of each meeting items of the meeting through company website or through SET.

2. **Equitable Treatment of Shareholders**

The Company is aware of equal and fair treatments for all shareholders, whether they are major shareholders, institutional shareholders, foreign investors, or minor shareholders in order to supports fair and equal treatment to all shareholders and specifies guideline as follow.

2.1 Provide agenda before the meeting

The Company prepares the invitation and related documents in both Thai and English versions and distribute to shareholders. The said documents are also published on the Company's website prior to the meeting in accordance with the period as required by the relevant laws and rules. Thus, the Company will notify shareholders the meeting rules and voting rights prior to the meeting, following the details based on the topic "rights of shareholders"

2.2 Protect rights of minor shareholders

The Company offers opportunity for minor shareholders to have their rights in proposing meeting items as well as proposing name of the board members for election of Nominating and Compensation Committee prior to the date of ordinary meeting of shareholders in accordance with the criteria, conditions, and methods determined by the Company and/or the related laws. In this regard, the criteria, channels, period, and result of proposal are announced in the Company's website and that of SET. Additionally, in a case where shareholders could not attend the meeting in person, the shareholder can appoint other person and/or the Company's Independent Director to attend the meeting and cast vote on his/her behalf. The Company provides along with the invitation the Letter of Proxy in a format that the shareholders can instruct vote casting. In addition, required documents and evidence as well as proxy authorization process are clearly explained for shareholders to ensure the right documents are

prepared. The Company invited independent parties to participate in the audit of vote casting in the meeting of shareholders and disclosed in the minutes of meeting of shareholders.

2.3 Protection of internal information

In order to the directors, executives and employees of the company compliance with the regulations and articles of The Securities and Exchange Commission, Thailand (SEC). Also, in accordance with the principles of corporate governance so the company has set a protection of internal information guidelines, which following the details based on topic 8.5 “Protection of internal information usage”

2.4 Interest of the board members

The Company has specified member that could have conflict of interest in any items be votaress in specific item. Additionally, according to the regulations and guideline in connected transactions, it also specify board members and executive committee to provide report regarding own interest or third parties interest and notify to the Company. This is so the Company will have adequate information that could benefits the business operation based on guidelines for ‘connected transaction’. This is also to prevent any connected transaction that could result in conflict of interest and also specify that stakeholders within connected transaction will not have right to approve or votes in specific item

In addition, the Board of Directors has established a clear direction to ensure strict compliance with the laws, regulations, and articles of SET and SEC and arranged for review of compliance with corporate governance on a regular basis. This is in order to assure that all shareholders are treated and are entitled to exercise their right in an equal and fair manner.

In 2020, the Board of Directors received no complaints with regards to unfair treatments toward shareholders, unfair related party transeactions or any crimes regarding the use of insider information of Directors and executives. This reflected that the policies or guidelines determined by the Board of Directors were adequate and appropriate.

3. Roles of Stakeholders

The Company respects the right of stakeholders and has specify guideline within the Company ‘code of conduct’ to ensure that every stakeholder will receive every rights according to the law. The stakeholders are including shareholders, executives, customers, trading partners, debtors as well as society. Additionally, the Company will also support the collaboration between every group of stakeholder. This is so the businesses operations can continue with security of the Company in align with fair benefits and compensation to all parties for a long-term success of the Company. The company has policies and guideline as follows

3.1 Shareholders

The Company is committed to operate transparent, justified, and fair business and with adherence to equal and fair treatments to shareholders. The Company arranges for disclosure of information in a complete, correct, and equal manner on a regular basis. In addition, the Company has put in place measures to monitor and prevent Directors, executives, and employees of the Company from exploiting any information which has not yet been disclosed. Including, to ensure proper risk factors in management, to protect Company’s properties, and to ensure cautious business management and decision making, in order to deliver consistent turnover and generate reasonable earnings for shareholders continuously and equally. These actions were taken in order to achieve both

short-term and long-term goals of the Company with efficiency as well as stable and sustainable business growth for the benefit of shareholders.

3.2 Employees

The Company has a policy that employees shall receive fair treatments and suitable in respect of opportunity, remuneration, welfare, potential development as well as assurance on the quality of life, safety, hygiene at workplace. With regards to remuneration, the Company makes decisions by taking into account the main factors i.e. capability and performance efficiency along with the Company's operation results as well as the competitive capability within the industry. Thus, all employees will be entitled to fair treatments i.e., social security payment and provident fund. As for employees potential development, the Company arranges for various internal and external training courses for employees in order to promote and develop knowledge and capability of the employees. Additionally, the Company implements policies regarding working safety, occupational health, and environments to enhance employees' confidence towards quality of lives. The Company is committed to control risk factors that cause unsecured works in both office and factory, to strictly comply with related laws and regulations, to analysis accident rate and improve working safety, to implement system for consistent evaluation of environment to prevent employees' health from work-related diseases, and to arrange annual health examination for all employees.

3.3 Customers

The Company is determined to improve the quality of products and services on a continuous basis to deliver ultimate customer satisfaction where the Company takes the best care and take responsibility in our customers. The Company uses customer satisfaction form to collect key data for improvement of products and services to fulfill customers' needs. Moreover, the Company provides channel for customers' complaints in order to promptly support and solve problems. The Company continuously develops preventive approaches, find solutions, and develop products and services to ensure sustainable fulfillment of customers' requirements, to promote corporate image and customers' confidence in the future.

3.4 Trade partners

The Company complies with trade terms and agreements as stated in contract by focusing on equal treatment for partners to ensure utmost benefits for the Company and fair compensation for both parties.

3.5 Business competitor

The Company is committed to operate commercial transactions and compete in compliance with healthy competition rules, to promote fair treatment with competitors, and to encourage free and fair trade.

3.6 Creditors

The Company has policy to treat all creditors with fairness and equality, strictly honors terms, conditions, and agreements per contracts entered into with all creditors.

3.7 Community, Society, and Environment

The Company realizes about participation with societies and communities by promoting employment and opportunities for people, focusing on participation with communities to offer occasional support, and donating for public purposes. Regarding environments, the Company focuses on environmental and social-friendly production process and promotes awareness and understanding towards environment conservation and wise resource

utilization through trainings and corporate campaigns. The Company is ISO 14001 certified, which is the standard for management system to follow environment policies. The Company also arranges training for such environment and standard system. Furthermore, the Company is determined to promote efficient and sustainable resource utilizations by studying, developing, and selecting production innovations that use modern machines to optimize resources with efficiency. Other implementations apart from aforementioned process are the details based on topic 10 “Corporate Social Responsibilities”

Lead and Complaint Report

The Directors implement policies for stakeholders to report leads or complaints to Directors regarding laws violation, accuracy of financial reports, errors of internal controls, or unethical issues, and ensure legal mechanism to protect rights of whistleblower. Company keeps information of whistleblower or complainer confidential without exposing any information to others and obtain proper protection from the Company. Independent directors or audit committees will verify information and suggest solutions (if any), and report to Board of Directors. Please refer to addresses below.

Email : skn@kijchai.co.th

Postage : S. Kijchai Enterprise Public Company Limited
99/9 M.7 Huay-Yang, Klaeng, Rayong 21110

However, the Company had clear policy and determination to ensure compliance with related laws and regulations so as to ensure that right of all stakeholders will be protected equitably and fairly. In 2020, there were no any complaints via the channels provided by the Company.

4. Disclosure and Transparency

The shareholders can access information of the Company that is equally provided to shareholders and the public through website of the Company. The content will consist of latest Stock Exchange prices, financial information, meeting invitation, financial statement, and printing materials for download.

The Directors put priority in disclosing information and provides information disclosure both of financial information and other information that is complete, adequate, reliable and on time. This is so shareholders and stakeholders will receive equal information as well as important Company details including name of board members and their shareholder details, sub-committee members, and executive committee. Also, published in annual report, stating number of meetings that Directors and affiliates have attended, background of Directors and Executives, compensation criteria of Directors and Top Executives, individual compensation of Directors, reports about the Company's operation. This will include information that affect purchasing price for the Company Stock Exchange or affect investment decision or beneficial to shareholders based on announcement of the Stock Exchange and related law. This is so potential investors or related parties who are shareholders will use the information to accompany investment decision in the future. This will be through different channels on information of Stock Exchange and website of the Company.

The Company has assigned the Investor Relations Department to be the contact point for communication and provision of information to institutional investors, shareholders and analysts. The communication channel was available on the Company's website under the “Investor Relation” section. In 2020, the Company organize the meetings with analysts and institutional investors were held 3 times and Opportunity Day, which was held 1 time on 20 August 2020.

5. Responsibilities of Company board members

The Company board members take part in allocates and/or consent in vision, mission, strategy, goals, business plan and financial budget of the Company. The board members also supervise management department to follow according to business plan and financial budget as set by the Company in a highly effective and efficient manner to the Company as well as provide stability to shareholders. The board members also monitor assessment process based on suitability of internal audit, risk management, financial report of the Company as well as consistently follow-up with the operation.

There will be at least five board members but will not exceed 12 members. It will consist of members from management department and members who are not from management department. There will be at least three qualified independent members, which will be no less than 1 out of 3 for the entire board members. Thus, this will result in the appropriate balance of members who are executives. Additionally, the Company also appointed sub-committee member and management committee to cooperate in supervise business operation. The term of the positions, roles, and responsibilities of board members, sub-committee members and executive member as displayed in topic 9.2.

5.1 Compensation of board members

The Company specifies accurate and transparent compensation policy and request for approval from annual shareholders meeting. The Company prioritize suitability in align with scope of responsibility for each of board member. There is also a comparison compensation rate for other board members in the same or similar industry.

5.2 Board members meeting

The Company will hold board directors meeting as well as distribute meeting invitation along with meeting agenda and related documents to board of directors in advance. This is according to the Company regulation related to the law of Public Company Limited and regulations of Stock Exchange of Thailand that specify board members' responsibility in attend the meeting. Board of directors are allow to be absent from the meeting only in the case of emergency. The Company also will provide accurate and complete meeting minute so that the shareholder will be able to access the information.

5.3 Board members report

The board of directors are responsible in management of financial report which including the Company financial budget and financial information that appeared in annual report. Thus, the particular financial report will be providing according to the Accounting Standards that is certify in Thailand. The Company will select an appropriate finance policy that is an acceptable in align with careful executive discretion in the completing and monitoring. Thus, there will be adequate disclosure of information to accompany financial statement.

5.4 Board members self-assessment and assessment of performance for sub-committees

The Company will provide board members and sub-committees an assessment that adjusted from an example of the Stock Exchange of Thailand to self-assess their own performance which consist of 1) Assessment of the board of director and sub-committees and 2) Assessment of individual directors of the board members and sub-committees. In 2020, the results of the board of director and sub-committees indicated very good performance, the results of individual directors and sub-committees indicated very good performance. In addition, the managing director must be assessed by the Nomination and Remuneration Committee, which the results indicated very good performance.

However, The Company will compile the assessment results and propose to the board of director and sub-committees for performances and problems consideration. The assessment will be further analyzed and discussed for appropriate solutions to improve the board of director performance.

5.5 The development of board members and high-level executives

The Company put priority to personal development of the Board members and high-level executives so the company supports board members and high-level executives to attend trainings, seminar and courses conducted by organizations such a Thai Institute of Directors (IOD), The Stock Exchange of Thailand, Thai Listed Companies Association, etc. In order to sharpen knowledge that support their career and enhance efficiency of Directors and Executives. The Company also support consistent meet up to exchange opinions between board of directors, board members, and high-level executives from different organization so that they can apply knowledge and experiences in their jobs and support Company in the future.

Code of Ethics

The Company has specified to have business moral guidelines for board members, executives, and employees to follow strictly as follow.

1. Manages a business with trade partners and competitors on the basis of honesty and fair principles
2. Strictly follow legal intentions by avoid any incidents that is not correspond to the Company business moral for the purpose to only achieve the business goal
3. To maintain the Company and business brand reputation and to not publicize information of the Company direct or indirect to external parties, especially the information that has not been filter for accuracy from sectors related to the Company
4. In case of conflict of interest, there should be an approach to solve the situation through the negotiation process in align with principle mechanism of the Company and as stated by the law on the particular issue

Conflicts of interest

The Company has appointed board members, executives, and employees to avoid engaging in any activities that lead to conflict of interest for the Company. The Company will also monitor and supervise not to any conflict of interest between third parties. Actions and decisions of executives or employees will need to take into consideration for interest of stakeholders before own interest. In this case, if there is any incidents that result in the conflict of interest or when board members, executives or employees become engage in incident that could lead to the conflict of interest. The individual must notify their supervisors or related sectors to find solution to the situation with fairness and transparency.

9.2 Sub-committee members

Board members structures

The structures of board members and management of the Company is as follow.

1. Board members
2. Two sub-committees, which are
 - 2.1 Auditing Committee
 - 2.2 Nomination and Compensation Committee
3. Board of directors

1. Board members

Terms of reference for board members

The board members as a representative of shareholders have power, roles and responsibilities as follow.

1. Performs assigned roles with responsibility, precaution, honesty to maintain the benefits of the Company and as stated by the law, as well as objective and regulations of the Company and resolution from shareholders meeting
2. Acquires the power to specify or adjust conditions regarding joint-signing of the Company as well as list of board members who hold the power of joint-signing of the Company
3. Takes into consideration to approve and appoint as well as specify roles of sub-committee members based on suitability and necessity to support the business management of the Company board members
4. Plans organization structure and specify Organization Chart of the Company as well as adjust according to the suitability
5. Appoints the Company secretary to support the Company board member in different operations according to the law, announcement, and related regulations
6. Specifies vision, policy, business operation direction and monitor management department to operate accordingly in an effective and efficient manner
7. Specifies business plan, yearly financial budget, supervise and monitor management of management department and consider potential for the next quarter of the year
8. Specifies framework and policy for salary, salary promotion, bonus, compensation or reward bonus to employees
9. Appoints management department to have financial system, financial report, and financial audit that is reliable as well as supervise to have system in risk management and internal control system that is suitable and sufficient
10. Considers the approval of receiving or distributing of asset, new business investment or any operations to be based on the law, announcement, and related rules and regulations
11. Considers and/or consent of connected transactions and/or engage in any connected transactions (in case of the size of items, do not need to receive approval from shareholders meeting) of the Company and subsidiary (if any) according to law, announcements, rules and related regulations
12. Considers the approval of dividend to shareholders of the Company and report to shareholders meeting in the next meeting
13. Monitors to prevent the conflict of interest between stakeholders and the Company
14. Verifies process and policy in risk management and follow up on the operations
15. Specifies policy relating to business management and corporate social responsibility as well as anti-corruption policy and establish the use of the particular policy effectively
16. Holds an annual report and responsible for creating and disclosing financial budget to display financial status and business turnover of the Company in previous year to present to the shareholders meeting
17. Holds an annual general meeting within 4 months since the ending date of the Company fiscal accounting period

18. Considers and approves other key operations related to the Company or as see fit regarding the operation for the highest benefits and fairness to the Company and all stakeholders
19. Authorized one or more board member or external members, thus the authorization will not be assigned during the period of the board members or assigned member to engage with individual that could have potential conflict of interest, stakeholders, or any forms of conflict of interest to the Company or subsidiary company (if any)

2. Audit Committees

Terms of references for auditing committees

1. Verifies for the Company to report and disclose accurate and sufficient financial reports
2. Verifies for the Company to have internal control and internal audit that is suitable and efficient and takes into consideration the indent of internal control as well as gives consent in appoint, remove or dismiss internal audit supervisors or others departments related to internal audit
3. Verifies for the Company to act according to the Securities and Exchange Act as well as regulations of Stock Exchange and law related to business operations of the Company
4. Considers, selects, and propose the appointment of individual who is independent as the Company financial auditor and compensation of the individual as well as attend the meeting of financial auditor without any managements attend the meeting at least once a year
5. Considers related transaction or items that could related to conflict of interest to be according to law and regulations of the Stock Exchange to ensure that the particular item is rationale and beneficial to the Company as well as the disclosure of accurate and complete information
6. Acquires power to invite board members, executives, supervisors or company employees to discuss or answer questions from the audit committee
7. Audit Committees entitle to request for independent opinions from professional advisors as necessity with the Company expenditure
8. Creates audit committees report by disclose in company annual report, the report must be sign by Chairman of the Audit Committee, the report need to be sign and consist of the following information:
 - a) Opinions regarding accuracy and reliability of the financial report
 - b) Opinions regarding sufficiency for internal control system
 - c) Opinions regarding company' s' actions according to the Securities and Exchange Act as well as regulations of the Stock Exchange or law that related to the business
 - d) Opinions regarding suitability of financial auditor
 - e) Opinions regarding items that could result in conflict of interest
 - f) Number of meetings for the Audit Committee and the attendance of each member of Audit Committee
 - g) Opinions or observations from action according to the Audit Committee's Charter
 - h) Other items that the shareholders and investors should acknowledge under term of reference, roles and assigned responsibilities by the board members.

9. Other current activities for board members to acknowledge regarding activities of the Audit Committee as follow:
- a) Meeting minute of Auditing Committee that clearly identify opinions of the Audit Committee in various aspects
 - b) Report regarding the opinion of financial report, internal audit, and internal audit process
 - c) Other reports that the board members should acknowledge
10. The responsibilities of the Audit Committee are also to report any items or action that could significantly affect financial status or business operation of the Company to adjust or solve within suitable period as see fit by the Auditing Committee
- a) Items related to conflict of interest
 - b) Doubts or presumption if there is any act of corruption or error in the internal control system
 - c) Doubts that there could be law violation regarding to the Securities and Exchange Act as well as regulations of Stock Exchange and law related to business operations of the Company
- If the Auditing Committee report to the board members regarding significant affect toward financial status and business operation and if there is a discussion with board members and executives that there should be adjustments. If the time has arrived, and it is found that the issues is neglected with about any rationale, one or another Auditing Committee member can report the issue to the Securities and Stock Exchange Commission or the Stock Exchange.
11. In case that the financial auditor found any suspicious behavior those board members, managers, or responsible individual in operating a certain operation of the Company is involve in wrongful actions according to the law. There will be a notification of the fact regarding the particular behavior to the Auditing Committee to investigate as soon as possible. This is so the Audit Committee will report basic investigation to the Securities and Stock Exchange Commission and financial auditor within 30 days since the date of notification by financial auditor. Thus, the particular suspicious behavior will be notified with approaches to find the fact regarding the behavior to be according to the specification by the Securities and Stock Exchange Commission.
12. To specify policy and operational framework for risk management as well as provide recommendations to board member and management department regarding risk management
13. To set strategy in align with risk management policy and to be able to assess, follow up and monitor overall risk of the Company to be in acceptable level
14. To monitor, support, and push forward for the cooperation in risk management of the Company as well as reconsider the sufficiency of the policy and risk management system continuously so the risk management system operates in an effective manner
15. To report to the board members regarding key risk items, risk assessment, risk management, affect that may occur in operation as well as prevention and suggestions for adjustment. In case of key incident that could significantly affect the Company, the Auditing Committee need to report to the board members immediately
16. Acquires power in appoint committee to responsible for risk management and report to the Auditing Committee

17. Operates any other tasks as assigned by the board members of the Company with the consent of the Audit Committee such as review financial management policy and risk management, review business morals of executives, review with the executives in key reports that need to report to the public including reports and management department analysis

Thus, Mr. Tarate Poshayananda and Dr. Suvit Thaniyavarn are experts with high experiences in financial. Mr. Tarate Poshayananda graduated with Bachelor Degree major in Business Administration from Eastern Kentucky University, United States of America and received master degree majoring in Marketing from Webster University, United States of America. He also has work experiences as a board members and executive position in several types of business including financial institution and retail business. For Dr. Suvit Thaniyavarn, he possessed academic qualifications as he received Bachelor Degree majoring in Economics from Thammasat University. He also received master degree and doctoral degree majoring in Economics from University of Illinois. He also has several work experiences including retail business or real estate management business. Currently, Dr. Suvit Thaniyavarn is appointed as Chairman of the Board and resigned from the audit committee member on 12 May 2018.

3. Nominations and Remuneration Committees

Terms of references for Nominating and Remuneration Committees

Nominating committees

1. Specify criteria or approaches in seeking individual to be in the position of board members for the Company as well as members of Sub-committee, executive committee and managing director that is suitable for the specific types of the Company. The example is the criteria in selecting previous board members to remain in the position or the criteria to announce the application or board members, as well as criteria regarding opportunities for shareholders to propose names of board members. This should also include criteria to use the service of external company in selecting board members, criteria in selecting individuals from different occupations or criteria or criteria to select suitable individuals. This is also including disclosure of policy and criteria in a transparent manner
2. To specify qualification of board members, members in the sub-committee, executive committee as well as nominating committee member to base on structures, size, types and suitability of the Company regarding skills, experiences, and special abilities based on business or main industry related to the Company
3. Select and propose qualified individuals that is suitable and corresponds to criteria and approach to position as board members of the Company, members in sub-committee, executive committee and managing directors to propose to meeting of board members and/or shareholders meeting for further appoint of the position.
4. Create, review, conclude and handover succession plan for managing director position to the board members annually

Remuneration Committees

1. Considers structures, numbers, types, and criteria in compensation payment including all types of compensation both cash and cash equivalent appropriated for Chairman of the board, board members, as well as members in the sub-committee, executive committee and managing directors in a fair and reasonable manners. This is to correspond to the responsibility and business operation of the Company. Thus, it can be

consider comparing with compensation payment of other companies in the same industry and propose to the board member meeting and/or shareholder meetings for further approval

2. Takes responsibility toward board members and responsible for clarify, answer questions regarding compensation for board members, sub- committee members, executive committee or managing director in shareholders meeting
3. Reviews the suitability of criteria and process in nominating and specifying compensation of board members, sub- committee member, executive committee and managing directors according to environmental conditions and changing situations of the Company
4. Specifies approach in assessing action plan for the board members, sub- committee members, executive committee and managing directors annually by taking into consideration of responsibility and risk that occur and propose to the board members for further consent
5. Responsible in assessment of the business operations for executive committee and managing directors and report assessment result toward board members for further consideration.
6. Supervises for the disclosure of principles/rationale in specification of board members and executives compensation based on the regulation of the Stock Exchange in the Company annual report
7. Specifies compensation of the board members, sub- committee members, executive committee and managing directors, management department and other sectors will need to report and present information and related document to Nominating and Remuneration Committee to support the operation of Nominating and Remuneration Committee to achieve the assigned responsibility.
8. Operates other assigned businesses by board members and/or shareholders meeting relating to nominating and remuneration of board member, sub-committee members, executive committee and managing director

4. Executive committee

Terms of references for executive committee

Executive committee are responsible in manage business of the Company according to the objectives, regulations, policy, commands, and laws as well as the Securities and Exchange Act, other announcement from SEC and SET, other announcement, rules, and/or regulation related as well resolutions from executive committee meeting and/or shareholder meeting. Additionally, executive committee also have responsibility to consider each item that is present to company board members to approve and/or consent based on the regulations or command by the board members. It also includes operation commands of board members in each period and these follow.

1. Plans, creates, and proposes policy, direction, target, business strategy and annual business plan in align with conditions, economic, market competition condition for further approval from the board members.
2. Specifies business plan, annual budget, management power in approving different items of the Company for future approval from the board member
3. Monitors and supervises business operation of the Company to be according to the policy, goal, business strategy, annual business plan, buss model and annual budget as approved by the board members
4. Acquires power to approve financial budget for investment, purchasing and hiring, loan from financial institution, and other items to benefits business operations based on objectives of the Company within budget. It also include authorized power as appointed by the board members and ability to suggest or give

- opinions about other items that beyond budget or authorized power as appointed by the board members on investment, purchasing and hiring, loan from financial institutions and other items for the benefits of the Company objective. Thus, the particular action will falls under the announcement of Stock Exchange Committee, The Securities and Exchange Commission or other law that is related to the items.
5. Considers and approves as well as amend or adjust command, rules, regulation and other criteria relating to work operation as well as monitor and supervise works in all department
 6. Considers and report different items to board member within the specific time frame as follow:
 - a) Business turnovers by quarter and annually within the specific time frame from the related law
 - b) Report of financial auditors regarding the Company financial statement as well as financial statement by quarter and annually within the specific time frame from the related law
 - c) Notify board members immediately in case of any corruptions or actions that is violation of laws or other abnormal actions, thus, the executive committee will report to the board members when any suspicious situation occurs.
 - d) Reports other items as see fit by executive committee or board members
 7. Fulfils other assigned responsibility as assigned by the board members
 8. Provides authorized power and roles that assist with Chairman of the executive boards, and/or high-level executives of the Company based on term of reference, roles and responsibilities as specified by the executive committees under the supervise of executive committee
 9. Provides authorized power during and/or assigned one or more people to operate one or another items as see fit by the executive committee and within specific time frame as see fit by executive committee. This should be under term of reference of the given authorized power and/or according to the rule, regulation, or command of the executive committee. Thus, the executive committee may cancel, remove, and adjust the appointed person as see fits.

Thus, the delegation of authorized power for roles and responsibility of executive committee will not be in the form of authorized power during the period that the executive committee or appointed authorized power able to approve items that one or another individual engage in conflict of interest (as define in the anannouncement of the Security and Exchange Commission member or other related criteria) It is only acceptable if it is an approval of business transaction according to the policy and criteria as consider for approvals by the board members. This is according to law based on asset and Stock Exchange as well as regulations, announcements, or command by Stock Exchange, Securities and Exchange Commission, Stock Market Supervisory Board or other related laws,

5. Managing Director

Term of references for Managing Director

1. Supervises, manages, and operates business for the benefits of the Company according to policy, vision, goals, annual business operation plan, business strategy in related fields, and annual budget as specified by the meeting of the board members
2. Supervises and monitor operation regarding finance, marketing, human resources and other department in general to corresponds to policy and business operation plan as specified by the board members

3. Acquires power to hire, appoint, remove, or dismiss employees in the Company with the position under Managing Director and able to appointed another person to act In place of the position.
4. Acquires power to specify salary, compensation, and bonus and salary promotion for employees with the position that is under Managing Director under frame and policy as specified by the board members and/or as specified by regulation regarding authorization
5. Negotiates for agreement and/or other related transactions to the business operation of the Company with each of the financial budget as specified by the authorization regulation approved by the board members
6. Issue orders, regulations, announcements or report within the Company so the business operation of the Company align with policy and for the benefits of the Company as well as preserve regulations within the organization.
7. Performs assigned responsibilities by the board members and/or executive committee as well as acquire power to operate any necessary actions as see appropriate
8. Acquires power to authorize other people as see fit by the Managing Director to manage and operate on behalf on Managing Director in the necessity and suitability within the executive discretion of the Managing Director under criteria of the law and regulations of the Company
9. Acknowledges assessment result from Nomination and Remuneration Committee as presented to the board members to effectively further improve quality of business operations

Thus, in order to operate on any items that will result in Managing Director or authorized person by the Managing Director or other individual that could lead to conflict of interest or conflict in benefits of the Company and/or subsidiary company (if any) and/or related companies to approve particular item that the Managing Director or another individual encounter conflict of interest. The Managing Director did not have any authorization and the particular issue will need to be present to the executive committee meeting and/or board member and/or shareholder meetings (case by case) for further approval. The only exception is if it is a consideration to approve regular business operations and trading policy which is approved by the board members that the Managing Director is able to approve accordingly.

9.3 Nomination and appointment of high level executive committee

The Company prioritizes the importance in nominating and appointing board members and managing directors of the Company to operate in line with the principle criteria and with transparency. This is to align with the principles of corporate good governance. The Company has specify policy to nominate which specify the Nomination and Remuneration Committee to nominate individual to position as executive committee, sub-committee members, to present to the board member and/or shareholder meeting for consideration and approval. This will be consider based on ethical, moral and must be the individual who support management according to the principle of good governance to correspond accordingly with organization strategic operations.

1. Nomination of Board member

The Nomination and Remuneration Committee has responsibility to nominate qualified individuals and present to the board members or shareholders (case by case). The process of nomination will takes into consideration regarding diversities of gender, age, knowledge skills and different experiences through consideration on skills and expertise in each field and combine with knowledge, skills, and experience to beneficial to business operation of the Company. They should also have qualification according to the Securities and Exchange Act as announced by the Securities and Stock Exchange

Commission, Capital Market Supervisory Board or announcement from the Stock Exchange of Thailand with other announcements, rules and/or regulations related to present to board members and/or shareholders to consider for further approval. The Company has specified criteria and approaches which can conclude into key points as follow.

1. The board members will consist of at least 5 but not exceeding 2 members and at least no less than half of the total members will need to residence in Thailand. The board members will also need to be qualified and should not possess incompatibility based on Public Company limited law and other related laws.
2. The election for the board members will be held at shareholders meeting by using the majority votes based on criteria and approaches as follow
 - 2.1 One shareholder has one vote per one share. The shareholders can use all votes to select one individual or several nominees as a board member but cannot divided votes accordingly.
 - 2.2 Shareholders make a vote for the election of board members individually.
 - 2.3 In case there are many nominees to elect for the board members, the person with the highest vote received will be elected as a board member equivalent to number of needed member or elected at that time. In case that the next nominee have the same votes equivalent or more than members of the meeting, the Chairman of the meeting will be the one making final decisions.
3. For the common shareholder meetings that occur annually, one out of 3 members needs to resign from the position at that time. If the number of board members cannot be directly divide into three portions, the number of resignation should be closest to 1 out of 3 board members that need to resign from the position in the first year and second year that the Company is registered and to draw lots as to who would resign. For other years, the longest board member in the position shall resign. Thus, the board members who resign from their terms could be re-electing to the position.
4. In case of one or another board members plan to resign from the position, he/she must send resignation letter to the Company. The resignation will be affective as soon as the letter arrived at the Company. The board members who resign can also notify their resignations with the registrar.
5. In the case that the position of the board member become available due to other reasons beside resignation from terms, the board members may choose to select qualified individual without any incompatibility of law regarding Public Company Limited and law based on asset and Stock Exchange to be acting member for the next board member meeting. However, if the board member has less than 2 months term the person who will be acting board member may be in the position of board member equal to the remaining term of the member. The resolution of the board members needs to consist of at least 3 out of 4 votes from the remaining board members.
6. At the meeting, the shareholder may vote one or other board members to resign from the position before the term with at least three out of four votes proportion from the entire attendance of the shareholders with the right to votes. There should be a total shares no less than half of the shareholders that attend the meeting with the right to vote.
7. The board member may select one member as the Chairman of the executive board and in case that the board members need to consider to select one or more member, the other member will be selected as a vice chairman of the board.

2. Nomination of independent board members

The Company specified components of board members that it need to consist of at least 1 out of 3 independent members from the total number of board members. There should be at least 3 independent members. The board member or shareholders (case by case will be appointing independent board members, The person who will takes role of the independent board members need to have qualities and is not incompatible for board members according to Public Limited Companies Act and law of asset and Stock Exchange as well as rules and/or related regulations. The independent board member will need to takes into consideration qualities, knowledge expertise and diverse experiences in different fields needed for operation and business of the Company. This is to present to the meeting with board member or shareholders (case by case) to consider for further appointment of independent board members for the Company. Thus, if one or other independent member is removing from the position before the end of the term, another independent board member will be in the position only with the remaining term of the previous independent board members.

The board member has specified the qualities of the independent board members as follow.

1. The board member should hold no more than 1 percent of the shares with the right to vote for major company, subsidiary company or joint venture (if any) as well as to major shareholders or authorized position in the Company. Thus, this should include holding of shares for related parties of the particular independent members.
2. The member should not be a board member or previously positioned as a member that takes part in management of workers, employees, or advisor with permanent salary or authorized position in the Company of the major company, subsidiary company, joint venture company or minor company in the same manner (if any) with the major shareholder or authorized position of the Company. The only exception is the member has been removed from the position no less than two years before the appointment of independent members.
3. The member should not have consanguinity or registered legally in form of father, mother, marriage spouse, relatives and children as well as marriage spouse of children of other board members, executives, major shareholders, or person in charge of the Company or any individual that will be nominate to be board members, executive, or authorized position in the Company or subsidiary (if any).
4. The member should not have or used to have business relations with major company, subsidiary company, joint venture company (if any) with major shareholders or authorized position in the Company in the form that could prevent independent consideration. They should also takes part or previously position as significant shareholders or person in charge of the relations of the business for major company, subsidiary company, joint venture company (if any) for major shareholders or authorized person in the Company unless the person is not in the position no less than two years prior to the appointments independent board members.
5. The member should not positioned or previously positioned as financial auditor of the major company, subsidiary company, or joint venture company (if any) of major shareholders or authorized position of the Company and should not be a significant shareholder with authorized power or takes part as a partner in financial audit institution with financial auditors of the major company, subsidiary company, joint venture company (if any) of major shareholders or authorized position reside in, unless the person is not in the position no less than two years prior to the appointments independent board members.

6. The member should not or previously positioned as any occupation service providers as well as legal advisor or financial advisor that received more than two million baht service fees per year from major company, subsidiary company or joint venture company (if any) of major shareholders or authorized position in the Company and should not be a significant shareholder with authorized position or partner of particular occupation service provider. The only exception is the member has dismissed from the position no less than two years prior to the appointment of independent board members.
7. The member should not be appointed board member to represent board member, major shareholders or related shareholder that have relations with major shareholders.
8. The person should not engage in any business with same condition and significant competition with the business of the Company or subsidiary company (if any) or not takes part as significant partner in partnership or board member that takes part in management of workers, employees, advisors that receive permanent salary or holds more than one percent of shares from the total shares with the right to votes from other companies with same business operations and significant competition toward the Company or subsidiary company (if any).
9. The member should not have any other reasons to not be able to give opinions independently toward business operations.

3. The nomination of Audit Committee members

The Audit Committee will consist of at least three independent members and will be in the position for three years.

The board members of shareholders (case by case) will be the one appointing the Audit Committee members.

The Nomination and Compensation Committee with nominate the Auditing Committee based on qualifications from the announcement of Investment Market Committee Tor.Jor 28/2008 regarding the request for permission to resell new shares dated on 15 December 2008 with the revised details as follow.

1. The member must be an independent member with qualities according to the law of asset and stock exchange as well as the announcement, rules and/or regulation of the Securities and Stock Exchange Commission and the Stock Exchange of Thailand.
2. The member should be able to use their own discretion independently with sufficient knowledge and experiences to take responsibilities as the member of the Audit Committee on assigned mission.
3. The members should consist of at least one person with sufficient financial or financial management knowledge to take responsibilities in review reliability of financial statement.

4. The nomination of the Nomination and Remuneration Committee members

The Nomination and Remuneration Committee should consist of at least 3 members including at least half of the total members of the Nomination and Remuneration Committee. It should not consist of Chairman of the board. The board members will consider and appoint the members of the Nomination and Remuneration Committee.

The members of the Nomination and Remuneration Committee should have qualities as follow.

1. The member should have qualities according to the law of asset and Stock Exchange, announcements of the Securities and Stock Exchange Commission, announcement of the Investment Market Commission or announcement from Stock Exchange of Thailand as well as other related announcements, laws, and/or regulations.

2. The member should be an appointed member to make decisions on business operation of the Company, subsidiary, joint venture or minor company in the same levels of major shareholders or authorized member of the Company.
3. The member should not be board member of other major company, subsidiaries, or minor companies only for the registered companies.
4. The member should not be any individual that operates in the similar types of business and competing against the Company or become partners or board members in other business with similar conditions and competing against the business of the Company whether for own benefit or other benefits. The only exception is if the member notified to the meeting of the board members prior to the appointment.

5. The nomination of executive committee

The executive committee consist of and/or no less than 3 executives members. The Nomination and Compensation Committee will nominating executive committee based on qualities as follow.

1. The qualities of the executive committee are knowledge, capabilities and experiences that will benefits the business operation of the Company. They should also be honest and have moral in business operations with adequate time to sacrifice knowledge, capabilities and full responsibilities to the Company.
2. The executive committee should be qualified and is not incompatible based on the law of Public Company Limited company as well as law based on asset and Stock Exchange or any related laws.

6. The nomination of Managing Director

The Nomination and Compensation Committee will consider individual with capabilities and qualities suitable for the position of Managing Director. The Committee will takes into consideration on qualification, knowledge, experiences, capabilities, and special areas of expertise in related fields that is necessary will be beneficial to the business operation of the Company and present to the board member or shareholders (case by case) to consider for further appointment.

7. The succession plan

The Company has plan and selection process policy to appoint successors in charge of all management levels with proper and transparent process, to select professional management team. The Directors and/or departments that are authorized by Directors are responsible for develop selection plan for Chief Executive Officer, Managing Director, and Executives. Regarding selection process for aforementioned positions, The Company identifies qualified nominee, arrange Executive Committee to approve or process appointment of qualified person for each position.

9.4 The monitoring of business operations for subsidiary company and joint venture

In governing the administration of the subsidiaries and associates, the company will appoint the company's qualified and experienced representative as a committee in the relevant invested transaction of that subsidiaries and associates. That representative could be a chair committee, chief executive officer, committee, chief executive, or anyone who doesn't gain any conflict of interest with the transaction of those subsidiaries and associates. This is to enable the company in governing the transaction and the transaction of the subsidiaries and associates like one unit of the company. Therefore, it's determined that the representative must navigate the administration of the subsidiaries and associates in following the relevant law of the concerning transaction of the subsidiaries and/or associates. In addition, the appointing of the representative as the

committee in those subsidiaries and associates must be correspondent with the equity ratio of the company and/or the agreement in case of the associates.

The company will closely follow up the performance of the subsidiaries and associates, as well as regulate and audit data and accounting records of the subsidiaries and associates.

9.5 The support in using internal information

The Company prioritizes in the prevention of internal information for own benefits or benefits of board members, executives, or employees to be fair and equal to all stakeholders and according to the Principles of Good Corporate Governance. It will also base on the rules and regulation of the Securities and Exchange Commission. The Company specifies policy regarding internal information usages, monitor the implementation of the policy, and announces board members, executives, and employees to acknowledge and comply with key point that can be concluding as follow.

1. Directors, Executives, employees, and staffs of Company who acknowledge material internal information which are likely to affect change of stock price are prohibited to buy or sell Company's stocks at least 1 month prior to public sharing of such financial statements or information. Related persons are obliged to wait at least 24 hours after such information are publicly shared. In case that information are not widely publiced or highly complicated, related persons are obliged to wait at least 48 hours after such information are publicly shared prior to buying or selling of Company's stocks ("blackout period"). Such persons or those who are related to internal information must not share them to others. Directors, Executives, and employees are required to state their demand to buy or sell Company's stocks, either for their own or their related person (according to relevant regulations).
2. Specifies board members and executives as well as high- level management executives in finance and accounting department that has position as manager or equivalent (according to the definition by Security and Exchange Commission and Stock Exchange of Thailand) are required to state their demand for buying or selling of Company's stocks both of oneself, spouse or cohabiting couple, minor child, and juristic person wherein oneself, spouse or cohabiting couple and minor child hold shares at an aggregate amount exceeding thirty percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion to secretary prior to proceeding transactions, to ensure that stock transactions comply with regulations of The Securities and Exchange Commission, Thailand (SEC) and Stock Exchange of Thailand (SET).
3. Provides knowledge to board member, executives and high- level management executives in finance and accounting department that has position as manager or equivalent (according to the definition by Security and Exchange Commission and Stock Exchange of Thailand) regarding the blackout period and assigned responsibly and disclosed of own information on the securities and derivatives holding of the Company, spouse or cohabiting couple, minor child and juristic person wherein oneself, spouse or cohabiting couple and minor child hold shares at an aggregate amount exceeding thirty percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion thereof to the SEC on Section 59 and penal code from The Securities and Exchange Act B.E. 2535 (with additional revised plan).
4. Specifies board members and executives as well as high- level management executives in finance and accounting department that has position as manager or equivalent (according to the definition by Security and Exchange Commission and Stock Exchange of Thailand) to create and disclosed of own information on the securities and derivatives holding of the Company, spouse or cohabiting couple, minor child and juristic person

wherein oneself, spouse or cohabiting couple and minor child hold shares at an aggregate amount exceeding thirty percent of the total voting shares of such juristic person and such aggregate shareholding is the largest proportion thereof within 7 working days from the first date of changes to securities and derivatives holding of the Company, and they should also report the change of securities and derivatives holding within 3 working days from the date of purchase, sale, transfer or acceptance of transfer of securities or derivatives holding. Thus, this is according to the principles and approach by the Securities and Exchange Commission.

Directors' Securities Portfolios of 2020

Name	Position	Shares (%)		
		7 January 2020	6 January 2021	Change
1. Dr. Suvit Thaniyavarn	Independent Director and Chairman of Board of Director	-	-	-
2. Mr. Tarate Poshyananda	Independent Director, Chairman of Audit Committee, and Nomination and Compensation Committee	-	-	-
3. Pol.Lt.Gen. Sunchai Chaiamporn	Independent Director, Audit Committee, Chairman of Nomination and Compensation Committee	-	-	-
4. Mr. Tiwat Rattanakate	Independent Director and Audit Committee	-	-	-
5. Mr. Vichien Saengvongkij	Director	0.02	0.02	-
6. Mr. Vichai Sangwongkit	Director and Managing Director	0.04	0.04	-
7. Mr. Chaiwat Taweepiriya	Director	0.04	0.04	-
8. Mr. Sanguan Saengwongkij	Director	6.83	6.83	-
9. Mr. Somnuk Saengwongkij	Director	7.50	6.56	- 0.94
10. Mr. Supot Massayamas	Director and Vice President of Engineer Audit and Quality Control	1.09	1.09	-
11. Ms. Kanokporn Arayapran	Director	0.04	0.04	-
12. Ms. Orawan Sangwongkit	Director, Nomination and Compensation Committee, and Vice president of Accounting and Finance Department	0.04	0.04	-
13. Ms. Vichuta Saenvongkij	Nomination and Compensation Committee and Vice President of Administrative Department	0.13	0.13	-
14. Mr. Hamsiri Sangwongkit	Senior Vice President	0.21	0.21	-

Name	Position	Shares (%)		
		7 January 2020	6 January 2021	Change
15. Mrs. Kitiya Niebler	Vice President of Sales and Marketing Department	0.14	0.15	0.01
16. Mr. Teerawit Noosong	Vice President of Production Department	0.01	-	- 0.01
17. Ms. Phatsanan Senuchai	Director of Accounting and Finance Department	-	-	-

9.6 Compensation for financial auditors

The Company and subsidiary offer compensation for financial audit for the year of 2020 ended on 31 December 2020, which consists of auditor's fees and other service fees such as travel expense or allowance. The details are as follows

	the audit fee for the year 2020 (million bath)	
	the Company	the Subsidiary
Audit fees	1.96	0.24
Other service fees	0.11	0.01
total	2.07	0.25

9.7 Implementation of Corporate Governance Code 2017

The company has recognized the importance of the application of Corporate Governance Code 2017 (CG Code 2017) developed by the Securities and Exchange Commission (SEC) promulgated since March 2017. The company is scheduled to review the corporate governance policies of the company annually. With the following purposes of review:

1. To ensure that the business operation of the company has transparent corporate governance that is accountable which will increase confidence to investors.
2. To ensure that the company has complied with the Good Corporate Governance Principles of the Stock Exchange of Thailand B.E. 2555 (2012) and the CG Code 2017 of the Securities and Exchange Commission.
3. To ensure that the company has following up and monitoring the implementation of policies to be used to ensure the suitable for the company's business and the situation and operation of the company is always.

Thus, the board of director has reviewed The Principles of Corporate Governance policy and considers that such policy is appropriate. The Commission considers that the company has complied with the Corporate Governance Code 2017 developed and communicated to executives and employees acknowledged and treated continuously. Including following up and monitoring the implementation of policies to be used to ensure the suitable for the company's business and the situation and operation of the company is always.

9.8 Implementation of the other principles corporate governance code

The Board of Directors, Executives, and Employees of the Company and subsidiary company have complied with the Principles of Corporate Governance policy and follow up the performance according to the operational plan strictly and regularly. In 2020, there was no any cases that does not comply with the policy.

Corporate Social Responsibility: CSR

10. Corporate Social Responsibilities: CSR

The Company is determined to develop its business for a sustainable growth in align with responsibilities toward society. Thus, to be in according to a sustainable business development of the Company, the board members specify policy regarding Corporate Social Responsibilities or CSR. The Company will operate under good governance and holds to the principles of ethics in align with responsibilities toward environment and society. The Company will work to be aware and take responsibility toward the society. The Company will takes into consideration of stakeholders of the organization both internally and externally from shareholders, employees, customers, community as well as society. The Company has specified approach in Corporate Social Responsibility as follow.

10.1 Overall policy

The Company promotes and support board members, executives, and employees to participate and take part in society through activities to work together to create a better way of life for the society, community, and environment consistently. This will also help develop economy and society and will result in to the success of the Company. The practice approaches are as follow.

Fair business operations

The Company prioritizes in business operations by following the competitive framework that is honest and fair under the legal as well as morals of the business. The Company holds to the equitable competition policy to receive equally return for both parties. To operate in a business with trading partners should not result in any discredit to the Company or against the law. There will be business operation principles as follow.

1. To not demand, receive or agree to accept any asset or other benefits that is beyond trading agreement or trading policy.
2. To continues create relationship and good collaboration with suppliers to enhance potential and efficiency in long-term business operations.
3. To maintain customers' confidentiality or maintain the confidentiality of trading partner information, and to not use for own benefits or other related parties wrongfully.
4. The Company will not operate any business that is related to intellectual property rights as well as will promote executives and employees to use resources and assets of the Company effectively. The Company will promote the executive and employees to use products and services that have copyright and will not promote products or act that is violate intellectual property rights.
5. The Company is against any unjust competition and will not operate in setting prices to eliminate competitors. The Company will set prices by taking into consideration of market conditions, purchasing demand as well as other cost that is related. Additionally, the Company also has a purchasing policy to assign clear operational methods to be fair for all parties.
6. The Company has assign complaint channels regarding unjust behaviors with a complaint center at the Company as well as via the website of the Company.

Anti-corruption policy

The Company prioritized about Anti-corruption and operated the business with transparent management, hold the principles of morals, ethical, and fairness. The Company also has a Code of Conduct to be appropriate practice for directors, executives, and employees as well as support activities that promote and educate executives and employees to act according to the law and companies' related rules and regulations. The Company does not promote in having success from any dishonesty or corruption. Thus, the board members of the Company have appointed 'Anti-Corruption' policy to be a guideline for practice as follow.

1. To not operates or takes part in any form of corruption, whether it is direct or indirect channels.
2. Board members, executives, and employees will not engage or support any forms of corruption and will strictly prohibit any corruption acts.
3. Board members, executives, and employees have responsibility to operate according to the good governance policy that prohibits any corruption. The Company board members will appoint executives to create 'Anti-Corruption' measurement to communicate and act upon.
4. It is prohibiting for all Company board members, executives, and employees to engage in any act that involves demanding or accepting assets or any own benefits or others, or to wrongfully neglect their responsibilities that could lead to the Company's loss of its own legitimate benefits.
5. It is prohibiting for all Company board members, executives and employees to offer or present any asset or benefits to other individual to persuade them to act or neglect to the law or toward their own responsibilities.
6. To creates an honest organization culture and hold to a fair culture in the organization.
7. To creates employees' training within the organization to promote employees to be honest toward their responsibilities and willing to bring the principles and morals in the policy to strictly operate a business as the main principle for the entire organization.
8. The Company will create employees management process to reflect the determination of the Company toward Anti- corruption measurement from the selecting of employees, training, to performance evaluation, bonus and compensations, and position promotions.
9. The Company will create internal investigation to ensure that the internal system will help the Company to achieve the target. The Company will also investigate the operations of all sectors to be according to rules and regulations and together help seek for any faults and will provide suggestions to develop effective and efficient operation system based on the approach to maintaining good governance of the organization.
10. The Company will cooperate with government sector in appoint all related parties with the govern to disclosed any accounts to Office of the National Anti-Corruption Commission (NACC).
11. To appoints the Company secretary, internal audit or any other individual that the board members have appointed to help support corporate governance.

Fair practice in labor

The Company has a policy to treat all employees with fairness without any conditions that will lead in the Company to treat all employees unfairly. This is to be fair to all employees; the Company has a system to look after employees thoroughly with fairness. (This is based on the regulations on business operations of the Company) which are as follow.

1. The Company will look after all employees' reward and compensation appropriately and fairly without any demand from employees.
2. The Company will not discriminate and at the same will treat all employees equally
3. In case any complaint by employees, the Company has, a clear process and complaint methods and the Company will find a solution to end the dispute fairly to terminate any issues within the boundary so it will not expand into a wider range of conflicts.
4. As the Company prioritizes and foresees importance in equality, the Company has a regulation to treat all employees with fairness and not to discriminate one or another. This will base on Code of Conduct and will be use as employees' guidelines. The guideline is part of 'rule and regulation of employees" that all employees must follow. Thus, the Company has clarified regarding the Code of Conduct to all employees at the first day of employment. The Company also emphasizes the details in the employees training session.

Responsibility toward consumers

The Company prioritizes the responsibilities toward stakeholders in the supply chain, which are customers, partners, and business competitors. The Company also announces Code of Conduct to use as a model in business operation of the Company with the regulations in responsibility toward customers as follow.

1. Delivers quality product and services in align with or higher than customers' expectations under fair conditions.
2. Provides correct product information and sufficient service in a real-time situations to the customers without exaggeration on the quality of the products or certain services.
3. Contacts customers with politeness and efficiency so the customers will trust in the Company and establish a plan of a process that customers can file complaint on quality and safety of products and services.
4. Maintains customers' confidentiality, do not use the information wrongfully on one's own benefit or other third parties.
5. Establishes vast marketing communication channels such as communication through the recommendations of salesperson or through the Company's website.

Responsibility toward society, community, and environment

The Company prioritizes the development for the way of lives to community, society, and environment based on a sustainable development approach as follow.

1. Promotes and supports education in the society.
2. Creates employment and consistently develop labor skills of the Company in the area.
3. Plans, manages, and controls activities that could result in any form of pollutions.

4. Recycles the waste to use in the production process.
5. Holds to the moral principle in making decisions on different production activities.

10.2 Specification on action plan and performance reports

The Company has specified the board members regarding Corporate Social Responsibility (CSR) to create CSR plan to present to the executive committee annually. The Company also specify budget in the CSR operation for each year and take into consideration on approach to Corporate Social Responsibility (CSR) framework to align with the suitability of business operation. This is applied in both financial conditions and business turnover. There will be also a performance report to present to executive committee for at least once a year.

10.3 Business operation that affect social responsibilities (if any)

In the previous year, the Company has not encountered any legal dispute nor has it released any public news that could significantly affect business operations, reputations, or reliability of the Company.

10.4 Activities to benefit society and environment

1. **Educational development:** The Company foresees the importance of education, which is key factor that affect the development of the country. At present, schools in the rural area still lack resources and school supplies that will thoroughly promote education development. The Company begins its initiative in different projects to support community's schools such as the support of scholarship for good student.
2. **Religious preservation:** The Company believes that when people within the community pay respect and follow the teachings of every religion, it will helps the members of the community to understand ethical and moral principles. This is the key part that makes our society a better place to live. The Company created different projects to be part of religious preservation and support community's moral standard: for example, the reconstruction of the temple and temple cleaning.
3. **The development of community way of life:** The Company believes that community development can start from the development for way of life for people in the community. The Company and local government sectors will collaborate to build homes and create hopes for underprivileged persons. This will help develop way of lives for underprivileged person and sustainably develop community. The Company has supported medical budgets and medical equipments to hospitals and community. As well as coordinate with researchers to develop company by-products for community use.
4. **Environmental protect and conservation:** The Company realizes the importance of environmental protect and development for sustainability. The company has operated in various matters such as raising awareness to employees about environmental management within the factory, operating with modern machinery which does not pollute the environment, using resources worthwhile and utmost efficiently. In addition, the Company also organizes various activities such as community public area cleaning.

Internal Control and Risk Management

11. Internal control and risk management

11.1 The Company's internal audit system

In the meeting of the Board of Director no. 1/2021 held on 24 February 2021, the board members of the Company have taken into consideration and assess the sufficiency of the Company internal audit. It was completed through data collection from executives, related sectors and Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd (“**Internal auditors**”) referring to the internal auditors report and monitoring of improvement for internal auditor report dated on 15 February 2021 as well as annual internal audit project for Year 2020. It can be concluded regarding the result for the internal assessment of the Company in 5 areas as follow:

1. Control Environment

The Board of Directors are knowledgeable and highly specialized in business, whose roles and responsibilities are clearly separated from Management. Roles and responsibilities of Board of Directors and sub-committees are defined in Charter or each group of Directors. Approval authority is clearly separated as well to ensure that Directors can operate efficiently with integrity and fairness, in compliance with laws, regulations, good governance, and Company's code of business conducts. The Company also develops performance review and evaluation process by hiring external independent specialist to continuously audit process and report to directors. The Company sets out process for people recruitment and development by selecting candidates based on Company's policies and qualifications of each position, developing success plan for key position to ensure business continuity, and arranging annual training plans available in various courses in order to enhance people's capabilities in alignment with business strategy. Furthermore, the Company develops process to evaluate employees' performance by defining valid evaluation criteria and keep employees informed.

2. Risk Assessment

The Company develops risk management policy and appoints risk management team which include management team and employees. The team works in collaboration with internal control department to obtain reports, in which such teams have reviewed risk of organization, risk management scope, opportunities and effects of each situation to prioritize risks and identify risk management measures or plans to ensure proper and acceptable risk level. Furthermore, the Company also hires external independent specialist to continuously audit process and report to Audit Committee.

3. Control Activities

The Company develops approval authorization and regulations and review such process to ensure alignment with recent business situations based on job description, job scope, responsibility, and authorized credit of each management level and properly allocate job functions. Core functions of Company will be reviewed by external parties such as internal auditors and/or quality control staffs to audit control mechanism, improve efficiency, identify regulations and guidelines for those who are appointed Directors of subsidiary and associates in order to define guidelines for business operation for directors or executives of the subsidiary to comply. This is to regulate affiliates in compliance with Company's policies, laws of public companies, securities and exchange laws, and

related announcement, rules, and regulations. The Company assign authorized representatives to be directors and executives of affiliates based on share ownership proportion. Moreover, The Company conveys important messages to all stakeholders through Company's website based on good governance and related regulations. The directors and executives are obliged to share stake-holding information of their own or related persons' for considering transactions that cause conflict of interest, in which stakeholders are not involved in considering such transactions. The Company identifies regulations of connected transactions that require approval in compliance with related rules and regulations of The Securities and Exchange Commission, Thailand (SEC) and The Stock Exchange of Thailand (SET).

4. Information & Communication

The Company provide timely, adequate the important data, financial, and other important information for the Board of Directors to use in decision making and communicating to the Board of Directors and/or related sub-committees to acknowledge before the meeting date, at least within the minimum period required by law. In addition, the Company arrange for internal and external communication channels via e-mail and the Company's website for those interested in receiving information about the Company. Including, whistleblowing channels for reporting information or clues about corruption to the Company are also in place. Also, Investors Relations Department is responsible for regularly communicating with shareholders or investors. The Company's important documents are also stored and categorized systematically.

5. Monitoring

Operational auditing with suggestions for constant and continuous improvement of the internal control system has been carried out. The Company hired a consulting company to be internal auditors which are independent, report the audit results, and follow up to ensure that the findings are corrected appropriately and timely by reporting directly to the Audit Committee on a quarterly basis. In addition, the Company has also anti-corruption policy for combating fraud and corruption have been implemented as a guideline for directors, executives, and employees at all levels to use as a direction for business operations, not neglecting or ignoring upon discovering actions that are considered fraud to the Company, which is contemplated as a duty to notify the supervisor or the person in charge. Also, the Executive Committee has a duty to report the Board of Directors immediately upon discovering or suspected of fraud.

In 2020, Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd ("**Internal auditors**") operated internal audit for the year of 2020 by inspect 4 processes as follows

1. Purchase and payment process
2. Account closing process and financial reporting
3. Maintenance process and implementation on environmental standards
4. Revenue process

There are 24 remarks which are low importance for the total of 9 processes and medium importance for the total of 14 processes and also 1 suggestion. From following up the improvement based on the internal audit in first quarter to third quarter in 2020, it is found that the Company has improved internal control systems according to the internal auditors are 15 stated issues, and is in process 5 issue, that the company will improve the stated issue completely and appropriately.

Additionally, for the remarks that are found in fourth quarter of 2020 that include 2 processes with low importance, 1 process with medium importance and also 1 suggestion, the internal auditors will inspect for further follow up in first quarter of 2021.

Thus, the Board of Directors concurred with the audit committee that the Company internal control system is sufficient and appropriate to the size of the business and current business conditions. The Company has sufficient employees to operate systematically and effectively. There is also an adequate amount of transaction with competitive and related parties. For other topics of internal control system, the board members considered that the Company also has a sufficient internal control.

11.2 Information of the internal audit chief and operation chief

The Company has hired internal auditors from external sectors which is Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd to inspect internal control system of the Company. The internal auditors have assigned board members to inspect internal control system of the Company.

The audit committee has taken into consideration qualifications of assigned board member that they are suitable as they are independent agency and have high experiences in internal audit for reasonable amount of times.

Thus, the audit committee will be the people who consider the independent of internal auditor agency as well as approve in appoint, removal, or dismissed of internal auditors chief or other responsible sector related to the Company internal audit.

Connected Transactions

12. Connected transactions

12.1 Connected transactions between companies/related parties

Related transactions between companies/related parties for the end date as of 31 December 2020 is as follow.

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
S.Kleber Chemical Co., Ltd <i>("S.Kleber Chemical")</i> <u>Relations</u> Subsidiary of the company, the Company hold 100 percent of the total share capital and interrelated board members of the Company, executive of the company is a board member in S.Kleber Chemical. A paid-up capital 75.00 percent of the total registered capital.	The Company paid partial investment to S.Kleber Chemical.	50.00	25.00	-	- The Company paid partial investment to S.Kleber Chemical. - The particular transection is to support investment plan and business of the Company <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. And in the framework that approved by the Board of Directors
	The Company sold factory equipments to S.Kleber Chemical.	-	0.14	3.32	- The Company sold factory equipments due to the company did not need to use it, its price can be comparing with the market price. - The particular item occurs for the benefit of the Company and the particular item didn't cause any lose of the Company. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. And can be comparing with third parties.
	The Company grants a loan to S.Kleber Chemical. (Interest income)	-	-	1.86	- The Company grants a loan to S. Kleber Chemical. (Interest income) for use as a working capital of S. Kleber Chemical. - The particular transection is to support investment plan and business of the Company <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. And in the framework that approved by the Board of Directors
Sahakij Saentung Co., Ltd <i>("Sahakij Saentung")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in 20.00 percent proportion of Sahakij Saentung's paid-up capital.	The Company purchased wood materials from Sahakij Saentung	81.30	119.56	87.61	- The Company purchased wood materials from Sahakij Saentung which is a main material in production for the Company. - The purchasing price is according to the Company regulation in selecting and purchasing wood materials, which uses in all wood materials distributors. Thus, the period of payment that the Company had agreed with Sahakij Saentung is not more than the payment period that the Company has agreed with other wood material distributor. Thus, the Company expected that this item would continue to occur in the future. <u>Opinions of Auditing Committees</u> - The Auditing Committees takes into consideration and sees that the particular item is reasonable with purchasing price and trade policy that can be compare to other trading partners of the Company.

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
					<ul style="list-style-type: none"> - This is considered an important item and expected to occur continuously in the future. Thus, the Auditing Committees has appointed an individual as an auditor to inspect wood materials purchase from related companies if it is according to regulation in selecting and purchasing wood materials or not. The auditor will need to further report the inspection result to the Auditing Committees every quarter.
Sahakij Klaeng Co., Ltd <i>("Sahakij Klaeng")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member to that is a shareholder in 62.50 percent proportion of Sahakij Klaeng's paid-up capital.	The Company purchased wood materials from Sahakij Klaeng	42.19	61.65	34.65	<ul style="list-style-type: none"> - The Company purchased wood materials from Sahakij Klaeng which is a main material in production. - The purchasing price is according to the Company regulation in selecting and purchasing wood materials which uses in all wood materials distributors. Thus, the period of payment that the Company had agreed with Sahakij Klaeng is not more than the payment period that the Company has agreed with other wood material distributor. Thus, the Company expected that this item would continue to occur in the future. <u>Opinions of Auditing Committees</u> <ul style="list-style-type: none"> - The Auditing Committees takes into consideration and sees that the particular item is reasonable with purchasing price and trade policy that can be comparing to other trading partners of the Company. - This is considered an important item and expected to occur continuously in the future. Thus, the Auditing Committees has appointed an individual as an auditor to inspect wood materials purchase from related companies if it is according to regulation in selecting and purchasing wood materials or not. The auditor will need to further report the inspection result to the Auditing Committees every quarter.
	The Company hired Sahakij Klaeng to transport goods (Transportation costs)	0.46	0.64	0.57	<ul style="list-style-type: none"> - The Company hired service providers to transport goods via truck and/or tractor to transport goods to domestic customers or transport goods to sea port to transport to international customers. From factors regarding price and readiness of the service, the transportation costs of Sahakij Klaeng is similar to other transportation service providers, which are third parties. - The particular item is an item to support regular business that could occur based on necessity of the Company business operations. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable with services fees and trade policy that can be comparing to services from third parties.

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
S.Kijchai Wood Panel Co., Ltd <i>("S.Kijchai Wood Panel")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in proportion of 37.50 percent. There is a marriage spouse of the Company board members that is a shareholder with proportion of 37.50 percent, and parent of the Company board members that is a shareholder in 25.00 percent proportion of S.Kijchai Wood Panel's paid-up capital.	The Company distributed electric to S. Kijchai Wood Panel	14.73	8.68	9.76	<ul style="list-style-type: none"> - The Company installed electric transformer that will be able to purchase high voltage electric to responds to the increase needs of electric usage of the Company to extend production capacity. The Company distributes current excess electric to S.Kijchai Wood Panel which is located in the nearby area. The price is based on retail electricity price of Provincial Electricity Authority. - The particular item is part of item to support investment plan and business of the Company <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company and the price is reasonable
	The Company hired S.Kijchai Wood Panel to transport goods to customers in the country use of other types of services.	0.82	0.14	0.79	<ul style="list-style-type: none"> - The Company needs to hire transportation via truck to transport goods of the Company to customers in the country. Thus, as the selling price of the product is inclusive of the transportation costs, the factor regarding the service readiness is a key, S.Kijchai Wood Panel which is located near the Company has high availability and can request for services conveniently and in a fast-paced level. - The particular item is an item to support regular business that could occur based on necessity of the Company business operations. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable with services fees and trade policy that can be comparing to services from third parties.
	The Company sold factory equipments and other types of services to S. Kijchai Wood Panel	-	0.51	0.01	<ul style="list-style-type: none"> - The Company sold factory equipments due to the company did not need to use it, its price can be comparing with the market price. - The particular item occurs for the benefit of the Company and the particular item didn't cause any lose of the Company. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. And can be comparing with third parties.
	The Company purchased cement board from S.Kijchai Wood Panel	0.07	-	-	<ul style="list-style-type: none"> - The Company purchased cement board from S.Kijchai Wood Panel for using in new production line of the company. - The particular item is a necessity item <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. The price can be comparing to services from third parties.
	The Company distributed wood chip to S.Kijchai Wood Panel.	0.01	-	-	<ul style="list-style-type: none"> - The Company distributed wood chip to S.Kijchai Wood Panel for using as fuel in production and operation process. - The particular item occurs for the benefit of the Company. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company and the price is reasonable.

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
S.Kijchai Co., Ltd <i>("S.Kijchai")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in proportion of 37.50 percent. There is a marriage spouse of the Company board members that is a shareholder in proportion of 37.50 percent, and parent of the Company board members that is a shareholder in 25.00 percent proportion of S.Kijchai's paid-up capital.	The Company distributed electric to S.Kijchai for production and operation process.	23.96	28.06	37.76	<ul style="list-style-type: none"> - The Company installed electric transformer that will be able to purchase high voltage electric to responds to the increase needs of electric usage of the Company to extend production capacity. The Company distributes current excess electric to S.Kijchai which is located in the nearby area. The price is based on retail electricity price of Provincial Electricity Authority. - The particular item is part of item to support investment plan and business of the Company <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company and the price is reasonable
	The Company distributed MDF board to S.Kijchai and other income.	8.87	13.76	18.20	<ul style="list-style-type: none"> - The Company distributed MDF board to S.Kijchai for operation process. S.Kijchai is a large-scale domestic customer with high purchase volume and selling prices is ex-work which is remain in the same selling price level after the deduction of transportation cost for other large-scale domestic customers. Thus, the price that the Company distributes to S.Kijchai can be comparing to other large-scale domestic customers of the Company. - The particular item is an item to support regular business that could occur based on necessity of the Company business operations. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable with purchasing price and trade policy that can be compare to other trading partners of the Company.
	The Company purchased office equipment from S.Kijchai.	0.46	0.01	0.02	<ul style="list-style-type: none"> - The Company purchased customized furniture and office equipment from S.Kijchai as the quality is according to the needs of the Company with a price that is reasonable and similar to the market price. Thus, the company predicts that the purchase of this asset could re-occur in the future, only in the case of necessity. - The particular item is one of the necessity item to provide convenient to the Company. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company and the price is reasonable

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
	The Company hired S.Kijchai to transport goods. (Transportation costs)	0.05	0.02	0.003	<ul style="list-style-type: none"> - The Company needs to hire transportation via truck to transport goods of the Company to customers in the country. Thus, as the selling price of the product is inclusive of the transportation costs, the factor regarding the service readiness is a key S. Kijchai which is located near the Company has high availability and can request for services conveniently and in a fast-paced level. - The particular item is an item to support regular business that could occur based on necessity of the Company business operations <p><u>Opinions of Auditing Committees</u></p> <p>The Auditing Committees takes into consideration and sees that the particular item is reasonable with services fees and trade policy that can be comparing to services from third parties.</p>
	The Company hired S.Kijchai to complete the process of MDF board surface and use of other types of services.	1.03	1.66	0.93	<ul style="list-style-type: none"> - Other items of expenses between the Company and S.Kijchai mainly come from hiring for S.Kijchai to complete the process of MDF board surface based on customers' preferences. This is because at present, the Company still did not possess wood surface production line. - The particular item is a necessity item to support business operation and for the Company business operations to have continuous flow. <p><u>Opinions of Auditing Committees</u></p> <p>The Auditing Committees takes into consideration and sees that the particular item is beneficial to the Company.</p>
	The Company distributed door skin machine and vehicles to S.Kijchai. and other income	3.13	-	-	<ul style="list-style-type: none"> - The Company distributed door skin machine to S.Kijchai due to the company has stopped the production of door skin since the first quarter of 2016, the machine's price can be comparing with the market price. -The Company distributed vehicles to S.Kijchai due to the company did not need to use it, its price can be comparing with the market price. - The particular item occurs for the benefit of the Company and the particular item didn't cause any lose of the Company. <p><u>Opinions of Auditing Committees</u></p> <p>The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. The price is similar to the market price.</p>

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
S.Kijchai Concrete Part., Ltd <i>("S.Kijchai Concrete")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in 50.00 percent proportion of S.Kijchai Concretes' paid-up capital. There is a marriage spouse of the Company board members that is a shareholder in proportion of 25.00 percent, and a mother of the Company board members that is a shareholder in 25.00 percent proportion of S.Kijchai Concrete's paid-up capital.	The Company purchased ready-mixed concrete for construction purposes, and other services.	12.74	1.13	0.30	<ul style="list-style-type: none"> - The Company purchased ready-mixed concrete from S.Kijchai Concrete for use in construction, renovation, repair and maintenance the buidings and roads within the company and the wood raw material storage area. - The particular item is a necessity. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and the selling price is similar to the market price.
Sahakij Klaeng Logistics Co., Ltd <i>("Sahakij Klaeng Logistics")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in 60.00 percent. There is a marriage spouse of the Company board members that is a shareholder in proportion of 40.00 percent proportion of Sahakij Klaeng Logistics' paid-up capital.	The Company hired Sahakij Klaeng Logistic to transport goods to customers in the country and transport goods to sea port for export	3.52	3.65	3.83	<ul style="list-style-type: none"> - The Company hired service providers to transport goods via truck and/or tractor to transport goods to domestic customers or transport goods to sea port for export. From factors regarding price and readiness of the service, the transportation costs of Sahakij Klaeng Logistic is similar to other transportation service providers which are third parties - The particular item is an item to support regular business that could occur based on necessity of the Company business operations <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable with services fees and trade policy that can be comparing to services from third parties.

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
The best impex Co., Ltd <i>("The best impex")</i> <u>Relations</u> There is a marriage spouse of the Company board members that is a shareholder in proportion of 15.00 percent proportion of The best impex's paid-up capital.	The Company hired The best impex to manage import and export documents and other services.	-	-	2.77	<ul style="list-style-type: none"> - The Company hired service providers to manage import and export documents. From factors regarding price and readiness of the service, the service costs of The best impex is similar to other service providers which are third parties. - The particular item is an item to support regular business that could occur based on necessity of the Company business operations <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable with services fees and trade policy that can be comparing to services from third parties.
S.Kijchai Bueng Kan Co., Ltd <i>("S.Kijchai Bueng Kan")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in proportion of 50.00 percent. There is a marriage spouse of the Company board members that is a shareholder in proportion of 25.00 percent, and parent of the Company board members that is a shareholder in 25.00 percent proportion of S.Kijchai Bueng Kan's paid-up capital.	The Company purchased woodmaterials from S.Kijchai Bueng Kan	-	0.04	-	<ul style="list-style-type: none"> - The Company purchased wood materials from S.Kijchai Bueng Kan which is a main material in production for the Company. - The purchasing price is according to the Company regulation in selecting and purchasing wood materials which uses in all wood materials distributors. Thus, the period of payment that the Company had agreed with S.Kijchai Bueng Kan is not more than the payment period that the Company has agreed with other wood material distributor. Thus, the Company expected that this item would continue to occur in the future. <u>Opinions of Auditing Committees</u> <ul style="list-style-type: none"> - The Auditing Committees takes into consideration and sees that the particular item is reasonable with purchasing price and trade policy that can be comparing to other trading partners of the Company. - This is considered an important item and expected to occur continuously in the future. Thus, the Auditing Committees has appointed an individual as an auditor to inspect wood materials purchase from related companies if it is according to regulation in selecting and purchasing wood materials or not. The auditor will need to further report the inspection result to the Auditing Committees every quarter.

Juristic Person/Related Person (Types of items)	Types of items	Value of items (Million baht)			Necessity and reasonability
		2018	2019	2020	
S.Plywood Co., Ltd <i>("S.Plywood")</i> <u>Relations</u> A related companies with interrelated board members of the Company and consist of the Company's board member that is a shareholder in proportion of 67.00 percent. There is a marriage spouse of the Company board members that is a shareholder in proportion of 10.25 percent, and parent of the Company board members that is a shareholder in 10.25 percent proportion of S.Plywood's paid-up capital.	The Company purchased plywood to be a construction material for new production line of the company.	0.001	-	-	<ul style="list-style-type: none"> - The Company purchased plywood from S.Plywood to be the construction material for new production line of the company. - The particular item is a necessity. <u>Opinions of Auditing Committees</u> The Auditing Committees takes into consideration and sees that the particular item is reasonable and beneficial to the Company. The selling price is similar to the market price.

12.2 Measurements or approval process of related transactions

The Company has specified measurements and process of approval for related transactions. This is because to engage in related transaction with individual who may encounter conflict will be taken into consideration and suitability of the particular transaction from the Auditing Committees. This will prioritize the Company benefits as the main importance. In case that the Auditing Committees is lack of experience in consideration of any related transactions (if any), the Company will invite independent experts or the Company auditor will provide opinions regarding the related transaction. This is to use to provide rational in align with opinions or the decisions of the Auditing Committees and/or board members and/or shareholders, case by case.

12.3 Future tendencies to engage in related transactions

The Company may still need to continue to engage in related transactions with business and/or individual with conflict in the future as the related transactions is a necessity and benefits the Company.

The related transaction with our subsidiary company, with at least own 50% by the company, is likely to occur in the future on the continual basis. However, the board of directors of the company will obey the security law, rules & regulations of the Stock Exchange of Thailand and the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand. Moreover, the company will consider the reasonable reason of the transactions.

Highlight of Financial Performance

13. Highlight of financial performance

13.1 Financial budget

Financial conditions

On 31 December 2018, 2019, and 2020

List of items	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
<u>Assets</u>						
<u>Current assets</u>						
Cash and cash equivalent items	59.86	1.79	71.73	2.31	113.53	3.13
Trade and other receivables	56.75	1.70	73.39	2.18	87.11	2.40
Inventories	183.23	5.49	182.08	5.41	241.21	6.65
Other current financial assets	-	-	0.92	0.03	7.98	0.22
Other current assets	27.09	0.81	44.17	1.31	59.84	1.65
Total current assets	326.93	9.80	372.30	11.06	509.67	14.05
<u>Non-current asset</u>						
Restricted bank deposits	5.00	0.15	5.00	0.15	5.00	0.14
Property, plant and equipment	2,985.07	89.48	2,925.12	86.89	3,092.27	85.22
Advanced payment for machine	5.10	0.15	44.26	1.31	0.64	0.02
Right-of-use asset	-	-	-	-	0.35	0.01
Intangible assets-net	13.76	0.41	18.92	0.56	18.61	0.51
Deferred tax assets	-	-	0.89	0.03	2.10	0.06
Other non-current asset	0.04	0.00	0.04	0.00	0.03	0.00
Total non-current assets	3,008.97	90.20	2,994.22	88.94	3,118.99	85.95
Total assets	3,335.90	100.00	3,366.52	100.00	3,628.66	100.00
<u>Liabilities and shareholders' equity</u>						
<u>Current liabilities</u>						
Overdrafts and short-term loan from financial institutions	90.00	2.70	97.39	2.89	337.00	9.29
Trade and other payables	300.04	8.99	245.96	7.31	314.04	8.65
Current portion of liabilities	142.86	4.28	214.28	6.37	248.37	6.84
Current portion of leases liabilities	-	-	-	-	0.35	0.01
Advance received for goods	52.38	1.57	116.04	3.45	139.32	3.84
Provisions for employee benefit	-	-	1.24	0.04	1.24	0.03
Other current liabilities	0.60	0.02	0.85	0.03	1.12	0.03
Total current liabilities	585.87	17.56	675.76	20.07	1,041.44	28.70

List of items	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
<u>Non-current liabilities</u>						
Long-term loan from financial institutions	324.16	9.72	275.46	8.18	144.57	3.98
Long-term leases liabilities	-	-	-	-	0.49	0.01
Deferred tax liabilities	23.55	0.71	31.87	0.95	54.37	1.50
Employee benefit obligations	3.28	0.10	1.63	0.05	2.35	0.06
Total non-current liabilities	350.99	10.52	308.96	9.18	201.77	5.56
Total liabilities	936.86	28.08	984.71	29.25	1,243.21	34.26
<u>Shareholders' equity</u>						
Registered capitals	800.00	23.98	800.00	23.76	800.00	22.05
Issued and paid-up share capital	800.00	23.98	800.00	23.76	800.00	22.05
Premium on share capital	1,225.98	36.75	1,225.98	36.42	1,225.98	33.79
Retained earnings						
Appropriated - legal reserve	41.29	1.24	44.46	1.32	53.24	1.47
Unappropriated	331.77	9.95	311.37	9.25	306.23	8.44
Total shareholders' equity	2,399.04	71.92	2,381.80	70.75	2,385.45	65.74
Total liabilities and shareholders' equity	3,335.90	100.00	3,366.52	100.00	3,628.66	100.00

Statement of Comprehensive Income

Ending on 31 December 2018, 2019, and 2020

(Unit: million baht)

List of items	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
Revenue from sales	1,540.08	98.02	2,334.51	98.26	2,466.93	99.51
Cost of sales	(1,116.18)	(71.04)	(1,889.17)	(79.52)	(1,878.76)	(75.78)
Gross profits	423.89	26.98	445.34	18.75	588.17	23.73
Other income	31.13	1.98	41.22	1.74	12.18	0.49
Selling expenses	(212.08)	(13.50)	(330.34)	(13.90)	(312.23)	(12.59)
Administrative expenses	(74.58)	(4.75)	(62.84)	(2.65)	(89.50)	(3.61)
Earnings before interest and tax (EBIT)	168.37	10.72	93.38	3.93	198.61	8.01
Financial costs	(5.25)	(0.33)	(25.79)	(1.09)	(14.24)	(0.57)
Earnings before tax	163.12	10.38	67.59	2.85	184.38	7.44
Tax expenses	43.67	2.78	(7.20)	(0.30)	(21.29)	(0.86)
Net profit	206.79	13.16	60.39	2.54	163.08	6.58
Other profits	-	-	0.93	0.04	-	-
Total profits	206.79	13.16	61.32	2.58	163.08	6.58
Profit per share						
Current profit	206.79		60.39		163.08	
Number of sold common shares and weighted averages (value at 1.00 baht per shares) (1 million shares)	800.00		800.00		800.00	
Profit per shares (baht per share)	0.26		0.08		0.20	

Statement of cash flow

Ending yearly on 31 December 2018, 2019, and 2020

(Unit: million baht)

List of items	2018	2019	2020
Cash flows from operating activities			
Profit before income tax	163.12	67.59	184.38
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities			
Depreciation and amortization	136.05	199.95	202.53
Expected credit loss	-	-	0.24
Doubtful accounts	0.66	(0.61)	(0.27)
Loss from reduction of goods value (reversing entries)	0.01	1.89	3.28
(Profit) loss from unrealized exchange rates	(4.36)	(1.18)	(1.08)
(Profit) loss from unrealized on hedge	-	-	(7.06)
Loss on write-off of assets	(2.51)	0.29	0.71
Interest income	(1.45)	(0.08)	(0.06)
Finance costs	9.46	25.38	13.03
Cash flow before changes in working capital	300.99	293.24	395.72
Changes in working capital (increase) or decrease			
Trade and other receivables	(28.09)	(16.27)	(13.75)
Inventories	(112.52)	(0.74)	(59.58)
Other current assets	7.39	(17.08)	(15.69)
Change of operating activities assets increase or (decrease)			
Trade and other payables	3.94	(113.32)	36.83
Advanced payments	13.12	63.66	23.28
Other current liabilities	0.66	0.25	0.27
Employees benefits	0.89	0.74	0.72
Cash received from operating activities	186.38	210.47	367.80
Interest received	1.45	0.08	0.06
Income tax payment	(0.01)	(0.00)	(0.00)
Net cash from operating activities	187.82	210.54	367.85
Cash flow from investment activities			
Purchase of plant and equipment	(1,296.18)	(79.33)	(290.57)
Advanced payment for machine	-	(39.16)	-
Purchase of intangible assets	(13.27)	(5.99)	(0.62)
Sale of assets	4.11	-	0.05
Net cash for investment activities	(1,305.34)	(124.47)	(291.14)

(Unit: million baht)

List of items	2018	2019	2020
Cash flow from financial activities			
Overdrafts and short term loan from financial institutions increase or (decrease)	90.00	7.39	239.61
Received long-term loan from financial institutions	456.75	165.63	116.27
Payment for long-term loan from financial institutions	-	(142.86)	(214.28)
Payment for debts under financial leasing	(0.12)	-	(0.26)
Payment for dividend	(85.92)	(78.56)	(158.78)
Payment for interests	(9.22)	(25.81)	(17.47)
Net cash provided by (used in) financing activities	451.49	(74.20)	(34.91)
Cash and cash equivalents (decrease) or increase – net	(666.04)	11.87	41.80
Cash and cash equivalents at the beginning of the year	725.90	59.86	71.73
Cash and cash equivalents on ending date	59.86	71.73	113.53

13.2 Key financial statement analysis

Ending on 31 December 2018, 2019, and 2020

List of items	2018	2019 ^{3/}	2020
<u>Liquidity Ratio</u>			
Liquidity Ratio	0.56	0.55	0.49
Quick ratio	0.20	0.21	0.19
Cash ratio	0.45	0.33	0.43
Account receivable turnover	37.06	36.99	31.90
Average collection period (Day) ^{1/}	(1.00)	(3.25)	(7.35)
Inventory turnover	16.56	17.65	15.68
Average stock period (Day)	21.74	20.40	22.96
Account payable turnover	10.84	16.80	12.52
Average payment period (Day)	33.20	21.43	28.75
Cash Cycle (Day)	(12.46)	(4.29)	(13.14)
<u>Profitability Ratio</u>			
Gross margin (percent)	27.52	19.08	23.84
Earning before interest, tax, depreciation and amortization ratio (percent)	17.68	12.35	16.18
Earning before interest and tax ratio (percent)	10.72	3.93	8.01
Cash ratio for profit margin (percent)	111.55	225.47	185.21
Net profit margin (percent)	13.16	2.54	6.58
Return On Equity : ROE (percent)	8.84	2.53	6.84
<u>Efficiency Ratio</u>			
Return on assets: ROA (percent)	6.97	1.80	4.66
Return on permanent assets (percent)	13.63	8.12	11.42
Return on current assets	0.53	0.71	0.71
<u>Financial Policy Ratio</u>			
Debt to equity ratio	0.39	0.41	0.52
Interest Bearing debt to equity ratio	0.20	0.21	0.16
Interest coverage ratio	21.38	9.16	22.06
Cash basis	0.13	0.57	0.54
Dividend yield (percent) ^{2/}	39.99	42.78	87.46

Remarks:

- ^{1/} Average collection period is calculated by (amount of period x average trade debtors/ proceeds of sales) – (amount of period x advance payment for average product/proceeds of sales)
- ^{2/} The Company has also announced the dividend payment from the operation of the closing account ended on 31 December 2018, totaling 78.56 million baht and The Company has also announced the interim dividend payment instead of the annual dividend payment from the operation of the closing account ended on 31 December 2019, totaling 24.48 million baht. The Company has announced the interim dividend payment from the operation of the nine-month period ended 30 September 2020 and retained earnings, totaling 134.96 million baht and also announced the omission of dividend payment from the operation of the three-month period ended 31 December 2020.
- ^{3/} The key financial ratio for the year 2019 have changed due to reclassified of accounts to conform with the presentation of statements ended on 31 December 2020.

Management Discussion and Analysis: MD&A

14. Management Discussion and Analysis

14.1 Overview of Operating Results

According to the performance in the fiscal year 2020, the Company has total revenue of 2,479.11 million baht, which is 103.38 million baht or approximately 4.35% higher than the fiscal year 2019 mainly due to an increase of sales volume and selling price. Almost all of the Company's total revenue is sales revenue, which is 99.51% of the total revenue.

14.1.1 Analysis of operating results according to revenue structure

1) Revenues from Sales

Revenue structure from overseas and domestic sales for 2019 and 2020

Description	For the fiscal year ended December 31			
	2019		2020	
	Mil. Bt.	%	Mil. Bt.	%
Revenue from overseas sales				
- MDF Board	2,257.43	96.70	2,359.57	95.65
Revenue from domestic sales				
- MDF Board	77.08	3.30	107.36	4.35
Total revenue from sales	2,334.51	100.00	2,466.93	100.00

The Company has 2,334.51 million baht and 2,466.93 million baht of revenue from sales of the fiscal year 2019 and 2020 respectively, representing an increase of 5.67% mainly due to an increase of sales volume and selling price compared to the previous year. The Company's sales revenue can be divided into international sales and domestic sales revenue.

Most of sales revenue of the company comes from sales of MDF boards to overseas customers. In 2019 and 2020, the proportion of sales of MDF boards to foreign countries accounted for 96.70% and 95.65% of total sales revenue respectively. As the overseas MDF Board markets are much larger than the domestic market, therefore, the company place greater emphasis on conducting sales and marketing in overseas countries. The company has customer base across many regions around the world, including the Middle East and Asia.

Regarding domestic sales revenue, in 2019 and 2020, the company reported revenue of 77.08 million baht and 107.36 million baht from sales of MDF boards in Thailand, accounted for 3.30% and 4.35% of the total sales revenue of the company, respectively. This is also because the company focuses on marketing and distribution in international markets. As a result, the percentage of revenue from sales in the country was relatively small when compared with the overseas sales of MDF Board.

2) Other revenues

The company has other incomes from gains from electricity sales, gain from exchange rate, sales of by-products from production and interest income. In 2019 and 2020, the company reported other income of 41.22 million baht and 12.18 million baht respectively. The transactions incurred as the company sold excess electric power to nearby related companies, interest income, and sales of by-products from production such as sawdust. In 2020, the Company reported foreign exchange losses due to baht fluctuation which was affected by the COVID-19 pandemic situation since the beginning of the year. Thus, there is no foreign exchange income on other income resulting in a significant decrease in other income compared to the previous year.

3) Costs and expenses

Costs and Expenses for 2019 and 2020

Description	For the fiscal year ended December 31			
	2019		2020	
	Mil. Bt.	%	Mil. Bt.	%
Cost of sales	(1,889.17)	81.85	(1,878.76)	81.87
Selling expenses	(330.34)	14.31	(312.23)	13.61
Administrative expenses	(62.84)	2.72	(89.50)	3.90
Financial costs	(25.79)	1.12	(14.24)	0.62
Total costs	(2,308.14)	100.00	(2,294.73)	100.00

The Company's cost of goods sold for the fiscal year 2020 is 1,878.76 million baht, which is decrease of 10.41 million baht, representing 0.55% of decrease cost of goods sold, when compared to 2019 despite increase in sales volume. This was mainly due to decreasing price of raw materials used in production and production expense per unit.

In 2020, the selling expenses is 312.23 million baht, which is decrease of 18.11 million baht, representing decrease of 5.48 % when compared to the previous year. This was mainly due to decreasing of transportation costs of goods and export expenses.

In 2020, the administrative expenses is 89.50 million baht, which is an increase from the previous year for 26.66 million baht, representing 42.43%. This was mainly due to foreign currency exchange losses, increase in employee compensation estimates, and operating expenses for the construction of the subsidiary which is S.Kleber Chemical Co., Ltd., started in the 4th quarter of 2019.

In 2020, the financial cost is 14.24 million baht, which is decrease from the previous year for 11.56 million baht, representing 44.80% mainly due to decreasing loan interest rate and principal payment made per schedule.

14.1.2 Financial position

1) Total assets

The company's major assets as at December 31, 2019 and 2020

Description	For the fiscal year ended December 31			
	2019		2020	
	Mil. Bt.	%	Mil. Bt.	%
Cash and cash equivalents	71.73	2.13	113.53	3.13
Trade and other receivables	73.39	2.18	87.11	2.40
Inventories – net	182.08	5.41	241.21	6.65
Property, plant and equipment – net	2,925.12	86.89	3,092.27	85.22
Advance payment for purchase of machine	44.26	1.31	0.64	0.02
Other assets	69.94	2.08	93.90	2.59
Total assets	3,366.52	100.00	3,628.66	100.00

As at December 31, 2019 and 2020, the company had total assets of 3,366.52 million baht and 3,628.66 million baht respectively, representing an increase of 7.79%. The company's total assets comprised of property, plant and equipment, which accounted for approximately 86.89% and 85.22% of the total assets of the Company in 2019 and 2020 respectively. Significant changes in total assets were as follows:

1. The majority of the Company's cash and cash equivalents are an increase from in-transit payment transfer and advance deposit for the goods of international customers.
2. Trade receivables accounted for 95-98% of total trade and other receivables. Meanwhile, other receivables of the company consisted of accrued revenue from electricity sales and sales of by-products etc., representing about 2 - 5% of total trade and other receivables. Account receivables and other receivables of the fiscal year 2020 increased from 2019, representing an increase of 18.69% from the trade receivables of MDF board sales increased from the previous year.
3. The changes in the company's inventories was mainly due to the changes of finished products and goods in transit according to the quantity of products to be delivered and the time lag between the production completion and product delivery cycle. When comparing between the inventories of the fiscal year 2020 and 2019, the value of inventories has significantly increased. During the end of 2020, the delivery cycle had been affected by the containers shortage due to COVID-19 situation.
4. The company's net land, property and equipment are an increase from the previous year for 167.15 million baht, representing 5.71% mainly due to an increase in assets during the construction of subsidiary which is S.Kleber Chemical Co., Ltd.
5. Advance payment for machine purchase decreased due to the main reason which is the subsidiary of the Company, S.Kleber Chemical Co., Ltd., entered into the agreement of machine purchase from international machinery sellers and paid advance payment in the last year 2019. The vendor already delivered the machine to the subsidiary according to the agreement resulted in a decrease in advance payment for 2020.

6. Other assets in the fiscal year 2020 increased from 2019 mainly due to the gain on foreign currency derivative and the subsidiary has the VAT return request on the purchase of various materials and equipment used in construction.

2) Total liabilities

The company's major liabilities as at December 31, 2019 and 2020

Description	For the fiscal year ended December 31			
	2019		2020	
	Mil. Bt.	%		
Current liabilities				
Short-term loans from financial institutions	97.39	9.89	337.00	27.11
Trade and other payables	245.96	24.98	314.04	25.26
Liabilities due within one year	214.28	21.76	248.72	20.01
Advance payment for goods	116.04	11.78	139.32	11.21
Other current liabilities	2.08	0.21	2.36	0.19
Total current liabilities	675.76	68.62	1,041.44	83.77
Non-current liabilities				
Long-term loans from financial institutions	275.46	27.97	144.57	11.63
Long-term leases liabilities	-	-	0.49	0.04
Deferred income tax liabilities	31.87	3.24	54.37	4.37
Employee benefits obligation	1.63	0.17	2.35	0.19
Non-current liabilities	308.96	31.38	201.77	16.23
Total liabilities	984.71	100.00	1,243.21	100.00

As at December 31, 2019 and 2020, the Company posted total liabilities of 984.71 million baht and 1,243.21 million baht, representing a increase of 26.25%. Most of the company's liabilities in 2020 is trade and other payables and loans from financial institutions or about 79-84% of total liabilities. Significant changes in total liabilities were as follows:

1. Short-term loans from financial institutions in 2020 have increased from the previous year. The main reason is the Company has borrowed more short-term loans for cash flow and grants a loan to its subsidiary.
2. Trade and other payables were increased from the previous year. The reason is that in the year 2020, the volume of raw material purchase has increased, resulting in an increase in trade payables and the Company had some payment terms that had not yet been due.
3. Advance payment for goods received in the fiscal year 2020 increased from 2019 of 23.28 million baht, representing an increase of 20.07%, mainly due to payment conditions and orders from customers
4. Bank loan that are due within one year and long-term loan from the financial institution have decreased from 489.74 million baht in 2019, presenting of 393.23 million baht in 2020, mainly due to the loan payment per schedule made by the Company.

3) Shareholders' equity

Shareholders' equity of the company as at December 31, 2019 and 2020

Description (Unit: Mil. Bt.)	For the year ended December 31	
	2019	2020
Share capital		
Registered capital	800.00	800.00
Issued and paid-up share capital	800.00	800.00
Premium on share capital	1,225.98	1,225.98
Retained earnings (loss)		
Appropriated - legal reserve	44.46	53.24
Unappropriated	311.37	306.23
Total shareholders' Equity	2,381.80	2,385.45

As at December 31, 2019 and 2020, the company had total shareholders' equity of 2,381.80 million baht and 2,385.45 million baht respectively, representing an increase of 0.15%. The main reason was increased from a slight increase in retained earnings after deducted the 2020 interim dividend.

4) Liquidity

1. Cash flow

Description (Unit: Mil. Bt.)	For the year ended December 31	
	2019	2020
Cash and cash equivalents at the beginning of the year	59.86	71.73
Net cash provided by operating activities	210.54	367.85
Net cash used in investing activities	(124.47)	(291.14)
Net cash used in financing activities	(74.20)	(34.91)
Cash and cash equivalents at the end of the year	71.73	113.53

The company's net cash flow from operating activities for the years ended December 31, 2019 and 2020 was 210.54 million baht and 367.85 million baht respectively. Change of cash flow from the above mentioned activities increased mainly due to the change of trade and other payables from the volume of raw material purchase has increased and the payment term not yet due.

The company has used net cash flow for investing activities of 124.47 million baht and 291.14 million baht for the years ended December 31, 2019 and 2020 respectively. Changes of cash flow used in the investment activity increased from 2019 was due to the end of 2019 to 2020, the Company established its subsidiary, S.Kleber Chemical Co.,Ltd., to produce the glue material for the Company. This resulted in an increase of net cash flow used in investing activities of the year 2020.

The Company has used net cash flow for financing activities for the year ended 31 December 2019 and 2020 of 74.20 and 34.91 million baht respectively. Changes of said cash flow decreased in 2020 was due to payment of long-term loan per payment schedule and the 2020 interim dividend while having short-term loans from financial institutions has increased.

2. Liquidity Ratio

Description	2019	2020	Increase/ Decrease
(Liquidity Ratio)			
Liquidity ratio (times)	0.55	0.49	(0.06)
Quick ratio (times)	0.21	0.19	(0.02)
Cash flow liquidity ratio (times)	0.33	0.43	0.09

As of 31 December 2019 and 2020, the company's liquidity ratio and quick ratio have decreased slightly compared to the year 2019 due to increasing of trade and other payables and short-term loans from financial institutions. Cash flow liquidity ratio has increased from the previous year, mainly due to an increase of cash flow from operating activities.

3. Other important ratios

Profitability ratio and efficiency ratio

Description	2019	2020	Increase/ Decrease
Profitability Ratio			
Gross profit margin (%)	19.08	23.84	4.77
Operating profit margin (%)	3.93	8.01	4.08
Net profit margin (%)	2.54	6.58	4.04
Return on equity (%)	2.53	6.84	4.32
Efficiency Ratio			
Return on assets (%)	1.80	4.66	2.86
Return on fixed assets (%)	8.12	11.42	3.30

Profitability Ratio

- Gross profit margin increased because of the major reason as follows: 1) Increase in sales revenue mainly due to an increase of the sales volume and selling price. 2) Slight decrease of cost of sales mainly due to the decrease in average raw material prices and production expense per unit.
- Operating profit margin increased because of the major reason as follows: 1) Increase in sales revenue mainly due to an increase of the sales volume and selling price. 2) Slight decrease of cost of sales mainly due to the decrease in average raw material prices and production expense per unit. 3) Decrease in selling expenses mainly due to the decrease of transportation costs of goods and export expenses.

- Net profit margin increased because of the major reason as follows: 1) Increase in sales revenue mainly due to an increase of the sales volume and selling price. 2) Slight decrease of cost of sales mainly due to the decrease in average raw material prices and production expense per unit. 3) Decrease in selling expenses mainly due to the decrease of transportation costs of goods and export expenses. 4) Decrease in financial costs due to the decrease in loan interest rates and principal payment made per schedule.
- Return on Equity Ratio increased mainly due to an increase of net profit margin in 2020.

Efficiency Ratio

- Return on asset ratio and return on fixed asset ratio increased due to the Company's net profit significantly increased from the previous year.

Financial Policy Ratio

Description	2019	2020	Increase/ Decrease
<u>Financial Policy Ratio</u>			
Debt to equity ratio (times)	0.41	0.52	0.11
Interest coverage ratio (times)	9.16	22.06	12.90
Coverage ratio (times)	0.57	0.54	(0.03)
Dividend payout ratio	42.78	87.46	44.68

- Debt to equity ratio increased mainly due to the current liabilities have increased from short-term loans from financial institutions, trade and other payables. While the Company's 2020 retained earnings have slightly increased after the 2020 interim dividend. Hence it resulted in an increase of debt to equity. However, the debt to equity ratio of the company was still considered in the low level.
- Interest coverage ratio increased mainly due to in 2020, the Company's cash from operating activities have increased and interest expenses have decreased from the previous year due to lower loan interest rates and principal payment made per schedule.
- Coverage ratio decreased as in 2020, the Company has an increase of the net cash for investment activities which include its subsidiary, S.Kleber Chemical Co., Ltd.,. The long-term loan payment was made and the 2020 interim dividend has increased.
- Regarding dividend payout ratio, the Board of Directors' meeting held on 16 November 2020 resolved to the interim dividend payment at the rate of 0.1687 baht per share, totaling 134.96 million baht, representing dividend payout ratio of 87.46%.

14.1.3 Remuneration to Auditors

The company has paid the following remunerations to auditors:

(Unit: Million Baht)

Fiscal Year	Audit Office	Audit fees	Other service fees	Total
2019	Siam Truth Audit Co., Ltd.	1.90	0.31	2.21
2020	Siam Truth Audit Co., Ltd.	1.96	0.11	2.07

14.1.4 Investment expenses in 2020

Investment Project of the subsidiary for adhesive and chemical production in value of 415 million baht is expected to start commercial production in the beginning of 2021.

Sources of investment

1. Incomes from the operation.
2. Loans from financial institutions.
3. Investment fund from the Parent company.

14.1.5 Long-term debt

As of 31 December 2019 and 2020, the Company had long-term loans from financial institutions (including the amount due within one year) equal to 489.75 million baht and 392.94 million baht respectively. The long-term loans from financial institutions have decreased due to repayment per schedule even though in 2020, S.Kleber still borrowed money from financial institutions to invest in the construction of glue and chemical plant.

14.2 Factors affecting future operating results

As most of the company's sales revenue comes from overseas markets, therefore, the important factors affecting the change of the company's sales are as follows: 1) Sales volume of MDF Board in various regions, which are major markets including the Middle East, Southeast Asia and East Asia, may increase or decrease according to the demand for MDF boards at different periods. Also, the situation that has far-reaching impacts, e.g., pandemic may interrupt goods transportation which will directly affect the volume of MDF board sales. 2) Selling prices are in US dollar which is the main currency used by the company. Prices in US dollars are varied from market to market, depending on the demand for MDF Boards and competition among MDF board exporters and manufacturers in different countries. As well as the global political and commercial situation that may impact the demand for the product. 3) Exchange rate, as most of the company's sales came from exports to overseas countries, almost all of the company's sales are in US dollars. Therefore, assume that prices in the world market remain unchanged, if Thai baht has depreciated against the US dollar, the company's sales revenue in Thai baht would increase. On the other hand, if Thai baht has appreciated against the US dollar, the company's sales revenue in Thai baht would decrease. 4) Trade measures regulated by the countries of MDF board importers, such as Anti-Dumping, Countervailing Duty etc., which may result in an increase of import duties in MDF boards to Thailand. This will affect the competitiveness of Thai manufacturers in the global market.

Prices of raw materials used in production, such as wood, adhesives and other chemicals etc. are costs which are major factors affecting increase or decrease of production costs. The prices of such costs are in line with market demand and fluctuations in global oil prices which may lead to higher raw material costs and cost of sales accordingly. Nonetheless, the company can effectively manage production costs and implement raw material utilization plan in order to maintain operating results of the company to be in satisfactory level.

Board of Directors' Responsibility to the Financial Statement Report

Board of Directors of S.Kijchai Enterprise Public Company Limited are accountable for financial statement of S.Kijchai Enterprise PLC. , including financial information demonstrated in annual report. Such financial report is consistent with generally acceptable accounting standard, where selected accounting policy is proper and applicable regularly, based upon judicious discretion and optimum estimation in operating procedure, as well exposure of important information sufficient to footnotes of financial statement

The board provides and maintains effective internal control to ensure that accounting record process is accurate, complete and adequate to keep assets, and to acknowledge the weakness to prevent possible fraud or significant unusual operation. For this reason.

To provide an ongoing review of the company's internal control system and examine the Company's operations on the regular basis, the Board of Directors has appointed the Audit Committee that consists of independent directors to oversee and ensure the quality, effectiveness and reliability of the Company's internal control and examination operations.

Based on board's opinion, internal control of S.Kijchai Enterprise Public Company Limited is relatively satisfactory, and convince reliability on company financial statement and its subsidiaries as at ended 31 December 2020.

- *Suvit Thaniyavarn* -

(Dr. Suvit Thaniyavarn)

Chairman of the Board

- *Vichai Sangwongkit* -

(Mr. Vichai Sangwongkit)

Managing Director

S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020



บริษัท สยาม ทรUTH สอบบัญชี จำกัด
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AUDITOR'S REPORT

To the Shareholders of S.Kijchai Enterprise Public Company Limited

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

I draw attention to note 2 to the financial statements, the Group has adopted the financial reporting standards related to financial instruments and Thai Financial Reporting Standard 16 "Leases" for the first time since January 1, 2020. The Group has recognized the cumulative effect of initially applying such Standards which the comparative information was not restated.

My opinion on the financial statements is not modified in according to the matters which I draw attention above.

Key Audit Matters

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

<i>The key audit matter</i>	<i>Audit procedures</i>
<p><i>Recognition of revenue from sale</i></p> <p>The Company has revenue from mostly international sales, which are significant high value transaction. Due to sale transaction has a variety of delivery terms and revenue recognition which affected to the risk relating to the proper period of revenue recognition corresponding to its delivery terms. For the year ended December 31, 2020, the revenue from sales is of Baht 2,467 million as disclosed in note 23 to the financial statements.</p> <p>I have identified the revenue from sales to be the key audit matters as its high value is significant to the financial statements.</p>	<p>Other than making the inquiries, the audit procedures for revenue from sales included sampling test as follows:</p> <ul style="list-style-type: none"> - assessing the efficiency and test of internal control relates to the sales system; - inspecting sale documents occurred during the year to consider the delivery term and the proper period of revenue recognition.
<p><i>Purchase of raw material from related parties</i></p> <p>The Company has purchased raw materials from 2 related parties, which is significant high value transaction. Purchase transaction involves a variety of type and quality of raw materials which affects to a risk of purchase price comparison from other suppliers, that are the same size, type and quality of raw materials. For the year ended December 31, 2020, purchase of raw material from related parties is totaled of Baht 122 million as disclosed in note 5 to the financial statements.</p> <p>I have identified the purchase of raw material from related parties to be the key audit matters as its high value is significant to the financial statements as a whole. The mentioned raw materials purchase transactions at fair value are able to compare with others and no impact on reliability.</p>	<p>Other than making the inquiries, the audit procedures for purchase of raw material from related parties included sampling test as follows:</p> <ul style="list-style-type: none"> - assessing the efficiency, and test of internal control for purchase system relating to purchase price comparison which are daily notified at factory; - inspecting purchase documents occurred during the year by comparing raw materials price purchased in the same period, which are the same of quantity, type and quality.

<i>The key audit matter</i>	<i>Audit procedures</i>
<p>Property, plant and equipment</p> <p>The Group has property, plant and equipment, a significant high value transaction, which its net book value as at December 31, 2020 is of Baht 3,092 million as disclosed in note 12 to the financial statements. I give an important attention in the audit of those assets due to it depends on the high level judgment of the management of the Company and subsidiary regarding to the determination of depreciation rate, useful life and residual value, including, the future forecast of operating performance and future plan in order to consider whether there is any indication for impairment of assets.</p> <p>I have identified the property, plant and equipment to be the key audit matters as its high value is significant to the financial statements.</p>	<p>Other than making the inquiries, the audit procedures for property, plant and equipment included sampling test as follow:</p> <ul style="list-style-type: none"> - assessing the efficiency and test of internal control regarding to the asset purchase system; - assessing the judgment of management of the Group regarding to the determination of depreciation rate, useful life and residual value; - determining that whether the management have considered for both of external and internal information, trend of future operating performance through the useful life of property, plant and equipment, including, examining the related audit evidences; - determining the characteristic and pattern of the benefits embodied in the asset to consider the appropriateness of the remained useful life and depreciation method applied by the management of the Group; - testing the calculation of depreciation and allowance for impairment of asset.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

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

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



Bunjong Pichayaprasat
Certified Public Accountant
Registration Number 7147

Siam Truth Audit Company Limited
Bangkok, February 24, 2021

S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	6	113,525,458	71,729,022	104,039,337	64,677,859
Trade and other receivables	5, 7	87,109,982	73,393,021	88,976,523	73,450,801
Inventories	8	241,208,138	182,078,178	230,818,116	182,078,178
Other current financial assets	4, 9	7,980,695	924,661	7,980,695	924,661
Other current assets	4	59,840,955	44,172,336	38,451,008	40,659,413
Total current assets		509,665,228	372,297,218	470,265,679	361,790,912
Non-current assets					
Restricted bank deposits	10	5,000,000	5,000,000	5,000,000	5,000,000
Investment in subsidiary	5, 11	-	-	74,999,970	74,999,970
Long-term loan to related party	5	-	-	189,900,000	-
Property, plant and equipment	5, 12	3,092,272,361	2,925,116,928	2,705,282,038	2,842,681,969
Advance payment for purchase of assets		639,138	44,256,204	-	3,615,317
Right-of-use asset	4, 13	345,277	-	-	-
Intangible assets	14	18,613,203	18,915,934	18,086,924	18,614,575
Deferred tax assets	27	2,095,486	887,682	-	-
Other non-current assets		27,051	43,654	3,804	43,429
Total non-current assets		3,118,992,516	2,994,220,402	2,993,272,736	2,944,955,260
Total assets		3,628,657,744	3,366,517,620	3,463,538,415	3,306,746,172

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

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S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

Baht

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	15	337,000,000	97,391,000	337,000,000	97,391,000
Trade and other payables	5, 16	314,037,011	245,961,776	287,640,523	220,608,733
Current portion of liabilities	17	248,374,000	214,284,000	214,284,000	214,284,000
Current portion of leases liabilities	4, 13	348,712	-	87,276	-
Advance received		139,322,486	116,038,749	139,322,486	116,038,749
Provisions for employee benefit	18	1,236,000	1,236,000	1,236,000	1,236,000
Other current liabilities		1,119,027	847,237	901,752	678,584
Total current liabilities		1,041,437,236	675,758,762	980,472,037	650,237,066
Non-current liabilities					
Long-term loans from financial institution	17	144,565,822	275,464,381	24,169,568	237,484,675
Long-term leases liabilities	4, 13	492,152	-	401,334	-
Deferred tax liabilities	27	54,365,405	31,865,180	54,365,405	31,865,180
Provisions for employee benefit	18	2,347,567	1,626,497	2,347,567	1,626,497
Total non-current liabilities		201,770,946	308,956,058	81,283,874	270,976,352
Total liabilities		1,243,208,182	984,714,820	1,061,755,911	921,213,418
Shareholders' equity					
Share capital	19				
Issued and paid-up share capital					
Ordinary shares		800,000,000	800,000,000	800,000,000	800,000,000
Premium on ordinary shares	20	1,225,977,750	1,225,977,750	1,225,977,750	1,225,977,750
Retained earnings	21, 22				
Appropriated - legal reserve		53,239,498	44,455,218	53,239,498	44,455,218
Unappropriated		306,232,314	311,369,832	322,565,256	315,099,786
Total shareholders' equity		2,385,449,562	2,381,802,800	2,401,782,504	2,385,532,754
Total liabilities and shareholders' equity		3,628,657,744	3,366,517,620	3,463,538,415	3,306,746,172

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

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S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenue from sales	5, 23	2,466,932,222	2,334,510,238	2,466,932,222	2,334,510,238
Cost of sales	5, 24	(1,878,761,217)	(1,889,169,248)	(1,878,761,217)	(1,889,169,248)
Gross profit		588,171,005	445,340,990	588,171,005	445,340,990
Other income	5, 23	12,175,588	41,222,736	15,489,915	41,341,384
Selling expenses	5, 24	(312,231,849)	(330,341,178)	(312,231,849)	(330,341,178)
Administrative expenses	5, 24	(89,503,280)	(62,841,492)	(79,268,239)	(59,139,465)
Profit from operating activities		198,611,464	93,381,056	212,160,832	97,201,732
Finance costs	25	(14,236,426)	(25,792,849)	(13,975,002)	(25,792,849)
Profit before income tax		184,375,038	67,588,207	198,185,830	71,408,882
Tax expense	27	(21,292,421)	(7,196,502)	(22,500,225)	(8,084,185)
Profit for the year		163,082,617	60,391,705	175,685,605	63,324,697
Other comprehensive income :					
Items that will never be reclassified to profit or loss					
Defined benefit plan actuarial gains	18	-	1,161,529	-	1,161,529
Income tax relating to items that will never be reclassified to profit or loss	27	-	(232,306)	-	(232,306)
Other comprehensive income - net of tax		-	929,223	-	929,223
Total comprehensive income		163,082,617	61,320,928	175,685,605	64,253,920
Earnings per share					
Basic earnings per share		0.20	0.08	0.22	0.08
Weighted average number of ordinary shares (shares)		800,000,000	800,000,000	800,000,000	800,000,000

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

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S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

Consolidated financial statements						
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
				Appropriated - legal reserve	Unappropriated	
Balance as at January 1, 2019		800,000,000	1,225,977,750	41,288,983	331,773,096	2,399,039,829
Dividend payment	21	-	-	-	(78,557,957)	(78,557,957)
Legal reserve	22	-	-	3,166,235	(3,166,235)	-
Total comprehensive income		-	-	-	61,320,928	61,320,928
Balance as at December 31, 2019		800,000,000	1,225,977,750	44,455,218	311,369,832	2,381,802,800
Dividend payment	21	-	-	-	(159,435,855)	(159,435,855)
Legal reserve	22	-	-	8,784,280	(8,784,280)	-
Total comprehensive income		-	-	-	163,082,617	163,082,617
Balance as at December 31, 2020		800,000,000	1,225,977,750	53,239,498	306,232,314	2,385,449,562

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

S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

FOR THE YEAR ENDED DECEMBER 31, 2020							Baht
Separate financial statements							
		Retained earnings					
		Issued and paid-up share capital	Premium on share capital	Appropriated - legal reserve	Unappropriated	Total	
Note							
	Balance as at January 1, 2019	800,000,000	1,225,977,750	41,288,983	332,570,058	2,399,836,791	
21	Dividend payment	-	-	-	(78,557,957)	(78,557,957)	
22	Legal reserve	-	-	3,166,235	(3,166,235)	-	
	Total comprehensive income	-	-	-	64,253,920	64,253,920	
	Balance as at December 31, 2019	800,000,000	1,225,977,750	44,455,218	315,099,786	2,385,532,754	
21	Dividend payment	-	-	-	(159,435,855)	(159,435,855)	
22	Legal reserve	-	-	8,784,280	(8,784,280)	-	
	Total comprehensive income	-	-	-	175,685,605	175,685,605	
	Balance as at December 31, 2020	800,000,000	1,225,977,750	53,239,498	322,565,256	2,401,782,504	

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

S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	184,375,038	67,588,207	198,185,830	71,408,882
Adjustments to reconcile profit before income tax to cash generated (paid) from operating activities				
Depreciation and amortization	202,531,103	199,946,575	201,843,046	199,930,548
Expected credit loss	242,999	-	242,999	-
Reversal expected credit loss/ doubtful accounts	(265,000)	(608,327)	(265,000)	(608,327)
Loss on devaluation of inventories	3,284,622	1,890,821	3,284,622	1,890,821
Unrealized gain on exchange rate	(1,083,761)	(1,185,227)	(136,590)	(1,185,227)
Unrealized (gain) loss on hedge	(7,056,034)	4,402	(7,056,034)	4,402
Loss on disposal and written-off of assets	710,770	293,652	710,770	293,652
Interest income	(58,857)	(75,671)	(56,667)	(58,706)
Finance costs	13,034,985	25,382,810	13,006,109	25,459,516
Profit from operating before changes in operating assets and liabilities	395,715,865	293,237,242	409,759,085	297,135,561
Changes in operating assets and liabilities				
Trade and other receivables	(13,751,811)	(16,272,791)	(13,699,062)	(16,330,565)
Inventories	(59,579,811)	(735,303)	(49,189,787)	(735,303)
Other current assets	(15,691,618)	(17,082,804)	2,208,404	(13,620,393)
Trade and other payables	36,827,783	(113,321,882)	54,587,217	(113,360,674)
Advance received	23,283,737	63,656,939	23,283,737	63,656,939
Other current liabilities	271,790	247,174	223,168	78,520
Provisions for employee benefit	721,070	741,104	721,070	741,104
Cash generated from operations	367,797,005	210,469,679	427,893,832	217,565,189
Interest received	58,857	75,671	56,667	58,706
Income tax paid	(3,825)	(756)	(3,804)	(587)
Net cash provided by operating activities	367,852,037	210,544,594	427,946,695	217,623,308

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

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S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Investment in subsidiary	-	-	-	(24,999,990)
Long-term loans to related party	-	-	(189,900,000)	-
Purchase of property, plant and equipment	(290,571,443)	(79,333,259)	(50,950,190)	(53,042,195)
Advance payment for purchase of assets	-	(39,158,941)	-	-
Purchase of intangible assets	(622,691)	(5,984,047)	(386,676)	(5,681,170)
Sale of assets	49,290	-	49,290	-
Net cash used in investing activities	(291,144,844)	(124,476,247)	(241,187,576)	(83,723,355)
Cash flows from financing activities				
Increase in short-term loan from financial institution	239,609,000	7,391,000	239,609,000	7,391,000
Proceeds from long-term loans from financial institution	116,274,000	165,631,000	-	127,278,000
Repayment for long-term loans from financial institution	(214,284,000)	(142,856,000)	(214,284,000)	(142,856,000)
Repayment for leases liabilities	(260,624)	-	(7,042)	-
Dividend paid	(158,781,507)	(78,557,958)	(158,781,507)	(78,557,958)
Finance costs paid	(17,467,626)	(25,807,207)	(13,934,092)	(25,240,442)
Net cash used in financing activities	(34,910,757)	(74,199,165)	(147,397,641)	(111,985,400)
Net increase in cash and cash equivalents	41,796,436	11,869,182	39,361,478	21,914,553
Cash and cash equivalents at the beginning of the year	71,729,022	59,859,840	64,677,859	42,763,306
Cash and cash equivalents at the end of the year	113,525,458	71,729,022	104,039,337	64,677,859

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

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S.KIJCHAI ENTERPRISE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

S.Kijchai Enterprise Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 99/9 Moo 7, Huay-yang, Klaeng, Rayong.

The Company was listed on the Stock of Exchange of Thailand on September 26, 2017.

The Company and its subsidiary (“the Group”) has their principal activity is manufacture and selling Medium Density Fiber Board (“MDF”).

The Company’s major shareholders were as follow:

Major shareholders	Country	Percent	
		Shareholding	
		December 31,	
		2020	2019
S.kijchai Capital Company Limited	Thai	50.10	50.10

The financial statements have been approved for issue by the Company’s Board of Directors on February 24, 2021.

Coronavirus disease 2019 Pandemic

The situation of Coronavirus disease 2019 Pandemic (COVID-19), resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. However, the Group’s management has continuously monitored and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities. As the situation has evolved, the management’s judgements and significant accounting estimates will be reviewed.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), including the related interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”) and the financial reporting requirements of the Securities and Exchange Commission.

The financial statements are presented in Thai Baht, which is the Group’s functional currency. The preparation of these financial statements is in Thai and English language and issued for Thai reporting purposes.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”)

Subsidiary	Located in	Business type	<i>Percent</i>	
			Percentage of holding	
			December 31,	
			2020	2019
S.Kleber Chemical Co., Ltd.	Thailand	Manufacture glue and chemical	100	100

The preparations of the consolidated financial statements have been based on the same accounting policies for the same or similar accounting transactions or accounting events.

Subsidiary

Subsidiary are an entity controlled by the Group. The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that significantly affect the amount of its returns. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group take into consideration potential voting rights that currently are exercisable.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated.

New financial reporting standards

a) New financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations, including 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 revision and clarification of interpretations and accounting guidance and disclosures in the notes to the financial statements to users of TFRS, except a set of 5 financial reporting standards related to financial instruments and TFRS 16 Leases that have changed key principles of these standards are summarised below:

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five TAS, TFRS and TFRIC as follow:

- TAS 32 Financial Instruments: Presentation
- TFRS 7 Financial Instruments: Disclosures
- TFRS 9 Financial Instruments
- 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 Group'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.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Recognition of credit losses that the Group is to recognize an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider the lifetime allowance for expected credit losses of trade receivables and the general approach to consider impairment of long-term loan to.

TFRS 16 Leases

TFRS 16 Leases establishes principles for the recognition, measurement, presentation and disclosure of leases, requiring lessees to recognize assets and liabilities for all leases which the lease term is over 12 months. There are substantially unchanged to lessor accounting from its predecessor, lessors continue to classify leases as operating or finance.

The Group has adopted the financial reporting standards related to financial instruments and leases which the cumulative effect is recognized as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated.

The cumulative effect of the changes in accounting policies is described in note 4 to the financial statements.

Accounting Guidance on "Temporary relief measures on accounting alternatives in response to the impact of COVID-19 pandemic situation"

The Federation of Accounting Professions announced Accounting Guidance on "Temporary relief measures on accounting alternatives in response to the impact of COVID-19 pandemic 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.

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

The Group has not elected to apply the temporary relief measures on accounting alternatives.

b) Financial reporting standard that will become effective in the future

The Federation of Accounting Professions issued of new and revised financial reporting standards and interpretations including accounting guidance, which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision and clarification of interpretations and accounting guidance and disclosures in the notes to the financial statements to users of TFRS.

At present, the management of the Group is evaluating the impact of this standard to the financial statements in the period when it is adopted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement bases used in preparing the financial statements

- 3.1 The Group has changed the accounting policies due to the adoption of a set of financial reporting standards related to financial instruments and TFRS 16 Leases which are effective for fiscal years beginning on or after January 1, 2020. The effects of accounting policy differences are as follow:

Financial instruments

Accounting policy applicable from January 1, 2020

Financial assets and financial liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities and subsequently measured at amortized cost or fair value fair value through other comprehensive income are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification and measurement of financial assets and financial liabilities

Financial assets classified as debt instruments

The Group classifies financial assets that are debt instruments as financial assets that are subsequently measured at amortized cost or fair value depends on the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial assets as follows:

Financial assets measured at amortized cost

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value on trade date and subsequently measured at amortized cost net of allowance for expected credit losses (if any).

Amortized cost basing on the effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is recognized in profit or loss and is included in the “interest income” item.

- Financial assets measured at fair value through other comprehensive income

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value and subsequently measured at fair value. The unrealized gains or losses from changes in their fair value realized, after which such gains or losses on disposal of the instruments will be recognized as gain or losses in profit or loss. The gains or losses on foreign exchange, expected credit losses, and interest income which calculated using the effective interest rate method are recognized in profit or loss.

- Financial assets measured at fair value through profit or loss

Unless the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value and are subsequently measured at fair value. Unrealized gains and losses from change in fair value, and gains and losses on disposal of instruments are recognized as gains (losses) on financial instruments.

Debt instruments that meet either the amortized cost criteria or the fair value through other comprehensive income criteria may be designated as at the fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called “accounting mismatch”) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets classified as equity instruments

Except the interests in subsidiaries, associated companies and joint ventures

- Financial assets measured at fair value through profit or loss

The Group has classified investment in equity instruments that held for trading but not held for strategic purposes as the financial asset measured at fair value through profit or loss, where an irrevocable election has been made. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from subsequently changes in fair value is recognized in profit or loss and gain or loss from disposal is recognized in profit or loss when disposal.

- Financial assets measured at fair value through other comprehensive income

The Group has classified investment in equity instruments that not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial asset measured at fair value through other comprehensive income, where an irrevocable election has been made. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from subsequently changes in fair value is recognized in other comprehensive income and not subsequently transferred to profit or loss when disposal, instead, it is transferred to retained earnings.

Dividends on these investments are recognized in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends income is recognized in profit or loss and is included in the “finance income” item.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created, controlled or retained by the Group, are still recognized as financial assets and recognized as borrowing which have collateral for proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss

On derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Write-off

The Group writes off debts (either partially or in full) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the legal criteria for bad debts written-off, whichever occurs sooner. Bad debt written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. However, the Group continues to execute the case, in order to comply with the Group's recovery policy.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Allowance for expected credit losses on financial assets/ allowance for doubtful accounts

Accounting policy applicable from January 1, 2020

The Group applies the Simplified Approach/ the General Approach for recognition of expected credit losses of financial assets - debt instruments which are deposit at financial institutions, trade receivables and the contractual assets, investment in debt instruments, loans and certain of other assets.

The Group recognizes allowance for expected credit losses at an amount equal to the lifetime expected credit losses in cases where there has been a significant increase in credit risk since initial recognition, but the assets are not credit impaired, or where the assets are credit impaired.

At every reporting date, the amount of allowance for expected credit losses is reassessed to reflect changes in credit risk of financial assets since initial recognition of related financial instruments.

Simplified Approach

The measurement of expected credit losses on financial assets by applying the Simplified Approach is a calculation to estimate using a provision matrix depended on the Group's historical credit loss experience adjusted with the factors that are specific to the receivables, general economic conditions, an assessment of both the current as well as the forecast direction of conditions at the reporting date, and time value of money, as appropriate. In addition, the Group shall principally determine the past due status of the customers and also their capability to maintain the value of collateral relative to the terms of contract.

General Approach

The measurement of expected credit losses on financial assets by applying the General Approach is a calculation for the probability of default, a percentage of expected loss given default that means the effect of loss when default, and the outstanding of default.

The assessment of the probability of default and loss given default is made on the basis of historical loss experience, with adjustments to reflect current observable data as well as reasonable and supportable forecasts of future economic conditions.

As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Group has to review and monitor methodologies, assumptions and forward-looking macroeconomic scenarios on a regular basis.

The expected credit loss is estimated as the difference between the contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The measurement of expected credit losses on the general approach is determined basing on the Group's historical credit loss experience, adjusted to reflect specific factors and forecasts of future economic conditions. In determining whether the lifetime expected credit risk has increased significantly since initial recognition or when credit impairment occurred, the Group mainly takes into account the status of outstanding receivables and maintenance of required collateral values in the contract. However, in cases where there has not been a significant increase in credit risk since initial recognition, the Group recognizes allowance for expected credit losses at an amount equal to the expected credit losses of the next 12 months.

The lifetime expected credit losses represents the expected credit losses that result from all possible default events over the expected life of a financial instrument. In contrast, the 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

At every reporting date, the Group determines whether the credit risk of other debt instruments and deposit at financial institutions has increased significantly since initial recognition, by mainly taking into account internal and external credit rating of the counterparties as well as overdue status.

The Company assesses whether the credit risk has increased significantly from the date of initial recognition on an individual or collective basis. In order to perform collective evaluation of impairment, the Group classifies financial assets on the basis of shared credit risk characteristics, such as the type of instrument, internal credit rating, overdue status, and other relevant factors.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred, there are indications that the borrower is experiencing significant financial difficulties, or there is a breach of contract, as well as delinquency.

The Group recognizes an allowance for expected credit losses by adjusting to the carrying amount of related accounts. For the increase (decrease) in an allowance for expected credit losses is recognized as expenses during the period in the statements of income, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or a shorter period, to the amortized cost of a financial liability.

Financial liabilities designated at fair value through profit or loss

Financial liabilities may be designated at fair value through profit or loss upon initial recognition if;

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial liabilities that are designated at fair value through profit or loss are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss.

Financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are transferred to retained earnings upon derecognition of the financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective date is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between; (1) the carrying amount of the liability before the modification; and (2)

the present value of cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Investments

Accounting policy applicable before January 1, 2020

- (a) Investments in subsidiary in the separate financial statements are accounted for using the cost method net of allowance for impairment (if any).

Losses on impairment of investments (if any) are included in profit or loss.

Trade and other accounts receivable and contract assets

Accounting policy applicable before January 1, 2020

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is recognized as a contract asset that means accrued income.

The Group records allowance for doubtful accounts that is provided for the estimated losses that may be incurred in collection of receivables.

In determining an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

Leases

Accounting policy applicable from January 1, 2020

As a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. 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 Group recognizes right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any) and adjusted for any remeasurement of lease liabilities.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

In case that the lessee is unable to allocate the consideration in the contract to each lease component and non-lease component on the basis of its relative stand-alone prices, as a practical expedient, a lessee may elect not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

	<i>Years</i>
Vehicles	3

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

If the Group is unable to obtain reasonable assurance that the ownership of the underlying asset is substantially transferred to the Group at the end of the lease term, the right-of-use assets will be depreciated on the straight-line method from the commencement date to the end of the useful lives or the end of the lease term, which is earlier.

The Group applies the derecognition and impairment requirements, in according to the financial instruments principle, to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Interest expense is recognized in profit or loss.

The lease liability is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group recognized payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, as expenses on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

Accounting policy applicable before January 1, 2020

Finance lease

Leases of assets which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Leases of assets which all the risks and rewards of ownership have substantially not transferred to the lessee are classified as operating leases.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease payments made.

Contingent rentals, as a revision of rental is confirmed, are included in the calculation of the minimum payment for the remaining term of the lease

- 3.2 Other than those disclosed elsewhere in the significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Revenue

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

The Group accounts for a contract with a customer when it has entered into an agreement between counter parties that creates enforceable rights and obligations. The Group has to identify its performance obligations and allocate a transaction price to each obligation on an appropriate basis.

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of value added tax ("VAT"). Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time.

Revenues from contracts with multiple elements are allocated by fair value of standalone selling price in each performance obligation. In case of contracts have both obligations to perform at point of time and overtime, difference from revenue recognition and performance obligations at the beginning of contracts is recognized as contract assets or contract liabilities and recognized over the contracts periods.

Sale of goods and rendering of services

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

Revenue from sales is measured at the amount of consideration received or expected to be received for delivered goods after deduction of returns and discounts, excluding value added tax.

Revenue from rendering of services

The Group recognized services revenue over the contract period. Such recognition is on a straight-line basis according to the proportion of the rendered services over the contract period.

Advances

Advances received from customers is classified as current liabilities and recognized as revenue when the Group transferred control over the goods to the customers. For the advances that contain a significant financing component, they include the interest expense accreted on the contract liability under the effective interest method. The Group uses practical expedient which is not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Interest income

Interest income is recognized as income on an accrual basis, based on the effective rate method.

Other income

Other income is recognized on an accrual basis.

Consideration payable to the customer

The Group recognizes the consideration payable to the customer as a reduction of the revenue from contract with customers.

Expenses

Finance cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they are incurred basing on the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

The interest component of finance lease payments is recognized using the effective interest method.

Interest expenses are recognized as an expenses over the term of loan. Interest expenses are calculated from the outstanding of loan principal on an accrual basis using the effective interest method.

Expenses are recognized on an accrual basis.

Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees and presented as a deduction against the related loan account and amortized using the effective interest method over the term of loan.

Employee benefits

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group and its employees have jointly established the provident funds which is a monthly contributed and defined contribution plan. The fund's asset of the provident fund is separated from the Group's asset and has been managed by a licensed fund manager.

The provident fund receives a cash contribution from employee and the Group. The contribution expenditure of the provident fund and obligation in respect of defined contribution plan is recognized as expense in profit or loss for the period that transaction incurred.

Post-employment benefits

The employee benefit obligations in relation to the severance payment under the labor law are recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognizes actuarial gains (losses) immediately in other comprehensive income.

Past service costs relating the amendment of plan are recognized as an expense in other comprehensive income when the plan amendment is effective.

Termination benefits

Termination benefits are recognized as liability and as expense in profit or loss when the Group are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy or the Group have made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the end of the reporting period, then they are discounted to their present value.

Income tax

Income tax expense for the year comprises current and deferred tax.

Current and deferred taxes are recognized in profit or loss.

Deferred tax in the extent that they relate to items recognized directly in shareholders' equity are recognized other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized, including unutilized taxable losses. Deferred tax assets are reviewed at the end of reporting period date and reduced its carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized against the temporary differences and unutilized taxable losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash, cash at banks type current accounts and saving accounts, cash at bank with an original maturity not exceeding 3 months, including negotiable certificate of deposit and highly liquid short-term investments in bill of exchange or promissory notes issued by financial institutions due at call or with original maturities of three months or less, excluded deposits at bank on obligation or subject to withdrawal restrictions and insignificant risk of change in value.

Inventories

Inventories are stated at the lower of cost or net realizable value.

Cost of inventories is calculated by using the first in – first out method.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

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

The Group records the allowance for devaluation of inventories for all deteriorated, damaged, obsolete and slow-moving inventories.

Property, plant and equipment

Owned assets

Land is stated at cost less allowance for impairment losses (if any).

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds less cost to sale and the carrying amount of property, plant and equipment, and are recognized net within other income or other expenses in profit or loss.

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

Leased assets

Leases in terms of which the Group substantially assume all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment losses (if any).

Lease payments are apportioned between the finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost are recognized in the statement of profit or loss.

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount of plant and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Assets from cost of replacement and cost of renovations are depreciated over the remaining useful life of the related asset.

Depreciation is calculated basing on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

	<i>Years</i>
Land improvements	10
Buildings	5 - 30
Utility system	5 - 25
Machinery and factory equipment	2 - 25
Office equipment	3 - 5
Vehicles	5

Depreciation is recognized as an expense in profit or loss.

No depreciation is provided on freehold land or assets under construction.

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned by the Group.

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The depreciation method, the residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate.

Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses (if any).

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives are as follows:

	<i>Years</i>
Software	5 and 10

No amortization is provided on intangible assets under development and installation.

The amortization method, the residual value and the useful life should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit or loss.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets in respect of property, plant and equipment, intangible assets, right-of-use assets and other assets, are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Reversals of impairment

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortization, if no impairment loss been recognized.

Foreign currencies

Functional and presentation currency

The financial statements of each entity within the Group are presented in the functional currency which is the currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in the presentation currency as Thai Baht in accordance with the regulatory requirements in Thailand. The functional currency of the Company and its subsidiaries in Thailand is Thai Baht.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at the date of transaction.

Foreign currency differences arising from the translation are recognized in profit or loss in the reporting period as incurred.

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expected future cash flows are discounted by using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Dividends

Dividend and interim dividend payment are recorded in the period in which they are approved by Shareholders' meeting and Board of Directors' meeting.

Derivatives

The Group enters into derivative transactions to reduce the risk of fluctuations in foreign exchange rates and interest rates. These are forward contracts and interest rate swap.

The Group initially records the obligations under derivative contracts as off-balance sheet items and recognizes such contracts as assets or liabilities at fair value at the transaction date (trade date). The Group will subsequently measures them at fair value at the end of each reporting period whereby gains or losses as a result of changes in the fair value will be recognized in profit or loss.

The fair value of forward contracts is calculated using the exchange rate at the end of the reporting period.

Premium on share

According to the Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account ("Premium on share capital"). Premium on share capital is not available for dividend distribution.

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the years attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares issued during the years.

Judgements of management

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments to determine the accounting policies, estimates regarding matters that are inherently uncertain and various assumptions.

Significant judgements and accounting estimates are as follow:

a) Recognition and derecognition of assets and liabilities

In considering whether to recognize or to derecognize assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current circumstances and arrangements.

b) Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risks, liquidity, correlation and long-term volatility of financial instruments. Any changes in assumption related to the inputs may affect to the fair value stated in the financial statements and disclosure of fair value hierarchy.

c) Allowances for expected credit loss for financial assets

Allowances for expected credit loss for financial assets are intended to adjust the value of receivables for probable credit losses. The management is required to use judgement in estimating allowance for expected credit losses for financial assets. The Group's calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, the development of a model, the risk that collateral value cannot be realized, collective and individual analyses of the status of receivables, the probability of debt collection and the selection of the forecasted macroeconomic data inputs used in the model. However, the use of different estimates and assumptions could affect the amounts of allowances for expected credit loss and adjustments to the allowances may therefore be required in the future.

d) Allowance for impairment on investments

The Group treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

e) Property, plant and equipment

The recognition of cost incurred in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of buildings and equipment and to review estimated useful lives and residual values when circumstance changes.

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

f) Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

g) Deferred tax assets

The Group recognizes deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised, including unutilized taxable loss. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

h) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The management is required to use judgement in evaluating the condition and term of a contract to consider whether the Group has transferred or has been transferred all risks and rewards in leased assets.

Determining the lease term of contracts with renewal and termination options

In determining the lease term, the management is required to use judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease considering all relevant facts and circumstances that create an economic incentive for it to exercise either the renewal or termination.

i) Post-employment benefits

The obligation under the defined benefit plan is determined based on actuarial techniques which depends on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate. Subsequent actual payment may differ from these estimates.

j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

k) Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognizes revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Where the above criteria are not met, revenue is recognized at a point in time. Where revenue is recognized at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

l) Advance received from customers

Sales form contract made with customers stipulates that the Group is entitled according to the condition order. The Group determines that there are no significant financing components arising from the payments received from customers because they are not the Group's funding but the customers' guarantee for contractual performance.

Fair value measurement

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

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

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

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

4. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the financial reporting standards related to financial instruments and TFRS 16 Lease since January 1, 2020. The Group has recognized the cumulative effect of initially applying these standards as an adjustment, for Leases, to the right-of-use assets and lease liabilities as at January 1, 2020. Therefore, the comparative information was not restated.

The impacts on the statement of financial position including the beginning balance of retained earnings of 2020 from changes in accounting policies are as follows:

Baht

Statement of financial position	Consolidated financial statements		
	December 31, 2019	The impacts of financial reporting standards related to	January 1, 2020
	(as previously reported)	Financial instruments	Lease
Assets			(restated)
Other current asset	924,661	(924,661)	-
Other current financial asset	-	924,661	-
Right-of-use asset	-	-	605,836
Liabilities			
Current portion of lease liabilities	-	-	253,582
Long-term lease liabilities	-	-	352,254

Baht

Statement of financial position	Separate financial statements		
	December 31, 2019	The impacts of financial reporting standards related to	January 1, 2020
	(as previously reported)	Financial instruments	Lease
Assets			(restated)
Other current asset	924,661	(924,661)	-
Other current financial asset	-	924,661	-

Financial instruments

As at January 1, 2020, the classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments, and with the carrying amounts under the former basis, were as follows:

Baht

Financial assets	Consolidated and separate financial statements			
	Classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments			
	Carrying amounts under the former basis	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
				Total
Foreign currency forward	924,661	924,661	-	-

Leases

Upon initial application of TFRS 16 Lease, the Group recognized the right-of-use asset and lease liabilities for lease previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Group recognized the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	<i>Baht</i>
	Consolidated
	financial statements
Operating lease commitments as at December 31, 2019	802,000
Effect of changes in accounting policy	
Less: Contracts reassessed as service agreements	(150,000)
Less: Deferred interest expenses	(46,164)
Increase in lease liabilities	605,836
Liabilities under finance lease agreements as at December 31, 2019	-
Lease liabilities as at January 1, 2020	605,836
Weighted-average incremental borrowing rate (% per annum)	6.23

	<i>Baht</i>
	Consolidated
	financial statements
Lease liabilities comprise of:	
Current portion of leases liabilities	253,582
Long-term leases liabilities	352,254
Total	605,836

As at January 1, 2020, the adjustments of right-of-use assets were summarized below:

	<i>Baht</i>
	Consolidated
	financial statement
Vehicles	605,836

5. TRANSACTIONS WITH RELATED PARTIES

A related party is a person or entity that has control, or are controlled by, the Company and subsidiary, whether directly or indirectly, or which are under common control with the Company and subsidiary.

They also include a person which directly or indirectly own a voting interest in the Company and subsidiary that gives them significant influence over the Company, key management personnel, directors, or officers with authority in the planning and direction of the Company's and subsidiary operations, including, close family members of mentioned person and entity that has control or significant influence whether directly or indirectly.

Significant transactions with related parties for the years ended December 31, 2020 and 2019 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Revenue from sales				
S.Kijchai Company Limited	18,196,658	13,739,567	18,196,658	13,739,567
Revenue from sales of electricity				
S.Kijchai Company Limited	37,759,434	28,056,283	37,759,434	28,056,283
S.Kijchai Wood Panel Company Limited	9,761,028	8,677,083	9,761,028	8,677,083
Other income				
S.Kleber Chemical Company Limited	-	-	3,316,550	139,482
S.Kijchai Company Limited	-	18,040	-	18,040
S.Kijchai Wood Panel Company Limited	10,200	511,360	10,200	511,360
Interest income				
S.Kleber Chemical Company Limited	-	-	1,861,508	-
Purchase of assets				
S.Kijchai Company Limited	175,965	13,310	20,495	12,010
S.Kijchai Concrete Limited Partnership	39,416	726,873	39,416	726,873
Director	12,000,000	-	12,000,000	-
Purchase of raw materials				
Sahakij Klaeng Company Limited	34,652,306	61,645,302	34,652,306	61,645,302
Sahakij Saentung Company Limited	87,609,217	119,557,092	87,609,217	119,557,092
S.Kijchai Bueng Kan Company Limited	-	40,038	-	40,038

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Transportation expenses				
S.Kijchai Company Limited	3,000	23,735	3,000	23,735
S.Kijchai Wood Panel Company Limited	18,700	40,300	18,700	40,300
Sahakij Klaeng Company Limited	569,119	643,754	569,119	643,754
Sahakij Klaeng Logistics Company Limited	3,826,295	3,652,995	3,826,295	3,652,995
The Best Impex Company Limited	3,109,633	-	2,605,683	-
Other expenses				
S.Kijchai Company Limited	930,267	1,658,532	930,267	1,658,532
S.Kijchai Wood Panel Company Limited	769,875	97,019	769,875	97,019
S.Kijchai Concrete Limited Partnership	261,336	400,935	261,336	400,935
The Best Impex Company Limited	167,902	-	167,902	-

On May 22, 2020, the Company entered into the purchase land agreement with a related person for their operations, in the agreement value of Baht 12 million.

Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2020 and 2019 consisted of:

	Consolidated and separate	
	financial statements	
	2020	2019
Short-term benefits	33,614,105	19,850,110
Post-employment benefits	557,077	587,575
Total	34,171,182	20,437,685

Directors' remuneration

Directors' remuneration represents benefits paid to the director of the Group in accordance with Section 90 of the Public Company Limited Act, exclusive of salaries and related benefit payable to directors who hold executive positions.

For the years ended December 31, 2020 and 2019, the Group paid directors' remuneration in the amount of Baht 3.18 million and Baht 2.93 million, respectively.

The significant balances of assets and liabilities with related parties as at December 31, 2020 and 2019 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Investments in subsidiary				
S.Kleber Chemical Company Limited	-	-	74,999,970	74,999,970
Trade receivables				
S.Kijchai Company Limited	1,866,754	3,093,817	1,866,754	3,093,817
Other receivables				
S.Kleber Chemical Company Limited	-	-	1,867,155	57,780
S.Kijchai Company Limited	2,908,091	2,950,050	2,908,091	2,950,050
S.Kijchai Wood Panel Company Limited	1,064,551	648,629	1,064,551	648,629
Trade payables				
Sahakij Klaeng Company Limited	3,850,515	4,337,615	3,850,515	4,337,615
Sahakij Saentung Company Limited	6,734,915	14,546,292	6,734,915	14,546,292
Other payables				
S.Kijchai Company Limited	47,665	47,313	47,665	47,313
S.Kijchai Wood Panel Company Limited	135,299	7,500	135,299	7,500
Sahakij Klaeng Company Limited	6,632	93,936	6,632	93,936
Sahakij Klaeng Logistics Company Limited	173,289	582,817	173,289	582,817
S.Kijchai Concrete Limited Partnership	9,510	3,338	9,510	3,338
The Best Impex Company Limited	309,428	-	309,228	-

Long-term loans to related party

Long-term loans to related party in the separate financial statements as at December 31, 2020 consisted of:

	Baht
S.Kleber Chemical Company Limited	189,900,000

Movements of long-term loans to related party in the separate financial statement for year ended December 31, 2020 were as follows:

	<i>Baht</i>
Beginning balance	-
Increase	189,900,000
Decrease	-
Ending balance	<u>189,900,000</u>

During the year 2020, the Company entered into the long-term loan agreement to S.Kleber Chemical Company Limited which detailed as follows:

Lender	Credit line	<i>Baht</i> Principal	% Referred interest rate	Due of payment
Subsidiary	170,000,000	170,000,000	MLR	The first installment starting when the subsidiary initiates income Installment 1 st - 99 th monthly principal repayment of Baht 1.70 million Final installment repayment for the outstanding remained
Subsidiary	30,000,000	19,900,000	MLR	The first installment starting when the subsidiary initiates income Installment 1 st - 99 th monthly principal repayment of Baht 0.30 million Final installment repayment for the outstanding remained
Total	<u>200,000,000</u>	<u>189,900,000</u>		

Long-term loan to subsidiary are unsecured.

Nature of relationship

Name	Country	Relation	Type of relation
S.Kleber Chemical Company Limited	Thailand	Subsidiary	Direct holding
S.Kijchai Company Limited	Thailand	Related company	Common shareholder and director
S.Kijchai Wood Panel Company Limited	Thailand	Related company	Common shareholder and director
Sahakij Klaeng Company Limited	Thailand	Related company	Common shareholder and director
Sahakij Saentung Company Limited	Thailand	Related company	Common shareholder and director
S.Kijchai Bueng Kan Company Limited	Thailand	Related company	Common shareholder and director
S.Kijchai Concrete Limited Partnership	Thailand	Related company	Common shareholder and director
Sahakij Klaeng Logistics Company Limited	Thailand	Related company	Common shareholder and director
The Best Impex Company Limited	Thailand	Related company	Common shareholder

Bases of measurement for intercompany revenues and expenses

	Pricing policies
Purchase of assets	Contract prices
Purchase of land	Market price (referred to the appraisal value of an independent appraiser)
Purchase and sale of goods	Market price
Revenue from sales of electricity	Market price
Transportation and other expenses	Stipulate in the agreement
Interest income	Referred with the commercial bank's interest rate.

The revenue from sales of electricity is the gross amount before net off related costs. However, such revenue is presented in the statement of comprehensive income under "Other income" with its net amount determined from sales of electricity less related costs.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2020 and 2019 consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	777,849	549,604	776,432	545,056
Cash at banks	112,747,609	71,179,418	103,262,905	64,132,803
Total	113,525,458	71,729,022	104,039,337	64,677,859

The currencies denomination of cash and cash equivalents as at December 31, 2020 and 2019 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Thai Baht (THB)	27,931,934	17,503,697	18,445,813	10,452,534
US Dollars (USD)	83,403,002	4,566,162	83,403,002	4,566,162
Euro (EUR)	2,117,258	49,588,456	2,117,258	49,588,456
Other	73,264	70,707	73,264	70,707
Total	113,525,458	71,729,022	104,039,337	64,677,859

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2020 and 2019 consisted of:

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade receivables				
Related parties	1,866,754	3,093,817	1,866,754	3,093,817
Other parties	82,189,545	67,538,277	82,189,545	67,538,277
Total	84,056,299	70,632,094	84,056,299	70,632,094
Less Allowance for doubtful accounts	-	(1,196,094)	-	(1,196,094)
Less Allowance for expected credit loss	(931,094)	-	(931,094)	-
Trade receivables - net	83,125,205	69,436,000	83,125,205	69,436,000
Other receivables				
Accrued income	3,972,642	3,656,458	5,834,150	3,656,458
Others	368,859	414,288	373,892	472,068
Total	4,341,501	4,070,746	6,208,042	4,128,526
Less Allowance for doubtful accounts	-	(113,725)	-	(113,725)
Less Allowance for expected credit loss	(356,724)	-	(356,724)	-
Other receivables - net	3,984,777	3,957,021	5,851,318	4,014,801
Trade and other receivables - net	87,109,982	73,393,021	88,976,523	73,450,801

Movements of allowance for expected credit loss and allowance for doubtful accounts for the year ended December 31, 2020 and 2019 were as follows:

Baht

	Consolidated and separate	
	financial statements	
	2020	2019
Beginning balance	1,309,819	1,918,146
Add Expected credit loss	242,999	-
Less Reversal of expected credit loss/ doubtful accounts	(265,000)	(608,327)
Ending balance	1,287,818	1,309,819

As at December 31, 2020 and 2019, the Group had outstanding balances of trade receivables aged by number of months as follows:

		<i>Baht</i>	
		Consolidated and separate financial statements	
		2020	2019
Current		17,422,286	12,501,612
Overdue			
Not over 3 months		65,770,415	51,146,218
Over 3 months up to 6 months		-	5,853,794
Over 12 months		863,598	1,130,470
Total		84,056,299	70,632,094

The currencies denomination of trade and other receivables as at December 31, 2020 and 2019 were as follows:

		<i>Baht</i>	
		Consolidated financial statements	
		2020	2019
Thai Baht (THB)		15,837,947	60,844,276
US Dollars (USD)		72,559,853	13,858,564
Total		88,397,800	74,702,840

8. INVENTORIES

Inventories as at December 31, 2020 and 2019 consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Finished goods	138,426,562	101,217,519	138,426,562	101,217,519
Work in process	23,911,159	25,345,481	23,911,159	25,345,481
Raw materials	33,030,865	15,314,266	28,097,416	15,314,266
Supplies	46,735,897	42,962,635	46,429,324	42,962,635
Goods in transit	5,150,000	-	-	-
Total	247,254,483	184,839,901	236,864,461	184,839,901
Less Allowance for devaluation of inventories	(6,046,345)	(2,761,723)	(6,046,345)	(2,761,723)
Inventories - net	241,208,138	182,078,178	230,818,116	182,078,178

For the years ended December 31, 2020 and 2019, cost of inventories were included in cost of sale

	Consolidated and separate	
	financial statements	
	2020	2019
Cost of sale	1,875,476,595	1,887,278,427
Adjustment for allowance for devaluation of inventories	3,284,622	1,890,821
Net	1,878,761,217	1,889,169,248

Movements of allowance for devaluation of inventories for the years ended December 31, 2020 and 2019 were as follows:

	Consolidated and separate	
	financial statements	
	2020	2019
Beginning balance	2,761,723	870,902
Add Loss on devaluation of inventories	3,284,622	1,890,821
Ending balance	6,046,345	2,761,723

9. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets as at December 31, 2020 and 2019 consisted of:

	<i>Baht</i>	
	Consolidated and separate	
	financial statements	
	2020	2019
Derivative assets		
Foreign currency forward	7,980,695	924,661

10. RESTRICTED BANK DEPOSITS

As at December 31, 2020 and 2019, cash at bank in the amount of Baht 5 million are used as collateral for credit facilities from financial institutions (see note 15).

11. INVESTMENT IN SUBSIDIARY

Investment in subsidiary in the separate financial statements as at December 31, 2020 and 2019 consisted of:

			<i>%</i>		<i>Baht</i>	
	Paid-up share capital		Holding		Cost	
Subsidiary	2020	2019	2020	2019	2020	2019
S.Kleber Chemical Co., Ltd.	75,000,000	75,000,000	100	100	74,999,970	74,999,970

The Board of Directors' Meeting of subsidiary held on April 5, 2019 passed a resolution to approve a called-up for its share capital of Baht 2.50 each, totalling of Baht 25 million.

The subsidiary had already registered paid-up of its share capital with the Ministry of Commerce on June 20, 2019.

12. PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the years ended December 31, 2020 and 2019 were as follows:

	Consolidated financial statements								Baht
	Land	Land improvements	Buildings	Utility system	Machinery and factory equipment	Office equipment	Vehicles	Work in progress/ assets under installations	
Cost									
At January 1, 2019	151,228,594	17,478,407	413,789,586	187,935,999	2,714,440,720	54,400,101	5,885,004	37,752,761	3,582,911,172
Purchases/ Transfer in	-	-	35,574,836	487,286	78,438,610	2,975,442	43,791,560	102,395,981	263,663,715
Disposals/ Transfer out	-	(1,328,569)	-	-	(63,234,584)	(39,023,727)	-	(41,133,778)	(144,720,658)
At December 31, 2019	151,228,594	16,149,838	449,364,422	188,423,285	2,729,644,746	18,351,816	49,676,564	99,014,964	3,701,854,229
Purchases/ Transfer in	12,271,190	4,074,175	23,511,392	232,396	75,726,504	7,228,665	-	319,916,926	442,961,248
Disposals/ Transfer out	-	-	(34,000)	-	(25,198,980)	(538,757)	-	(69,427,706)	(95,199,443)
At December 31, 2020	163,499,784	20,224,013	472,841,814	188,655,681	2,780,172,270	25,041,724	49,676,564	349,504,184	4,049,616,034
Accumulated depreciation									
At January 1, 2019	-	5,523,826	37,089,096	47,899,587	490,293,898	9,255,041	2,849,201	-	592,910,649
Depreciation	-	799,805	16,258,460	9,141,776	145,877,650	2,602,969	5,025,254	-	179,705,914
Adjust/ Transfer in	-	(729,440)	729,440	-	(12,602,356)	(2,211,726)	14,814,082	-	-
Disposals/ Transfer out	-	-	-	-	(461,228)	(347,583)	-	-	(808,811)
At December 31, 2019	-	5,594,191	54,076,996	57,041,363	623,107,964	9,298,701	22,688,537	-	771,807,752
Depreciation	-	903,329	17,241,458	9,115,846	146,781,809	2,821,206	4,732,705	-	181,596,353
Disposals/ Transfer out	-	-	(18,171)	-	(487,837)	(483,973)	-	-	(989,981)
At December 31, 2020	-	6,497,520	71,300,283	66,157,209	769,401,936	11,635,934	27,421,242	-	952,414,124

Baht

Consolidated financial statements								
Land		Buildings	Utility system	Machinery and factory equipment	Office equipment	Vehicles	Work in progress/ assets under installations	Total
Land	improvements							
Allowance for impairment								
At January 1, 2019	-	-	-	4,929,549	-	-	-	4,929,549
Loss on impairment	-	-	-	-	-	-	-	-
At December 31, 2019	-	-	-	4,929,549	-	-	-	4,929,549
Loss on impairment	-	-	-	-	-	-	-	-
At December 31, 2020	-	-	-	4,929,549	-	-	-	4,929,549
Net book value								
Owned assets								
At December 31, 2019	151,228,594	10,555,647	395,287,426	131,381,922	2,101,607,233	9,053,115	26,988,027	2,925,116,928
At December 31, 2020	163,499,784	13,726,493	401,541,531	122,498,472	2,005,840,785	12,922,523	22,255,322	3,091,789,094
Assets under finance leases								
At December 31, 2019	-	-	-	-	-	-	-	-
At December 31, 2020	-	-	-	-	483,267	-	-	483,267

Separate financial statements									
	Land	Land improvements	Buildings	Utility system	Machinery and factory equipment	Office equipment	Vehicles	Work in progress/ assets under installations	Total
Cost									
At January 1, 2019	119,084,506	17,478,407	413,789,586	187,935,999	2,714,440,720	54,400,101	5,885,004	37,742,761	3,550,757,084
Purchases/ Transfer in	-	-	35,574,836	238,115	78,438,610	2,921,366	43,791,560	52,403,848	213,368,335
Disposals/ Transfer out	-	(1,328,569)	-	-	(63,234,584)	(39,023,727)	-	(41,133,778)	(144,720,658)
At December 31, 2019	119,084,506	16,149,838	449,364,422	188,174,114	2,729,644,746	18,297,740	49,676,564	49,012,831	3,619,404,761
Purchases/ Transfer in	12,271,190	4,074,175	23,511,392	232,396	75,726,504	1,478,695	-	20,695,129	137,989,481
Disposals/ Transfer out	-	-	(34,000)	-	(25,198,980)	(538,757)	-	(69,427,706)	(95,199,443)
At December 31, 2020	131,355,696	20,224,013	472,841,814	188,406,510	2,780,172,270	19,237,678	49,676,564	280,254	3,662,194,799
Accumulated depreciation									
At January 1, 2019	-	5,523,826	37,089,096	47,899,587	490,293,898	9,255,041	2,849,201	-	592,910,649
Depreciation	-	799,805	16,258,460	9,138,772	145,877,650	2,591,464	5,025,254	-	179,691,405
Adjust/ Transfer in	-	(729,440)	729,440	-	(12,602,356)	(2,211,726)	14,814,082	-	-
Disposals/ Transfer out	-	-	-	-	(461,228)	(347,583)	-	-	(808,811)
At December 31, 2019	-	5,594,191	54,076,996	57,038,359	623,107,964	9,287,196	22,688,537	-	771,793,243
Depreciation	-	903,329	17,241,458	9,090,930	146,781,809	2,429,719	4,732,706	-	181,179,951
Disposals/ Transfer out	-	-	(18,172)	-	(487,837)	(483,973)	-	-	(989,982)
At December 31, 2020	-	6,497,520	71,300,282	66,129,289	769,401,936	11,232,942	27,421,243	-	951,983,212

	Separate financial statements							
	Land	Land improvements	Buildings	Utility system	Machinery and factory equipment	Office equipment	Vehicles	Work in progress/ assets under installations
	Land							Total
Allowance for impairment								
At January 1, 2019	-	-	-	-	4,929,549	-	-	4,929,549
Loss on impairment	-	-	-	-	-	-	-	-
At December 31, 2019	-	-	-	-	4,929,549	-	-	4,929,549
Loss on impairment	-	-	-	-	-	-	-	-
At December 31, 2020	-	-	-	-	4,929,549	-	-	4,929,549
Net book value								
Owned assets								
At December 31, 2019	119,084,506	10,555,647	395,287,426	131,135,755	2,101,607,233	9,010,544	26,988,027	2,842,681,969
At December 31, 2020	131,355,696	13,726,493	401,541,532	122,277,221	2,005,840,785	7,521,469	22,255,321	2,704,798,771
Assets under finance leases								
At December 31, 2019	-	-	-	-	-	-	-	-
At December 31, 2020	-	-	-	-	-	483,267	-	483,267

	<i>Million Baht</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
At December 31,				
The gross carrying amount of fully depreciated that is still in use	138.25	125.50	138.25	125.50
The Group capitalized the borrowings costs during the years (see note 25)	5.39	0.27	-	-

Movements of the right-of-use assets recognized as property, plant and equipment for the year ended December 31, 2020 were summarized as follows:

	<i>Baht</i>
	Office equipment
Net book value as at January 1, 2020	-
Increase	495,652
Less Amortization	(12,385)
Net book value as at December 31, 2020	483,267

The Group entered into the lease agreement for office equipment. The Group recognized the right-of-use assets as part of property, plant and equipment.

As at December 31, 2020 and 2019, the Group mortgaged property, plant and equipment as collateral for loan from financial institutions (see notes 15 and 17) which its net book value were summarized as follow:

	<i>Baht</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Property, plant and equipment	3,253,208,208	2,588,556,883	3,221,064,120	2,556,412,795

13. LEASES

Right-of-use assets

Movements of the right-of-use assets for the year ended December 31, 2020 were summarized as follows:

		<i>Baht</i>
	Note	Vehicles
Net book value as at January 1, 2020		-
Effect of changes in accounting policies	4	605,836
Less Amortization		<u>(260,559)</u>
Net book value as at December 31, 2020		<u>345,277</u>

The Group leases a vehicle for 3 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

Leases liabilities

As at December 31, 2020, leases liabilities consisted of:

		<i>Baht</i>
	Consolidated	Separate
	financial statement	financial statement
Leases liabilities	933,456	565,456
Less Deferred interest	<u>(92,592)</u>	<u>(76,846)</u>
Net	840,864	488,610
Less Current portion	<u>(348,712)</u>	<u>(87,276)</u>
Long-term leases liabilities	<u>492,152</u>	<u>401,334</u>

The Group entered into the lease agreement for office equipment and vehicle for their operations.

Movements of leases liabilities for the years ended December 31, 2020 were as follows:

		<i>Baht</i>	
		Consolidated	Separate
	Note	financial statement	financial statement
Beginning balance		-	-
Effect of changes in accounting policies	4	605,836	-
Enter into the lease		495,652	495,652
Amortized interest		32,876	2,458
Lease payment		(293,500)	(9,500)
Ending balance		840,864	488,610

As at December 31, 2020, lease liabilities presented by term of repayment period were summarized as follow:

	<i>Baht</i>					
	Consolidated financial statements			Separate financial statements		
	Present	Deferred	Minimum	Present	Deferred	Minimum
	value	interest	lease	value	interest	lease
Due of payment	value	expenses	payment	value	expenses	payment
Within 1 year	348,712	41,288	390,000	87,276	26,724	114,000
More than 1 year but not over 5 years	492,152	51,304	543,456	401,334	50,122	451,456
Total	840,864	92,592	933,456	488,610	76,846	565,456

As a lessee

	<i>Baht</i>	
	Consolidated	Separate financial
	financial statements	statements
For the year ended December 31, 2020		
Recognized in profit or loss		
Interest expense from lease liabilities	32,876	2,458

As at December 31, 2020, the Group had the minimum lease payment under short-term lease relating to low-value-assets and non-cancellable agreement other than those lease liabilities as follow:

	<i>Baht</i>	
Due of payment	Consolidated financial statements	Separate financial statements
Within 1 year	30,000	-
More than 1 year but not over 5 years	60,000	-
Total	90,000	-

14. INTANGIBLE ASSET

Movements of intangible asset for the years ended December 31, 2020 and 2019 were as follows:

	<i>Baht</i>		
	Consolidated financial statements		
	Software under		
	Software	installations	Total
Cost			
At January 1, 2019	12,240,218	7,250,000	19,490,218
Purchases/ Transfer in	6,671,208	4,828,637	11,499,845
Disposals/ Transfer out	(5,444,020)	(50,000)	(5,494,020)
At December 31, 2019	13,467,406	12,028,637	25,496,043
Purchases/ Transfer in	13,572,328	1,200,000	14,772,328
Disposals/ Transfer out	(4,920,591)	(12,949,637)	(17,870,228)
At December 31, 2020	22,119,143	279,000	22,398,143
Accumulated amortization			
At January 1, 2019	5,731,397	-	5,731,397
Amortization	848,712	-	848,712
Disposals/ Transfer out	-	-	-
At December 31, 2019	6,580,109	-	6,580,109
Amortization	2,125,420	-	2,125,420
Disposals/ Transfer out	(4,920,589)	-	(4,920,589)
At December 31, 2020	3,784,940	-	3,784,940
Net book value			
At December 31, 2019	6,887,297	12,028,637	18,915,934
At December 31, 2020	18,334,203	279,000	18,613,203

Baht

	Separate financial statements		
	Software	Software under installations	Total
Cost			
At January 1, 2019	12,240,218	7,250,000	19,490,218
Purchases/ Transfer in	6,647,331	4,549,637	11,196,968
Disposals/ Transfer out	(5,444,020)	(50,000)	(5,494,020)
At December 31, 2019	13,443,529	11,749,637	25,193,166
Purchases/ Transfer in	13,336,314	1,200,000	14,536,314
Disposals/ Transfer out	(4,920,591)	(12,949,637)	(17,870,228)
At December 31, 2020	21,859,252	-	21,859,252
Accumulated amortization			
At January 1, 2019	5,731,397	-	5,731,397
Amortization	847,194	-	847,194
Disposals/ Transfer out	-	-	-
At December 31, 2019	6,578,591	-	6,578,591
Amortization	2,114,326	-	2,114,326
Disposals/ Transfer out	(4,920,589)	-	(4,920,589)
At December 31, 2020	3,772,328	-	3,772,328
Net book value			
At December 31, 2019	6,864,938	11,749,637	18,614,575
At December 31, 2020	18,086,924	-	18,086,924

15. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2020 and 2019 consisted of:

Baht

	Consolidated and separate financial statements	
	2020	2019
Promissory note	337,000,000	55,000,000
Packing credit	-	42,391,000
Total	337,000,000	97,391,000

The Group has credit facilities from financial institution which were detailed as follows:

Type of credit facilities	<i>Million Baht</i>		<i>Percent</i>
	Credit limit		Referred interest rate
	2020	2019	
Bank overdraft	30	30	MOR
Letter of credit/Trust receipt/ Promissory notes/Packing credit	795	795	MLR
Letter of guarantee	56	55	-
Interest rate swaps services/ Foreign currency swaps services/ Foreign currency forward	2,200	1,300	Market price
Foreign currency forward			
<i>Million USD</i>	84	84	Market price

Collateral

The Company and subsidiary mortgaged certain of land including existing construction and certain of machine (see note 12).

The Company mortgaged fixed accounts (see note 10) of the Company, as collateral for credit facilities from financial institutions.

Terms and conditions of loan agreement with financial institution are summarized as follow:

The Group

- Maintain of debt to equity ratio
- Maintain of debt service coverage ratio
- Mortgaged or register machines as collateral

16. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2020 and 2019 consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables				
Related parties	10,585,431	18,883,908	10,585,430	18,883,908
Other parties	175,302,100	95,332,282	170,023,310	95,332,282
Total	185,887,531	114,216,190	180,608,740	114,216,190
Other payables				
Accrued expenses	104,046,544	65,975,146	103,330,289	65,887,890
Payables from purchase assets	24,102,936	65,770,440	3,701,494	40,504,653
Total	128,149,480	131,745,586	107,031,783	106,392,543
Grand total	314,037,011	245,961,776	287,640,523	220,608,733

The currencies denomination of trade and other payables as at December 31, 2020 and 2019 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Thai Baht (THB)	296,134,498	201,528,783	279,875,473	201,155,689
US Dollars (USD)	17,862,023	35,511,517	7,724,560	10,531,568
Euro (EUR)	7,079	8,921,476	7,079	8,921,476
Swiss Franc (CHF)	33,411	-	33,411	-
Total	314,037,011	245,961,776	287,640,523	220,608,733

17. LOANS FROM FINANCIAL INSTITUTION

Loan from financial institutions as at December 31, 2020 and 2019 consisted of:

Financial institutions	Consolidated financial statements				Baht			
	Credit limit		Principal		%			
	2020	2019	2020	2019	Referred interest rate	Interest installment	Term of payment	Due of payment
The Company								
Commercial bank	1,500,000,000	1,500,000,000	239,576,000	453,860,000	MLR	Monthly	Apr 2017 - Apr 2026	The first installment starting in the 25th month Installment 1st - 83th monthly principal repayment of Baht 17.86 million Installment 84th repayment for the outstanding remained
The Subsidiary								
Commercial bank	225,000,000	225,000,000	154,627,000	38,353,000	MLR	Monthly	Aug 2019 - Aug 2026	The first installment starting in the 19th month Installment 1st - 65th monthly principal repayment of Baht 3.41 million Installment 66th repayment for the outstanding remained
Total	394,203,000		394,203,000	492,213,000				
Less Deferred financial costs	(1,263,178)		(1,263,178)	(2,464,619)				
Net	392,939,822		392,939,822	489,748,381				
Less Current portion	(248,374,000)		(248,374,000)	(214,284,000)				
Long-term loan	144,565,822		144,565,822	275,464,381				

Baht

Separate financial statements				%			
Financial institutions	Credit limit		Principal	Referred interest rate		Interest installment	Term of payment
	2020	2019		2020	2019		
Commercial bank	1,500,000,000	1,500,000,000	239,576,000	453,860,000	MLR	Monthly	The first installment starting in the 25th month
							Apr 2017 -
							Apr 2026
							Installment 1st - 83th monthly principal
							repayment of Baht 17.86 million
							Installment 84th repayment for
							the outstanding remained
Total			239,576,000	453,860,000			
Less Deferred financial costs			(1,122,432)	(2,091,325)			
Net			238,453,568	451,768,675			
Less Current portion			(214,284,000)	(214,284,000)			
Long-term loan			24,169,568	237,484,675			

Movements of loan from financial institution for the years ended December 31, 2020 and 2019 were summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Beginning balance	489,748,381	467,013,342	451,768,675	467,013,342
Add Increase in loan/ Borrowing cost	117,475,441	166,041,039	968,893	127,611,333
Less Repayment/ Financial fee paid	(214,284,000)	(143,306,000)	(214,284,000)	(142,856,000)
Ending balance	392,939,822	489,748,381	238,453,568	451,768,675

As at December 31, 2020 and 2019, loan from financial institution presented by term of repayment period were summarized as follow:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Due date of payment				
within 1 year	248,374,000	214,284,000	214,284,000	214,284,000
more than 1 year but not over 5 years	145,829,000	277,929,000	25,292,000	239,576,000
Total	394,203,000	492,213,000	239,576,000	453,860,000

Collateral

The Company and subsidiary had mortgaged certain of land including existing construction and certain of machine (see note 12).

Terms and conditions of loan agreement with financial institution are summarized as follow:

The Group

- Maintain of debt to equity ratio
- Maintain of debt service coverage ratio
- Mortgaged or register machines as collateral

18. PROVISIONS FOR EMPLOYEE BENEFIT

Provisions for employee benefit as at December 31, 2020 and 2019 consisted of:

	<i>Baht</i>	
	Consolidated and separate financial statements	
	2020	2019
Post employment benefits		
Present value of obligations	3,583,567	2,862,497
Provisions for employee benefit	3,583,567	2,862,497
Less Current portion	(1,236,000)	(1,236,000)
Provisions for long-term employee benefit	2,347,567	1,626,497

Movements of the present value of provisions for employee benefit for the years ended December 31, 2020 and 2019 were summarized as follows:

	<i>Baht</i>	
	Consolidated and separate financial statements	
	2020	2019
Post-employment benefit plan		
Present value of provision for employee benefit as at January 1,	2,862,497	3,282,922
Included in profit or loss:		
Current service cost	667,938	644,431
Interest cost	53,132	49,840
Past service costs	-	46,833
Included in other comprehensive income:		
Defined benefit plan actuarial gain	-	(1,161,529)
Present value of provision for employee benefit as at December 31,	3,583,567	2,862,497

Principal actuarial assumptions as at December 31, 2020 and 2019 were as follow:

	<i>Percent</i>
Discount rate	2.3
Salary increase rate	3
Turnover rate	0 - 24

Discount rate were the market yields on government's bond for legal severance payments plan and pension.

Salary increase rate depended on the management's policies.

Turnover rate depended on the length of service.

Mortality rate were the reference rate from TMO2017: Thai Mortality Ordinary Table 2017.

Sensitivity analysis

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

Baht

	2020		2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(224,891)	257,569	(181,769)	207,642
Salary increase rate (1% movement)	297,171	(261,415)	223,530	(199,162)
Turnover rate (1% movement)	(242,058)	76,606	(200,535)	58,041

The Group presented in the statement of comprehensive income for the year ended December 31, 2020 and 2019 as follow:

Baht

	Consolidated and separate financial statements	
	2020	2019
Cost of sale	172,801	148,145
Selling expenses	14,094	12,846
Administrative expenses	534,175	580,113
Total	721,070	741,104

19. SHARE CAPITAL

Movement of share capital for the years ended December 31, 2020 and 2019 were summarized as follows:

Baht

	Par value	2020		2019	
	per share	Number	Amount	Number	Amount
Share capital					
Ordinary shares					
At January 1	1	800,000,000	800,000,000	800,000,000	800,000,000
At December 31	1	800,000,000	800,000,000	800,000,000	800,000,000
Issued and paid-up shares					
Ordinary shares					
At January 1	1	800,000,000	800,000,000	800,000,000	800,000,000
At December 31	1	800,000,000	800,000,000	800,000,000	800,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

20. PREMIUM ON SHARE CAPITAL

According to the Public Companies Act B.E. 2535, Section 51 the Company is required to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("premium on share capital"). Premium on share capital is not available for dividend distribution.

21. DIVIDEND

							<i>Baht</i>
Dividend	Approval	Approval date	Dividend payment date	Dividend per share	Interim dividend per share	Treasury stock not be eligible to receive dividend	Actual dividend paid
Year 2020	The Board of Directors' Meeting	16 Apr 20	14 May 20	-	0.0306	-	24,479,364
	The Board of Directors' Meeting	16 Nov 20	14 Dec 20	-	0.1687	-	134,956,491
Total							159,435,855
Year 2019	The Ordinary General Meeting of Shareholders	26 Apr 19	23 May 19	0.0982	-	-	78,557,957

22. LEGAL RESERVE

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

23. REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue

				<i>Baht</i>
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Type of goods or services				
Revenue from sale	2,466,932,222	2,334,510,238	2,466,932,222	2,334,510,238
Other income	12,175,588	41,222,736	15,489,915	41,341,384
Grand total	2,479,107,810	2,375,732,974	2,482,422,137	2,375,851,622
Timing of revenue recognition				
At a point in time	2,479,048,953	2,353,330,029	2,482,365,470	2,353,465,642
Over time	58,857	22,402,945	56,667	22,385,980
Total	2,479,107,810	2,375,732,974	2,482,422,137	2,375,851,622

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2020 and 2019 consisted of:

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Changes in inventories of finished goods and work in process	(35,774,721)	6,774,053	(35,774,721)	6,774,053
Purchase of raw material and supplies	1,338,942,348	1,300,040,355	1,328,552,326	1,300,040,355
Employee benefit expenses and utility expenses	480,209,850	445,590,810	472,275,607	442,792,688
Depreciation and amortization	202,531,103	199,946,575	201,843,046	199,930,548
Advertising and promotion expenses	18,179,370	18,598,008	18,179,370	18,598,008
Export expenses	287,768,268	307,176,546	287,768,268	307,176,546
Repairment and maintenance expenses	46,145,586	39,408,528	46,145,586	39,408,528
Consultant and services expenses	7,322,993	6,263,596	6,922,616	5,973,053
Bank charge and others fee	5,860,086	6,829,583	5,833,218	6,617,922

25. FINANCE COSTS

Finance costs for the years ended December 31, 2020 and 2019 consisted of:

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expenses	18,423,012	25,652,987	13,006,109	25,459,516
Bank charge	1,201,441	410,039	968,893	333,333
Total	19,624,453	26,063,026	13,975,002	25,792,849
Less Finance costs capitalised	(5,388,027)	(270,177)	-	-
Net	14,236,426	25,792,849	13,975,002	25,792,849

26. PROVIDENT FUND

The defined contribution plans comprise provident funds established by the Group for its employees under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 2% to 15% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by Krung Thai Asset Management Company Limited (Master Pooled Fund) and will be paid to the employees upon termination in accordance with the rules of the Fund. In the year 2020, the Group contributed in the amount of Baht 0.31 million (year 2019: Baht 0.27 million).

27. INCOME TAX

Income tax of the Group for the years ended December 31, 2020 and 2019 was calculated at a rate specified by the Revenue Department on net earnings after adjusting certain conditions according to the Revenue Code. The Group recorded the corporate income tax as expense for the years and recorded the accrued portion as liabilities in the statements of financial position.

Tax expense for the year ended December 31, 2020 and 2019 were as follow:

	<i>Baht</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Income tax recognised in profit or loss				
Current tax expense				
Current year				
Deferred tax				
Movements in temporary differences	(21,292,421)	(7,196,502)	(22,500,225)	(8,084,185)
Total	(21,292,421)	(7,196,502)	(22,500,225)	(8,084,185)
	<i>Baht</i>			
	Consolidated and separate financial statements			
	2019			
	Before tax	Tax expense	Net of tax	
Income tax				
Recognised in other comprehensive income				
Defined benefit plan actuarial gains	1,161,529	(232,306)	929,223	

Reconciliation of effective tax rate	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	%	Baht	%	Baht	%	Baht	%	Baht
	Tax rate		Tax rate		Tax rate		Tax rate	
Profit before income tax expense		184,375,036		67,588,207		198,185,830		71,408,882
Less Privileges granted under the Investment Promotion		(186,118,877)		(62,449,362)		(186,118,877)		(62,449,362)
Taxable income		(1,743,841)		5,138,845		12,066,953		8,959,520
Income tax using the Thai corporation tax rate	20	(348,768)	20	1,027,769	20	2,413,391	20	1,791,904
Expenses not deductible for tax purposes		9,026		344,193		1,058		340,137
Addition expenses deductible for tax purposes		(67,870)		(209)		(66,950)		(209)
Loss carry forward		(252,012)		(1,399,346)		(2,347,499)		(2,131,832)
Effects of elimination entries on consolidation		659,624		27,593		-		-
Current Tax	-	-	-	-	-	-	-	-
Income tax increase - deferred		(21,292,421)		(7,196,502)		(22,500,225)		(8,084,185)
Tax expense	12	(21,292,421)	11	(7,196,502)	11	(22,500,225)	11	(8,084,185)

DEFERRED TAX

Deferred tax as at December 31, 2020 and 2019 consisted of:

Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets	2,095,486	887,682	-	-
Deferred tax liabilities	(54,365,405)	(31,865,180)	(54,365,405)	(31,865,180)

Movement of deferred tax assets and liabilities occurred during the year were summarized as follows:

Baht

	Consolidated financial statements				
	At January 1, 2019	Profit (loss)	Other comprehensive loss	At December 31, 2019	At December 31, 2020
Deferred tax asset					
Loss carry forward	-	887,682	-	887,682	2,095,486
Deferred tax liabilities					
Trade and other receivables	-	97,971	-	97,971	47,971
Inventories	-	552,344	-	552,344	1,209,268
Intangible asset	564,521	(138,329)	-	426,192	364,912
Leases liabilities	-	-	-	-	1,069
Provisions for employee benefit	656,584	148,221	(232,306)	572,499	716,713
Loss carry forward	61,904,971	13,306,313	-	75,211,284	75,799,581
Property, plant and equipment	(86,674,766)	(22,050,704)	-	(108,725,470)	(132,504,919)
Total	(23,548,690)	(8,084,184)	(232,306)	(31,865,180)	(54,365,405)

Baht

	Separate financial statements				
	At January 1, 2019	Profit (loss)	Other comprehensive loss	At December 31, 2019	At December 31, 2020
Deferred tax liabilities					
Trade and other receivables	-	97,971	-	97,971	47,971
Inventories	-	552,344	-	552,344	1,209,268
Intangible asset	564,521	(138,329)	-	426,192	364,912
Leases liabilities	-	-	-	-	1,069
Provisions for employee benefit	656,584	148,221	(232,306)	572,499	716,713
Loss carry forward	61,904,971	13,306,313	-	75,211,284	75,799,581
Property, plant and equipment	(86,674,766)	(22,050,704)	-	(108,725,470)	(132,504,919)
Total	(23,548,690)	(8,084,184)	(232,306)	(31,865,180)	(54,365,405)

Deferred tax asset arising from temporary differences and accumulated loss not recognized in the financial statements as at December 31, 2020 and 2019 were summarized as follow:

	<i>Baht</i>	
	Consolidated financial statements	
	2020	2019
Loss carry forward	888,402	155,196

The Subsidiary has not recognized temporary differences for cumulative losses which are expired in 2021 – 2025 and not recognized deferred tax assets for unexpired temporary differences due to there is no certain future taxable profit to be utilized.

28. OPERATING SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance measured basing on segment operating profit or loss on a basis consistent with that used to measure operating profit or loss in the financial statements.

The chief operating decision maker has been identified as the Board of Directors of the Company.

The Group operates its business in manufacturing and distributing MDF boards.

Geographic information

The Group operates only in Thailand. As a result, there are no material revenues derived from or assets located in foreign countries. All the revenues and assets as reflected in these financial statements pertain exclusive to this geographical reportable segment.

Major customers

For the years ended December 31, 2020 and 2019, the Group has revenue from major customers as follow:

	<i>Person</i>		<i>Baht</i>	
	Major customers		Revenue	
	2020	2019	2020	2019
Business in manufacturing and distributing MDF boards	2	2	639,769,638	762,110,319

Segment geographic information were as follow:

	<i>Baht</i>	
	Consolidated and separate financial statements	
	2020	2019
Domestic sales	107,364,892	77,076,947
Export sales	2,359,567,330	2,257,433,291
Total	2,466,932,222	2,334,510,238

29. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2020 and 2019, the Group had commitments and contingent liabilities as follows:

Commitments and contingent liabilities

- a) As at December 31, 2020 and 2019, the Group has letters of guarantee issued by the banks regarding to the obligation under the agreement as follow:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Letters of guarantee for electricity use	38.51	20.66	37.41	20.66

- b) As at December 31, 2020 and 2019, the Group has letter of credit issued by bank for payment of machines as follow:

	Consolidated and separate	
	financial statements	
	2020	2019
Letter of credit		
US Dollar (USD)	-	5.20

- c) As at December 31, 2020 and 2019, the Group has commitments regarding to the agreements as follow:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Monthly payment				
The utility service agreement	0.01	0.01	-	-
Security service agreement	0.06	-	-	-
Consultants agreement	0.04	0.04	0.04	0.04
Remaining amount				
Construction agreement	5.57	84.12	0.34	-
Consultants and services agreement	0.73	4.84	-	2.78
Purchase of machines agreement				
Thai Baht (THB)	10.73	82.98	0.02	0.64
US Dollar (USD)	5.86	55.04	0.25	-
Euro (EUR)	-	1.32	-	1.32

- d) As at December 31, 2020 and 2019, the Group has selling forward exchange agreement with domestic commercial banks are as follows:

US Dollar (USD)	<i>Million Baht</i>	
	Consolidated and separate	
	financial statements	
	2020	2019
	246.50	155.88

30. PROMOTIONAL PRIVILEGES

The Group received a promotion certificate under the Investment Promotion Act B.E.2520 for its business involving production of Medium Density Fiber Board (MDF) and production of chemical for industry. The major privileges granted to the Company are as follows:

- 30.1 Exemption from import duty on machinery as approved by the Board of Investment.
- 30.2 Exemption from corporate income tax on net profit derived from the operation of promoted businesses for a period of 8 years and 4 years from the date operating income is first derived.
- 30.3 Exemption from income tax for dividends from the operation of promoted businesses through the promoted period.
- 30.4 Other privileges as stated in the certificate.

Moreover, the Group had to comply with the conditions stated in the certificate.

Revenues from domestic and export sales and other income classified into promoted and non-promoted segments for the years ended December 31, 2020 and 2019 consisted of:

	<i>Baht</i>					
	Consolidated financial statements					
	2020			2019		
	Domestic	Export	Total	Domestic	Export	Total
Promoted segment	109,942,004	2,359,567,330	2,469,509,334	82,976,977	2,283,203,310	2,366,180,287
Non-promoted segment	9,598,476	-	9,598,476	9,552,687	-	9,552,687
Total	119,540,480	2,359,567,330	2,479,107,810	92,529,664	2,283,203,310	2,375,732,974

	<i>Baht</i>					
	Separate financial statements					
	2020			2019		
	Domestic	Export	Total	Domestic	Export	Total
Promoted segment	109,942,004	2,359,567,330	2,469,509,334	82,976,977	2,283,203,310	2,366,180,287
Non-promoted segment	12,912,803	-	12,912,803	9,671,335	-	9,671,335
Total	122,854,807	2,359,567,330	2,482,422,137	92,648,312	2,283,203,310	2,375,851,622

31. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments of the Group principally comprise cash and cash equivalents, deposits at banks, investments, trade and other receivables, loan to related party, trade and other payables, bank overdrafts, loan from financial institutions and lease liabilities.

Risk management policy

The Group are exposed to risks from changes in interest rates and currency exchange rates and risks from non-performance of contractual obligations by counterparties. The Group uses derivatives, as and when it considers appropriate, to manage such risks. In addition, the Group has a policy to enter into contracts with creditworthy counterparties. Therefore, the Group does not expect any material financial losses to arise from that the counterparties will fail to discharge their obligations as stipulated in the financial instruments contracts.

The accounting policies of derivatives are disclosed in note 3 to the financial statements.

a) Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating result and cash flows of the Group.

The exposure to interest rate risk of the Group relates primarily to their deposits at financial institutions, loan to related party, investments in debt instruments and loan from financial institution. However, as most of the financial assets and liabilities carry floating interest rate which fluctuates in line with the market interest rates or carry fixed interest rate which approximates to the current market interest rate, the Group do not use derivatives to manage their interest rate risk.

Baht

	Consolidated financial statements	
	Variable interest rate	Fixed interest rate
As at December 31, 2020		
Financial assets		
Cash at banks	112,747,609	-
Restricted bank deposits	-	5,000,000
Financial liabilities		
Short-term loans from financial institution	-	337,000,000
Long-term loans from financial institution	392,939,822	-
Leases liabilities	-	840,864
As at December 31, 2019		
Financial assets		
Cash at banks	71,179,418	-
Restricted bank deposits	-	5,000,000
Financial liabilities		
Short-term loans from financial institution	-	97,391,000
Long-term loans from financial institution	489,748,381	-

	Separate financial statements	
	Variable interest rate	Fixed interest rate
As at December 31, 2020		
Financial assets		
Cash at banks	103,262,905	-
Restricted bank deposits	-	5,000,000
Long-term loans to related parties	189,900,000	-
Financial liabilities		
Short-term loans from financial institution	-	337,000,000
Long-term loans from financial institution	238,453,568	-
Leases liabilities	-	488,610
As at December 31, 2019		
Financial assets		
Cash at banks	64,132,803	-
Restricted bank deposits	-	5,000,000
Financial liabilities		
Short-term loans from financial institution	-	97,391,000
Long-term loans from financial institution	451,768,675	-

b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Group.

The Group is exposed to credit risk primarily with respect to trade and other receivables and loan. However, the Group controls such risk by establishing credit limits for clients and counter parties and analysing their financial position as an ongoing basis. The Group is not expected to have much concentration risk of credit exposure.

The Group determines the impairment of trade receivables basing on an expected credit loss model which the Group have established and maintain an appropriate credit loss model. The risk management department periodically reviews the parameters and the data used in the credit loss model.

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The maturity dates of financial instruments held as of December 31, 2020 and 2019, counting from the statements of financial position date were as follows:

Baht

	Carrying amount	Consolidated financial statement As at December 31, 2020					Total
		At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial assets							
Cash at banks	112,747,609	112,747,609	-	-	-	-	112,747,609
Trade and other receivables	87,109,982	-	87,109,982	-	-	-	87,109,982
Other current financial assets	7,980,695	-	7,980,695	-	-	-	7,980,695
Restricted bank deposits	5,000,000	-	-	-	-	5,000,000	5,000,000
Financial liabilities							
Short-term loans from financial institution	337,000,000	-	337,000,000	-	-	-	337,000,000
Trade and other payables	314,037,011	-	314,037,011	-	-	-	314,037,011
Long-term loans from financial institution	392,939,822	-	248,374,000	144,565,822	-	-	392,939,822
Leases liabilities	840,864	-	348,712	492,152	-	-	840,864

Baht

	Carrying amount	Consolidated financial statement As at December 31, 2019					Total
		At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial assets							
Cash at banks	71,179,418	71,179,418	-	-	-	-	71,179,418
Trade and other receivables	73,393,021	-	73,393,021	-	-	-	73,393,021
Restricted bank deposits	5,000,000	-	-	-	-	5,000,000	5,000,000
Financial liabilities							
Short-term loans from financial institution	97,391,000	-	97,391,000	-	-	-	97,391,000
Trade and other payables	245,961,776	-	245,961,776	-	-	-	245,961,776
Long-term loans from financial institution	489,748,381	-	214,284,000	275,464,381	-	-	489,748,381

		Separate financial statement					
	Carrying	As at December 31, 2020					
	amount	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets							
Cash at banks	103,262,905	103,262,905	-	-	-	-	103,262,905
Trade and other receivables	88,976,523	-	88,976,523	-	-	-	88,976,523
Other current financial assets	7,980,695	-	7,980,695	-	-	-	7,980,695
Restricted bank deposits	5,000,000	-	-	-	-	5,000,000	5,000,000
Investment in subsidiary	74,999,970	-	-	-	-	74,999,970	74,999,970
Long-term loan to related party	189,900,000	-	-	91,152,000	98,748,000	-	189,900,000
Financial liabilities							
Short-term loans from financial institution	337,000,000	-	337,000,000	-	-	-	337,000,000
Trade and other payables	287,640,523	-	287,640,523	-	-	-	287,640,523
Long-term loans from financial institution	238,453,568	-	214,284,000	24,169,568	-	-	238,453,568
Leases liabilities	488,610	-	87,276	401,334	-	-	488,610

		Separate financial statement					
	Carrying	As at December 31, 2019					
	amount	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets							
Cash at banks	64,132,803	64,132,803	-	-	-	-	64,132,803
Trade and other receivables	73,450,801	-	73,450,801	-	-	-	73,450,801
Restricted bank deposits	5,000,000	-	-	-	-	5,000,000	5,000,000
Financial liabilities							
Short-term loans from financial institution	97,391,000	-	97,391,000	-	-	-	97,391,000
Trade and other payables	220,608,733	-	220,608,733	-	-	-	220,608,733
Long-term loans from financial institution	451,768,675	-	214,284,000	237,484,675	-	-	451,768,675

d) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

e) Fair value

The fair value disclosures of financial instruments, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be amid in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

The fair value information disclosure does not include fair value information for financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of fair value

32. RECLASSIFICATION

The Group has reclassified certain accounts in the statement of financial position as at December 31, 2019 to conform with the presentation of statements of current year as follow:

	<i>Baht</i>		
	Consolidated financial statements		
	Before	Reclassification	After
Current liabilities			
Other current financial assets	-	924,661	924,661
Other current assets	45,096,997	(924,661)	44,172,336
Current liabilities			
Provisions for employee benefit	-	1,236,000	1,236,000
Non-current liabilities			
Provisions for employee benefit	2,862,497	(1,236,000)	1,626,497
			<i>Baht</i>
			Separate financial statements
	Before	Reclassification	After
Current liabilities			
Other current financial assets	-	924,661	924,661
Other current assets	41,584,074	(924,661)	40,659,413
Current liabilities			
Provisions for employee benefit	-	1,236,000	1,236,000
Non-current liabilities			
Provisions for employee benefit	2,862,497	(1,236,000)	1,626,497

