



Form 56-1 One Report/2020

Sanko Diecasting (Thailand) Public Company Limited

Board of Directors



Mr. Adul Chotinisakorn
Chairman of the Board



Mr. Masami Katsumoto
Director



Mr. Naohiro Hamada
Director



Mr. Rattawat Suksaichol
Director/ Nomination and
Remuneration Committee



Mrs. Poonsri Pattamavorakulchai
Director



Mr. Yuttana Taepangthong
Director/ Nomination and
Remuneration Committee



Ms. Valaiporn Kanignunta
Independent Director/
Chairman of the Audit
Committee



Mr. Nipan Tungpiruttham
Independent Director/ Audit Committee
Audit Committee / Chairman of the
Nomination and Remuneration Committee



Mr. Santi Niamnil
Independent Director/
Audit Committee

Dear Shareholders,

Amidst the fluctuation of the World's economy and the COVID-19 pandemic in the previous year of 2020, the industrial and service sectors of Thailand had been gravely affected for a longer period than usual. The exports of consumer goods, services and investments in the private sector had declined continuously and is still highly fluctuated with the GDP growth of the industrial and service sectors shrinking at -5.8% in 2020. Therefore 'Improving the key industrial sector towards the future industry' is the core component in transforming the Country's economy, recovering to the stable state and strives towards better targets in the future.

Automobile parts industry is one of the targets in the Thai Industry that generates income to the Country both locally and internationally. The rate of products expansion, sales and exports of the Thai automobile industry in the first quarter of the year 2021 had improved following an increase in orders both domestically and internationally. Even though the Company had previously been affected by the reduction in the demands chain due to a decrease in exports. The Company still focuses on utilizing challenging factors to commercially develop its goods and services so that they can compete and continuously expand the market, including improving the skills of the workers and effectively maintaining the production ability simultaneously. To this, the Company expects to adapt and increase its value through technology and innovation to keep up with the changes.

As the Chief Executive Officer, I would like to express my gratitude for the trusts and confident given by the shareholders, investors, financial institutions, business partners, customers, including the stakeholders from all sectors that had given the constant support to the Company. Also thank you to the Board of Directors and all members of staff that had driven the business with tremendous dedication. Finally, I would like everyone to be certain that the Company will carry out its businesses under the good corporate governance and be responsible towards the community, making sure that the Company will grow continuously and sustainably.



Mr. Adul Chotinisakorn

Chairman of the Board of Directors





Dear Shareholders,

The spread of the COVID-19 pandemic in the past 1-2 years had resulted in an economic crisis all over the world, affecting not only the Economic development but also the politics and the society at an unprecedented level. Many businesses either suffer or disappear and those that remains will never be the same. All business must adapt or even evolve to stay competitive.

Sanko Diecasting (Thailand) PLC was also affected. Prior to the COVID-19 pandemic outbreak in 2019, the Company was profitable, however, after the spread of COVID-19 in 2020, the Company had turned a loss. Therefore, in the year 2021, the Company had reformed many departments in order to pull through and manage all the risks involved so that the operation turns profitable again.

I very much hope that with careful considerations and safeguarding the benefits of the stakeholders as the objective, together with excellent business planning will be the solution to the problem and will result in a lasting, sustainable business operation.

Mr. Rattawat Suksaichol
Chief Executive Officer

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Part 1

Business operations and results

1. Group structure and operation

1.1 Policies and Overview of Business

Sanko Diecasting (Thailand) Public Company Limited was founded in January 1996 and started operation in April 1997 by manufacturing automobile parts and electronic components through the process of High Pressure Die Casting (HPDC) with molds from Aluminum and Zinc as raw materials.

The Company manufactures aluminum parts and zinc parts by using extrusion technique, according to the customer's order. The main customers are automotive parts manufacturers which distribute to the automotive industry, consisting of automobile and motorcycle industry. The business of manufacturing the automotive parts have a strong advantage from a certain and consistent order because an order of any automotive models are usually continuous until the model is terminated which usually take about 3 years or more. Moreover, the company has been manufacturing CCTV components, Camera components and Intercom System components for the electrical industry, and has produced lawn mower parts and tractor parts for agricultural machinery industry. However, in the manufacturing of parts, the company has design and supply molds to perfectly meet customers' needs.

1.1.1 Vision, Mission, Core Value and operating strategies of the company

Visions

SANKO strives to be the leader in the diecasting industry, to be accepted on an international level. This includes developing new innovations in all aspects and being able to manufacture quality products and provide excellent services to customers reliably.

Missions

- Perform with excellence in all its operations.
- Create innovations and use modern technologies in designing and production development.
- Improving the skills of the employees in order to manufacture modern and up-to-date products in the industry that requires advance technology.

Core Value

- Innovation
- Proactive Working
- Achievement Orientation
- Sense of Belonging

Corporate Strategy

The Company focuses on growth strategy by expanding the customers base both domestically and internationally in order to reduce the risks poses by the domestic economy. This is achieved by increasing the demands of the customers and broaden the range into other industries other than automobiles. The Company will also research new products that have the potential to be profitable in the future with high margin, high technology and emphasizing on customers that requires the Company's expertise.



- Quality: The Company can produce parts which are of the best quality and are well received among the automobiles producers. Moreover, the Company has been certified by the International Standards ISO 9001:2015 and ISO/TS 16949:2016 to ensure and build up confidence for the customers in the long run.
- Knowledge and Technology: The Company is specialized in designing molds which is the Know-How that has been passed down from generations to generations. Moreover, the Company continuously develops the production lines, so that it can respond to the demands of the customers.
 - The Company aims to develop new products in order to increase sales and for better returns, including spreading out the risks from relying on old customers and products.
 - The Company aims to be the innovative Organization by introducing robotic technologies into the production process in order to increase operational efficiency.
- Costs and profits - The Company emphasizing on strict management of costs and profits by using Budget Control System to control all of the departments' operation to be more efficient in managing costs and profits equal to the international standards.

- Manufacturing: Due to the design of the production line, the parts produced can be adjusted quickly with no hassle, meaning that the Company can support a variety of clients from many different industrial groups which reflects the continuous growth of the Company's revenue.
- Marketing: The Company has expanded internationally to reduce the risk of the domestic economic situation which increases the demands in the wider group of clients. Also, the Company expands the client base domestically to other businesses other than the automobiles industry by focusing on the groups that the Company is familiar with the productions and services.
- Products: Increase the production lines by introducing new injection technique which is "Gravity Die Casting" and metal diecasting techniques such as sand casting, lost wax casting. to add a variety of products and to reduce the restrictions in production and to meet the demands of the clients more. The increase in numbers of machineries, which the Company already has specialized in productions, means that the company can provide a full range of complete service to customers.

1.1.2 Changes and Important Developments

1996

- January :The Company is registered as Sanko Diecasting (Thailand) co.,ltd, with registered capital of 11.50 million Baht, divided into 115,000 shares at 100 Baht per share and fully paid-in with the major shareholding group as Sanko Diecasting Industry co.,ltd (Japan), SBCS co.,ltd, and Wattana Inter Trade co.,ltd
- October :Increase the registered and paid-in capital to 88 million Baht from the original shareholders and the capital funds JAIC Nippon Asia 2 and South-East Asia Private Equity (GBR).

2004

- April :Mr. Masami Katsumoto had bought 244,895 shares of the Company or 27.83% of the registered and paid-in capital of the Company at the time, from Sanko Diecasting Industry co.,ltd (Japan).

2005

- June :Sanko Diecasting Industry co.,ltd (Japan) had sold 235,101 shares of the Company or 26.72% of the registered and paid-in capital of the Company at the time to Asutech co.,ltd. In addition, JAIC Nippon Asia 2 fund and South-East Asia Private Equity (GBR) fund had sold 400,000 shares, Mr. Masami Katsumoto had sold 54,017 shares for the total of 454,017 shares or 61.38% of the registered and

paid-in capital of the Company at the time to Thai Industrial Parts co.,Ltd and Jutha Wan co.,Ltd.

2006

April :The Company had received the Certified International Standards ISO 9001:2000 from the United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,Ltd.

:The Company had received the Certified International Standards ISO/TS 16949:2002 from the International Automotive Task Force (IATF) and approved by United Registrar of Systems (Thailand) co.,Ltd.

2008

March :Asutech co.,Ltd had sold 235,101 shares or 26.72% of the registered and paid-in capital of the Company at the time to Thai Industrial Parts co.,Ltd.

April :Thai Industrial Parts co.,Ltd (TIP) had sold the transferred shares from Asutech co.,Ltd 235,101 shares or 26.72% of the registered and paid-in capital of the Company at the time to the Directors of the Pinthong Group and minority shareholders.

July :Jutha Wan co.,Ltd had sold 228,996 shares or 26.02% of the registered and paid-in capital of the Company at the time to JTW Assets co.,Ltd.

:The Company had received the certified standards for Environmental Management System ISO 14001:2004 from United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,Ltd.

October :Vnet Capital co.,Ltd had invested in the Company by buying 246,000 shares or 27.95% of the registered and paid-in capital of the Company at the time from the Pinthong Group.

2009

April :The Company had received the Certified International Standards ISO 9001:2008 from the United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,Ltd.

:The Company had received the Certified International Standards ISO/TS 16949:2009 from the International Automotive Task Force (IATF) and approved by United Registrar of Systems (Thailand) co.,Ltd.

December :The decision was made at the 2nd General Shareholders Meeting on 15th December 2009 to convert into the Public Company status and change the value of the shares from 100 Baht to 1 Baht.

:The Company had been certified on the implementation of Occupational Health and Safety Management System TIS 1800:1999 and approved by United Registrar of Systems (Thailand) co.,Ltd.

:The Company had been certified on the implementation of Occupational Health and Safety Management System OHSAS 19001:2007 from the United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,Ltd.

2011

June :The decision was made at the 1st General Shareholders Meeting on 10th June 2011 to change the value of the company's shares from 1 Baht per share to 0.50 Baht per share. Another decision was made to increase the registered capital to 113 million Baht, consisting of 226 million shares at 0.50 Baht per share.

2012

May :The decision was made at the 1st General Shareholders Meeting on 30th May 2012 to approve the issuing and selling of shares to the general public for 44 million shares at 0.50 Baht per share and issuing and selling of the stock-purchase warrants of the Company to the Directors and staffs of the Company for 6 million shares with 6 million units waiting at disposal for 0.50 Baht per share. The Meeting approved for the Company's stocks to be listed under the MAI stocks exchange.

June :The Company had bought a 3 Rai land with factory in the Rojana Industrial Park, T. Nongbua, A. Ban-khai, Rayong, with the area adjacent to the factory of the Company to be developed and convert into warehouse, drilling department and finishing products department.

2013

May :The Company trades its stocks for the first day in the Stock Exchange of Thailand.

September :The Company had form a contract to buy lands in the Rojana Industrial Park, T. Nongbua, A. Ban-khai, Rayong, with the size of 5.1585 Rai. The land has areas adjacent to the Company's factory which will be expanded. Some portion of the deposit had already been paid and the rest will be paid, together with the transfer at the beginning of 2014.

2014

April :The Company has registered the transfer of ownership of the land from Rojana Industrial Park Public Co.,Ltd, with the Title Deed 41107, 41741, Parcel no. 342,355, Dealing File no. 3990,4057, T. Nhongbua, A. Bankhai, Rayong, total area approximately 3 Rai 1 Ngan 73.5 Square.Wah, for the purpose of building an Aluminium Die-Casting Factory.

2015

- July :The Extraordinary General Shareholder's Meeting (1st/2015) held on 9th July 2015 came to the resolution for allowing the increase in registered capital of 37,340,812.50 or 74,681,625 share, increasing the registered capital from 113,000,000 Baht to 150,340,812.50 Baht or the total 300,609,625 shares, at 0.50 Baht per share. The Department of Business Development, Ministry of Commerce, had already adjusted the change in the registered capital on the 16th July 2015.
- August :The Company had registered the change in the paid-up capital from the original amount of 111,138,579 Baht to the new amount of 148,184,772 at 0.50 Baht per share. The Department of Business Development, Ministry of Commerce, had already adjusted the change in the paid-up capital on the 17th August 2015.
- November :The Company had registered the change in the Employee Stock Ownership Plan (ESOP) from the original amount of 148,184,772 Baht to the new amount of 148,903,972 Baht at 0.50 Baht per share. The Department of Business Development, Ministry of Commerce, had already adjusted the change in the increase of share capital on the 24th November 2015.

2016

- May :The Company had proceeded with the registration for the change in capital since there had been a change in the warrants of the Employee Stock Ownership Plan (ESOP), from the previous paid-up capital of 148,903,972 Baht to the new paid-up capital of 148,921,662 Baht at the value of 0.50 Baht. The Department of Business Development (DBD), Ministry of Commerce had registered the said capital change on the 24th of May 2016.
- November :The Company had proceeded with the registration for the change in capital since there had been a change in the warrants of the Employee Stock Ownership Plan (ESOP), from the previous paid-up capital of 148,921,662 Baht to the new paid-up capital of 149,494,502 Baht at the value of 0.50 Baht. The Department of Business Development (DBD), Ministry of Commerce had registered the said capital change on the 17th of November 2016.

2017

- May: The Company had registered the initial capital due to the change in the Company's warrant for the Employee Stock Ownership Plan (ESOP) from the original amount of

149,494,502 Baht to the new amount of 149,547,481.50 at the value of 0.50 Baht in which the Department of Business Development, the Ministry of Commerce had already accepted the change in the said capital increased on 23rd May 2017.

2018

October: The Company had adjusted the registered capital following the capital reduction from 150,304,812.50 Baht to the new registered capital of 149,547,481.50 Baht at 0.50 per share. The Department of Business Development, the Ministry of Commerce, had acknowledged the said registration on the 11th October 2018. The Company had changed the registered the capital since there had been an increase in investment from the initial 149,547,481.50 Baht to the new amount of 199,396,642 Baht at 0.50 Baht per share. The Department of Business Development, the Ministry of Commerce had already approved the said registration on the 12th October 2018.

2019

May: The Company had adjusted the registered capital due to the 1st Company's warrant (SANKO-W1), from the original paid capital of 149,547,481.50 Baht to the new paid capital of 152,693,848 Baht at 0.50 Baht per share. The Department of Business Development, the Ministry of Commerce, had acknowledged the said registration on the 10th May 2019.

2020

November: The Company had proceeded with the registration for the change in paid-in capital due to the 1st warrant purchase (SANKO-W1) from the previously registered capital of 152,692,848 Baht to the newly paid-in capital of 154,271,935 Baht at 0.50 Baht per stock. The Department of Business Development, Ministry of Commerce had approved of the change in the registered capital on the 9th October 2020.

1.1.3 Spending from the increased capital

Increased in capital from selling the 1st warrants (SANKO – W1)

Investment	Estimated Value	Duration	Details / Progress
Constructing the factory and public utilities	16 million Baht (from warrants and loans from financial	June 2019 – March 2020	Construction completed. Remarks: The Company received 9,448,907 Baht from the 1 st warrants which was less than expected. Not

Investment	Estimated Value	Duration	Details / Progress
	institution		able to fully cover all construction goals.

1.2 Nature of Business

1.2.1 Company's revenue structure

Company's revenue structure can be classified into major product lines from 2018 to 2020 as follows;

(unit: million)

Revenue	2018		2019		2020	
	Unit	%	Unit	%	Unit	%
1. Revenue from sales of parts	508.59	93.04	536.37	87.26	405.47	89.94
Car parts	362.41	66.30	374.77	60.97	256.31	56.85
Motorcycle parts	79.66	14.57	93.33	15.18	93.23	20.68
Electronic parts	42.91	7.85	45.20	7.35	36.06	8.00
agricultural machinery parts and others	23.61	4.32	23.07	3.75	19.87	4.41
2. Revenue from sales of mold	35.86	6.56	65.32	11.12	38.06	8.44
Car parts	27.02	4.94	54.27	8.83	33.65	7.46
Motorcycle parts	3.91	0.72	13.88	2.26	2.49	0.55
Electronic parts	2.59	0.47	0.13	0.02	0.15	0.03
agricultural machinery parts and others	2.34	0.43	3.03	0.01	1.78	0.39
Total Revenue from Sales	544.45	99.60	604.69	98.38	443.53	98.38
Other revenue *	2.20	0.40	9.96	1.62	7.25	1.62
Total revenue	546.65	100.00	614.65	100.00	450.82	100

Note: *other income consists of income from sales of scraps and leftovers from production, profit from sales of assets, gain on reversal of allowance for doubtful accounts receivable, interest income and other income.

1.2.2 Product information

Overview of the Company's business

The Company manufactures aluminum parts and zinc parts by using extrusion technique, according to the customer's order. The main customers are automotive parts manufacturers which distribute to the automotive industry, consisting of automobile and motorcycle industry. The business of manufacturing the automotive parts have a strong advantage from a certain and consistent order because an order of any automotive models are usually continuous until the model is terminated which usually take about 3 years or more. Moreover, the company has been manufacturing CCTV components, Camera components and Intercom System components for the electrical industry, and has produced lawn mower parts and tractor

parts for agricultural machinery industry. However, in the manufacturing of parts, the company has design and supply molds to perfectly meet customers' needs.

Currently, the Company has no subsidiaries or any affiliates.

(1) Products and Services






The company manufactures aluminum parts and zinc parts based on the customer's order. By the molding process with high pressure die casting 1. (High-Pressure Die casting or "HPDC"). 2.(Gravity Casting) The company has design and hired a manufacturer of molds to produce molds for customers to be able to produce parts according to the customer needs. The ownership of the mold will be as specified in an agreement between the company and each customer, which can be classified by the agreement as follows
















- 1) Designs and sales of molds The Company will sale produced molds to customers. Customers will own the ownership of molds. The customer will hire the company to carry out the production of molds.
- 2) Design the molds and produce the parts The customer will hire the company to design the molds along with manufacture such molds. The company still own the ownership of the molds, the company will have to charge a margin to offset the cost of the design and preparation of such molds.

Most of the Company's revenue comes from the sales of aluminum parts and molds parts. The revenue from parts can be divided into aluminum parts and zinc parts which, in 2017, 8.99 % and 12.06% and in the year 2018 with the ratio of 87.11 % and 6.29 % of the income from sales and services respectively. The Company's products can be divided into categories according to their uses as follows;

Automobile Parts

Automobiles parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
Automatic Automobiles	Wheel Stator	Wheel strator parts for automatic automobile	
	piston	Parts for automatic automobiles	
	Housing Cam Pilot	Automobile Automatic Gear Components	
Heat coolant	coolant lid	Pipe parts for heat coolant	
Alternator	Rear Cover	The component at the back of the alternator	

Categories	Parts	Parts Details	Sample Parts Pictures
			
	Front Cover	The component at the front of the alternator	
Starter	Housing	Housing components of the starter	 
	Rear Cover	The components at the back of the starter	
	Gear Case	Gears components in the starter	 
Bracket Compressor	Bracket Compressor's base	Components to attach the engine and the compressor together	 
	Lower Bracket	Components to attach the heat sink of the air condition with the body	
	Bracket Tension	Components for the compressor's bracket tension	
Fan Clutch	Cover	The cover of the fan clutch for the engine's heat sink	
	Case	The back case of the fan clutch for the engine's heat sink	
	Disk	Components for the fan clutch to operate the cooling automatically	
Hanging Air Pipe	Flange Flex	Parts to support the attachment of air pipe in the car	 

Categories	Parts	Parts Details	Sample Parts Pictures
			
Safety Belt	Guide Drum	Parts to lock the safety belt in place	
Audio	Heat Sink	Heat sink for the car's audio system	
Heat Sink for Front Light	Main Heat Sink Bi-LED, front light	Heat Sink for Bi-LED	
	Ghem Heat Sink	Ghem Heat Sink for automatic automobiles	
	Fblo Heat Sink	Fblo Heat Sink for automatic automobiles	
Shaft Wiper Control System	Bracket B for left shaft wiper	Rotator for left shaft wiper	
	Bracket C for right shaft wiper	Rotator for right shaft wiper	
	Bracket A for single shaft wiper	Rotator for single shaft wiper	














The products in this group are parts and molds for equipment and automobile components consisting of alternator, starter, bracket compressor, engine fans, coolant suspender, safety belts and car wiper controller. The main customers are the automobile parts production companies which will assemble the pieces and then pass on to the automobile assembling companies. The income from this group of customers is the Company's core revenue.

Motorcycle Parts

Motorcycle parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
(Engine)	(Cover Head)	Valve system cover head	
	(Cover Generator)	Battery Cover Generator	
	(Cap bearings)	Piston cap bearings	
Heat coolant	(Housing)	Water pump' s cover parts	
	(Cover water pump)	Water pump cover heat coolant	
External motorcycle parts	(Step)	Left and right steps	
Carburetor	Cover Reed Valve	Components for the cover reed and valve set	
	Bode Reed Valve	Components for the cover reed and valve set	

Categories	Parts	Parts Details	Sample Parts Pictures	
	Top	Components for the cover reed and valve set		
Manual Clutch System	Centre Clutch	Clutch components		
	PR Plate	Components on the top clutch cover		
	PR Outer	Components for the side clutch cover		
	PR Lifter	Component to lockdown clutch system		
Automatic Gear	Primary Sliding Sheave	Components of automatic gear CVT for adjusting the sheave		
	Primary Fixed Sheave	Components of automatic gear CVT for driving the sheave		
PR Outer	Crank Case	Crank Case Lid		
Heat Cooling Water Pump System	Water Pump Cover	Lid for heat cooling Water Pump		



The products in this group are parts and molds for equipment and motorcycle components consisting of clutch system, carburetor and starter. The customers for this group of products are motorcycle parts manufacturing companies and motorcycle assembling companies

Electronic Goods Parts

Electronic good parts samples













Categories	Parts	Parts Details	Sample Parts Pictures
Box CCTV Camera	Front Frame	Components for the cctv signal box's front frame	
Dome CCTV Camera	Chassis Cover	Parts for the dome CCTV camera	
	Bracket Case	Parts for the dome CCTV camera	
Dome CCTV Camera	Main Cover	Parts for the dome CCTV camera	
	Rear Cover	Parts for the dome CCTV camera	
Intercom System	Panel	Components for the intercom system	
	Panel Frame	Components for the intercom system	
Air-condition Compressor	Plate Lower Seal	plate cover for the piston of the compressor	
Water Pump Control Box	Aluminum Case	Control box for the automatic water pump	



The products in this group are parts and molds for various electrical goods such as CCTV camera, video camera, air conditioner compressor covers and intercoms. The customers for this group consist of companies that manufactures parts for electrical goods.

Agricultural Machinery Parts and Others

Agricultural machinery parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
Tractor	Propeller Shaft Case	Components for hydraulic rod's cover of the tractor	 
	Flange Fan	Parts for attaching the fan in the tractor	
	Bracket Filter	Components for tractor's petrol bracket filter	
	Bracket Cover (Support diff)	Components for tightening clutch set	
	Base Main Shift	Components for main shift's cover of the tractor	
	Rear Wheel Plug	Components for the rear wheel plug's cover	
Fuel Dispenser	Fuel dispenser hanger	parts for the fuel dispenser hanger	 
	Joint for valve dispenser	parts for the fuel dispenser hanger	
	Dispenser pipe	parts for the fuel dispenser hanger	
Valve control	Housing	Components for valve automatics control	



The products in this group are parts for various agricultural machineries for example, tractors and parts for other industries such as petrol dispenser suspension for gas stations. The customers for this group of products consists of agricultural machineries manufacturing companies and other companies.

Benefits of the Promotional Certificates from Thailand Board of Investment

The Company's has many benefits from the Board of Investment as follows;

Promotion Certificate Owner	Sanko Diecasting PCL	Sanko Diecasting PCL	Sanko Diecasting PCL
Certificate no.	1090(2)/2011	1010(2)/2014	63-0285-1-00-1-0
1. Date of promotion	January 26, 2011	January 7, 2014	March 6, 2020
2. Date of enforcing the Promotion Certificate benefits	April 1, 2011	May 13, 2019	November 25, 2019
3. Type of business promoted	Producing steel products, including steel parts	Producing steel products, including steel parts	Steel production manufacturing business including steel parts.
4. Key benefits received			
4.1 Import duties exemption on machineries	Imported before July 26, 2015	Must be imported before July 7, 2019	Must import before the September 6, 2022
4.2 corporate income tax exemption for net profits from supported business operations since the first day receiving the income from such operations	No more than 100% of the investment, excluding land and working capital for 8 years, and 50% corporate tax exemption for 5 years after the first cause.	No more than 100% of the investment, excluding land and working capital for 8 years, and 50% corporate tax exemption for 5 years after the first cause.	The total value of no more than 100% of the investments, excluding lands and cash flows for 4 years.
4.3 the exemption does not require the use of dividends from supported business operations from the corporate income under 4.2 to calculate for tax	8 years	8 years	5 years

Promotion Certificate Owner	Sanko Diecasting PCL	Sanko Diecasting PCL	Sanko Diecasting PCL
4.4 authorize to deduct transportation fees, electrical fees and water fees from the first day receiving the income from operations	10 years	10 years	-

The Company's Research and Development

1. Improving the production process.

1.1 Incorporating new technology by including Oxygen into the Aluminum casting process (Pore Free Casting, PF) to reduce the pores within the work piece.

1.2 Improving the quality of the materials by adding Magnesium (Mg) in the casting process to increase the strength and durability according to the customer's demands.

1.3 Controlling the quality of the goods by using the X-ray machine to inspect the pores and guarantee the quality of the products before delivering to the customers.

2. Developing new products

2.1 Producing home decors items. Controlling since the designing process to production process, quality, usage and especially the price must be according to the market.

2.2 Producing parts for natural gas piping and oil. Natural gas piping to homes had been done for a long time in other countries similar to water pipelines. The Company started developing these products to expand the customers base and to disperse the risks from the automobile parts industry.

3. Using innovation to expand the customers base. Currently the Company is a member of Markline in order to research and gather customers' data in the automobile industry from all over the World and expand its customers base in the ASEAN market and also in the European, USA and Japan market as well.

(2) The Market and Competition

a. Marketing strategies

1.1 Target groups

The Company produces Aluminum and Zinc die-casting parts to the customers in various industries. The core industries are; the automobile industry, the electrical goods industry and the agricultural machinery parts industry. The main industry has high competitiveness, therefore, the Company's strategy is to produce quality goods that meets the customers specifications and at a reasonable price. The Company's pricing

policy is calculated from the costs of production plus the standard profit margin, referenced by the market price.

The Company's customers are the automobile parts producers, producer of motorcycles, electrical goods and agricultural machineries.

Distribution and Distribution channels are separated into 2 groups as follows;

1. Direct sales to the primary parts producers that operates mainly in Thailand, through the Company's sales and marketing team consisting of Thai and foreign staffs who have more than 30 years of experience. The work is separated into finding new customers and maintain good relationship with the current customers. The team will keep close contact with the customers by studying their demands and may participate in designing certain parts as necessary, in order to improve the production quality, all the while, maintaining the specifications and the purpose of the work piece as the customers require.

2. Three other distribution channels as follows;

1) Advertisements through Directory and magazines relating to the industry and parts producing companies such as the Thai Automotive Association. The Company also provides the website www.sankothai.net as a communication channel for the customers and for public relation purposes.

2) The Company had joined associations such as the Thai Autoparts Manufacturers Association, Thailand Automotive Institute and several other associations relating to the automobile industry, to improve the chance of meeting the target groups.

3) The Online Automotive Portal is the database for leading suppliers for automobile equipment. This channel is for experts in the industry, high level executives, researchers and for automobile parts producers and assemblers as well.

In 2020, the Company's sales by category is, 68% automobile parts, 21% motorcycle parts followed by 11% electrical goods and others (figure 1). The sales for both domestically and internationally is at 97% and 3% respectively (figure 2). During the end of September 2020, the Company received payment from 2 large customers consisting of 40%.

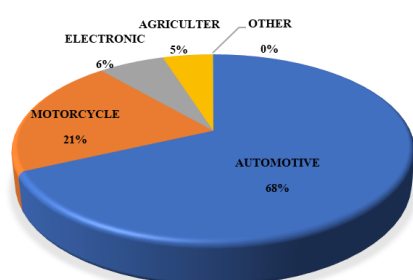


Figure 1: Sales ratio by category

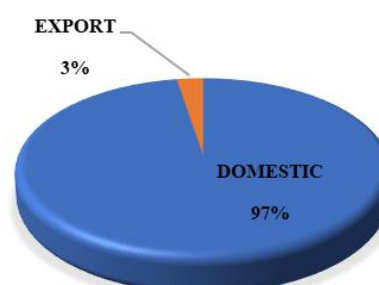


Figure 2: Domestic sales and exports

Competitive Strategy the Company's competitive strategy is to aim at satisfying the customers with the good quality of products and services in order to create a long lasting relationship which will result in the continuous business cooperation. The Company's competitive strategy can be summarized as follows;

1. Maintaining the Products Quality

The products of the Company must be manufactured carefully, since they are parts that will be used in conjunction with other parts. To this, the Company gives all its attention to the quality of the products by having the quality control of international standards, ISO9001:2015 and IATF 16949:2016 where the Company controls the quality of the production from selecting the best ingredient, and having a strict check up on all steps of the production process with accurate and efficient monitoring equipment. The Company also consistently trains the staffs to develop both their knowledge and improve the standard practice, making the Company won the trust of customers and receive constant orders. Additionally, there were researches and developments in the German standard vehicles (VDA 6.3) in order to improve the standard and increase exporting channels.

2. Products Delivery on Schedule

Since the Company produces parts that will be used in conjunction with other parts, the Company emphasizes greatly that the delivery must be accurate and just in time, so that there are no effects on the assembling process of the clients. The Company has the policy to deliver the products on time, which is controlled since the planning of the production, purchasing the ingredients, quality control of the ingredients, production process and delivering to the clients. Therefore, the Company can always deliver the products to the customers on schedule.

3. Production Flexibility

The Company emphasizes on the flexibility of production by designing the production line so that it can adapt with many parts and models for fast and simple production. This means that the Company can produce various kinds of parts and support a variety of industries. At present, the Company owns, in total, 19 diecasting machines. The Company increases the sub-supplier in order to support the production from fewer to large volumes and support all fluctuating orders in the Automobile market.

4. Maintaining Good Relation with the Customers

The Company aims to build a strong relationship with the customers by having marketing and sales staffs looking after the customers and the products in order to ensure the services that meet with their satisfaction. In addition, the Company has a policy to survey the clients' satisfaction at least once a year, so that it can be used to improve the quality of the products and the services.

5. Becoming a member of associations and organizations to increase the client base

At present, the Company has become a member of association and organizations that are related to the industry and parts producers whose are direct target group of the Company such as the Thai Autoparts Manufacturers Association (TAPMA) or the Thailand Automotive Institute. This allows the Company to gain information regarding the business in each industry and can expand the client base into such industries.

1.2 The Company does not appoint any individual as the sole owner.

b. The competition in the industry.

The Company competes fairly under the universal competition code with no monopolistic action or any behavior that would reduce or limit the competitors.

1.1 Factors affecting the opportunity or limiting the business operation.

In 2020, the Thai automobile parts industry was trending downwards, following the shrink in the automobile industry, especially the OEM parts for the automobile assembly. The effect of the COVID-19 pandemic caused the disruption in the production chain of the automobile industry in the first half of 2020 due to a sharp decline in the purchasing power. COVID-19 had emerged towards the end of 2019 in Hu Bei province, China and was the first area to initiate the lock down from 23rd January to 8th April 2020. This area is a vital part of the Chinese automobile industry. During that time, 9 automobile producers had to temporarily stop the production in which the usual production output is approximately 10% of the whole country and continuously affected the parts producers to halt their production as well. Important parts produced in the said area are break system parts, turn system parts and electronics parts. Although the spread of COVID-19 had been contained in China, but other parts of the World still suffered greatly from the outbreak, resulting in many automobile producers all over the World had to halt production temporarily (image 5), including 8 automobile producers in Thailand that had announce temporary shut down between April – May of 2020. This led to the reduction in automobile production of approximately 40% and 30% respectively. The survey by the Thai Automobile Parts Manufacturers Association (TAPMA) discovered that the orders for automobile parts production decreased, on average, 30% and some producers had a decline as much as 70%.



Image 5: Automobile producers all over the World had to halt their production due to the spread of COVID-19.



Image 6: Return schedule for the automobile producers in Thailand.

In the first quarter of 2020, the automobile market in China had declined 40% or around 2.7 million cars. This is not only the result of the COVID-19 pandemic but also from the trade wars between the US and China. Sales in other countries decreased roughly 10 – 30% since they were affected by the virus towards the end of March 2020 (image 7).

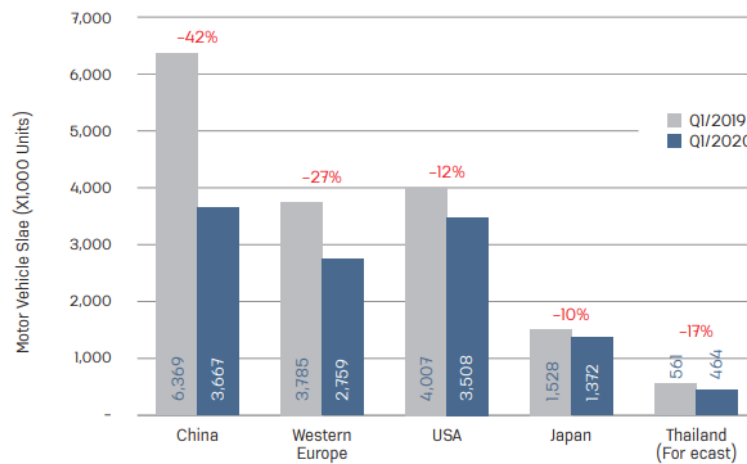


Image 7: The World's automobile market in the 1st quarter of 2020

HIS Markit, the automobile business research company, had estimated that the industry most affected by the spread of COVID-19 the most is the automobile and automobile parts industry. This is because due to the travel restriction, the demand for vehicles all over the World will decrease, including consumers who cannot work normally leading to lesser income and had to save for life necessities rather than spending money on cars. Another factor is that the production supply chain is in the countries that are severely affected by the outbreak such as China, USA, and Europe. Although the automobile industry will recover in the future (little by little over time), but the base of production may not recover in time to match with the market demands.

The spread of COVID-19 will affect the new automobiles industry but on the other hand, the spare parts market will also grow. This is due to unstable income forcing the consumers to limit their spending and repairing the vehicle will be a better option than buying a new one. Therefore, automobile parts producers in Thailand that can produce both new parts (OEM) and replacements (REM) can find opportunities to replace the loss orders.

1.2 Market status and competition by industry group.

Automobile and automobile parts industry

The automobile parts industry had been continuously supported by the Thai Government since 1963. In the early days, the Government focused on measures to support the investment and the use of domestic automobile parts, specifically by increasing the tax on imported complete built-up (CBU) vehicles and complete knock-down (CKD) parts. Then the Board of Investment (BOI) initiated more measures to further improve investments such as corporate income tax exemption and tax exemption on importing machineries to attract foreign investors into establishing the production in Thailand. Moreover, the Government enforced the local content requirements (LCR) for the use of automobile parts produced in Thailand for automobile assembly. Although this measure had been abolished but the automobile production in Thailand still uses 60-80% of domestical parts from the total automobile parts while Eco-car and pickup truck uses 90% of domestically produced parts. At present, there are Free Trade Agreements between Thailand and other countries such as the ASEAN Free Trade Agreement (AFTA), Japan Thailand Economic Partnership Agreement (JTEPA) and Thailand – Australia Free Trade Agreement (TAFTA), which decreases the import tax on CBU and CKD.

The automotive industry is very notable within Asian and between the ASEAN countries, because the production of cars is more than half of the World's production. The ASEAN countries who produce automobiles are Indonesia, Malaysia, Philippines, Thailand and Vietnam. The ASEAN countries can be categorized into 2 groups with various productions and different domestic markets as follows

- The countries which are the bases of production.
- The countries which are not the bases of production.

The ASEAN countries' compound annual growth rate (CAGR) has been on the increasing trend since these countries do not have a complicated economic base. Therefore, there is a high flexibility for adaptation and when couples with the fiscal and monetary policies to stimulate the economy, it can result in the recovery of the economy back to normal in short period of time. Leads to continuous investments in the automobile parts industry which is related to other parts and engines in Thailand by large multinational companies that have established their production base in Thailand for exports such as Robert Bosch, Denso, Magna, Continental, ZF and Aisin Seiki. To this, the automobile parts producing industry in Thailand can respond to the domestic demands for parts perfectly both for the original equipment manufacturer (OEM) and the replacement equipment manufacturer (REM). However, the total size of the domestic automobile parts market is approximately 60-70% from the income of all automotive parts industry in Thailand (Source: www.krungsri.com)

In general, there are 2 major markets for the automotive parts manufacturers, which are;

1.The Original Equipment Market (OEM) – The manufacturer must produce automobile parts to feed into new automobiles and motorcycle models for automotive companies that set up the production base in

Thailand in order to assemble cars for both exports and for domestic market. However, the demand for automotive parts in this group depends on the numbers of cars and motorcycles produced.

2. The Replacement Equipment Market (REM) – This is the market for spares which replace the actual parts when they are damaged or broken from usage since each part have different life spans. The manufacturers that produce these items for the replacement equipment market are large, medium and small manufacturers, resulting in the produced parts being very different in qualities, for example, real spare parts, copied (fake) spare parts and also artificial parts. These are sold to the maintenance service stations of each automotive brand. Usually, the service station does not keep a large stock of spare parts supply, but will only keep the parts which are required often when repairing the automobiles.

Tier-1 parts producers are producers that specialized in high standard products as determined by the automobile producing companies to be used in the automobile assembling factories (OEM market) and some parts are also sold in the replacement equipment manufacturers market (REM market). At present, there are 720 producers with 47% as multinational companies, 30% as joint ventures and 23% being Thai companies. Most of the tier-1 parts producers are for automobile industries which is about 54% of all tier-1 producers, 28% for motorcycle parts and 18% for producers who deal in both automobile and motorcycle parts together. Tier-2 and tier-3 parts producers are mostly Thai SMEs that has low investment in research and production technology development when compared with the tier-1 parts producers. Therefore, they are at a disadvantage when trying to compete in the OEM market. This group of producers is usually just the suppliers or outsourcers for the tier-1 parts producers and/or become the producers in the REM market. Currently there are more than 1,100 companies that produces parts in 2 main categories 1) Original Parts which are parts or equipment that the automobile companies hire to produce according to the required standards and 2) Replacement Parts which are parts that were made without the quality control by the automobile companies (parts are of lower quality than the original parts) and is aimed for the lower market since the price is cheaper (Source: www.krungsri.com)

Exporting parts consists of 30-40% of total income in the parts producing industry. This is separated into OEM parts (80-85% of total exports) and REM parts (15-20%). The parts that Thailand mainly exports are engines, wires, chassis, mirrors, gear box, tyres and parts produced from rubber. Thailand is considered to be a huge competitor in the World market with the advantage of supply value chain, reducing the costs of production and can produce parts with high quality that is widely accepted by automobile producers. Moreover, Thailand is advantageously located in the center of parts producing region of ASEAN, making Thailand one of the most important Global Sourcing for parts. This was reflected in the year 2019 where Thailand was no.1 of ASEAN in exports for parts (all categories) and no.14 of the World, while being no.3 for exporting tyres and no.4 for motorcycle parts (excluding engines and tyres), no.11 for engines and no.16 for automobile parts (excluding engines and tyres). Most of the export's destination remained to be the automobile base of production in ASEAN such as Indonesia, Malaysia, Vietnam and Philippines with the ratio of 25% of total exports, with USA being 2nd (18%) and Japan being 3rd (10%). However, Thailand still has

higher labor wage when compared to Indonesia and Vietnam, while research and development is inferior to Malaysia (source: www.krungsri.com).

ELECTRIC VEHICLE (EV) In the long run, the automobile industry will focus on developing the technology for electric vehicles, where the Government had set an objective for Thailand to be the base of electric vehicles production in the region. The quantity of EV in Thailand will grow rapidly within 4-6 years as a result from (1) Improvement on Lithium Ion batteries continuously reducing the price (in 2019, the price of Lithium Ion battery was 156 USD/kWh, a reduction from 1,200 USD/kWh in 2010), and within 2022, the cost of battery electric vehicle (BEV) will be closer to internal combustion engine (ICE), (2) Some entrepreneurs plan to invest in EV production and batteries for EV resulting in more supply in the market (image 3) and (3) the Government aims to increase the EV production ratio (EV and electric motorcycle) to 30% of the total automobile production in the country within 2030. Also, the development of 5G communication technology had arrived sooner than expected (16th February 2020, the Government had opened the auction for 5G frequencies and is expected to be commercialized in the 3rd quarter of 2020), which will be the supporting factor for the autonomous car that will surely be the next major player. Currently, the auto pilot technology for vehicles in Thailand is at the beginning level 0 – 2 (image 4) while Tesla and Audi A8 is at level 3 or 4 which is the highest experimental level by Waymo under Google and Self-driving cars by Uber. The Government should focus on improving the basic infrastructure for EV such as charging station which have yet to cover most area in the country and improving the communication network for connecting with smart AI, so that EV can efficiently support the vehicle-to-home (V2H) system (source: www.krungsri.com).

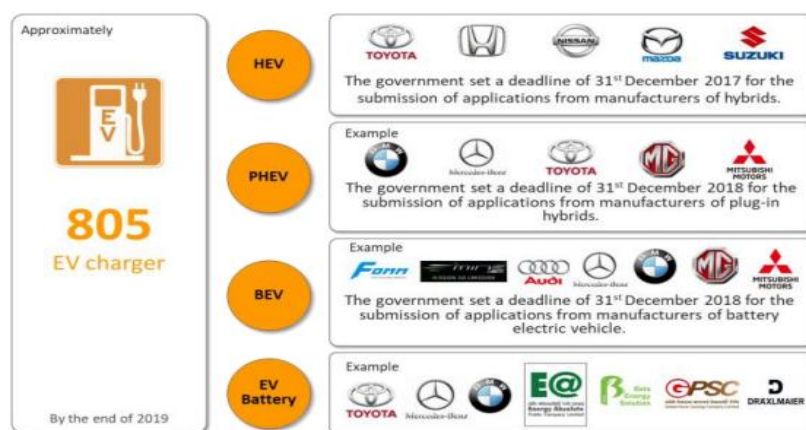
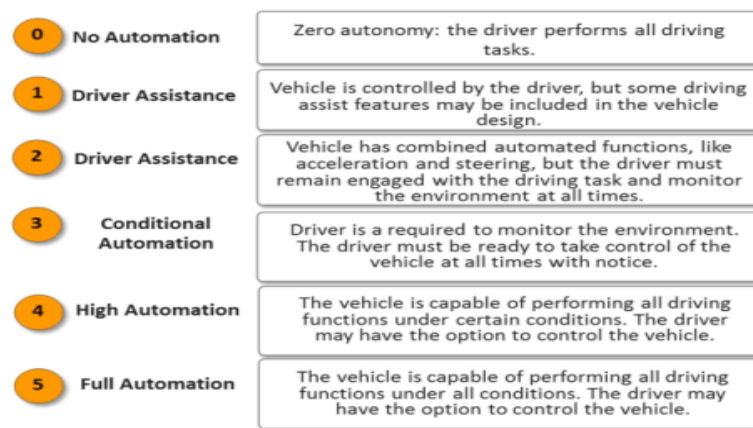


Image 3: Investment in electric vehicles and equipment.



Source: Autonomy levels outlined by Society of Automotive Engineers (SAE).

Image 4: Development levels for autonomous car.

Thai automobile industry in 2020

Production, sales and exports of automobile in the year 2020 – The production in the first 9 months had shrunk 38.8% YoY (96,000 vehicles) due to the spread of the COVID-19 pandemic that had caused a supply disruption all over the World. The domestic sales of automobile decreased 29.8% YoY (0.53 million vehicles). The virus outbreak delayed the consumers' unnecessary expenses and also reducing consumers purchasing powers from business shutdowns, drought that affected the consumers in the countryside, including the financial institution being stricter with loans. Exports had reduced 36.5% YoY (0.52 million vehicles) and the value decreased by 32.3% YoY (9.38 billion USD) following the shrinking of vital exporting market such as Philippines (-48.3% YoY), Vietnam (-48.0%) and Australia (-30.9% YoY), while the exporting market that can still expand are Japan (+141.8% YoY) and China (+51.7% YoY). Income from automobile sales reduced by 29.8% at 0.53 million vehicles and led to a fierce price competition in order to clear the stocks after the economic freeze in the early of 2020 due to the COVID-19 pandemic. The income from services and sales of spare parts are trending downwards following the reduction in the numbers of registered vehicles under 5 years, which had shrunk 3.1% at 5.2 million vehicles (*source: www.krungsri.com*).

Production and sales of motorcycles – The production of motorcycles in the first 9 months reduced 23.5% YoY (1.11 million vehicles) with the total domestic sales of motorcycles (80% of total motorcycles production) shrunk 13.7% YoY (1.15 million vehicles). This is due to the target groups, both farmers and laborer were affected by the droughts and economic downturn. Exports of vehicles had shrunk 14.0% YoY (0.23 million vehicles), the spread of COVID-19 had caused large pressure to the World's economy as well as trading partners of Thailand. However, the value grows 17.9% YoY (1.39 billion USD) in contrast with the quantity. This was due to the exports of Big bike which has high value. The export market that expanded well were China (+137.3%), Japan (+44.2%) and the European Union (+27.0%) with the exports ratio of almost 70% of the total exports for motorcycle from Thailand. During the first 9 months, the revenue may reduce as the sales of motorcycle shrunk, but the income from the sales of spare parts and repair services can still grow, following the continuous increase of accumulated motorcycles (21 million vehicles) and the rise in

demands for repairs to prolong the usage in the time where the economy and income are not stable (*source: www.krungsri.com*).

Production and sales of automobile parts – The production of automobile parts in the first 9 months had severely shrunk as reflected by the marginal productivity index (MPI) of automobile parts that declined 29.9% YoY. The demand for OEM automobile parts decreased with the production of automobiles (-38.8% YoY at 0.96 million vehicles) and motorcycles (-23.5% YoY at 1.11 million vehicles). The demands for REM parts had expanded due to the increase of registered accumulated vehicles. The exports of automobile parts decreased 18.5% YoY (12.6 billion USD), an all out decline across the market which were ASEAN (-26.7% YoY), Japan (-21.1% YoY), the EU (-11.5% YoY) and the US (-0.41% YoY) with the ratio of 62% of total parts exports. However, due to the trade conflict between the US and China, Thailand managed to exports more parts to China (+9.6% YoY) and Hong Kong (+20.8% YoY) with the total ratio of 8% (*source: www.krungsri.com*).

Electrical goods and electronics industry in 2020

In the first 9 months, the production of electrical goods shrunk 9.0% YoY (at 35.39 million units) following the reduction of domestic sales of 7.6% YoY (at 11.15 million units). The economic downturn as the result of the COVID-19 pandemic causing the drop in purchasing powers of consumers and reduced the sales of all electrical goods, especially washing machines (-12.0% YoY) and rice cookers (-3.8% YoY), which goes hand in hand with the stagnant real estate market as well. The cooling electrical goods on the other hand had seen some growth such as refrigerators (+5.2% YoY) and air-conditioning (+1.9% YoY), due to the work from home trend, coupling with the temperature that is higher than usual. Exports shrunk 7.0% YoY at 17.1 billion USD, especially the washing machines (-13.2% YoY). This was largely because of the US forbidding the imports of washing machines from Thailand (February 2018), resulting the continuous exports decline to the US market (In 2017, the US market consisted of 33% of the total value of exports for the Thai washing machines, while the first 9 months of 2020, the ratio was down to only 14%) (*source: www.krungsri.com*).

Agricultural machinery parts industry in 2020

Nowadays, there are only 2 major manufacturers in Thailand, while the rest are companies that import parts to assemble in the country. The domestic manufacturers own about 70% of the market share for the total of sales and the rest is for the importers (including the imports of new and second-hand cars) and if judging from the structure of the market divide by regions, we can see that, the North-Eastern region is the largest market with the market share of about 60% of the total numbers of tractors sold (*Source: The Office of Industrial Economics*).

In the year 2020, the COVID-19 pandemic had greatly affected the agricultural machinery industry in Thailand, especially to the small and medium size producers. This is because they have to import parts from

China as part of the assembling process, which during March – May of 2020, China could not export any parts or equipment. This caused a huge disruption and much higher costs of production since parts produced domestically costs more than importing from China.

Economic Trend in 2022

The World's Economy in the next 3 years is trending to expand, on average, 4.4% per year, recovering from the strongest recession in decades. Many supporting factors are from the economic activities that will slowly pick up, leading by the production and exports sector, relaxing the lockdown measures for the COVID-19 pandemic, large economic stimulus policies all over the world for both fiscal and monetary policies, the development of vaccines for COVID-19 which will be mass produced in the first half of 2021 and to be readily distributed from the second half of the year onwards. Moreover, under the leadership of the new President of the United States of America, it is likely that there will be no additional trade barriers to hinder the World's economic recovery.

Automobiles – Domestic sales is expected to grow on average 3.0-4.0%, following the economic recovery. The demands for commercial vehicles will improve due to the expansion of the construction sector, the online retail market and logistics businesses. Many brands plan to introduce new models continuously both for electric vehicles and internal combustion engine. The growth rates of sales may be limited since the consumers' purchasing powers will recover slowly, household debts still in the high level and the financial institutions will be stricter when providing loans. The exports of automobile will grow approximately 4.0-5.0% supported by the recovery of the World's economy as well as the ASEAN Free Trade Agreement which helps promoting exports in the region. The agreement to join the mutual recognition agreement (MRA) in ASEAN regarding the inspection and automobile parts certification will help the evaluation process. However, there is still an uncertainty of the trade conflicts between the US and China. Moreover, Philippines (one of the vital exports market) may raise the tax on imported cars from Thailand in response to the trade claims (Thailand had accused Philippines of declaring the price of imported tobacco lower than the actual price in which WTO ruled that Thailand had lost the case), and also because many governments all over the World are supporting the use of electric vehicles which will affect the automobile exports from Thailand where the vehicles are mostly internal combustion engines (*source: www.krungsri.com*).

Motorcycle – The sales of motorcycle domestically tends to grow, on average, 3.0-4.0% per year. The factor supporting this is the economic recovery as well as the major large motorcycle producers 'Royal Enfield' (Indian brand, originally from England) had established the base of production in Thailand (production starts approximately in the mid of 2021). Exports will grow about 4.0-5.0% per year, following the economic recovery of partner countries and also when the brand 'Harley-Davidson' returned to normal production and export from Thailand. The trade conflicts between the US and China may be an opportunity for Thailand to be able to export more, leading to a growth in motorcycle production output of about 3.0-4.0% per year (*source: www.krungsri.com*).

Automobile parts – The production and demands for parts in the country tends to have low growth. This is because the demand for OEM parts will only expand slightly, following the quantity of automobile produced, while the demand in the REM parts is expected to grow due to the increase in quantity of accumulated vehicles, especially those from the First Cars Campaign (approximately 8-9 years in 2021). The demand for repairs and replacements for vital parts such as engine system or motion system. The exports of parts will grow steadily according to the sales volume of vehicles all around the globe, in which the Euromonitor has estimated to grow 9.2% in 2021 before slowing down to 5.4% in the year 2022 and 1.8% in 2023. However, the trade conflicts between the US and China may be an opportunity for Thailand to export more parts to the market in the US, China and Hong Kong as well (source: www.krungsri.com)

1.3 The Company's competitiveness evaluation

Structural components had been utilized more by replacing many existing parts, reducing the overall weight of the vehicles. Light structure is particularly important for hybrid vehicles and new models of electric vehicles that will soon enter the market. The Company's core business is in the automobile parts industry which is very competitive and has a large number of producers. If judging by the size of the company, production capacity and competitiveness, there are currently 8 main companies in Thailand with similar characteristics. The Company's advantage lies in the diverse customers' database both domestically and internationally. The Company is also capable of production procedures from research and development, molds designing, molds production, including goods warranty. When negotiating with suppliers of materials, the Company has the policy of not retaining any one sellers or suppliers.

3. Purchasing Process and Services

Factory and Office Production Capacity

The factory and the office of the Company are located in the Rojana Industrial Park, T. Nong-Bua, A. Ban-Khai, Rayong. As of 2020, there are 14 acres and 149.6 meters of land with 10 buildings consist of 2 office buildings, 1 storey and 3 storey, including 9 factory building and warehouse

From 2018 to 2020, the production capacity of the Company is as follows;

(Unit: ton)

	2018	2019	2020
Production Capacity*	2,800	2,800	2,800
Production Output	2,200	2,304	1,715
Output to Capacity Ratio (%)	78.57	82.28	61.25

Remarks: The production capacity of the Company is calculated from the production of each machines and multiply by the numbers of the machines at maximum productivity.

The production output in 2020 had declined due to the spread of Corona Virus 2019 (COVID-19). This is a newly emerged pandemic and had not yet been controlled which caused the customers to reduce

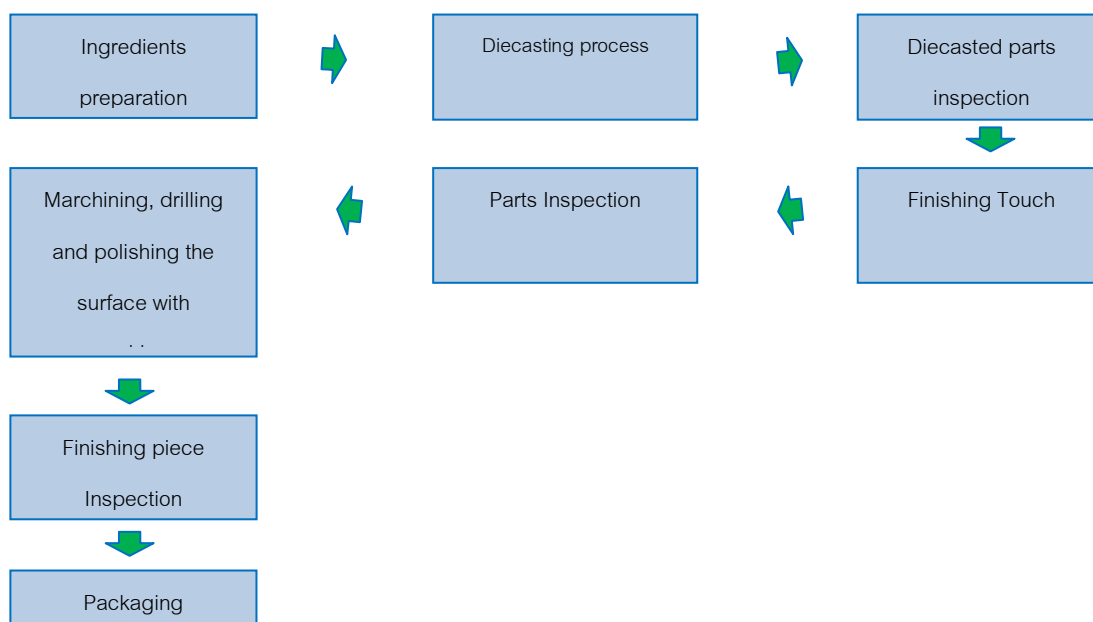
orders for several months. However, in the 4th quarter of the year, the orders started to return to normal. The Company plans to constantly maintain and improve the machineries' efficiency and had adjusted the production and the output to match the customers' demands every year. The Company's goal is to satisfy the customers with quality goods.

Production Process

The Company produces Aluminum and Zinc parts as ordered by the customers. The Company will then receive a drawing or product samples and estimate the production quantity in order to work out the capability in designing the molds and the possibility of producing the parts as ordered. After that, the Company will analyze the costs in designing the molds, costs of making the molds and costs of production, and then the quotation of the parts and/or the molds will be offered to the customers for consideration, depending on the nature of the employment. As soon as the customers approve of the quotation, the Company will take the plans or product samples to design the molds by using computer programs to calculate and display the molds in 3D, and send it off to the molds producing companies to quote the price back to the Company. Once the molds producing companies have been chosen, the molds will take 3 months to produce. When the molds have been completed, the Company, together with the customers, will inspect the molds together by extruding with the molds made, and test the produced sample parts with Co-ordinate Measuring Machine (CMM). After the tests, the parts will be brought to the customers for quality check and further test it by assembling with other parts.

When the aforementioned sample parts have passed the evaluation of the customers, the sales and marketing team will contact the clients to ask for the purchasing orders and delivery plan. Usually the clients will order and determine the delivery time 1 month in advance and will plan for production 1 year in advance so that the Company can appropriately prepare the production plan, gather ingredients and prepare all the equipment properly to meet with customers' demands.

The production process of the Company is as follows;



- **Material Selection and Preparation**

The Company will select the ingredient retailer with the standard that satisfies the customers. Once the material is received, the Company will double check the quality with the material guaranteed certificate from the retailer to make sure that it is suitable for producing the parts. Then the purchasing orders from the customers will be calculated to find out the amounts of material needed and plan for further production.

- **Products Die Casting Process**

The staff on the diecasting machine will install the mold and prepare the machine so that it is ready to use. The ingredient will be put in the furnace with natural gas as fuel for heating and smelt the ingredient into liquid at designated temperature. The injection machine will then inject liquid metal into the mold with high pressure. The temperature will be lowered in order to cool and harden the piece. When the piece is cooled off, the staff will take the piece out of the mold and perform primary fine touches by cutting the edges and the metal lines from the injection out, then put the scraps back into the furnace to be reused again.

- **Diecasted Parts Inspection**

The QC staff will perform a random inspection on the parts to check for sizes and the outer appearances of the parts to be in accordance with the drawings. Important points on parts are checked for with various inspection tools. The random QC inspection is done every 1-2 hours.

- **Finishing Touches**

The pieces that passed the inspection will be fine touched by the staffs. This includes polishing the surface, trimming the edges, drilling and finishing touches on the surface of the parts following the instruction on how to handle each piece. However, the Company may hire a sub-contractor to outsource the finish touches of the parts if the man power of the Company alone is not enough, or if the tools of the Company or the nature of the parts are not appropriate to perform the task.

- **Parts Inspection**

In this process, the QC staff will perform a random check under the check-list of the requirements for both the shape of the parts and the surface area as indicated. A manual will be produced to indicate the location to check and how to check the parts as specified. The random inspection is every 1-2 hours and will be an inspection once again for all finished parts.

- **Machining, Drilling and Polishing the Surface with Machines**

Since some of the parts must be finished with machined to guarantee accuracy and the standards that the customers required, the Company will bring the inspected parts to fine touch, drill and polish the surface with mechanical lathe controlled by Computer Numerical Control (CNC) both in the 2 shafts and 3 shafts in the designated area, according to the products drawings to ensure that it can be used in conjunction with other parts. The QC staff will perform a random check-up in front of the machines every hour and also tests the parts using the jig gauge in order to examine the size and location of the joints, whether or not they are as required.

However, the Company may hire a sub-contractor to outsource the finish touches of the parts if the man power of the Company alone is not enough, or if the tools of the Company or the nature of the parts are not appropriate to perform the task.

- **Finishing Products Inspection**

The piece that had passed the finishing touches with machines will have a detailed random inspection with the CMM and other tools before handing off to the packaging department.

- **Packaging**

The warehouse staff will count the number of parts to be the same with the tag and proceed with the packaging as specified and ready to deliver the products to the customers.

The Company has the procedure to investigate the costs and set the policy to evaluate the items that made a loss to the Company, in which the accounting department will perform an analysis quarterly, follow up on all products that made a loss and report the findings to the CEO every month.

(4) Acquiring the Ingredients for Production

The Company is the producer of Aluminum and Zinc diecasting parts as ordered by the customers. Aluminum and Zinc that the Company uses are Aluminum alloy and Zinc alloy. Aluminum and Zinc have the mixtures of other elements making it unique and has the suitability for various types of work. Therefore, the ratio of ordering the ingredient will depend on the volume of the orders. In the past, the majority of work that the Company has done have been Aluminum parts where the Company orders from 13 domestic retailers. Since the Company has the policy of spread ordering to reduce the risk of relying heavily on any particular retailer, the orders of ingredient will spread over many retailers with the different volume ordered, depending on the price of each retailer. The Company receives a monthly quotation by the retailers for the change in price of the ingredient.

For the ingredient selection process, the Company pays great attention to the quality of the ingredient. The ingredient ordered must be at the exact level of standard indicated, which the company will proceed to check for the quality with the guarantee certificate of the retailer that comes together every time upon ordering the ingredient. After that, the Company will take a portion of the ingredient to test and see whether or not it is in accordance with the certificate. With an examination period 1-2 days.

To select an ingredient retailer, the Company will evaluate whether or not the retailers had passed the requirements of the Company and then collect the lists of those who passed in the ingredient retailer lists. Every time there is a purchase, the Company will compare the price with at least 2 other retailers from the lists to ensure that the ingredients bought are of the best quality and at the best price. The list of ingredient retailers will be revised annually.

(5) Assets used in the business operation.

By 31st December 2019 and 31st December 2020, The Company's lands, buildings and equipment are as follows;

Assets Details	Size (Rai)	Net Book Value (Million Baht)		Ownership	Obligation
		31 Dec 2019	31 Dec 2020		
1. Lands					All lands and buildings on the lands were used as collateral for the loan with a commercial bank for 103.55 million Baht.
a) Deed no.41106 Location: 3/14 M.2 Rojana Industrial Park, T. Nong Bua, A. Ban Kai, Rayong 21120	6 Rais 36.20 Wah	11.26	11.26	Owned by the Company	
b) Deed no.53506 Location: 3/14 M.2 Rojana Industrial Park, T. Nong Bua, A. Ban Kai, Rayong 21120	3 Rais	6.18	6.18	Owned by the Company	
c) Deed no.41107,41741 Location: 3/14 M.2 Rojana Industrial Park, T. Nong Bua, A. Ban Kai, Rayong 21120	5 Rais 15.85 Wah	10.64	10.64	Owned by the Company	
Total Lands		28.08	28.08		
2. Buildings and Building Improvements					
a) The Learning Center building	1,355	9.55	8.99	Owned by the Company	
b) Office Building	268	0.38	0.32	Owned by the Company	
c) Factory 1	1,224	3.76	3.41	Owned by the Company	
d) Factory 2	28	0.04	0.04	Owned by the Company	
e) Factory 3	703	0.43	0.40	Owned by the Company	

Assets Details	Size (Rai)	Net Book Value (Million Baht)		Ownership	Obligation
		31 Dec 2019	31 Dec 2020		
f) Factory 4	1,261	5.78	5.42	Owned by the Company	
g) Factory 5	1,004	4.63	4.33	Owned by the Company	
h) New Factory Building	2,984	13.51	12.67	Owned by the Company	
i) Diecasting Building	244	1.58	1.38	Owned by the Company	
j) Public utilities and solar cells	-	18.58	16.50	Owned by the Company	
k) Chemicals and equipment storage building	309	-	4.10	Owned by the Company	
l) The new 'Yoong Thong' building	1,516	-	16.85	Owned by the Company	
Total buildings and building improvements		58.24	74.41		

(6) Unfinished Projects

The molds for producing parts to be sold to the customers with the pre-paid value of 11,644,705.00 is due to the agreement of installed payment with the final installment is the approval of the production.

1.3 Company's Shareholding Structure

1.3.1 Company's Shareholding Structure

The Company has no subsidiaries or associates companies.

1.3.2 Persons with Possible Conflict of Interests

The Company has listed the individuals which may have conflict of interest. The intercompany transaction that occurred, was the transaction between Directors and/or Executives and/or shareholders of

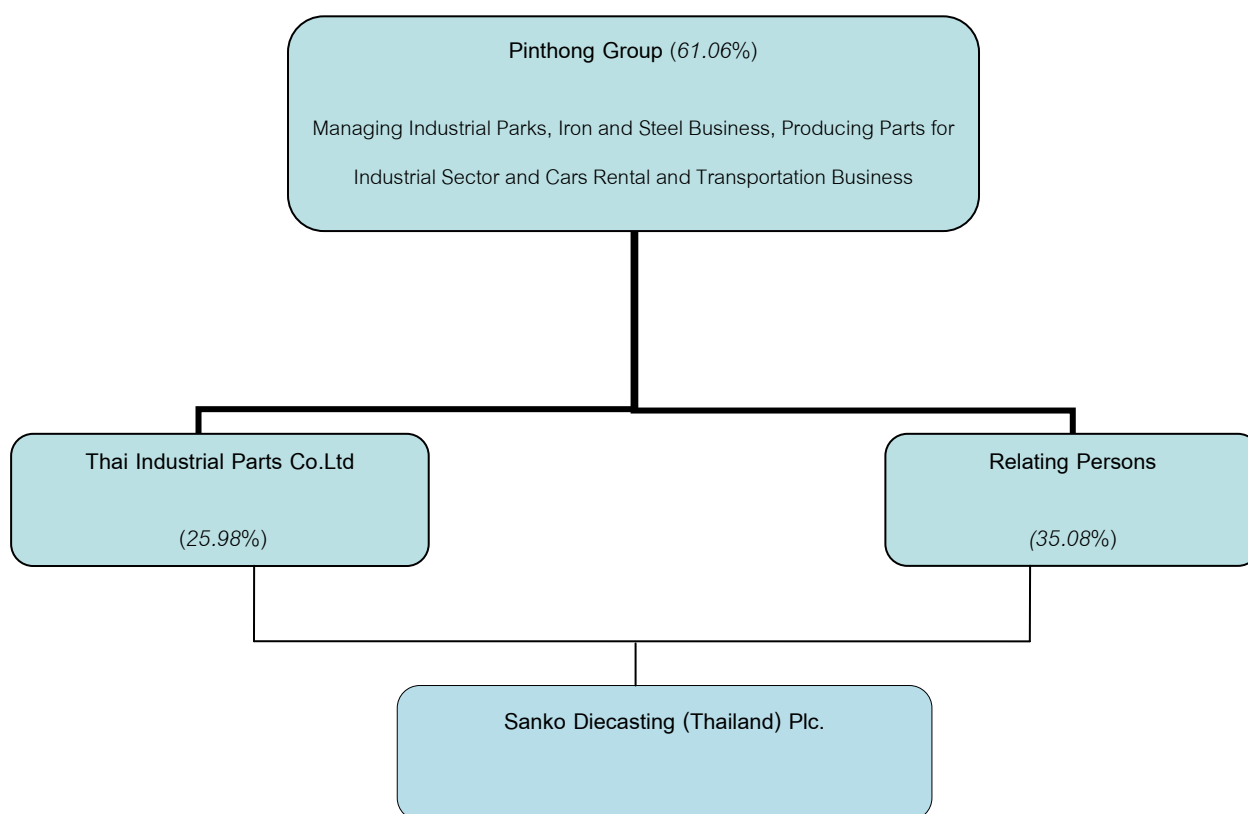
the Company with relating companies which has persons with conflicts of interests as Directors and/or Executives and/or shareholders of the companies. The relationship can be summarized as follows;

Persons with Possible Conflict of Interests	Relationships
Juthawan Co.,Ltd	This company is under the control of one major shareholder, the Pinthong Group ^{1/} , which holds the shares of the Company both directly and indirectly, for 61.06 % of all the registered and paid-in capitals.
Thai Industrial Parts Co.,Ltd	Shares the same Director with the Company who are Mr. Naohiro Hamada and and is under the control of one major shareholder, the Pinthong Group ^{1/} , which holds the shares of the Company both directly and indirectly, for 61.06 % of all the registered and paid-in capitals.
Rica JTW Heat Treatment Co.,Ltd	Under the control of one major shareholder, the Pinthong Group ^{1/} , which holds the shares of the Company both directly and indirectly, for 61.06 % of all the registered and paid-in capitals.
Umphon Co.,Ltd	Under the control of one major shareholder, the Pinthong Group ^{1/} , which holds the shares of the Company both directly and indirectly, for 61.06 % of all the registered and paid-in capitals.
JTW Asset co.ltd	Under the control of the same majority shareholders which are the Pin Thong group. The group holds the shares, both directly and indirectly, of the Company amounting to 61.06 % of the total paid-up and registered capital.
Juthawan Metal Lab Co.Ltd	Under the same control of the majority shareholders, the 'Pinthong Group' which holds both direct and indirect shares 61.06 % of the Company for the registered capital and paid capital.
L.H.Logistics Co.Ltd	Under the same control of the majority shareholders, the 'Pinthong Group' which holds both direct and indirect shares 61.06 % of the Company for the registered capital and paid capital.

Remarks:The Pinthong Group Manages Industrial Parks, Iron and Steel Business, Producing Parts for Industrial Sector and Cars Rental and Transportation Business.

1.3.3 Relationship with the Business Groups of Major Shareholders

Diagram showing the structure of the overall companies of the major shareholders as of 30 December 2020



The Pinthong Group has a similar business to the Company, which is producing parts by extrusion with hot forging and stamping, for electronic goods and for automobiles industry. The group also operates in parts assembling and creating molds. In the future, the said group of companies may have a conflict of interest by competing indirectly with the Company. However, the companies in the Pinthong Group, do not have the policy to produce Aluminum and Zinc parts by extrusion and high pressure diecasting which is a direct competition to the Company.

1.3.4 Shareholders

(1) List of Major shareholders

(a) The names of the Major shareholders of the company, whose name are present in the shareholders register as of 30th December 2020, are as follows;

No.	Shareholders	As of 30 December 2020	
		Shares	Percentage
1	Pinthong Group ^{1/}	188,396,430	61.06
2	T Engineering Corporation Public Company Limited	30,170,000	9.78
3	Mr. Masami Katsumoto and other	19,508,074	6.32
4	Mr. Jaknuttathep karinchai	3,300,000	1.07
5	Mr. Krit pattanasukwasant	3,000,000	0.97

No.	Shareholders	As of 30 December 2020	
		Shares	Percentage
6	Mrs. Supitcha Wasprasertsuk	2,910,000	0.94
7	Mr. Rattawat Suksaichol	2,827,909	0.92
8	Mr. Adisak Kanoksin	2,683,604	0.87
9	Mr. Theerathorn Kuharungsoj	2,360,000	0.76
10	Other	53,387,853	17.30
Total		308,543,870	100.00

Remarks: ^{1/}Pinthong Group is under the control of the Pattamaworakulchai family who manage the industrial estate, steel industry, produce parts for industrial sectors and operating cars rental and transportation business

1.4 Amount of registered capital and pain-in capital

The company has registered capital equal to 199,396,642 Baht. At present, the value of the paid-in capital is equal to 154,271,935 Baht. Which is divided into 308,543,870 common stocks with 0.50 baht per share.

1.5 Dividend Policy

The company has the policy to pay-out its dividends to shareholders no less than 30% of the net profit after tax and all the reserves, provided that the dividends pay-out must not affect the operation, stability, liquidity, expansion and any of the future needs which may arise by the company, as the Board of Directors deem appropriate. However, the said procedures must be in the best interest of the shareholders. The Board of directors will consider, revise and present this to the shareholders in the meeting for approval, unless in the case of interim dividend, where the Board of Directors have the power to authorize as long as the company has earned enough revenue to pay-out without affecting the operation of the company and report to the shareholders in the next meeting.

2. Risks Management

2.1 Risks management plans and policies

Sanko Diecasting (Thailand) PLC is fully aware that risks management is part of a good governance, which is a vital foundation to help the Company achieves its objectives. Being able to identify and manage the risks will help the Company executes better decisions and sees the opportunities, including lessens the impact from critical situation that may affect the shareholders.

The Company had established risks management policies that covers the whole Organization and enforces them accordingly. The measures to support the risks management of the Company is as follows;

1. Follow up and revise the risks management according to the designated plan and evaluate the results. The Risks Management Working Group that had been appointed by the Risks Management Committee to follow up and report to the high-level Executives and the Board of Directors.

2. Operate the businesses under tolerable risks in order to achieve the Company's objectives. Risks management is part of the annual business plan, management level and to make decisions before investing in any projects.

3. Has a clear procedure, guidelines and management measures that support the risks and reduce the impact of risks, as well as analyses the risks appropriately. This includes the analyses, evaluation, ranking, manage, control, follow up, report and evaluation constantly.

4. The Executives and staff members all have the responsibility to identify and evaluate the risks associated with the work that they are responsible for, including setting up appropriate measures to manage the risks.

5. Limit the risks ceiling, in order to control the damages that may happen and keep it at the level that is tolerable by the Company. This includes the situation or risks level that is considered a red flag so that the operators can understand the procedures and not allowed the risks to go above the limit.

6. Establish the Risks Management Committee consisting of Directors on risks management with the characteristics, appointment, term time, including the responsibilities in accordance with the regulations of the Committee.

7. Completely manage the risks both internally and externally and in accordance with the strategy and direction of the business. The strategies must cover at least 4 topics as follows;

Risks management policies by Sanko Diecasting (Thailand) PLC.

- (a) Financial Risk
- (b) Operational Risk
- (c) Strategic Risk
- (d) Compliance Risk

8. When the Risks Management committee holds a meeting with agenda related to the Organizational risk, projects risks or any other risks that affects the Company, the Risks Management Committee must report those risks to the Board of Directors.

9. The Risks Management Committee must self-assess every year and notify the Board of Directors on the evaluation results, in accordance with the principle of good governance.

The Company follows the standard ISO 9001:2015/IATF16949:2016 which demonstrates each steps of risks management procedures to incorporate this with the risks management policies of the Company. It is the duty of the Risks Management Committee to revise the risks management policies annually.

2.2 Risk factors to the Company's business operation

This is the risk factors in the company's business which may significantly affect the operation and the performance of the company. The guidelines for risks prevention can be summarized as follow;

2.2.1 Risks to business operation

1.Risks from the dependency to the major customers

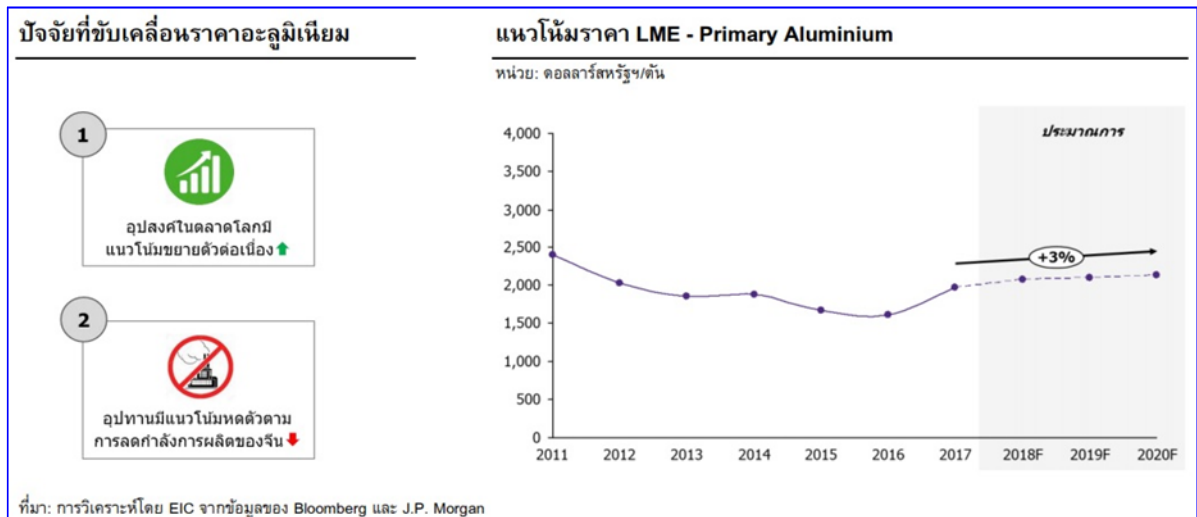
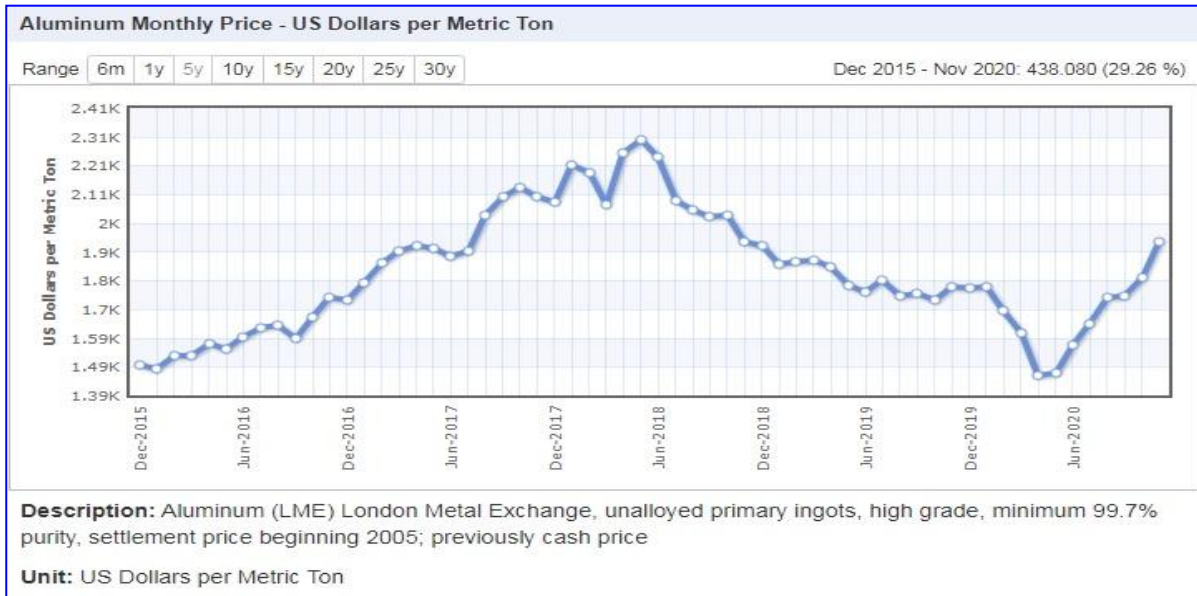
The company business revolves around making products by order of the customers where in 2020, the company had 3 major customers to whom the sales value consists of more than 10% each company, totaling to 50 % of all the sales and services. In the past, the company's income from the top 10 major customers in 2018, 2019 and 2020 were 85.32 %, 82.29 % and 81.59% respectively. This means that the revenue of the company will be affected if those major customers have a change in their purchasing policies.

However, these major customers have had a long history of purchasing from the company and the company itself has had regular contacts with the customers in order to foresee any possible changes in sales pattern. Most of the customers will have an estimation for the company at least 1 month in advance, meaning that the company can predict the changes in the productions ordered to a certain extent. Also, the company has the policy to control the sales made to each of the clients to be no more than 30% of the total sales volume. This is to prevent any effect to the company's revenue should the major clients were to change.

2.Risks from the fluctuation in the costs of raw materials

The company produces parts which are used as components in building automobiles, motorcycles, electronic goods, agricultural machineries and many others, which uses aluminum bar as the main ingredient, costing 22.53 % of all sales and services in 2020. For the past 5 years, the price of Aluminum had greatly fluctuated as can be seen from the lowest point during of 2015. The price had climbed up continuously until peeking during May of 2018 at 2,300 USD per Ton. Which has trend since year 2020-present Found that the price increased slightly.

Price of Aluminum between December 2015 – December 2020



Aluminum consumption had been increasing for several years and tends to increase continuously as a result from the demand in Asia, including an increase in Aluminum usage for automobile industry and spaceship industry. The demand for Aluminum around the World is expected to grow approximately 2.0% to 3.8% per year between 2019 – 2024 or from 60 million tons presently to almost 72 million tons by the end of 2024.

For many years, the supply of Aluminum all over the World had been fluctuating due to the boycotts and tax barriers, causing the risks in supply from many situations. Various countries such as China, India and Vietnam hurry their own exports to other trading partners as quickly as possible.

The supply fluctuation, boycotts and tax had contributed to the fluctuation of Aluminum price in the past years and there will only be more risks due to inflexible fundamental factors, causing the price of Aluminum to move up. The uncertainty of supply will result in a sharp increase of Aluminum. The Company expects the price of Aluminum to remain high since the market is still under a production deficit.

China, as an important player in the Aluminum industry, still proceeds to revolutionize the supply. The excess production has a tendency to go down due to stricter regulations on environment and the shutdown of illegal businesses that may affect the production of Aluminum in the near future. However, China will remain to be an important producer in the World's Aluminum market since the market share is more than half of the supply injected into the market of the next year.

New technology in electronics goods, self defense system, including an increase in the quantity of electric vehicles and batteries will be the factor that helps increasing the demands for all metals including Aluminum. The increase in the numbers of electric vehicles will be the catalyst for more metals.

In response to the increasing and decreasing in the price of Aluminum, affecting the costs of production, the Company had negotiated with some customers so that the price of products may adjust according to the costs of the raw materials. as the price of raw materials increase to the agreed level, or revise the final price periodically. However, the Company may face certain risks in the case that the price cannot be adjusted according to all of the materials' price changes, for example, the price of raw materials does not reach the agreed level, or the costs of production increases while the time for the price revision have not yet arrived. In response to this, the Company closely tracks all the price movements of Aluminum in the market, in order to prevent the said issue.

As for the purchasing of the Aluminum, which is the main ingredient in the production, the Company had scheduled the orders in advance according to the production plan of the Company. Additionally, the Company had selected the most suitable Aluminum providers with the quality and requirements for production for the total of 13 companies to lessen the risk of materials insufficiency.

As for the risks in terms of labour costs and raw materials, due to the announcement of the Cabinet to increase the minimum wage for the whole country enforcing on the 1st of April 2019, this affected the cost of production and the price of raw materials where the suppliers had to increase the price following the rise of the minimum wage. The situation resulted in the Company earning less profit. In response, the Company focused on increasing the efficiency of the employees while maintaining the same amount of employees or decreasing in some areas to compensate for the higher minimum wage.

3. Risks from the deterioration of the client's mold

The company uses its own molds to produce parts but there are also molds that belong to the customers. Therefore, the company must seek the permission from the customers first before fixing or requesting new molds. The problem arises when the molds deteriorate which will reflect in the quality of the products, but since the company must maintain a steady relationship with the customers, it becomes the cost of the company to fix the imperfect or the unqualified parts. If the company takes a long time in repairing or preparing the new molds, even though it is dependent on the customers whether or not they can provide the company with the molds, it will reflect in the operation of the company. However, the company has regulated a life-time use of the molds and will contact the customers before the molds begin to

deteriorate, so that the customers may know the status and can estimate the time frame in providing the company with the new molds.

4. Risks from being dependent on the Directors, experienced and skilled individuals

The business requires experienced and skilled personnel in order to operate, especially for designing the molds. This has a direct impact to the possibility of the production, quality of the products and the number of defects as the result. The company requires specialized engineers with experiences in designing molds to do this job and by losing these people, it will affect the operation of the company and the ability to compete. As of 31 December 2019, there are 10 personnel in the company with extensive molds designing skills who have worked for the company, on average, for 10 years and have the experience of working with molds, on average 18 years.

The company clearly distributes tasks and responsibilities to each Directors and members of staff with a suitable data storing system and has the ability to exchange information and news relating to the directors and staff members constantly. Moreover, there are staff trainings, aimed to establish an understanding in quality and standards in many areas, together with sending the staffs to join the external seminar as a form of human resource investment so that they have a better understanding of the company's operation as a whole and specially to increase the knowledge and skills in molds design. To this, the company provides trainings both internally and externally to reduce the risks of being too dependent on the directors and the main personnel of the company.

5. Risks from quality control

The quality of the product is a vital factor in the automobile industry where the cars and motorcycle producers pay a lot of attention to, since it has a direct effect both to the reputation and to the sales of the producers. Low quality products mean that the company may lose clients, and could result in the cancellation of the contract in the case that the company cannot produce the products to the standard of the clients which will have a negative effect on the operation and the customers in this industry will lose confident in the company. Therefore, the company aims to reduce the low quality of the production by setting clear defectives KPI. The company values the importance of quality so much that it has invested in the equipment to examine and control the output quality to match the standards that the customers require. Including the ability to build credibility in the business under the international standards as well.

6. Risks from Free Trade Area (FTA) and the change in the government's policy

Since the company involves producing and selling automobile parts, the company may be affected both positively and negatively from the change in custom tax and trade barriers, such that the change in import tax on automobile parts will affect the ability to compete of international competitors. An example of this is the reduction in tax on import parts may encourage the competitors to compete more with the company on pricing and costs. However, at present, the government had agreed with other ASEAN countries under the treaty ASEAN Free Trade Area (AFTA) for the auto mobile industry with the Common Effective Preferential Tariff (CEPT) where the free trade under AFTA for the automobile parts made within

ASEAN will have the custom tax reduced to between 0-5 percent. This will encourage the ASEAN countries to trade more between themselves.

The Thai economic trend in 2020 – The Thai economy in 2020 is expected to decline 6% with 7.5% reduction in exports value. Private sector consumption and total investment will decrease 0.9% and 3.2% respectively.

The Thai economic trend in 2021 – The Thai economy in 2021 is expected to expand in the range of 3.5-4.5% with the help from (1) An improvement in domestic demands (2) The recovery of the World's economy (3) Government stimulus from various policies and economic measures. The main driving force will be the consumption of the private sector, investment that is likely to expand due to broad-based employment and from the support of Government's campaign that are more meaningful, together with the exports and tourism which still perform well. The government had projected that the trade barrier policy may become more severe and change rapidly, which will hinder the international trade and investment. This will impact the exports of Thailand both directly and indirectly, therefore, all trade negotiations, impacts to the supply chain, impacts to the Thai business sector and policies development must be followed up closely.

7. Risks from the shortages of labour

At present, many work establishments have strong competition for skilled labors which imposes the risks of the Company facing shortages of labor or having to hire workers at a higher wage rate. In addition, the 300 Baht minimum wage policy will result in the increase in wage rate on average or even losing the current skilled workers which will directly affect the Company's operation. However, the Company emphasizes greatly on the wellbeing of the staffs and provides a variety of benefits for example, the canteen, lunch fees, transportation fees and staffs shuttle buses, in order to prevent the relocation of the workers, especially skilled labors which is considered the backbone of the Company. Other than that, the Company also hires other establishments for jobs that require physical works such as finishing the work piece and painting, so that there is flexibility in the production line and can lessen the effect on labor competition.

2.2.2 Risks to the securities holder's investment

The investment into the Company's common stocks contains risks. Investors should read and understand all information in this document and carefully consider the risk factors stated above, including anywhere else in this document before investing in to the Company's stocks. The risks stated above are part of significant risks that may negatively impact the business, financial status, operational performance, business opportunities and the value of the Company's common stocks.

There are also other risks that the Company may not anticipate at present or is the risk that the Company considers not significant enough to impact the business operation.

3. Sustainable Business Operations

3.1 Policies and goals regarding sustainability management

The Board of Directors operates under the responsibility towards the society, the environment and to the stakeholders by disclosing all the corporate social responsibility (CSR) policy on the Company's website under 'Company Information'. This is to be used as core principles for Directors, Executives and members of staff by considering the rights of all stakeholders according to the law, the Company's regulations, ethics, fairness and equality. The purpose of this policy is to be the operational guidelines for Executives and staffs for the benefits of the Organization as follows;

- striving to operate the Company's business and perform other activities according to the core mission of the Organization.
- raising the awareness for all levels of staffs into an Organization culture that acts responsibly towards the society and the environment and becoming a transparent and ethical Organization.
- supporting activities on social and environmental responsibility in the core operations.
- encouraging the sustainable development of the Organization.
- disclosing information and details regarding social responsibility to the public and using those data to continuously improve.

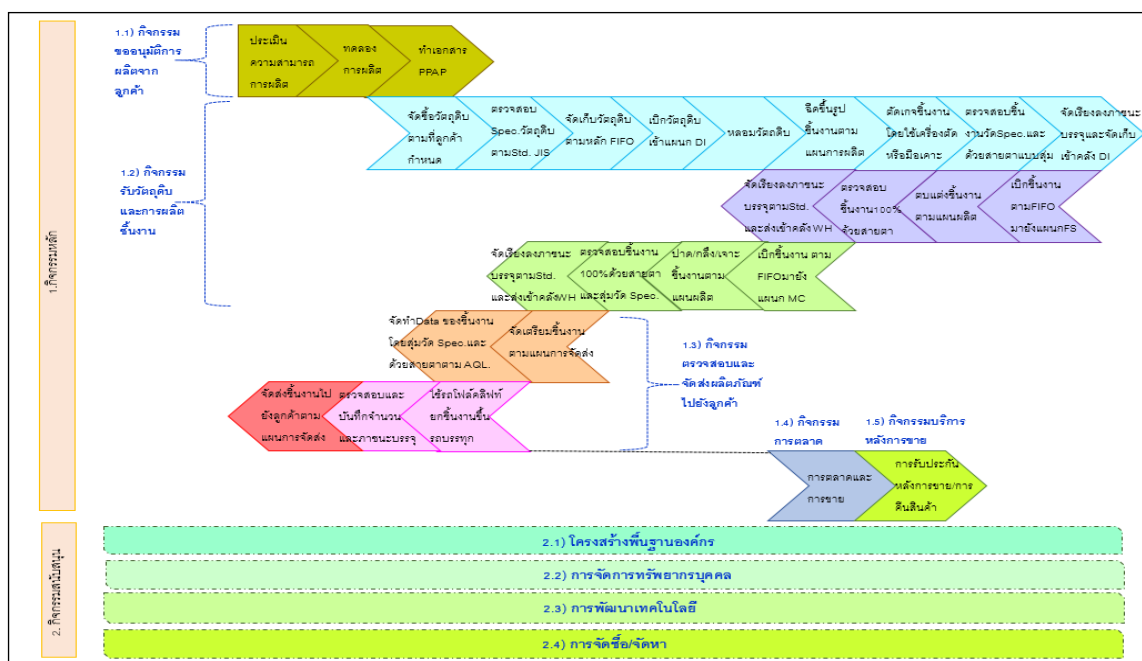
3.2 Stakeholders management in the value chain

3.2.1 Business value chain

The Company analyzes the value chain of all primary and supporting activities and the competitiveness of both activities. The value chain includes those that passes to the stakeholders as well.

The analysis of the Company's value chain consists of 5 primary activities and 4 supporting activities as follows;

Structure of the Company's Value Chain



(1) (Primary activities)

This is the fundamental activities for producing goods and services consisting of 5 continuously relating activities according to the business operation as follows;

(1.1) Factors of Production Management or Inbound Logistics

These activities include the evaluation of the production capacity, production tests and preparing PPAP documents for the clients' authorization as follows;

The salesperson will arrange, attend meetings with the customer and inquire about specific details of the work to be produced. The Company will then use those data to prepare the initial production feasibility with evaluation. This consists of costs for preparing the molds, equipment and the prices of the products and presenting them to the customers for consideration and orders authorization. Once the order has been approved for production, the customers will issue the PO for molds and various equipment as well as attaching detailed information such as drawings or product samples to the Engineering Department. All relating departments will revise the production capacity and prepare the APQP plan with the timing according to the customers' requirement, starting with testing the molds and the equipment followed by production trials. Once the new samples are finished, cross check the products with the customers' technical specification and finalize the molds tests, production procedures and prepare the PPAP documents together with the product samples for the customers, so that when the orders are approved for mass production, the Company can start right away.

When contacting the molds contractors and the equipment relating to production, follow the procurement / purchasing procedures.

For the first lot of production, clearly indicate on the containers before delivering the products to the customers by using the parts tag together with the delivery tag.

In the case of hiring outside suppliers to support the Company's production, quality and operational system evaluation must be carried out before implementing into the supplier process list of the Company. SQA department will prepare production and quality details so that the supplier can provide the Company with the PO. Once the Company has authorized the PO, the supplier must prepare production samples according to the order and deliver them to the Company for inspection prior to mass production.

(1.2) Operations

This activity relates to raw materials purchasing, production planning, products inspecting and storing before delivering them to the customers as follows;

Once the Company had received the PO and delivery plan from the customers, the Company will proceed with purchasing the materials according to the customers' specification and inspect them before moving to the production process. PC department will prepare production plan for all sections which are Diecasting Section, Finishing Section and Machining Section, so that the customers will receive the products according to the delivery plan and preparing the products for the Warehouse Section as well.

In case of the external production, delivery plan to the Company or to other process of production is required so that it meets the customer's timeline.

Once all procedures are completed, the products will be 100% visually inspected and the work will be randomly measured according to the drawing, following the AQL standard before packing the work piece into the specified containers, attach the delivery tag (may include 'SoC-Free' as required by the customers) and send to the warehouse.

(1.3) Distribution or Outbound Logistics

This activity is related to the customers' agreements, final inspection and delivering the products to the customers as follows;

The Engineering Department will estimate the initial production capacity, the costs of making molds, preparing all the equipment and the price of the products according to the drawing for the customers' approval. The Engineering Department will then proceed according to the specification as indicated by the customers before receiving the final approval and starting the mass production process.

Once the final step of those work pieces have been finished, the Warehouse Department will store the products in the stock using the FIFO system and wait for further inspection before delivering the products to the customers.

Before delivering the products to the customers, the QC department will perform a random specification and visual inspection according to the AQL standard and prepare the inspection documents for each lot and always deliver them together with the products.

The warehouse staff will use the forklift to carry the containers containing the inspected work pieces. The delivery tag as specified by the customers will be placed on the containers as well as the word PASS, before loading the correct numbers of workpieces and containers onto the lorry according to the delivery documents and send them to the customers according to the agreed delivery plan.

The transportation will be done via lorries and pick-up truck. However, this also depends on the amount transported, the route and the distance. In the case of long distance, it is preferred to use the lorry to save time and costs.

The total amount of products transported each time is approximately 10-11 tons / 1 lorry trip. The same applies for the pick-up truck making it more cost effective per trip.

Return trip is one method of making transportation more cost effective. On the return trip, the lorry will deliver products from outside suppliers, containers that remained with the customers or defective products that must be delivered back to the Company for further inspection and separation, to reduce the costs of transports or delivery fees.

(1.4) Marketing and Sales

There are various methods for increasing products value from sales and marketing activities such as searching online for customers or direct contact to customers that are interested in doing business with the

Company and allows the customers to make requirements through designs and drawings. The Company must adapt and improve the molds making, tooling and preparing the production process so that the products are high quality and completed on time.

The Company also surveys the market for automobile parts every year to appropriately separate the customers into groups and build strong brands. This includes maintaining good relationship with both old and new customers to secure consistent orders.

(1.5) Customer Service

Provide communication channels for customers through the internet and other social media platforms such as E-mail, LINE and Facebook. This allows the Company to resolve basic technical issues and better response quickly and conveniently to the demands of the customers. There are trainings for the staffs in order to provide quality services to the customers as well.

Service is the activity that improves the quality and maintains the value of the product. This includes products guarantee, defects management and responding to customers' claims as follows;

When the customers discover defective products after the products have been delivered, the customers may file for a claim by issuing the Non-Conforming Products Report (NCR), so that the Company can investigate and analyze the problems. The Company will use various methods such as core principles analysis, fishbone diagrams and 5why to find the solution to the problem and prevent it from happening again. The Company will return the NCR and deliver the products once more.

The Company will handle the non-conforming products by inspecting the production lot until no defects are found then the inspection will stop. The Company will attach the QC Hold Card which identifies the nature of the defective products and store them in the defects-only zone. The Company will the perform a 100% products separation. If the defects are found, they will be separated and gathered to be re-casted one more time.

Every year, the Company follows up on the customers' satisfaction via questionnaires that covers 4 topics which are quality, delivery plans, marketing and production. The Company uses all information for in depths analysis and revising its performance annually, to improve and be accepted by customers.

(2) Support Activities

Support activities consist of activities that improves and develops the infrastructure of the Organization. The focus for these activities is transportation infrastructure and technology development such as the research and development of new innovations which are beneficial to and increase the value of the products and the human resource activities which emphasizes on training and developing relating personnel in the value chain. These supporting activities helps improving the efficiency of the core activities and although they may not directly add to the value of the products or services, they have other important roles such as

2.1 Procurement

Activities relating to procuring factors of production such as ingredients, machineries and supplies to use in the production process and services, including forming a good relationship with the customers or the suppliers.

Procuring is an important part of creating value to the Company. The Company procures materials at appropriate price, delivering them on time and matches the specification of the production department which increases the value to the procurement activities. This includes methods such as using the FIFO system for procurements, arranging stocks with the suppliers for frequent orders without using the Company's storage space, using full contract agreements for air compressors and fork-lift which includes preventive maintenance (PM) services and provides annual training for employees who operates these machines.

For outside supplier process, the Company uses the internet to conveniently plans the outsourcing for each work piece and can inspect and report the progress of the products in different areas appropriately. This includes contacting and maintain good relationship with outside suppliers as well.

Decreasing the costs of procurement activities / low price but high-quality purchasing policy, delivering the goods on time and finding the solutions for customers are all good signs of great supporting activities.

2.2 Technology development for sales and services

Technology development adds value to the manufacturing process and to the product itself. It also plays a significant role in creating a sustainable competitive advantage. This consists of research activities and various technology developments.

The Company had initiated the Simulation Software which replicates various systems for use in the high-pressure casting process and to analyze problems in the casting process such as leakages, cracks, air bubbles and tiny holes that occurred from the production, where the results can be estimated. Although this system is still under trial, it has proven to help saving time and costs of production efficiently.

The Company introduced the new GISS (Gas Induced Semi-Solid) technology for manufacturing semi-solid metal by releasing exceptionally fine gas bubbles through porous graphite in liquid metal while forming. This reduces the bubbles holes and wastes, increasing the efficiency of the metal casting by approximately 20%, doubling the service life and greatly decrease the costs of production. However, this technology is also still under trial period.

2.3 Human Resource Management

Human resource management activities are selecting, training, improving skills and knowledge, promoting, and setting salary for all levels of employees, including setting up appropriate incentive systems to reward, incentivize and create a healthy and satisfying work atmosphere for the staffs.

Presently, the Government sector plays an important role of providing suitable human resources for each employment by organizing various training sessions and seminars. The Company receives these

human resources support from governmental organizations such as the Department of Skill Development, Department of Employment and from hiring the local people to help support the community. These methods all benefit the production efficiency and helps reducing the costs of production such as allocating appropriate resources to save time.

The Company continuously improves and develops the skills of the employees so that they can fill multiple roles in various departments. This reduces the problems when a specific employee takes leaves. The Company promotes honesty and encourage the employees to love and be apart of the Company which adds to the efficiency of the employees.

Staffs training is considered a vital part of the Company, especially skills development workshop for the staffs and the quality standard training such as the ISO and IATF16949 since they relate to the competitive opportunity with better quality and transport services. The Company motivates the staffs, reduces the turnover rates, and decreases the costs of production by establishing solid work policies, creating healthy work environment and rewards the employees appropriately. At present, the Company emphasizes greatly on the human resource management activities since they are very flexible and can still be developed much more.

2.4 Infrastructure

General activities relating to Organizational management including organizational structure, planning and all systemic operations such as quality control, accounting and finance.

At present, several infrastructure systems had been implemented in the Organization such as enterprise resource planning (ERP), which is the tools used for planning and managing the Organizational database so that the resources within the Organization can be effectively allocated and managed, reducing the costs and increasing the Company's profit. The ERP system integrates the work of each department into one system, be it the manufacturing department, the inventory department, the CRM, the sales department, the purchasing department, the accounting and finance department or the human resource management department.

The ERP is considered the key component of the operation and for the database. It helps improving the efficiency of sharing and allocating resources within the Organization, preventing and reducing repetition between each department with a more automatic streamline workflow, improving data security and also updating the information real-time with the analytic tools that allows the executives to see the bigger picture of the Organization clearly and perform accurate decisions. These systems are;

- controlling the input of goods and raw materials adequately.
- Manufacturing process control.
- Cost control.
- Calculating the BOM for each manufacturing process.
- Manufacturing feedback
- Calculating the production cost in each lot, including controlling the inventory.

3.2.2 Stakeholders analysis in the business value chain

The Company assigns clear missions in response to the demands and expectations of the stakeholders. The 3 main missions are 1) Operating the businesses that generates profit continuously and fairly, 2) Establishing an Organizational culture that takes responsible of the community and the environment, 3) Developing employees into professionals. The Company provides a transparent channel for communicating and publishing between all parties of stakeholders so that the Company may respond to the demands and expectations of all stakeholders effectively.

Stakeholders analysis in the Business Value Chain

Stakeholders	Expectations	Responses
Stakeholders within the Organization		
1.) Shareholders -Majority Shareholders -Minority Shareholders	<ul style="list-style-type: none">- Transparent operations with corporate governance.- continuously generates profits- generous returns on investment- receive the Company's information fully, accurately, transparently and on time- Utilize risk management system- Utilize adequate inspection and control system.	<ul style="list-style-type: none">- Operate the businesses transparently and be accountable.- Adequate dividends payout- transparently disclose information- Provide complete business plans- Manage risks cautiously- Treat all shareholders equally
2.) Employees -Full-time employees	<ul style="list-style-type: none">- Appropriate salary raise- Appropriate benefits and safe work space- Pleasant work environment- Equal opportunities for career paths- skills and work improvements- provide opportunities for skills improvement and development- be able to live well	<ul style="list-style-type: none">- Occupational health and safety according to the ISO45001 standard.- Environmental management according to the ISO14001 standard.- Provident Fund- Strictly abides by the employment policies- Improves the remuneration and work evaluation methods.- Improves the career paths.- Salary comparison with other industries once a year.
Stakeholders outside the Organization		
1.) Customers -Domestic Customers -International	<ul style="list-style-type: none">- be aware of the products' technical issues and provide adequate services.- reasonable price for products and services.	<ul style="list-style-type: none">- Good governance, transparent and accountable.- promote anti-corruption policies- Quality management according to the

Stakeholders	Expectations	Responses
Customers	<ul style="list-style-type: none"> - Fair and transparent price competition. - Receive quality products and services - Follow the terms and agreement honestly. - Provide alternative energy conserving products. - Warranty on products and services - Customers confidentiality 	<ul style="list-style-type: none"> ISO9001/IATF16949 standard. - Environmental management according to the ISO14001 standard. - Energy management according to the ISO50001 standard. - Occupational health and safety according to the ISO45001 standard. - Be ethical in protecting the customers' confidential information - Factory tour for boosting customers' confidence
2.) Trade Partners - Supplier - Contractor - Supplier process contractor - traders -Products developer - Investors	<ul style="list-style-type: none"> - Fair and transparent purchasing / procuring process. - Provide fair and accurate products information to all suppliers so that the quotation is competitive. - Provide clear work description for suitable quotation. - Coordination and operation proceeds according to the contract. - Inspect and pay ontime. - Provide adequate amount of work and time according to the employees' capabilities. - Treat the contractors with respect and in accordance with the labour law, including providing appropriate work space, equipment storage, office space, accommodation and parking. - Receive accurate information on time. - Follows the payment terms and agreements fairly. - Compete on price fairly and transparently. - Provide knowledge and information 	<ul style="list-style-type: none"> - Provides a clear purchasing and procuring policies. No double standard. - Revise the sub-contractors policies. - Improve the environment and equipment to be suitable for work. - Co-working satisfactory evaluation. - revise and improve the quotation process and provides accurate and clear methods for purchasing and procuring process. - Trade partners development by advising, raising awareness on how to improve the production standard. - Enforce anticorruption policies.

Stakeholders	Expectations	Responses
	and improve the production process.	
3.) Community -Surrounding community	<ul style="list-style-type: none"> - Safe and harmonious environment - The Company takes part in the community's activities - Improves the living standard of the community - Develop good relationship and be friendly to the community. - Support the social enterprise activities. - Not creating negative impact to the community and to the society both for safety and the environment. - Be transparent in all activities. - Follow the human rights regulations and stand against corruption 	<ul style="list-style-type: none"> - Provide communication channels to the community. - Disclose information of environmental impacts. - Allows the locals to take part in community relation activities. - Encourage public activities - Invest in indirect social activities as appropriate. - Environmental management according to the ISO14001 standard. - Energy management according to the ISO50001 standard. - Occupational health and safety management according to the ISO45001 standard. - Promote and enforce human rights policies. - enforce anti-corruption policies.
4.) Competitors	<ul style="list-style-type: none"> - Compete under the free economy and conduct fair marketing activities. - Compete fairly and transparently - Exchange data, products information, raw materials sources and manufacturing machineries. 	<ul style="list-style-type: none"> - Operate the business under fair trade and competition. - Be ethical and operate the business transparently.
5.)Account Payables -Financial Institutions -suppliers of goods and services	<ul style="list-style-type: none"> - Follows the terms and conditions of the contracts. - Operate the businesses transparently. 	<ul style="list-style-type: none"> - Strictly follow the terms and conditions of the loans such as interests and loans payment. - Business tour to enforce confidence.
6.)Government Sectors - Stock Exchange	<ul style="list-style-type: none"> - Follows related rules and regulations - Social responsibilities. Take care of the community. 	<ul style="list-style-type: none"> - Promptly follow the laws and regulations relating to the business. - Better environmental management system

Stakeholders	Expectations	Responses
of Thailand - The Revenue Department - Provincial Office of the Ministry of Industry - Provincial office of the Labour Department - Federation of Thai Industries - Ministry of Energy - Ministry of Labor - Ministry of Industry - Thailand Board of Investment	- Good environmental management, not negatively affecting the environment and the community. - Be cooperative when providing information and supports the Government's projects.	than the standard required. - Provide fast and accurate information to the relating government organization. - Send representatives to participate in Government's projects or activities. - Participate in Government's activities such as Green Industry L3, CSR-DIW to set an example in the industry. - Follow the laws and regulations required fully. - Pay all kind of taxes completely and on time. - Improve the production process to reduce the environmental impact. - Disclose the information transparently. - Disclose all information as required by the law. - Provide Annual Report 56-1. - Provide Annual Energy Management Report before the 31 st of March each year.
7.) Media - Television - Radio - Newspapers - electronics media	- Effective communication channels - Accurate and up to date information regarding the business.	- Coordinate with the media for complete and accurate information. - Meet the press at least once a year.

3.3 Sustainable Environmental Management

3.3.1 Environmental Policies

It had been 12 consecutive years that the Company maintained the environmental management according to the ISO14001 standard which covers the automobile parts production, motorcycle parts production and electronical parts. The executives are determined to improve continuously and in the year 2020, the Company had improved and enforced the policies on occupational health, safety, and environment in the workplace and for energy conservation. In order to comply with the ISO14001, ISO45001 and ISO50001, the Company had re-submitted for newer certificates with changes as follows; from OHSAS18001:2007 to ISO45001:2018 and from ISO50001:2011 to ISO50001:2018.

The Executives had provided the resources to improve the quality of the environment by investing in the wastewater treatment, so that it can be reused and conserve the environment. This is the continuation from last year and will allow wastewater to be used in the production process again, resulting in less wastes to the public water source.

The Company emphasizes on human resource development and had arranged budgets to continuously improve the employees' knowledge regarding the environment through various training courses such as internal auditor, ISO and Documents management system and wastewater treatment operator.

The Company emphasizes on the environmental policies and planning as part of the business operation, from purchasing / procurement, production, delivery of goods and services and wastes treatment. The Company aims to maintain the environmental balance in the community and to the world at large. Therefore, the Organization continuously focuses on promoting the conservation and the development of the environment. This is done by establishing an environmental management system that the staffs must abide in accordance with the ISO14001:2015 standard from start to finish as the motto;

“Sustainability by saving the environment and the people.”

Many activities are promoted for continuous development, improving the environment and reducing the pollution. The 'Saving the Environment' campaign is as follows;

1. Establish an environmental management system that aims to reduce the impact from sourcing raw materials and factors of production, the factory's manufacturing process and the work in the office including the delivery to the customers.

2. Follow the laws and regulations regarding the environment as well as the standards relating to the Company's business operation. Aim to reach higher standard.

3. Focus on controlling, protecting and preventing the pollution caused by the business operation by following these steps;

3.1 Increase the production efficiency, reduce the wastes and the factors of production such as electricity, water, gas, and chemicals from manufacturing process that may affect the environment. This is performed by

3.2 Environmental impacts between the production to the delivery process;

- a. wastewater quality from the factory
- b. oil contamination from the production
- c. Co₂ emission from die-casting
- d. Use the minimum amount of substance of environmental concern (SoC) which are Lead, Mercury, Chromium+6, Polybrominated Biphenyls (PBB), Polybrominated Diphenyl Ethers (PBDE) and Cadmium.
- e. Quantity and storing methods of the chemicals used for die-casting.

3.3 Encourage wastes separation and reduction so that it is easier to be reused or disposed. This includes reducing toxic wastes from the production process.

3.4 Prevent the cause that may lead to fire, flood, or explosions withing the workplace.

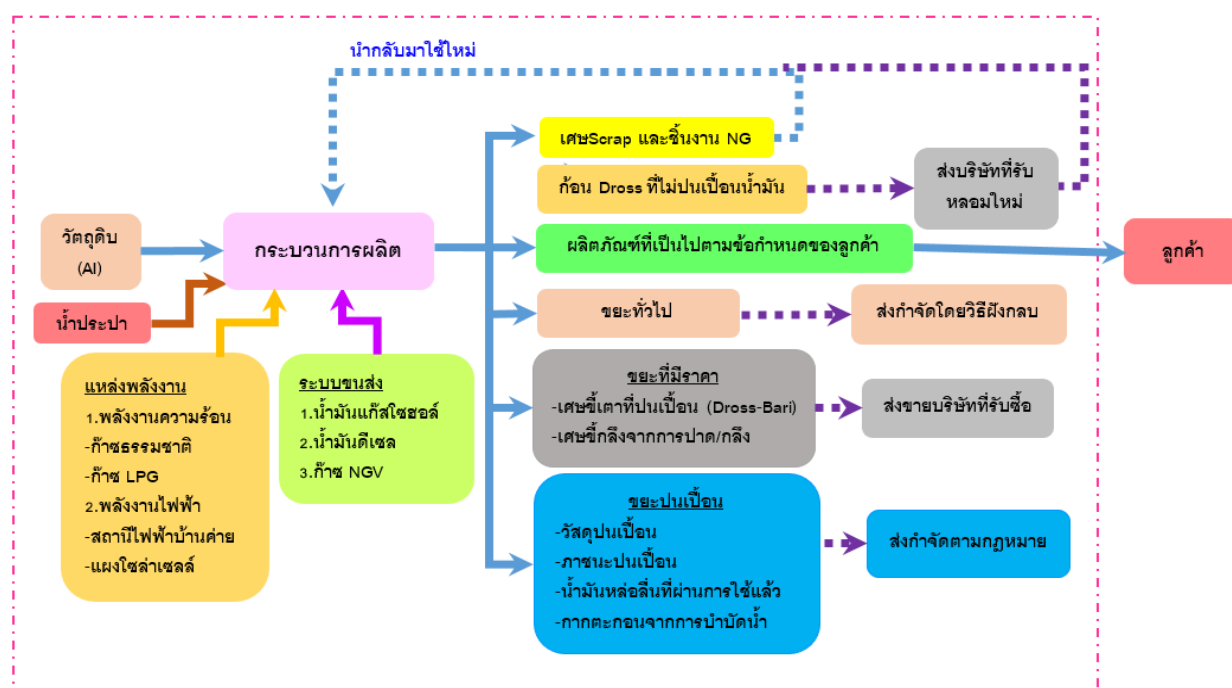
4. Continuously aim to develop and raise awareness to all members of staff, stakeholders, and the community so that the environmental activities can achieve the intended goals.

5. Aim to adequately improve and develop the environmental management and revise the operations related each year.

6. Disclose the environmental policies to all levels of employees in the Organization and to the public, including the stakeholders outside of the Organization. This is done by preparing the documents and strictly enforce the regulations to all employees and also publish them to all stakeholders and the local communities as well.

3.3.2 Environmental Activities Report

The Company had carried out many environmental activities especially those that are related to the production process such as energy, water, general wastes, toxic wastes and pollution management.



Disclosing the environmental impact information. The Company had gathered many aspects of the environmental impacts as follows;

(3.3.2.1) Energy management

The Company uses 2 types of energy in the production process, 1) heat which are natural gas (NG), Liquefied petroleum gas (LPG), Diesel and Gasohol and 2) Electricity from the Ban-Khai Provincial Electricity Authority and from in-house Solar cell which average at 30,000 kWh per month.

(1.1) Annual heat consumption and comparisons

ITEMS	DESCRIPTION	RESOURCES			COMPARISON
		2020	2019	2018	2020 / 2019
1	NG (MMBTU)	57,184.00	64,938.60	62,190.00	-(7,754.60)
	Cost (BAHT)	5,027,426.67	5,558,250.21	5,467,537.50	-(530,823.54)
	*average cost of gas (BAHT/MMBTU)	13,584,879.92	19,062,307.73	19,324,322.72	-(5,477,427.81)
	NG (MMBTU)	223.59	283.96	300.64	-(60.37)
2	Diesel (Liter)	9,520.16	11,869.22	11,485.14	(-2,349.06)
	Cost (BAHT)	189,070.38	263,259.30	312,166.11	(-74,188.92)
3	Gasohol (Liter)	1,553.77	2,344.75	8,259.11	(-790.98)
	Cost (BAHT)	34,276.18	64,320.71	181,700.42	(-30,044.53)
4	LPG (Liter)	8,307.00	7,590.00	10,980.00	(+717.00)
	Cost (BAHT)	203,175.66	224,070.00	307,110.00	(-20,894.34)
5	NGV (Liter)	36,804.37	0	0	(+36,804.37)
	Cost (BAHT)	547,649.02	0	0	(+547,649.02)

From the heat energy usage report in 2020, the heat energy used had increased. This is due the decrease in production amount Due to the Covid Crisis from March to June 2020. Which the company has produced less, resulting in the use of NG gas for casting, thus using a lower quantity as well is reduced 7,754.60 MMBTU or 530,823.54 MJ And save money 5,477,427.81 Baht When compared to the year 2019 or it is a reduction 11.94% when compared to the previous year.

In addition, other thermal energy uses of the enterprise include Diesel consumption Gasohol and NGV gas which began to be introduced in 2020. For transportation of goods to customers and the used of LPG gas is used for moving raw materials and production only. Which has decreased the consumption of diesel and gasohol from the previous year because there is a replacement of NGV gas. But the expenses incurred from the use of NGV gas. Its volume is much higher than the total cost of running just diesel fuel and gasohol combined where the total production amount is less than that of 2019. This is because There was a higher transport of goods to a vendor that was manufactured within the past year.

(1.2) Preparation of energy saving measures for thermal energy for the year 2020

The Company manage the use of the heat energy efficiently and had prepared 3 heat energy conservation policies in the year 2020 which were as follows;

1) Burner tuning for the warmer and the furnace for the Center Furnace#2, to improve burning efficiency.

2) Burner tuning for the warmer and the furnace for the injector DI#20, to improve burning efficiency

3) Burner tuning for the warmer and the furnace for the injector DI#15, to improve burning efficiency

The improvements are all done similarly by adjusting the air input-output valve for the melt burner and hold burner then test the combustion efficiency. Also using the flow meter to inspect the conservation after the adjustment when changing the air and gas valve.

The heat energy conservation took effect from January 2020 until December 2020. All 3 heat conservation measures found that it can save energy 3,340.56 MMBTU or 3,524,291.57 MJ With no investment at all Accounted for money that can be saved 1,530,789.54 Baht per year Or as a percentage of the heat saving effect = 5.14 (Remarks: average costs of NG in 2019 = 283.96 Baht/MMBTU).

(1.3) Electricity usage per year and consumption difference

ITEMS	DETAILS	Resource estimation			Comparison
		2020	2019	2018	2020 / 2019
1	Electricity (kWh)	3,919,680.00	4,388,840.00	4,134,016.36	(-169,160.00)
	Cost (Baht)	13,013,988.26	14,558,250.21	13,656,604.58	(-1,544,261.95)
	*Average electricity cost (Baht/kWh)	3.54	3.52	3.44	+0.02
2	Electricity from solar cell (kWh)	340,658.76	392,778.99	-	(-52,120.23)
	Energy saved (Baht)	1,205,932.01	1,382,582.04	-	(-176,650.03)

From the energy usage record in 2020, the energy consumption had increased. The usage in the production and the office remained the same, however the output is less due to the COVID-19 pandemic, resulting the reduction in sales 5-6 months consecutively, making the electricity consumption greater than the previous year (2019) at 169,160 kw/h or an increase of 4.31 % compared to the previous year.

The Company had also installed solar rooftop system since the year 2019 which generated 392,778.99 Kw/h of electricity. In 2020, with increased power generation, total electricity usage was 340,658.76 kw/h, saving the cost of electricity (or used as electricity) at 1,205,932.01 Baht.

(1.4) Establishing energy-saving measures for the year 2020

The Company manages the electricity consumption efficiently for the production process, air-pressure system, lighting system and air conditioning system by establishing 3 electricity conservation measures which are;

1) Leakage reduction in the FS section

Location: production line of the FS section

Methods: repair, fix and replace 31 broken equipment.

Inspection method: calculating the electricity meter in front of the air valve before and after repairing.

2) Installing on-off timer for air conditioner#1 for one hour during lunch break in the JM section.

Location: Machine room JM section

Methods: Installing on-off timer at the air compressor#1

Inspection Method: Calculating the electricity usage before and after repairing.

3) Installing the inverter to reduce the speed of the blower motor.

Location: Wet scrubber machine at DI#1

Methods: Installing the inverter to reduce the speed of the blower motor.

Inspection Method: calculating the speed once installation is complete.

The installation and the maintenance of the electrical control system resulting in the energy conservation from January 2020 to December 2020 of all 3 measures Found that it can save energy 43,667.03 Kw/h/year or 157,201.31 MJ With investment 21,800 Baht. equals to 157,201.31 Baht saved Per year or as a percentage of the electricity saving effect = 0.99 Of electrical energy used in the past year (Remarks: average electricity costs in 2019 = 3.52 Baht/kWh)

(1.5) Enterprise Energy Management Performance Result 2020

From the implementation of energy conservation measures by setting a target for the reduced percentage of the original energy consumption (2019) is 12.32 but from the implementation of the goals of the 6 energy conservation plans. It was found that it could actually save at 4.37 % which is less than the target set.

(3.3.2.2) Water management

The Company uses pipe water mainly in the production process. Since this is a significant factor of production, the Company looks after and efficiently improves the water resources, in order to reduce the costs of business operation and to reduce the risk of insufficient water source. The water used in the Company came from the Rojana Industrial Park, Ban Kai. The annual water usage information for the production process and for the office building usage is as follows;

(1) Annual water usage and the difference in consumption

ITEMS	DETAILS	Resource estimation			Comparison
		2020	2019	2018	2020 / 2019
1	Water (m ³)	29,228.00	26,002.00	21,647.00	+3,226.00
	*Costs (Baht)	496,876.00	473,212.00	367,999.00	+23,664.00

In the year 2020, the total water usage was 29,228.00 m³, a reduction (increase) of 3,226.00 m³ or 12.41% when compared to the previous year.

(2) Wastewater for treatment in the Rojana Industrial Park, Ban Kai per year

ITEMS	DETAILS	Resource estimation			Comparison
		2020	2019	2018	2020 / 2019
1	Wastewater (m ³)	23,381.60	20,801.60	-	+2,580.00
	*Costs of water treatment (Baht)	185,909.34	168,380.39	-	+17,528.95

The Company constantly maintains and inspects the internal water system so that it is up to standard. The flow of the water in the sinks and toilets in the office building had been adjusted, together with the efficient wastewater management system through bio septic tank and will be held in the 12 clarifiers before releasing to the water treatment system of the Rojana Industrial Park, Ban Kai. Water from the die casting process will be recycled and the sediments from chemical treatments will be delivered to the company that disposes the toxic wastes according to the law.

In 2020 the Company's total water treatment was 23,381.60 m³. Which was released to the public tracks increasing the amount 2,580 m³. or 12.40 % when compared to the previous year.

(3.3.2.3) Wastes management and pollution

The Company disposes the wastes from the production process under the 3R principle. This is by delivering the disposed wastes by authorized parties from the Department of Industrial Works and notifies them every time the waste is being moved out of the factory. The Company also performs random inspection of the tracked vehicles that delivers the wastes via GPS to prevent unauthorized disposal.

In 2020, the Company disposed the wastes out of the Factory for the total of 192.78 tons, separated into 85.98 tons of toxic wastes or 44.60 % and 106.80 tons of non-toxic wastes of 55.40 %. Compared to the past of non-toxic wastes of increase in quantity 29.66 tons or 38.45% on the level of the past year

(1.) The amount of toxic and non-toxic wastes and differences comparison

ITEMS	DETAILS	Resource estimation			Comparison
		2020	2019	2018	2020 / 2019
Toxic wastes					
1	Oil contaminated material (ton)	48.90	25.10	24.98	+23.80
	Costs of wastes disposal (Baht)	138,205.00	75,300.00	70,590.00	+62,905.00
2	Sediments from treatments system (ton)	14.99	13.60	14.51	+1.39
	Costs of wastes disposal (Baht)	43,570.00	40,800.00	43,530.00	+2,770.00
3	Oil contaminated containers (ton)	7.94	11.61	4.76	-(3.67)
	Costs of wastes disposal (Baht)	23,245.00	35,130.00	14,280.00	-(11,885.00)
4	Used lubricant (ton)	14.15	49.62	62.99	-(35.47)
	Costs of wastes disposal (Baht)	42,450.00	206,760.00	315,250.00	-(164,310.00)
Total toxic wastes (ton)		85.98	99.93	107.24	-(13.95)
Total costs (Baht)		247,470.00	357,990.00	443,650.00	-110,520.00
non-toxic wastes					
1	Non-toxic wastes (ton)	106.80	77.14	-	+29.66
	Costs of wastes disposal (Baht)	320,400.00	231,320.00	-	+89,080.00

Total non-toxic wastes (ton)	106.80	77.14	-	+29.66
Total costs (Baht)	320,400.00	231,320.00	-	+89,080.00

(2.) Quantity of reusable toxic wastes such as used lubricant. The Company had arranged with SSC Oil Co. Ltd, to be the buyer for used lubricant oil and recycle for use again, so that the Company does not have to pay the delivery fees for the used lubricant wastes.

ITEMS	DETAILS	Used oil quantity for recycling	
		2020	2019
1	Amount of used oil (liter)	6,000.00	0
	Revenue received from used oil (Baht)	6,000.00	0

Used lubricant oil was sold between November 2020 and December 2020 for 6,000 Baht per 6 tons of oil. This reduced the cost of waste disposal by 18,000 Baht this year.

(3.) The amount of raw materials sold Cannot be reused Due to the contamination of other metals Therefore cannot be reused, which are aluminum rods containing various metal elements

ITEMS	DETAILS	Quantity of raw materials produced			Comparison 2020 / 2019
		2020	2019	2018	
Contaminated raw materials (To Sale)					
1	Stove debris contaminated with oil (Ton)	89.30	98.03	95.73	-(8.73)
	Revenue received from used oil (Baht)	1,071,834.00	2,071,027.50	3,090,580.94	-(999,193.50)
2	Chip from turning / turning (Ton)	17.12	18.76	14.48	-(1.64)
	Revenue received from used oil (Baht)	205,452.00	379,085.00	453,409.13	-(173,633.00)
Total contaminated raw materials (Ton)		106.42	116.79	110.21	-(10.37)
Total sales revenue (Baht)		1,277,286.00	2,450,112.50	3,543,990.07	-(1,172,826.50)
remarks: buying price for contaminated materials in 2019 was 22 Baht per kilogram. Buying price for contaminated material in 2020 was 12 Baht per kilogram.					

In 2020, the quantity of materials sold decreased 10.37 tons when compared to 2019, meaning that the revenue generated went down 1,172,826.50 Baht. The reduction in the buying price of contaminated Aluminum was due to the low price of Aluminum ingot in 2019.

(4.) Quantity of reusable materials. Due to the contamination of other metals, some are non-reusable. This consists of Aluminum bar with components of other metals.

ITEMS	DETAILS	Amount of materials in 2020 (Ton)		Amount of materials in 2020 (Ton)
		Disposed	Disposed	
1	Dross from disposed Aluminum (tons)	65.51	40.09	61.20
Costs for recasting materials (Baht)			481,080.00	
Costs of recycling Aluminum (compared to new purchase) (Baht)			3,006,750.00	
Amount saved (Baht)			2,525,670.00	
<i>Remarks:</i> Costs of recasting materials at 12 Baht per kilogram. Aluminum price is 75 Baht per kilogram.				

Dross that is casted into ingot will be returned at approximately 61.20% of the weight. This helps reducing the costs by 2,525,670.00 Baht per year.

(5.) Air pollution inspection in the Factory and results.

The Company inspects the environmental quality in the work space and the surrounding area in the year 2020 and the findings are as follows;

Location	Inspection Area	Inspection Results
1	Lighting	All inspected areas has sufficient luminous intensity according to the Ministry of Industry's standard.
2	Noise pollution	
2.1	General loud noises (Leq 24 hrs) 2 locations	Loudest noise value and the 24 hrs average noise are according to the Ministry of Industry's regulation which is less than 70 dB(A), and the loudest noise must be less than 115 dB(A). Both the front and the back area of the Factory do not go over the limit.
2.2	Average 8 hourse (Leg/hrs) 19 locations	Loudest noise value and the 8 hours' average noise are according to the Ministry of Industry's regulation, except 5 areas with more than 85 dB(A) in the average 8 hours. These are the area in front of the DI furnace DI#1 (85.4 dB(A)), DI furnace DI#16 (85.2 dB(A)), DI furnace DI#21 (85.6 dB(A)), FS area at the bench grinder Line E (88.9 dB(A)) and bench grinder Line M (85.5 dB(A)) and no areas went over the limit of louder than 149 dB(A).
3	Heat in work area 15 locations	All inspected area has heat level according to the Ministry of Industry's standard which are; - 8 medium work areas with an average less than 34 WBGT

Location	Inspection Area	Inspection Results
		with the maintenance zone and the preserved building has the highest WBGT at 32.5. - 7 light work areas with an average less than 32 WBGT with the DI zone at DI21# has the highest WBGT at 31.8.
4	Air contamination in the workplace	
4.1	Air contamination inspection at 2 locations, DI#1 chimney, and DI#2 chimney.	All values are according to the Ministry of Interior's regulation which are particulate (TSP), Sulfur Dioxide (SO ₂), Oxide of Nitrogen (NOx) and Carbon Monoxide (CO).
4.2	Dust particle in the atmosphere inspection. 19 locations	All inspected area has the values according to the Ministry of Interior's regulation which is total dust, respirable dust, Zine Oxide, Lead (Pb), Aluminum Oxide, CO, Fe Fume, Phosphorus, Silica as total dust, IPA and Oil Mist

The Company is strongly aware of the environment and thus takes measures to monitor and inspect, in order to prevent all forms of pollution. The inspection is performed frequently as required by the law so that the staffs and all stakeholders are safe and can work happily and healthily.

(3.3.2.4) Greenhouse effect reduction

As for the greenhouse effect, the Company does not have sufficient information or adequate personnel to be responsible of this matter. In the year 2021, the Company expects to be more prepared to tackle this issue.

(3.3.2.5) Green Procurement

The Company operates its businesses in conjunction with environmental development so that both can be the foundation of a sustainable environmental management and business growth. Organization with clear policies on environmental management can direct the operations regarding the environment and helps improving the efficiency of the Company.

Normal purchasing method must consider the value and the quality of the goods or services. However, for green procurement, the Company chooses the quality goods and services as well as the impact to the environment, not just purely from the monetary factor. The idea of Green Procurement is to encourage change and raise awareness regarding the environment to all relating parties. Green sourcing method is implemented in order to choose goods and services that takes the environment into consideration.

The Company encourages and promotes the trade partners in the supply chain to participate in campaigns that focuses on the responsibility towards the society, creating a continuous and sustainable Green Culture such as the Green Industry Level 3 award and the CSR-DIW award by the Department of Industrial Works, Ministry of Industry. The Company also joins the Green Procurement campaign with various customers' companies such as;

- (1) Thai Stanley Electric Public Company Limited
- (2) Panasonic Automotive Systems Asia Pacific Co.,Ltd.
- (3) DENSO TEN (THAILAND) Limited
- (4) KEIHIN(THAILAND) CO.,LTD.

It is apparent that supply chain management must be supported by all parties to establish good business partners that will lead to the '3 Balance' which are; sustainable business, good environment and livable society, as stated in the Organizational culture 'Developing the business together with the society and the environment'.

In 2020, the Company purchased/procured goods and services that are environmentally friendly in many aspects such as;

- (1) Change the A4 and A3 brown envelope to use the product with 70% recycle paper instead.
- (2) White paper from recycle paper.
- (3) Using 40% recycle paper for calendars.
- (4) Installing the cooling pad on the air-conditioning compressor to reduce damages, improve air conditioner efficiency and conserve energy.
- (5) Using calico bag which is produced from natural materials as souvenirs bag instead of plastic.
- (6) Using electrical goods with Label No.5 certificate.

The Company establishes policies that supports the Green Procurement campaign to be an example for the staffs and all stakeholders. This states that 'It is a direct responsibility of the Executives and all staffs, including the contractors representing the Company to;

- follow the laws and regulations of the society.
- select trading partners and goods to deliver that all process must take the environmental impact into consideration sufficiently.
- provide fair business opportunities to trading partners.
- carry out all procedures with trusts and confident between the Company and the trading partners.'

3.4 Sustainability management for the society

3.4.1 Social policies and practices

The Company has human rights policy in the workplace and human resource management policy (more information at www.sankothai.net) that upholds and follows the Universal Declaration of Human Rights and The United Nations Guiding Principles on Business and Human Rights (UNGPs). The Company emphasizes on fair labor treatment and respects the human rights fairly and with no prejudice in terms of employment, remuneration, promotion, training and staffs' development be it by sex, age, education, race or religious beliefs. The Company also supports the employment of the less fortunate group such as people with disabilities, elderlies or ex-convicts in order to create opportunities, occupations and stable income as

part of the sustainable development goals (SDGs) of the country and of the World. More importantly, this is so that the staffs can feel related to the Company and act as part of the family member.

3.4.2 Social Performance

(3.4.2.1) Employees and labor

The Company treats its employees and labor by considering the human rights which may consist of fair employment and remunerations, training and employees' development, bonding and improving employees' satisfaction, as well as occupational health and safety management and work place atmosphere. This includes the effort in avoiding conflicts relating to employees and labor, in order to maintain competitiveness and to attract qualified personnel to join the Company and further develop the Organization.

The Company follows the human rights principle from the moment of employment to taking care of the staffs so that they feel as part of the family. In the year 2020, the Company had significant employee performances as follows;

- Employee ratio separated by sex.

Details	2020		2019		2018	
	Male	Female	Male	Female	Male	Female
Full-time employee	206	287	221	294	193	268
Employee with disabilities	3	1	1	1	0	1
TOTAL	209	288	222	295	193	269

- Employee ratio separated by positions.

Details	2020		2019		2018	
	amount (person)	%	amount (person)	%	amount (person)	%
Assistant Managers	26	5.23	28	5.42	28	6.06
Leader - Supervisors	70	14.08	64	12.38	64	13.85
Practitioner Level	401	80.68	425	82.21	370	80.09
TOTAL	497	100	517	100	462	100

- Employee ratio separated by age.

Details	2020		2019		2018	
	amount (person)	%	amount (person)	%	amount (person)	%
Less than 30 years old	180	36.22	174	33.66	130	28.14

Between 30 – 50 years old	293	58.95	317	61.32	305	66.02
More than 50 years old	24	4.83	26	5.03	27	5.84
TOTAL	497	100	517	100	462	100

- Employee ratio who takes maternity leave and return.

Details	2020		2019		2018	
	amount (person)	%	amount (person)	%	amount (person)	%
Employee who takes maternity leave	6	54.55	8	100.00	5	100.00
Employee who returns after child birth	5	45.45	0	0.00	0	0.00

- New employee ratio separated by age range.

Details	2020		2019		2018	
	amount (person)	%	amount (person)	%	amount (person)	%
Less than 30 years old	79	73.15	94	59.12	93	54.07
Between 30 – 50 years old	29	26.85	64	40.25	78	45.35
More than 50 years old	0	0.00	1	0.63	1	0.58
TOTAL	108	100	159	100	172	100

- New employee ratio separated by age gender.

Details	Employee (person)					
	2020		2019		2018	
	amount (person)	%	amount (person)	%	amount (person)	%
Male	56	51.85	75	47.17	74	43.02
Female	52	48.15	84	52.83	98	56.98
TOTAL	108	100	159	100	172	100

(3.4.2.2) Staffs Training

In the year 2020 the Company provided 218 training courses to improve the skills and abilities for the employees. The average seminar or activity time of the employees were 28.68 hours per person per year from the targeted goal of 12 hours per person per year.

(3.4.2.3) Occupational health, safety, and work environment

In 2020, the Company constantly developed and improved the efficiency of the safety measures to reduce the risks from sickness, injury, or death, and to adequately care for the well being of the employees. The steps taken were as follows;

(1) Significant monitoring and evaluation of the occupational health and safety as required by the law.

ITEMS	Evaluation Topic	Evaluation Result	Date of Evaluation	Inspector
1	Electrical safety to renew the Natural Gas Operation License	All according to the standard and regulation by the Department of Energy Business. Danger zone, electrical equipment and all minimum electrical system are completely inspected.	19 th August 2019	Mr. Sutthi Duangamyin (ภพก. 46634) and Mr. Chatuporn Yodraj (สพก.2851)
2	Electrical System Safety 2019	Pass. Electrical system and equipment must be maintained correctly according to engineering principle.	6 th November 2018 (Exp 2023)	Mr. Phumiwat Khongthong (พพก.1140)
3	Annual stationary crane and equipment inspection for the year 2020	Most cranes are in good condition and can be operated safely with no harm to the users and people in the vicinity. Constant check up is necessary.	1 st April 2020 and 22 nd September 2020	Mr. Danai Lertsomporn (สก. 4334)
4	Annual Fork-lift driving seminar for the year 2020	Employees pass the test with 100%. Only 2 employees out of 16 failed the test. (12.50%)	4 th September 2020	TLS Co, Ltd.
5	Annual health watch for employees with risk factors			
	1) Audiometry test	357 normal case or 77.03% and 20 abnormal case or 5.60%. The number of normal case decreased 9.67% from the previous year.	12 th September 2019	Chularat Hospital, Rayong
	2) Spirometry test	274 normal case or 84.05% and 2 abnormal case or 0.61%. The number of normal case increased 1.75% from the previous year.		

ITEMS	Evaluation Topic	Evaluation Result	Date of Evaluation	Inspector
	3.) Test for Aluminum in blood stream	123 normal case or 100%.		

From the above information, the inspection result of the 5 major watch lists for the employees are considered safe. However, continuous monitoring every year is still necessary.

(2) Emergency Drill

The Company emphasizes on good preparation and responds effectively to emergency situations. Therefore, various practices and guidelines had been established in order to prevent the emergency, to reduce the impact, to coordinate with the outside organization following the emergency situation and to prepare back up plans when facing critical scenarios. All relating parties undergo constant drills which are;

- Emergency response plan for gas leakages.
- Emergency monitoring and protection plan for chemical spillages.
- Fire safety emergency plan.
- Emergency monitoring and protection plan for furnace explosions and liquid aluminum leakages.
- Business continuity plan in preparation for newly emerging pandemic.



(3) Safety Training

Other than providing the general safety training to the staffs, the Company also prepares complete training programs such as how to operate the cranes correctly, how to operate the fork-lift correctly, basic fire extinguisher training, advance fire extinguisher training, giving commands during an emergency and fire escape drill. These programs are continuously provided to the staffs as well as external parties such as the

community, governmental and other private organizations. In the previous year, the Company had arranged a total of 20 safety seminars with 711 total participants.



(4) Annual accidents report

This reflects the number of employees who receive lost time injury and working days lost when comparing to the working hours of all employees and contractors in each year. The Company also encourages the staffs to be aware and be cautious for colleagues to prevent lost time injury from workplace.

ITEMS	Details	Accidents (times)			Comparison
		2020	2019	2018	2020 / 2019
1	Critical lost time injury more than 3 days	0	0	0	0
2	Minor lost time injury less than 3 days	1	2	1	-(1)
3	Accidents with no lost time	3	5	4	-(2)
	Total Accidents	4	7	5	-(3)
4	I.F.R. value	1.33	2.29	1.60	-(0.96)
5	I.S.R. value	1.00	1.63	0.96	-(0.63)

In 2020, when considering the I.F.S and the I.S.R value, the number of injury is approximately 1.33 case per hour per 1 million working hours and with only 1 lost time injury per 1 million working hours. The I.F.R. and I.S.R. value in the year 2019 were 0.96 and 0.63 respectively.

*Remarks

1. Injury Frequency Rate (I.F.R.) is calculated from the number of injured employees in a given time per 1 million working hours.

2. Injury Severity Rate (I.S.R.) is calculated from the total number of days that the employees take to stop work and be treated until able to go back to work again per 1 million working hours.

3. I.F.R. and I.S.R. values compare against 1 million working hours.

In 2020, no lost time injury case of more than 3 days or severe accidents was found but only 1 minor lost time injury case of less than 3 days, and 3 accidents with no lost time. The Company has the following measures to prevent said accidents from happening;

1. Train the employees to correctly operate cranes and fork-lifts.
 2. Supervisors must always oversee the employees' operation.
 3. Strictly train all staffs to follow the procedures correctly.
 4. Prepare the furnace lid since currently there are no lids and objects may fall into the furnace while operating and could cause liquid aluminum explosion.
- (2) Employees relation.

In the year 2020, the Company plans to develop the relationship with the employees as follows;

In 2020, the employees turnover rate was 3.7%, (increase/decrease) of 3.2% compared to the previous year. Employees' retirement ratio by age range.

Details	2020		2019		2018	
	Number (person)	%	Number (person)	%	Number (person)	%
Less than 30 years old	177	36	171	33	172	37
Between 30 – 50 years old	295	59	320	62	270	59
More than 50 years old	24	5	26	5	20	4
Total	496	100	517	100	462	100

(3.4.2.2) Customers

The Company continuously develops goods and services in response to the demands of the customers with responsibility and fairness. In 2020, the Company received 5 satisfactory rating from customers that are less than 2. There are 3 significant claim cases from the customers concerning the quality, sales services and delivery, in which the Company had already looked into.

(3.4.2.3) Social Responsibility

The Company operates its businesses in regards with social responsibility by emphasizing on reducing environmental impacts and avoiding steps that may negatively affect the livelihood of the community or the surrounding area.

In 2020, no claims were made by the community regarding the social or environmental issues.

The Company actively gets involved in improving the standards of living in the community by promoting participation with the locals. In 2020, the Company had undergone the following events with the community;

Supporting the Children's Day activity for the Nong Bua Municipal Office and 5 schools in the vicinity which were Wat Nong Grub School, Ban Mae Nam Koo School, Wat Patumawas School, Ban Mab Pa Wai School and Ban Ta Sao School, on the 1st of January 2020.



4. Management Discussion & Analysis: (MD&A)

The Company's core business is producing die-casted Aluminum and Zinc parts from molds as required by the customers from various industries such as the automobile industry, electrical goods industry, and agricultural machinery industry.

In 2020, the Company had improved the accounting system following the Thai Financial Reporting Standards (TFRS15), regarding the revenue from contracts with the customers. This affected the revenue from selling Aluminum parts and molds, including the costs of accounting relating to the parts where the Company invested in its own molds (Company's assets), where previously the Company recorded the revenue from sales upon delivering the final products with the costs of molds as part of the production costs. The accumulative records of such standard had taken the effects backwards for the financial statements in the year 2020 and 2019, which affected the performance and the financial status of the Company for both years.

The spread of the Corona Virus (COVID-19) also affected the production and sales of metal parts since the Government had issued strict measures to control and prevent the infection. The automobile industry had slowed down due to the decrease in the purchasing powers both domestically and internationally. This had significantly affected the financial status, the performance and the cash flow of the Company as follows;

4.1 Business operation and financial status

Table showing the Company's performance

(Unit: Million Baht)

Description	2018		2019		2020	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
Income	550.43	100.00	605.19	100.00	450.82	100.00
Cost of sales	(450.79)	(81.90)	(480.79)	(79.44)	(403.79)	(89.57)
Selling and administrative expenses	(76.75)	(13.94)	(85.74)	(14.17)	(74.88)	(16.61)
Finance Cost	(4.78)	(0.87)	(6.39)	(1.06)	(7.56)	(1.68)
Tax Expenses	(6.29)	(1.14)	5.92	0.98	-	0.00
Profit(Loss) – for the year	11.82	2.15	38.19	6.31	(35.42)	(7.86)
Net Operating	56.63	10.29	64.48	10.65	(1.12)	(0.24)
Earning before Interest and Tax	22.89	4.16	38.65	6.39	(27.85)	(6.18)
Gross profit (%)		17.20		19.51		8.96

In 2020, the Company's net loss was 35.42 million Baht. The Company's gross profit was at 8.96%, a decrease from 2019 of 21.45% and 24.71 million Baht of profit from operation or 5.48%. This is due to the spread of the COVID-19 pandemic in the early of 2020 where the situation was still uncertain. Both the Government and private sectors had issued measures to prevent and control the outbreak which caused in

the reduction of the Customers' orders continuously during the 2nd and 3rd quarter of the year. However, towards the final quarter of the year, the orders slowly picked up and resulted in the total sales of 450.82 million Baht in 2020. The Company's performance was also affected by the accounting change following the TFRS15 as previously described.

In 2019, the Company's net profit was equal to 46.71 million Baht (after the accounting change to the TFRS15), resulting in the total revenue of 614.65 million Baht with the gross profit of 21.45% and profit from operation of 61.75% or 10.04% of the total revenue. This was contributed from costs management, inventory management and improving the efficiency of the production together with the declining price of raw materials and all assets for production still remain fully effective.

In 2018, the Company's net profit was 11.82 million Baht of 2.15% of the total revenue. In this year, the total revenue was 550.43 million Baht, a 108.01 million Baht increase from the previous year or 24.41%. This is due to an increase in both old and new customers' orders who were confident with the quality and price of the Company's products. The gross profit was 17.20% and the profit from operation was 56.63 million Baht or 10.29% of the total income.

Revenue

The Company's revenue, separated by product types, between the year 2018 – 2020 is as follows;

(Unit: Million Baht)

Revenue	2018		2019		2020	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
1. Revenue from Sales - Parts	508.59	93.04	548.28	90.60	405.47	89.94
Automobile Industry	362.41	66.30	386.67	63.90	256.31	56.85
Motorcycle Industry	79.66	14.57	93.33	15.42	93.23	20.68
Electronics Industry	42.91	7.85	45.20	7.47	36.06	8.00
Agricultural Machinery Industry and others	23.61	4.32	23.08	3.81	19.87	4.41
2. Revenue from Sales - Molds	35.86	6.56	49.07	8.11	38.06	8.44
Automobile Industry	27.02	4.94	32.03	5.30	33.65	7.46
Motorcycle Industry	3.91	0.72	13.88	2.29	2.49	0.55
Electronics Industry	2.59	0.47	0.13	0.02	0.15	0.03
Agricultural Machinery Industry and others	2.34	0.43	3.03	0.50	1.78	0.39
Total Revenue from Sales	544.45	99.60	597.34	98.71	443.53	98.38
Other Revenue*	2.20	0.40	7.84	1.29	7.25	1.65
Total Revenue	546.65	100.00	605.19	100.00	450.82	100

*Other Revenue means the income earned from selling scraps and leftover ingredients from the production, profit(loss) from exchange rate which has not yet occurred, profit(loss) from amortization, profit(loss) from depreciation, interest received and other revenue.

The Company's financial status as of 31st December

(Unit: Million Baht)

Revenue	2018		2019		2020	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
Total Assets	389.19	100.00	446.24	100.00	434.82	100.00
Current Assets	169.62	43.58	186.29	41.75	178.61	41.07
Total Debts	211.81	54.42	225.38	50.51	261.49	60.14
Current Debts	161.01	41.37	161.04	36.09	208.04	47.85
Shareholders' Equity	177.38	45.58	220.86	49.49	173.33	39.86

Assets

The Company takes the TFRS16 regarding the lease agreement into practice since the 1st January 2020. The cumulative impact assessment was used to modify the assets, rights to use the assets and liabilities, for modified retrospective, for financial instruments and not modifying the financial statement from the previous year in comparison.

The Company's total assets by the end of 2020, 2019 and 2018 were 434.82 million Baht, 446.24 million Baht and 389.19 million Baht respectively (net items from modifying the owned molds out of the lands, buildings and equipment).

In 2020, the Company's current assets was 178.61 million Baht or 41.07% of total assets which was a 7.68 million Baht or 4.12% reduction from 2019, which was due to other current assets account. Non-current assets increased 6.12 million Baht from 2019 due to the rights of use for the assets (as stated in the financial statement under (4), (12)).

In 2019, the Company's current assets was 186.29 million Baht or 41.75% of total assets which increased from the previous year due to left over inventories. Other current assets was equal to 16.67 million Baht or 9.83%, while non-current assets increased 40.38 million Baht or 18.39% from the previous year due to investments in lands, buildings, equipment and computer systems.

In 2018, the Company's total assets was 389.19 million Baht, divided into the current assets of 169.62 million Baht or 43.58% and non-current assets of 219.56 million Baht or 56.42% of the total assets. This increased 8.94 million Baht or 4.24% from the year 2017 due to the accounts for lands, buildings and equipment.

Accounts receivables, accrued revenues, allowance for doubtful accounts and expected credit loss

In 2020, the Company had improved the accounting system following the Thai Financial Reporting Standards (TFRS15), regarding the revenue from contracts with the customers. This affected the revenue from selling Aluminum parts and molds, including the costs of accounting relating to the parts where the Company invested in its own molds (Company's assets), where previously the Company recorded the revenue from sales upon delivering the final products with the costs of molds as part of the production costs. The accumulative records of such standard had taken the effects backwards for the financial statements in the year 2020 and 2019.

With the new accounting policy, the Company must allocate the sales of molds and Aluminum parts. The Company recognizes the income and costs of selling molds when the customers approve the design of the molds, as well as the expected values of the accrued revenue, which is a part of the accounts receivables.

The Company establishes the credit term for the customers between 30 – 90 days. The Company will consider the length of payments depending on the orders and the financial status of each customers.

By the end of 2020, 2019 and 2018, the Company's account receivables and other net receivables were 85.60 million Baht, 96.91 million Baht and 82.71 million Baht respectively as shown in the debts analysis table.

Debts analysis table

(Unit: Million Baht)

Payment terms	2018		2019		2020	
	Amount (Baht)	%	Amount (Baht)	Amount (Baht)	%	Amount (Baht)
Account receivables and accrued revenues (not due)	64.06	77.45	76.80	79.49	75.85	89.10
payment overdue						
less than or equal to 90 days	18.65	22.55	17.38	17.99	9.10	10.69
more than 90 days but less than 180 days	0.41	0.50	4.07	4.21	1.83	2.15
Total account receivables and accrued revenue before expected credit loss	83.12	100.55	98.25	101.69	86.78	101.94
<u>Subtract</u> the expected credit loss	(0.41)	(0.50)	(1.63)	(1.69)	(1.65)	(1.94)
Net account receivables and net accrued revenue	82.71	100.00	96.62	100.00	85.13	100.00

Inventory and allowance to reduce inventory to net realized value

By the end of 2020, 2019 and 2018, the Company's inventory was equal to 58.29 million Baht, 59.50 million Baht and 50.74 million Baht, respectively. The current inventory ratio in 2020, 2019 and 2018 was

equal to 6.86 times, 8.69 times and 8.27 times respectively with the average inventory movement of 53 days, 42 days and 44 days respectively.

Table for inventory and allowance to reduce inventory to net realized value;

(Unit: Million Baht)

Description	2018		2019		2020	
	amount	%	amount	%	amount	%
Finished Goods	18.92	37.29	16.72	28.10	12.59	21.60
Work In Process	18.37	36.20	29.45	49.50	35.43	60.78
Raw Materials	2.57	5.06	2.12	3.56	4.81	8.25
Spare Parts	7.29	14.37	7.77	13.06	6.83	11.72
Goods In transit	6.57	12.95	4.29	7.21	-	-
Total	53.72	105.87	60.35	101.43	59.66	102.35
Less Allowance for devaluation of inventories	(2.98)	(5.87)	(0.85)	(1.43)	(1.37)	(2.35)
Inventories-net	50.74	100.00	59.50	100.00	58.29	100.00

Liabilities

The Company total liabilities by the end of 2020, 2019 and 2018 were 261.48 million Baht, 225.37 million Baht and 211.81 million Baht, consisting of the current liabilities of 208.04 million Baht, 161.04 million Baht and 161.01 million Baht, and non-current assets of 53.44 million Baht, 64.33 million Baht and 50.80 million Baht respectively.

In 2020, the Company's current liabilities was 208.4 million Baht. This consisted of short-term loan from financial institution for use as cash flow of 60.24 million Baht. Due to the COVID-19 pandemic, the Company had used the additional working capital limit of 46 million Baht from the financial institution with the following conditions (as stated in the financial statement (15));

1. Debt to equity ratio must not be less than 0
2. Debt-Service Coverage Ratio (DCSR) no less than 1.25 times

However, during the spread of the COVID-19, both the Government sector and financial institutions had issued various measures to support the entrepreneurs. This includes skipping payment for 6 months (April – September 2020) and also soft loans to help supporting the business. This means that the liabilities within one year had increased in comparison to 2019, from 6.15 million Baht to 11.02 million Baht in 2020 (as stated in the financial statement (17), (19)).

As for long-term liabilities of 53.44 million Baht, this consists of long-term loans from financial institution (as stated in the financial statement (19)), loans from relating business of 2.17 million Baht and liabilities from long-term lease agreement that will be due in one year of 30.04 million Baht and estimated liabilities from employees' benefits of 9.06 million Baht.

In 2019, the Company's current liabilities was 161.04 million Baht. This consisted of short-term loans from financial institution of 23.58 million Baht, account payables of 97.67 million Baht, loans from relating business of 10 million Baht, liabilities with due payment in one year of 20.89 million Baht and other current liabilities of 8.90 million Baht.

Non-current liabilities was equal to 64.33 million Baht, consisting of long-term loan from financial institution with due net payment in one year of 12.92 million Baht, liabilities from long-term lease agreement with due net payment within one year of 43.51 million Baht, as well as estimated liabilities from employees benefits of 7.90 million Baht.

In 2018, the Company's current liabilities was 161.01 million Baht. This consisted of short-term loan from financial institution of 41.03 million Baht, account payables of 79.48 million Baht, loans from relating business of 10 million Baht, liabilities with payment due in one year of 12.03 million Baht and other current liabilities of 18.46 million Baht.

Non-current liabilities was equal to 50.80 million Baht, consisting of long-term loans from financial institution with due net payment in one year of 9.72 million Baht, liabilities from long-term lease agreement with due net payment within one year of 35.56 million Baht, as well as estimated liabilities from employees benefits of 5.52 million Baht.

The Company's debt to equity ratio in the year 2020, 2019 and 2018 was equal to 1.51 times, 1.02 times and 1.19 times respectively. The Company still maintains the ratio according to the requirements of the financial institution.

Shareholders' Equity

By the end of 2020, the shareholders' equity was 173.33 million Baht, consisting of issued common stocks of 308,543,870 shares at 0.50 Baht per share or 154.27 million Baht. During the year, the Company increased the capital from the warrants allocated to the original shareholders of 1 Baht per share, at 3,156,174 shares or 3.16 million Baht. This was divided into the stocks value of 1.58 million Baht and the surplus on ordinary share value of 1.58 million Baht. This resulted in the Company receiving surplus on ordinary share value by the end of the year at 20.83 million Baht. The legal reserve must be no less than 5% of the annual net profit minus the accumulated loss (if applicable) until the reserve is no less than 10% of the registered capital of 2.59 million Baht, including the accumulated loss by the end of 2020 amounting to 4.36 million Baht (as stated in the financial statement (23)-(26)).

By the end of 2019, the shareholders' equity was 220.86 million Baht, consisting of issued common stocks of 305,387,696 shares at 0.50 Baht per share or 152.69 million Baht. During the year, the Company increased the capital from the warrants allocated to the original shareholders of 1 Baht per share, at 6,292,733 shares or 6.29 million Baht. This was divided into the stocks value of 3.15 million Baht and the surplus on ordinary share value of 3.15 million Baht. This resulted in the Company receiving surplus on ordinary share value by the end of the year at 19.25 million Baht. The legal reserve must be no less than 5% of the annual net profit minus the accumulated loss (if applicable) until the reserve is no less than 10% of the

registered capital of 2.59 million Baht, including the accumulated profit by the end of 2020 amounting to 46.33 million Baht (as stated in the financial statement (23)-(26)).

By the end of 2018, the shareholders' equity was 177.37 million baht, consisting of issued common stocks of 299,094,963 shares at 0.50 Baht per share or 149.55 million Baht. The surplus on ordinary share value was equal to 16.10 million Baht (removed individuals with accumulated loss from the surplus share value of 17.51 million Baht). The legal reserve must be no less than 5% of the annual net profit minus the accumulated loss (if applicable) until the reserve is no less than 10% of the registered capital of 0.59 million Baht, including the accumulated profit by the end of 2018 amounting to 11.13 million Baht.

The Company's return on equity at the end of 2020, 2019 and 2018 was equal to 20.43%, 20.90% and 6.72% respectively.

Cashflow

From the business operation, by the end of 2020, 2019 and 2018, the cashflow and cash equivalent was equal to 22.22 million Baht, 10.95 million Baht and 19.19 million Baht respectively. This consisted of;

In 2020, the Company's cashflow and cash equivalent was equal to 11.27 million Baht. This consisted of cashflow from operation of 24.71 million Baht, net loss before tax of 35.42 million Baht, depreciation and amortization of 30.22 million Baht, net financial costs with interests of 7.54 million Baht and other non-financial related items of 0.66 million Baht. The total of changes in assets and liabilities were 21.71 million Baht.

Table showing the Company's cashflow by the end of the year (31st December)

(Unit: Million Baht)

Details	2018	2019	2020
	amount	amount	amount
Cashflow from operating activities	38.09	54.46	24.71
Cashflow from investment activities	(19.95)	(32.18)	(18.37)
Cashflow from financing activities	(14.32)	(30.52)	4.93
Net cash and cash equivalent	3.82	(8.24)	11.27
cash and cash equivalent on beginning date	15.37	19.19	10.95
cash and cash equivalent on end date	19.19	10.95	22.22

The Company's cashflow from investment activities of 18.37 million Baht was due to purchasing the building, machineries and equipment for 17.73 million Baht. The Company also bought software to improve the computer system for 0.27 million Baht and the rights of assets for 0.36 million Baht.

Cashflow from financing activities in 2020 was equal to 4.93 million Baht. This is the loan from financial situation for net payment in during the COVID-19 pandemic of 39.52 million Baht, the loan from relating companies of 3.40 million Baht, payment for common stocks from issuing the warrants of 3.15 million

Baht and payment for the lease agreement of 19.26 million Baht and dividends payout of 15.27 million Baht including the interests from loans of 6.64 million Baht.

In 2019, the Company's cashflow and cash equivalent was equal to 8.24 million Baht. This came from cashflow from operating activities of 54.46 million Baht with net profit before tax of 40.24 million Baht and net depreciation and amortization of 22.61 million Baht. The Company's financial costs with interests was 6.36 million Baht and other non-financial relating item was at 5.30 million Baht, including the change in assets and liabilities of 9.45 million Baht.

The cashflow from investment activities was 32.18 million Baht from purchasing buildings, machineries and equipment for 30.37 million Baht. The Company bought software for the computer system of 1.81 million Baht.

The cashflow from financing activities in 2019 was equal to 30.52 million Baht. This came from the payment to the financial institution with net loan of 12.38 million Baht, payment for the common stocks that were issued by the warrants of 6.29 million Baht, payment for the lease agreement of 9.84 million Baht and the dividends payout of 8.97 million Baht, including the interest rates from loans of 6.41 million Baht.

In 2018, the Company's cashflow and cash equivalent was 3.82 million Baht. This came from the cashflow from operating activities of 38.09 million Baht with the net profit before tax of 18.11 million Baht, and net depreciation and amortization of 29.60 million Baht. The Company's financial costs with interests was 4.78 million Baht and other non-financial relating item was at 4.21 million Baht, including the change in assets and liabilities of 18.61 million Baht.

The cashflow from investment activities was 19.95 million Baht from purchasing buildings, machineries and equipment for 19.64 million Baht. The Company bought software for the computer system of 0.31 million Baht.

The cashflow from financing activities in 2018 was equal to 14.32 million Baht. This came from the loan payment for financial institution of 3.05 million Baht, payment to the loan from relating companies of 5 million Baht and payment for the lease agreement of 7.60 million Baht, including the interests from loans of 4.77 million Baht.

4.2 Factors affecting the financial status and future operations

Since early 2020, the World's economy had been affected by the spread of COVID-19, a newly emerged virus, and has not yet stabilized. The customers reduced their orders to assess the situation of the pandemic, while the Company maintained the usual production capacity but decrease the OT. The Company is aware of the effect that can occur both directly and indirectly.

Although the spread of the virus affected the new automobile market, but on the other hand, the spare parts industry may expand due to uncertain situations forcing the consumers to limit their spending. Therefore, repairing the vehicles instead of buying new models will be the best option. The producers in

Thailand that can both produce new OEM parts and spare REM parts will have the opportunity to produce parts, in place of automobile parts orders that had been cut.

The Company must adjust the marketing strategies and build up confident for the consumers both by improving the quality of the goods and making sure that the delivery is on time. The Company also expands the customers base and creates new products to improve sales. The automobile industry slowly returned to normal and the orders increased continuously towards the end of the year.

4.3 Financial Ratio

Liquidity Ratio

Details		2018	2019	2020
Liquidity Ratio	Times	0.99	1.16	0.86
Quick Ratio	Times	0.68	0.79	0.95
Operating cash flow to current liabilities	Times	0.12	0.07	0.11
Receivables turnover	Times	7.46	3.48	4.86
Average collection period	Days	48.93	104.99	75.10
Inventory turnover ratio	Times	8.27	8.69	6.86
Average Inventory period	Days	44.14	42.00	53.24
Payable turnover	Times	4.87	5.36	4.20
Average payment period	Days	74.88	68.07	86.90
Cash cycle	Days	18.18	78.92	41.43

Liquidity ratio from current assets to current liabilities in each year is as follows;

In 2020, the ratio was 0.86 times, a decrease from the previous years since the short-term debts of the Company had increased, especially the loans from financial institutions. The company took the loan as cash flow during the spread of the COVID-19 and had skipped payment, following the measures by the financial institution. The financial ratio in the year 2019 and 2018 was 1.16 times and 0.99 times respectively.

Other financial ratios in 2020 had not changed significantly from the previous years, despite the effect of COVID-19 in the beginning of the year.

The Company has sufficient cash flow to operate the business and will continue to develop the products and services that will always satisfy the customers.

Profitability Ratio

Profitability ratio and other ratios for each year as displayed in the table below. In 2020, the profitability ratio was negative. This was caused by many factors affecting the operation in all sectors and had been explained previously in the operation section.

Details		2018	2019	2020
Gross Margin	(%)	17.90	21.45	8.96
Operating Profit Margin	(%)	5.97	9.36	(0.25)

Details		2018	2019	2020
Earnings before interests & tax	(%)	3.33	6.66	(7.99)
Profitability Ratio	(%)	130.03	41.57	(62.74)
Net profit margin	(%)	1.44	7.64	(7.99)
Return on equity	(%)	6.72	20.90	(20.43)
Return on assets	(%)	3.05	10.35	(8.15)
Return on fixed assets	(%)	5.52	18.66	(14.75)
Assets turnover ratio	Times	1.31	1.45	1.01

Financial policy ratio

Details		2018	2019	2020
Debt to equity ratio	Times	1.20	1.02	1.51
Interest coverage ratio	Times	1.79	1.60	1.28
Debt service coverage - Cash basis	Times	0.60	1.00	0.25
Dividend payout rate	(%)	75.90	33.07	-

As for financial policy ratio, the Company still maintains the financial ratio as required by the financial institution. The Company believes that this is sufficient and is capable to repay all loans and other contracts.

5. Company Profile and General Information

5.1 General information

Name of Company (Thai)	:	บริษัท ซังโกะ ไดคาสติ้ง (ประเทศไทย) จำกัด (มหาชน)
Name of Company (English)	:	Sanko Diecasting (Thailand) Public Company Limited
Company Registration	:	0107552000235
Type of Business	:	Produce die casting parts from aluminum and zinc
Head Office Address	:	3/14 M.2 Rojana Industrial Park, T. Nong-Bua, A. Ban-Khai, Rayong 21120
Telephone Number	:	033-010-701-05
Fax Number	:	033-010-706
Website	:	www.sankothai.net
Registered Capital	:	199,396,642.00 Baht
Paid-in Capital	:	154,271,935.00 Baht
Par Value	:	0.50 Baht
Security Registrar	:	Thailand Securities Depository Co., Ltd. 93 The Stock Exchange of Thailand Building, Rachadapisek Rd, Dindaeng, Bangkok 10400, Thailand Telephone 02-009-9000 Fax 02-009-9991
Auditor	:	Siam Truth Audit Company Limited Preecha Complex Building A, 8th F, 338, Rachadapisek Road Soi 20, Samsennok, Huaykwang, Bangkok, 10310, Thailand Telephone: 02-275-9599 , 094-559-3894 E-mail : audit@siamtruth.com https://www.siamtruth.com
Legal Advisor	:	Ms. Chanidapa Praditsin

5.2 Legal Disputes

By 31st December 2020, the Company did not have any significant legal disputes that may negatively affect the assets of the Company that has value of more than 261.48% of the shareholders' equity.

Part 2

Corporate Governance

6. Corporate Governance policy

6.1 Overview of corporate governance policies and practices

The Company is fully aware, and gives all its attention to the “Good Corporate Governance”. The Company believes that the good corporate governance reflects the efficient and transparent management system, which will help promoting the confidence of the Shareholders, investors and all parties involved and will ultimately lead to a sustainable growth of the Company and an increase in value. The Company has continuously encourages the implementation of good corporate governance by advising the directors and the management to develop good corporate governance and the practices in accordance with the international standards. This is done by following the good corporate governance, as directed by the Stock Exchange of Thailand, and adapts it to the Company’s corporate governance. Measures are taken to further improve the said policies in accordance with the guidelines of the Stock Exchange of Thailand, which may change in the future to be better suited for the evolving environment of the Company. The practices cover 5 categories as follows;

1. Shareholders’ Rights

The Company is fully aware and gives its utmost attention to the rights of the Shareholders. This is shown by not taking any actions which may violate or reduce the rights of the Shareholders, including encouraging the Shareholders to use their rights. The basic rights of the Shareholders are, trading or transferring shares, sharing profits with the Company, receiving sufficient information about the Company, attending the meetings to use their rights to vote for appointing or removing the directors, appoints the auditors and any issues which have a direct impact to the Company for example, dividend allocation, setting or amending the regulations and the Memorandum of association, decreasing or increasing the capital and authorizing special transactions.

The Company has the policy to promote convenience for the shareholders, including the institutional investors by holding the meeting in the place with sufficient access from the public transport so that the shareholders can easily attend the meetings. The Company always provides information, dates, time, place and agendas including all relevant information for making decisions to the Shareholders prior to the meeting and also notifies the shareholders about all the requirements, as well as the voting procedures. The Company encourages the Shareholders to exercise their rights to fully attend the meeting and to vote, and also to express their opinions and raise any questions relating to the Company in the meeting. The Shareholders may also submit the inquiries or agendas prior to the meeting. The Shareholders may also appoint a proxy to attend the meeting in the case of their absence.

2. Equal Practice to Shareholders

The Company treats all shares holders fairly and equally, no matter the Shareholders who are Executives, non – Executive, foreign Shareholders and minor shareholders which reinforce the confidence in the shareholders that the board and the management has taken great care in the spending of the shareholders funds which is the main factor in creating the confidence for investing with the Company. The Board of Directors holds the responsibility to make sure that all shareholders are treated fairly and that all their basic rights have been met equally.

The Board of Directors have arranged for the Shareholders Meeting in a way that encourages equal practice to all shareholders and give the chance even for minor shareholders to propose any individuals to take the position as directors, prior to the meeting and in an appropriate time frame. The Company also allows the shareholders who cannot attend the meeting themselves to let their proxies attend the meeting, and also have the rights to vote in their stead.

The Board of Directors has stated the methods to protect and prevent the use of the internal information in writings and will announce this as guidelines for all members of the organization.

3. Stakeholders' Roles

The Company is fully aware of its responsibility and practices to different groups of stakeholders and will seek the mutual benefits so that all groups of stakeholders can be confident that their rights will be fully protected and well exercised. This has been set as a guideline to follow in order to clearly meet the demands of all groups of the stakeholders as stated in the “**Code of Conducts and Business Ethics**” and will promote the Board of Directors, the management team including the workers to regard this as the fundamental principles for working in the Company and to take it as the important responsibility for all members. The guidelines for responding to the needs of each stakeholder group are as follows.

Shareholders treatment

(1) The Company allows the shareholders who cannot attend the meeting in person to assign a proxy to the Independent Directors or other individuals to attend the meeting in their stead and to vote for the shareholders.

(2) The Company allows the shareholders to propose the agendas and to propose the names of the individuals to be elected as the Directors in the Shareholders Meeting in advance, following the regulations indicated by the Company. The details have been published through the Company’s website at <http://www.sankothai.net>, and the proposed names must be submitted to the Company 3 months in advance before the Shareholders Meeting.

(3) The Company will not add extra agendas to the meeting without notifying the shareholders in advance without good reasons, especially significant agendas that requires the shareholders to study the information prior to the meeting.

(4) The Board of Directors allows the shareholders to elect the Directors individually and encourage the voting method so that the process is transparent and verifiable.

(5) The Board of Directors has set up measures to prevent insider trading for individuals including Directors, Executives, staffs and employees including their spouses and underage children that are related to the information, and also assigns disciplinary actions regarding the disclosure of the Company's information or using the Company's information for personal gains under the "Confidential Information Protection Policy".

(6) Raise the awareness of the Board of Directors and the Company's Executives regarding the responsibility for reporting their ownership of the Company's assets, their spouses' and their underage children's, including reporting the changes to the assets ownership to the Securities and Exchange Commission under the section 275 of the Securities and Exchange Act B.E. 2535 and under the regulations of the Stock Exchange of Thailand.

(7) The Company's Board of Directors and the Executives must announce the buying and selling of the Company's assets at least 1 day before trading the stocks by notifying the Company's secretary, and then the secretary will notify the Board of Directors. When the trading is completed, the report of assets ownership must be made for the Securities and Exchange Commission and the Directors and the Executive must report the changes of the assets ownership to the Board of Directors meeting in order to prevent the buying or selling of stocks using insider information and to avoid any scandals regarding the appropriateness of the stocks trading by inside individuals.

Customers Treatment

(1) Pay attention and be responsible equally to all customers by emphasizing on producing goods with high quality and up to standards, and can respond fully to the demands of the customers. The staffs must protect the customers' confidential information and not using for personal gains before being permitted by the customers including providing quality and professional services at the fair and appropriate price to all customers.

(2) Present quality products that match with the demands of the customers. Reveal all information regarding the products fully and accurately and provide a channel for complaints to allow the customers to comment about the services and proceed as quickly as possible to respond to the customers' requests.

(3) Provide high quality, efficient and excellent services that impress the customers.

(4) Protect and look after the customer's interests appropriately and fairly.

(5) Strictly follow the terms given to the customers. In the case that the terms cannot be followed, quickly notify the customers for solutions.

(6) Treat the customers with respect and be trustworthy.

(7) Deliver quality products on time.

(8) Support the customers' CSR operations

Trade partners and/or creditors treatment

(1) Not requesting, accepting or giving any unethical benefits to trade partners or creditors and follow the agreed terms appropriately and fairly.

(2) The purchasing and sub-contracting of the companies of or relating to the companies of the Directors, Executives or all levels of staffs, must be under the principle of equality, transparency and fair, for the best interest of the Company, and must be proceeded under the Company's regulations, including revealing all information to the public.

(3) Avoid the purchasing or sub-contracting that holds conflicts of interests with the Company.

(4) All staffs involving with the purchasing or sub-contracting operations must not seek personal gains both directly or indirectly from the trade partners and must remain neutral with no close relations that may influence their decisions.

(5) If incidents that prevents the procedures to go according to the agreed terms or contracts, the staffs in charge must report to the superior immediately and notify the trade partners and/or the officers in advance, in order to come up with the solution together.

(6) Strive to maintain a stable relationship with the trade partners with clear objectives in terms of the product quality and trust in each other.

(7) Treat the creditors equally and fairly and on the basis of mutual benefits on both sides.

Competitors Treatment

(1) Operate fairly within the terms and regulations of the competitions.

(2) Not damaging the reputation of the competitors intentionally.

(3) Not violating the intellectual properties or copyrights.

(4) Not seeking the competitors' confidential information by inappropriate or unethical means.

(5) Treat the competitors according to the laws and regulations according to the international standards.

(6) Keep the connection with the competitors which may be developed as a commercial partner in the future.

Employees Treatment

(1). The Company selects the staffs and the contractors based on the suitability of the qualification and the performance without any prejudice on gender, religious beliefs, nationality, age, birth place or physical condition.

(2). The Company provides sufficient benefits and fair compensations to all members of staff.

(3). The Company provides a safe environment at work for the health, assets and the quality of life of the staffs.

(4). The promotion, relocation including the rewards and penalty of the staffs are done through honesty and under moral principles. This takes into account the knowledge, abilities and the appropriateness of the staffs as the core.

(5). Provide human resource management system; listen to the opinions and the advices of the employees.

(6). The Company gives opportunities for staffs to thoroughly and constantly improve their skills, knowledge and the abilities both for the work and for their daily lives and also encourages them to be able to care for themselves when they reach retirement.

(7). Operate the business by avoiding any actions that are unfair, and treat the employees with respect. Respect the employees' individualities and human dignities according to the international standard of human rights.

(8). Be fair and encourage the employees to improve themselves.

(9). Provide provident funds for the employees.

(10). The Company follows the laws and regulations concerning the staffs strictly.

Community, Society and Environmental Treatment

(1) Not cooperating or supporting customers who operate their business illegally or endangering the society or the country.

(2) Allow the community and the related parties to voice their opinions for all of the projects that may affect the community and to propose their opinions and complaints that resulted from the business operation of the Company.

(3) Be cooperative with operations that follow the international standards or agreements in various issues which are created to protect or reduce the effects on the environment.

(4) Design and develop the manufacturing process, machineries and equipment to control and/or reduce the pollution, including waste water, dust, air pollution and all other waste products.

(5) The staffs responsible for the manufacturing process, machineries and equipment must control the pollution level so that it is no more than the standard limit.

(6) Help reducing the garbage or wastes both from the production process and from general operation.

(7) The staffs responsible for the manufacturing process or the machineries must look after, improve and maintain the production process or the machineries to the required standard in order to reduce the natural resources used.

(8) Be cooperative with the Company's energy conservation policy.

(9) Constantly raise the awareness on the social responsibility and the environment to all levels of staffs.

(10) Carry out community, society and environmental campaigns regularly in order to improve the community where the Organization is established for the better both with own projects and those supported by the government and the community.

4. Information Disclosure and Transparency

The Company prioritizes the disclosing of all important information relating to the Company, both financial and non-financial information through an accurate, complete, on-time and transparent channel which is easy to access, fair and respectable.

The Company believes that the quality of the financial related reports is something that the shareholders and the outside information give the utmost importance to, the Board of Directors will make sure that all the information displayed in the financial reports are accurate and follow the general standard accounting practices and have been evaluated by an independent auditor. The Company has appointed the Audit Committee, which consists of independent directors who takes responsibility for the quality of the financial report and the internal control. The Board of Directors' reports, Audit Committee's report and the auditor's reports

Other than disclosing the information through the Company's website at www.sankothai.net, both in Thai and English, for the past year, the Executives of the Company had met with analysts, investors and shareholders as appropriate, opp day, for example at the MAI forum hosted by the MAI Stock Exchange and through other appointments for interviewing by the medias and other investors and analysts. In many occasions, the information had been featured in printed

5. Responsibilities of the Board of Directors

The Board of Directors has the vital role of overseeing the operation to ensure the benefits of the Company. The Board of Directors takes action in place of the shareholders and is independent from the management.

The Board of Directors must have leadership, visions and can make an independent decision for the benefits of the Company and for the shareholders. In order to do so, the system is in place to clearly separate the responsibilities between the Board of Directors and the management, and to ensure that all of the Company's activities proceed in a lawful and ethical way

The Board of Directors consists of personnel with various qualifications, not only skills and experiences but also specialized talents that are useful to the Company, including their devotion and dedication to strengthen the Company and the Board of Directors.

The procedure to elect the Board of Directors, so that they can be appointed by the shareholders, have been done transparently with no influences of the shareholders or from the management team and is assuring to the outside individuals.

To ensure that the Board of Directors can work efficiently and the effectively, the Board of Directors had asked for the Audit Committee to help supporting the directors in the area of financial reports, internal control system's efficiency and executing the rules, regulations and all codes of ethics to promote good corporate governance.

Each director has a good understanding of their responsibilities as Board of Directors and to operate the Company, always ready to share their opinions independently and constantly improve themselves to adapt to the modern times. The Board of the Directors holds this position with honesty, carefully and thoughtfully by considering the benefits of the Company and being fair to all shareholders, giving all information fully and completely.

Good Corporate Governance policies and guidelines according to the CG Code by the Securities and Exchange Commission, Thailand.

Principle 1: Establish clear leadership role and responsibilities of the Board

The Board of Directors understands and is aware of the responsibilities as the leader that oversee the Organization with good governance. This includes establishing goals and objectives, establishing strategies, work policies as well as allocating vital resources in order to achieve the said targeted goals. The Board of Directors must follow up, evaluate and report the performance for creating sustainable value to the business. The governance outcome should consist of; competitiveness and performance with long-term perspective, good corporate citizenship, and corporate resilience. The Board of Directors is responsible for enforcing the employees to uphold the duty of care and the duty of loyalty, and operate under the rule of laws and the shareholders' resolution. The Board understands the roles and responsibilities and give clear missions and responsibilities to the CEO, including following up on any given tasks as necessary.

Principle 2: Define objectives that promote sustainable value creation

The Board of Directors defines core objectives of the business that promote sustainable value creation. The objectives must match the value creation for the business, customers, stakeholders and the society as a whole. The Board must ensure that the objectives and goals, including medium term and/or annual strategy also matches the objectives of the business by safely introducing adequate innovation and technology.

The Board of Directors clearly considers all appropriate directions and strategies for operating the business, including human resource development to make sure that the said strategies allow the business to function effectively and efficiently under various circumstances. The Company has the visions and organizational cultures that reflect the good corporate governance.

Principle 3: Strengthen Board Effectiveness

The Board of Directors have established and sufficiently revised the structure of the Board to lead the Organization to the targeted goals and objectives. This is done by selecting the most appropriate individual to be the Chairman and carry on the selection process of the Directors clearly and transparently. The remuneration of the Board will be approved by the shareholders fairly and appropriately. The Board of Directors will all carry out their duty responsibly and allocate their time suitably for the job.

The Board of Directors annually evaluates the performance of the Board, sub committees and individual Directors, where the evaluation result will be used further to improve the performance. The Board of Directors must all understand the roles, nature of the business and the laws relating to the business, including providing the support so that all Directors can improve their skills and carry out their duty splendidly. The Board of Directors must ensure that the operation runs smoothly, can access necessary information, and has the Company's Secretary with adequate experience to support the Board's performance.

Principle 4: Ensure effective CEO and people management

The Board of Directors selects and ensures that the CEO and high level Executives have adequate skills and experience necessary to drive the Organization to its goals. The Board makes sure that there are suitable remuneration and performance evaluation for the members of the Organization, to improve their skills, abilities, experiences and provides adequate motivations. The Board of Directors understand the structure and the relationship of the shareholders that may affect the management and the business operation.

Principle 5: Nurture innovation and responsible business

The Board of Directors emphasizes on supporting and promoting innovation that creates value to the Organization together with providing benefits to the customers or stakeholders, as well as being responsible to the environment.

The Board of Directors follow up and makes sure that the business operates with responsibility to the society and to the environment as reflected in the operational plan. This is so that all parties proceed by abiding to the core objectives, goals and the strategies of the Company.

The Board of Directors oversee the allocation of resources efficiently and effectively by considering the impact of the value chain, so that the goals and objectives can be achieved sustainably.

The Board of Directors manages the organizational information technology that matches the requirements of the Company, including overseeing the use of IT to create business opportunities and to improve the risks management. In order to achieve the objectives and core missions of the Company, the Board of Directors also covers risks management in terms of information technology, as well as establishing policies to safely protect the information.

Principle 6: Strengthen effective risk management and internal control

The Board of Directors makes sure that there are risk management system and internal control that allows the Company to achieve its objectives effectively, under the laws, regulations and standards related. The Board improves and develops the risks management process constantly by arranging independent auditors to be responsible for inspecting and evaluating the risks management and internal control systems, as well as reporting and disclosing their findings in the annual report.

The Board has set up the Audit Committee that can work effectively and independently with the qualifications and responsibilities as indicated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors have monitored and managed the conflicts of interests that may happen between the Company and the management, the Directors or the shareholders, including preventing the

unlawful use of assets, information, opportunities and undesirable business transactions with any parties relating to the Company.

The Board has clear anti-corruption policies, including supporting activities that promotes awareness of the employees to abide by the law and all relating regulations in each level of the Organization, and to the external parties. The Company establishes channel to listen to claims and whistle blowers through the website with complete procedures to verify the information (record, follow up, solve the problem) and to report to the Board of Directors. The Company provides protection measures to whistle blowers that honestly reports the leads.

Principle 7: Ensure disclosure and financial integrity

The Board of Directors is responsible for selecting the person in charge of preparing financial reports and disclosing all significant information sufficiently, correctly and on time, and overseeing the financial liquidity and affordability ratio. The individual must possess necessary skills and experience suitable for this responsibility. This individual may be the Chief of Accounting and Finance, Accountant, Auditor, Company's Secretary, and Investor Relation. In the case of a financial crisis, the Board prepares back up plan or any other methods of resolving financial situation. The Board is aware of the rights of stakeholders and has arranged for the representative to communicate with the shareholders. This individual must understand the Company's business, including its objectives, goals, values and can communicate well with investors and capital market such as Directors or the CEO. The Board promotes the use of IT in disclosing information. Other than publishing through the Stocks Exchange of Thailand as required, the Board of Directors also publishes the information both in Thai and English through other channels such as the Company's website and provides up-to-date information, accessible for all parties.

Principle 8: Ensure engagement and communication with shareholders

The Board of Directors ensures that the shareholders engage in making important decisions of the Company fairly and equally as stated in the Company's corporate governance guidelines. The Board promotes shareholders participation in the shareholders' meeting and allow the shareholders to exercise their rights effectively and transparently. The shareholders can add agendas prior to the meeting and if the agenda is not approved, the Board must notify the shareholders.

The minority shareholders can propose the individuals to take the position of Directors. The Board of Directors must disclose such information to the shareholder in advance and also publish the regulations on the Company's website and make sure that the meeting invitations contain complete and accurate information as per the rights of the shareholders, both in Thai and English language. The invitation must be sent out and revealed publicly at least 28 days before the meeting. The Board of Directors and all Executives must be present so that the shareholders can inquire on any relating matters. The Company will disclose the

meeting's resolutions and the result of the votes on the next day, through the information channel of the Stock Exchange of Thailand and on the Company's website. The copy of the shareholders meeting minutes will be sent to the Stock Exchange of Thailand within 14 days since the day of the shareholders meeting.

6.2 Business Ethics

The Company requires the Directors, Executives and the staffs of all levels to be responsible in their duties and follow the instructions diligently and emphasized on fair and equal treatment to all stakeholders, according to the principle of good governance. The Directors, Executives and the staffs of all levels must understand and strictly upholds the code so that the operation can be carried out efficiently, transparently, honestly and with the best interest of the Company. The actions must be fair to all parties of stakeholders and be accountable.

6.3 Significant changes and improvements of the policy, guidelines and corporate governance in the past year.

The Company had revised its Corporate Governance Policy by comparing it with the CG Code of the listed companies B.E. 2555 and the CG code of the listed companies B.E. 2560 of the Securities and Exchange Commission. The management team discovered that the Company had already adapted most of the regulation and notified the meeting as of Friday 10th August 2018. Additional policies which requires further approval for implementation are 1. Diversity in the Directors structure 2. Length of terms for the Directors 3. Remuneration policy for the Directors, CEO and the Managers 4. Policy on holding a position in listed companies and the subsidiaries that are not listed companies 5. Skills development for the Directors and 6. Personnel management, The Company had improved the Directors evaluation and considered revising the corporate governance policy to match with the CG Code of the Securities and Exchange Commission (SEC), with the details as follows;

Diversity in the Structure of Directors

The Company and the Remuneration Committee is responsible for choosing a variety of characteristics among the Directors for each Committee so that there are diversities in the structure of Directors, including adequate knowledge and expertise relating to the Company's business and the industries involved. The Directors should have specialized skills and relevant experience to the business operation including age, gender and necessary abilities to achieve the ultimate goal of the Company and to complete the Board Skill Matrix. The Board of Directors must consist of at least one Non – Executive member that has enough experience in the business or in the industry so that the Directors has a better understanding and can respond correctly to the demands of the stakeholders. In order to search for Directors, the Company may require the help of a professional search firm or the data from the Director pool of the Thai Institute of Director (IOD).

Term Rotation Policy

The Company's Board of Directors are in position for 3 years per term and during each Annual General Meeting of Shareholder, one third (1/3) of Directors must retire. If the numbers of Directors are not divisible into three (3), the closest number to one third (1/3) will be chosen. The Directors who must retire in the first and the second year after the Company registration will be decided by drawing lots. In the following years, the Directors who had been in position the longest must retire. The Directors who retire by rotation may be re-elected to be in the position again.

As for the independent directors which can be in position for no longer than 9 years or 3 terms since the first day of appointment (since the Company had registered in the Stock Exchange), if the independent directors were to continue with the position, the Directors should consider the matter carefully and propose to the Shareholders Meeting for approval.

Remuneration Policy for Directors / CEO / Executives

Remuneration for Directors

The Remuneration Committee of the Company decides, regulates and approves of the remuneration before proposing to the Board of Directors. The evaluation process is thorough, clear and transparent by comparing with companies in the similar industry, including duties, responsibilities and also considering the business expansion and profit growth which is sufficient to attract and maintain the Directors with appropriate capabilities. Each year, once the Remuneration Committee had considered and approved, the remuneration will be proposed to the Board of Directors for further consideration and finally presenting it to the Shareholders Meeting for approval.

Remuneration for Chief Executive Officer

The remuneration for the Chief Executive Officer will be evaluated annually according to the policies regulated by the Remuneration Committee both in the short and long terms. For example, remuneration as monthly salary, annual bonus and long-term incentives that must relate with the financial operation and achieving long term strategic goals such as CEO improvement including the business expansion and profit growth.

Remuneration for the Executives

The remuneration for the Executives will be evaluated annually according to the policies regulated by the Remuneration Committee.

Policy for the Directors holding a position in the listed companies and subsidiaries that are not listed companies

The Board of Directors stated that the Directors may hold position in no more than 5 listed companies per person, unless authorized by the Company to be the Director. When holding other positions, the Directors must notify the Board of Directors in the meeting.

Policy for the Chief Executive Officer holding a position in other listed companies

The Board of Directors stated that the CEO may hold a director position in no more than 5 listed companies. This does not include the subsidiaries, companies in the same group or the joint ventures of the Companies that the interests of the Company must be protected.

Directors Improvement Policy

The Company encourages and promotes the Directors in all Committee including new Directors to be aware of the responsibilities as well as rules and regulations regarding the business which had been established by organizations such as the Securities and Exchange Committee, the Stock Exchange of Thailand and the Thai Institute of Directors (IOD).

The new Directors for the position of the Board of Directors, Independent Directors and other Sub Committee of the Company must attend the orientation program according to the Stock Exchange of Thailand. This is so that the Directors understand and are aware of all information regarding the business operation, duties, responsibilities and also the rules and regulations necessary for being the Directors in a listed company of the Stock Exchange of Thailand.

Personnel Management Policy

Employment

The Company employs workers as appropriate to the jobs. As for higher level positions, the Company will consider promoting the staffs internally by prioritizing those with adequate skills. The Company will consider outside individuals only when there are not enough staffs, or the position requires individuals with specialized skills that are not present in the Company.

Remunerations and Benefits Management

The Company manages the remunerations and the benefits fairly and sufficiently for the employees so that they may work comfortably for the Company while receiving adequate salary and benefits suitable for the duties and responsibilities. The Company takes the following into consideration when providing salary and benefits;

1. General situation of the domestic economy
2. Wages in the domestic labor market.
3. Salary and benefits of other companies with similar business.
4. Different levels of positions internally.
5. Current economic and financial situation of the Company.

Human Resource Development

The Company aims to develop its human resources in all levels of the Organization from operations, managements to executives according to the duties, responsibilities and situations by emphasizing on creating a learning culture for the employees to be passed on in each positions with the core principles as follows;

1. Creating a learning culture

The Company aims to establish a learning culture for the employees and allowing them to be the center of education. This is achieved through activities that encourages the employees to learn, to take an interest in the work which will lead to knowledge development.

2. Training courses as appropriate

The Company assesses and evaluates the necessity for training the employees, including the skills and knowledge testing according to the policy, in order to appropriately arrange training courses that maximizes the benefits for both the employees and the trainers, the Organization and the customers. Not only there are both internal and external training courses for the employees, the Company also provides the executives with coaching courses and on the job training by proceeding according to the Company's personnel development policy.

3. Job succession

The Company plans the succession for each level of management especially in the management and the executive level by appointing the successor in the vice position to act in the position temporarily. In the case of permanent replacement, the Company will choose from within the Organization to promote individuals with satisfactory performance and excellent potential to move on the career path both for the middle level management and for general employees. The process will be considered through the Board of Directors consisting of the CEO and the Department Directors or middle level managements as appropriate.

The Company will continuously improve on other matters, in order to increase the efficiency of the corporate governance and increase the standard of the Company to match the CG Code for the listed companies.

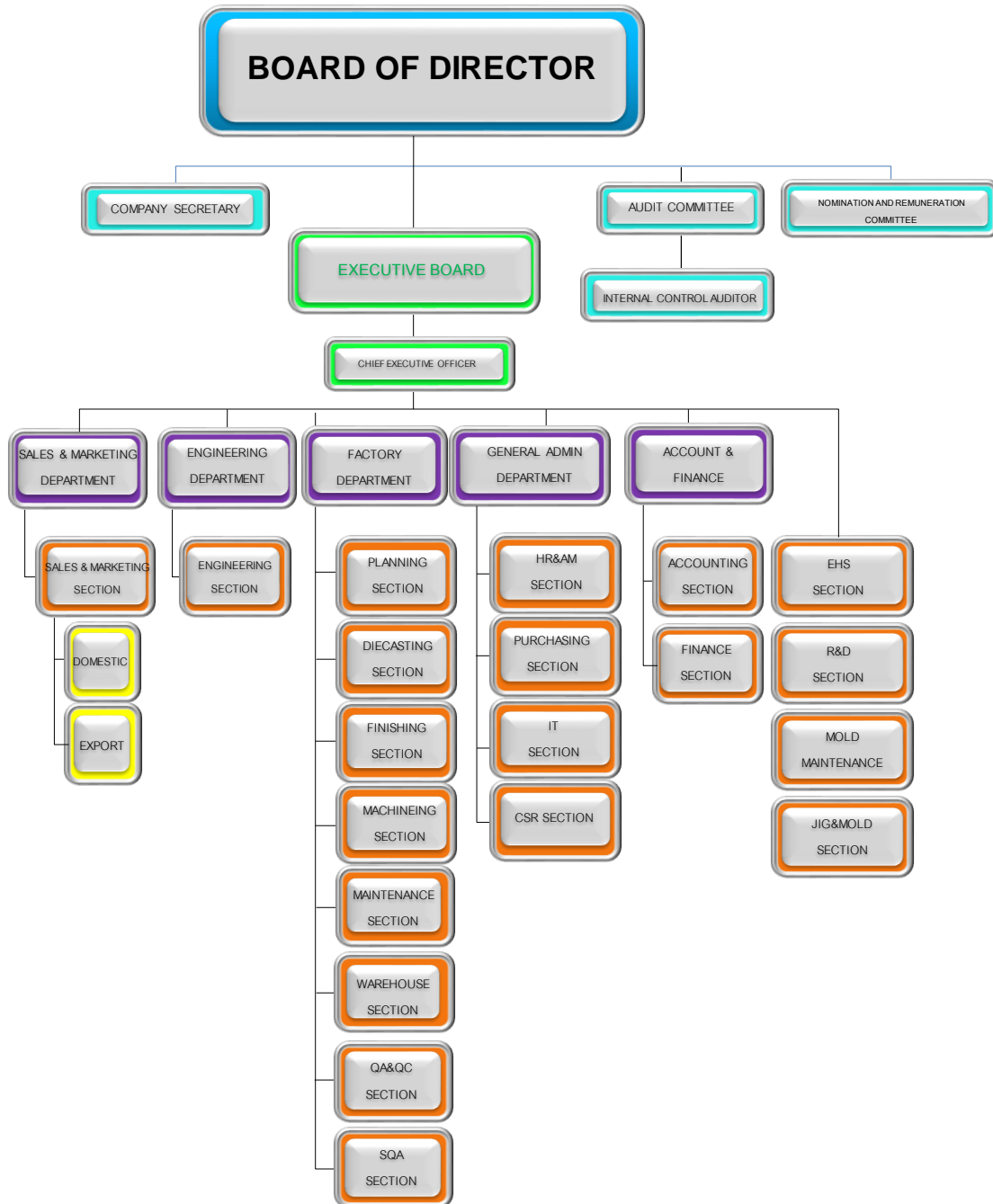
In the past year, the Company had been evaluated by the Thai Institute of Directors (Thai IOD) under the inspection project of 'Corporate Governance Report of Thai Listed Companies 2020: CGR' with the support of the Stock Exchange of Thailand (SET) and achieved 4 stars (Very Good) with an average score of 86 points.



2020 Shareholders evaluation result at 95 points

7. Corporate governance structure and important information regarding the Board of Directors, Sub-Committees, Executives, Staffs, and other matters.

7.1 Corporate Governance Structure



7.2 Information regarding the Board of Directors

The Board of Directors consists of Executives, Directors as representative of the shareholders and independent Directors. The Chairman of the Board is an independent Director that must be different from the CEO. There are 9 Directors with the ratio of independent Directors to all Directors at 55.55%, and the ratio of Directors who are not Executives is 77.77%.

The Board of Directors as of 31st March 2021 consists of 9 members as follows;

Name – Surname		Position
1. Mr. .Adul	Chotinisakorn	Chairman of the Board
2. Mr. Masami	Katsumoto	Director
3. Mr. Naohiro ^{1/}	Hamada	Director
4. Mr. Rattawat	Suksaichol	Director/ Nomination and Remuneration Committee
5. Mrs. PoonSri ^{1/}	Pattamavorakulchai	Director
6. Mr. Yuttana	Taepangthong	Director/ Nomination and Remuneration Committee
7. Miss Valaiporn	Kanignunta	Independent Director/ Chairman of the Audit Committee
8. Mr. Nipan	Tungpiruttham	Independent Director/ Audit Committee/ Chairman of Nomination and Remuneration Committee
9. Mr. Santi	Niamnil	Independent Director/ Audit Committee

Remarks: ^{1/}Mrs. PoonSri and Mr. Naohiro Hamada are the representing directors from the the Pinthong Group.

With Miss Sakultrip Homanee as the Secretary to the Board of Directors.

Directors with signing authorization on behalf of the company as of 31st December 2020

The number and name of the directors who are authorized to sign to bind the company are Mr. Masami Katsumoto or Mr. Naohiro Hamada or Mr. Rattawat Suksaichol, jointly sign and affix the company's seal

Scope of Authorities of the Board of Directors

The scope of authority, duties and responsibilities of the Board of Directors as concluded in the 2nd Shareholders Meeting on the 15th December 2009 is as follows;

- 1) To manage the Company in compliance with laws, objectives, Article of Association, the legalized resolutions passed at shareholders' meeting with honesty, carefulness and protection of the interests of the Company.
- 2) To appoint the management of the Company from some of directors and / or its executives to take any action as assigned by the Board of Directors and appoint other committee as it determines appropriate

- 3) To determine the Company's target, policy, business plan and budget, as well as supervise and monitor the management to ensure that they conform the Company's policy.
- 4) To review and approve policy, direction, strategic, business plan and large investment projects of the company that proposed by management.
- 5) To monitor the Company's operating performance to ensure ongoing compliance with the plans and budget
- 6) To consider and approve the significant matters relating to the company or any appropriate operations for the best interest of the Company

An exception for the following matters will be made when approved by the shareholders' meeting. In addition, directors cannot approve any transactions that he/she has interests or conflict of interests of any nature with the Company or its subsidiaries.

(A) Subject to laws must be resolved by the shareholders meeting.

(B) The transactions, which directors have interests or conflict of interests under laws or the requirements of the Stock Exchange of Thailand, have required an approval of the shareholders' meeting.

The following matters must be approved by the Board of Directors by majority vote of the directors attending the meeting and the shareholders' meeting by vote of not less than 3 in 4 of the total votes and entitled to vote.

(A) To sell or transfer entire of the business or a significant part to other parties

(B) To acquire or transfer other companies or private company

(C) To change or terminate some or whole of leasing contracts of the Company and assign person to manage the business of the Company or merge with another party with the purpose of sharing profit together.

(D) Any changes in memorandum of association or article of association.

(E) Capital increase or reduce, bond issuing, merger and acquisition or liquidate the company

(F) Any other matters must be approved by the Board of Directors and the Shareholders' Meeting under the securities laws and / or the requirements of the Stock Exchange of Thailand.

7.3 Information regarding the Sub – Committees

1. The Audit Committee

Scope of Authorities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;

3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;

4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;

5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;

6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:

- an opinion on the accuracy, completeness and creditability of the Company's financial report,
- an opinion on the adequacy of the Company's internal control system,
- an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
- an opinion on the suitability of an auditor,
- an opinion on the transactions that may lead to conflicts of interests,
- the number of the audit committee meetings, and the attendance of such meetings by each committee member,
- an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
- other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and

7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

In its performance of duties under the first paragraph, the audit committee must be directly responsible to the Company's board of directors, while the Company's board of directors shall remain responsible to third parties for the operations of the Company.

The Audit Committee, as of 31st March 2021, consists of 3 members as follows;

Name – Surname		Position
Miss Valaiporn	Kanignunta *	Chairman of the Audit Committee
Mr. Nipan	Tungpiruttham	Audit Committee
Mr. Santi	Niamnil	Audit Committee

Remarks: Miss. Valaiporn Kanignunta is the audit committee with outstanding abilities in the fields of financial statement investigation. She graduated with BA in Accounting, Diploma in Auditing and has various experiences as accounting advisor, for example at SC System Network co.,Ltd, and at Aisin Clutch Disk co.,Ltd.
Appointed Miss Prapaphan Chanapal as the Secretary to the Audit Committee.

2. Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

1. The NRC is to be appointed by the Board of Directors company's committee and has to comprise of not less than three persons, being the Company's directors and executives.
2. The independent director shall be the Chairman of the NRC.

The Office Term

1. The NRC's member has the office term has a tenure as the term of the Board of Director member.
2. The NRS's member may be re-appointed as the Board of Directors see as appropriate.
3. Apart from vacating upon the end of office term stated in Item 3.1, the Audit Committee's member will retire from the office upon the following conditions:
 1. Resignation
 2. Dismissal by the Board of Directors
4. The Board of Directors has power to appoint a new member of the NRC as to resume the operation and to substitute the member of the NRC who is out of office term according to Item 1 or Item 3 The substituted member can only be in the office within the remaining term of the member he/she replaced.

Scope of Authorities of the Nomination and Remuneration Committee

1. Nomination

1. guidelines and policies in nominating Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications, and proposing these ideas for approval by the Board of Directors and/or Shareholders' Meeting as appropriate.
2. Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
3. Executing other tasks related to nominations as assigned by the Board of Directors.
4. Setting guidelines and policies in nominating and evaluating the performance of the Chief Executive officer (CEO) and reporting to the Board of Directors for their consent.

2. Remuneration

1. Preparing guidelines and policies in determining the Board of Directors, other sub-committees' remuneration and Chief Executive Officer, and proposing it to the Board of Directors and/or Shareholders' Meeting for approval as appropriate.
2. Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors by taking into consideration each director's duties and responsibilities,

performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.

3. Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders' Meeting.

4. Reporting policies and principles/ reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.

5. Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors. The management team and other units have to report or present the information relating to the NRC in order to support the operation of the NRC to achieve their assigned tasks.

3. Reports

The Remuneration Committee reports to the Board of Directors.

4. Meetings

1. The Remuneration Committee can arrange or call for a meeting as appropriate at least twice a year and may request for more as necessary. The quorum consists of the Directors of the Remuneration Committee no less than half of the total number of Directors.

2. Every Directors should attend all meetings unless there are circumstances that prevents from attending and should notify the Chairman of the Remuneration Committee in advance.

3. The Chairman of the Remuneration Committee is the Chairman of the meeting. In the case that the Chairman is absent or cannot perform the duty, the directors of the Remuneration Committee must elect one Director as the Chairman of the meeting.

4. The resolution of the Remuneration Committee follows the majority vote. However, the Directors of the Remuneration Committee who has conflicts of interests on any agenda must not participate or vote on those issues.

5. The meeting invitation for the Directors of the Remuneration Committee will be sent out prior to the meeting, unless there is an emergency, the meeting will be notified by other means or arranged for an earlier date and the secretary of the Remuneration will record the meeting minute.

6. The Remuneration Committee may invite relating parties to attend and clarify any issues at the meeting.

The Nomination and Remuneration Committee as of March 31, 2021 has a total of 3 members as follows:

Name - Surname	Position
Mr. Nipan Tungpiruttham	Chairman of the Nomination and Remuneration Committee
Mr. Yuttana Taepangthong	Director
Mr. Rattawat Suksaichol	Director

Appointed Miss Sakultip Homanee as the Secretary of the Nomination and Remuneration Committee

3. Executive Board

Requirements and Qualifications

1 The Executive Committee consists of the Chief Executive Officer and no more than 4 others as suggested by the CEO and must be approved by the Board of Directors. However, the Executive Committee will select an individual within the committee to be the Chairman of the Executive Committee and another person to be Vice Chairman.

2 The Executive Committee appoints the secretary of the committee. The role of the secretary of the executive committee is to arrange meetings, gather documents for the meeting and also prepare the meeting minute for the committee every time.

3 The Executive Committee must hold meetings as appropriate but must not be less than once per month.

4 The Chairman of the Executive Committee will call for the Executive Committee Meeting. In the case that the Chairman could not perform his/her duty, the Vice Chairman will do it instead

Terms of the positions

1. In the case that the Executive Director is the Board of Director, let the terms be under the Board of Director.

2. In the case that the Executive Director is the Manager, let the terms be under the Company's Manager.

3. In the case that the Executive Director is an outsider who is neither Director or Manager of the Company or is an outside individual, the position will be as the resolution of the committee.

Authorities and Limitation of the Executive Committee

1. The Executive Committee has the authority in setting the policies, goals, strategies, work procedure and annual budget as designated and also the business activities which must follow the policies, regulations or any other orders by the Board of Directors. Moreover, the Executive Committee is responsible for evaluating, screening, inspecting all issues presented to the Board of Directors for further approval or acknowledgement.

2. The Executive Committee has the power to direct the organizational structure by covering the selection process, trainings, benefits and including the Company's dismissal of the staffs.

3. The Executive Committee may appoint or assign any individual to perform any tasks instead of the Executive Committee as appropriate and that the Executive Committee may cancel, adjust or revise such authorities.

Executive Board at of 31st March 2021, consists of 4 members as follows;

Name – Surname		Position
Mr. Masami	Katsumoto	Chairman of the Executive Committee
Mr. Rattawat	Suksaichol	Director
Mr. Yuttana	Taepangthong	Director
Mr. Kiattipoom	Poomminun	Director

Appointed Miss Pimpon Chakijdee as the Secretary of the Committee

7.4 Information regarding the Executives

The names of the Executives as announced by the SEC, concerning the issuing of and offer to sell the assets. The Managing Directors, as of 31st March 2021, consists of 5 members as follows;

Name – Surname		Position
Mr. Rattawat	Suksaichol	Chief Executive Officer and General Management Department Manager
Mr. Kiatipoom	Poomminun	Sales and Marketing Department Manager
Ms. Prapaphan	Chanapal	Account and Finance Department Manager
Mr. Jaroon	Jinnaree	Factory Department Manager
Mr. Anant	Tungsunthornthum	Engineering Director

Scope of work of the Chief Executive Officer (CEO)

1. To manage and monitor the Company's business
2. To perform any tasks as assigned by the Board of Directors
3. To consider employment, appointment, transferring of employees, termination of employment, setting salary, remuneration and bonus packages of all employees, except CEO position
4. Authorize to consider and approve the lists of short-term loan within limits of 20 million baht per year for each item.
5. Authorize to approve the common and necessary action in the affairs of company general operation such as Sales and services, Procurement of raw materials., Subcontract or Vender and The service contract, Expense for all management in term of other productions., Approval of machinery / utilities reparation costs. and Rental/Hire Purchase of machinery, equipment for all production, transportation for company officer, transportation for product distribution, equipment and tools including the rental of property etc.

6. Authorize to approve the action of any investment related to manufacturing development and machinery procurement is not exceeding 7 million baht per year.

7. To empower the command, announcement, regulation or memorandum for operation being in line with policies and interest of the Company and to maintain discipline within the organization.

8. To authorize to act and being representative of the company to a third party involved in the business and benefits of the company

9. To appoint consultant as deemed necessary for the Company's operations

10. Other duties assigned by the Board of Directors

The authority so assigned, however, must not give Chief Executive Office or the persons as authorized the opportunity to consider and approve any transactions that he or his related parties may have interests or conflict of interests of any nature with the Company or its subsidiaries, except for transactions in compliance with Article of Association, SEC and/ or SET criteria that have already been considered and approved by the Board of Directors and/or shareholder's meeting and reviewed by the Audit Committees.

Self-Assessment Evaluates the performance of the Chief Executive Officer.

The Remuneration Committee will evaluate the performance of the CEO and the CEO must also perform a self-evaluation assessment according to the CEO evaluation form by the Stock Exchange of Thailand in the 4th quarter annually. The evaluation will be divided into 3 categories as follows;

1. Projects Progression
2. Operation Performance
3. CEO Development

Then the results will be proposed to the Board of Directors for consideration and use the evaluation to further improve the operation and achieve all of the assigned goals. To this, the evaluation of the CEO for the year 2020 had been excellent.

7.4.2 Remuneration policy for Directors and Executives

Remuneration for Chief Executive Officer

The remuneration for the Chief Executive Officer will be evaluated annually according to the policies regulated by the Remuneration Committee both in the short and long terms. For example, remuneration as monthly salary, annual bonus and long-term incentives that must relate with the financial operation and achieving long term strategic goals such as CEO improvement including the business expansion and profit growth.

Remuneration for the Executives

The remuneration for the Executives will be evaluated annually according to the policies regulated by the Remuneration Committee.

7.4.3 Remunerations for the Executives

(1.)Monetary remuneration

In 2020, the company had remunerated the Executives with salaries and bonuses for the total of 6 members amounting to 12.62 million Baht. (Salary 11.26 million Baht, Bonus 1.36 million Baht) It accounts for 10 percent of all employee wages.

(2.) Other compensation

Other management compensation - Provident funds

The company has set up a provident fund for the management the company has contributed according to the working age at the ratio of 3-6.5 % of salary in the year 2020. The Company has made contributions to the provident fund for 6 executives. Total 0.57 Million baht

7.5 Information regarding the employees

7.5.1 The numbers of employees Compensation and welfare

In 2020, the company has in total 496 members (as of 31st December 2020). The company has paid the remunerations to staff in total 129.42 million Baht in the form of salary, compensation, over time, travel expenses, bonus, per-diem, incentives and benefits.

The numbers of employees separated by positions

Employee type	Number of people
Production Line	440
Administrative and support	56
Total	496

Remarks: Production Line Staffs are DI FS MC QC PC MT WH JIG R&D SQA

Changes of labour in the past 3 years

Number of Staffs in 2018 – Total 462 (as of December 31st, 2018)

Number of Staffs in 2019 – Total 517 (as of December 31st, 2019)

Number of Staffs in 2020 – Total 496 (as of December 31st, 2020)

Cases of labour disputes in 2020

– None –

Consideration of remuneration adjustment

As for remuneration adjustments, in the recent years, the company uses the annual performance evaluation as the baseline to consider bonuses and the annual remunerations. This is to encourage the staffs and is a payoff to their hard work.

Employees benefits

The company also provides benefits to the staffs, for example shifts fee, heat fees (supporting fees for staffs that operate the furnace or heat giving machineries), incentive pay, annual health check-ups, uniforms, and supporting funds to the staffs in the case of marriage, pregnancy and/or give birth, death in

the family, retirement funds, healthcare benefits (group insurance) and supporting funds when being admitted to hospitals. Also, the company supports the foundation of Sanko-Thai Credit Union to encourage savings and promote the unity between members of staff.

Provident funds

The Company encourages the Provident Fund Committee to select fund manager that works ethically, following the investment governance code (I Code) and can responsibly manage the funds by considering the factors regarding the environmental, social and governance (ESG). The individual must abide by the investment ethics and disclose the fund manager selection guideline to the members, which will promote the long-term benefits of the provident fund.

Name of Funds	PVD	Number of employees participating in PVD (person)	Percentage of staff participating in the PVD (%)
Thai Mun Khong Provident Fund	YES	402	82.20

Warrants for the rights to buy common stocks for Directors and staffs of the Company (Employee stock option program: ESOP), with details as stated in section 8.1.2.

7.5.2 Human Resource Development

The Company encourages the employees to improve both professionally and mentally, to be able to work healthily and happily through seminars and various activities, such as; New staffs orientation where the company trains the new staffs to fully understand their rights and roles as a member of the organization. This includes all the benefits, work standards, safety procedures and other organization cultures. During the probation period, the staffs will be evaluated to see how well they have adapted in to the organization and to their responsibilities as new employees.

1. New staffs orientation where the company trains the new staffs to fully understand their rights and roles as a member of the organization. This includes all the benefits, work standards, safety procedures and other organization cultures. During the probation period, the staffs will be evaluated to see how well they have adapted in to the organization and to their responsibilities as new employees.

2. Develop the skills and knowledge through seminars and on the job training with coaching system.

3. Develop the skills though functional expertise so that the staffs can understand and are able to take responsibility in their role, can teach others and can further grow in their career path.

4. Develop personnel through the company's core values by hosting activities that encourage the staffs to improve the following behaviors';

- Innovation

- Proactive Working
- Achievement Orientation
- Sense of Belonging

7.6 Other important Information

7.6.1 Head of the accountant

Miss Prapaphan Chanapal, accounting and finance manager

7.6.2 Company Secretary

The Board of Director has appointed Miss Sakultrip Homanee as the Company Secretary as of 18th September 2009. (the company secretary 's qualifications can be seen in attachment no. 1)

7.6.3 The Internal Audit

T Group Advisory Company limited, an external audit company, has been appointed as the "Internal Audit" to monitor all operations and financial activities of the company for the year 2020 with Miss Rungwan Saelee acting as the main internal auditor of the company

7.6.4 Chief of corporate Operations Section

-None-

7.6.5 Chief of Investor Relations Section

Mr. Rattawat Suksaichol Chief of Investor Relations section. The shareholders and investors could contact investor relations Section Sanko Diecasting (Thailand) Public Company Limited.123, Suntowers Building B, Room 2807, 28th Floor, Vibhavadi-Rangsit Road, Chom Phon, Chatuchak, Bangkok 10900, E-mail: sct@sankothai.net, ir@sankothai.net or Fax: 02-005-3310

7.6.6 Audit Fee

Audit Fee

At the General Shareholders Meeting of the year 2018 on 27th April 2018, the meeting approved the Audit fee of the year 2018 to be 1,330,000 (One million three hundred and thirty thousand Baht)

At the General Shareholders Meeting of the year 2019 on 25th April 2019, the meeting approved the Audit fee of the year 2019 to be 1,500,000 (One million five hundred thousand Baht) Not including the preliminary examination fee at 200,000 Baht. (two hundred thousand baht)

At the General Shareholders Meeting of the year 2020 on 29th April 2020, the meeting approved the Audit fee of the year 2020 to be 1,500,000 (One million five hundred thousand Baht)

Non Audit Fee

-None-

8. Corporate governance

8.1 The Committee Performance Report

8.1.1 The committee nomination, development and evaluation process

Nomination

1. The Board of Directors

The selection of the individuals for the position of the Board of Directors have been nominated by the Nomination and Remuneration Committee. which will consider from the qualifications as per the Section 68 of the Public Limited Company Act B.E 2535 and as per the related announcement by the Securities and Exchange Commission. Moreover, the Board of Directors will consider experts from various fields to take up the positions which will be beneficial to the company for advising and giving opinions on many issues. The person must have a strong leadership, visions, morals and ethics with a clean, transparent work profiles and can make an independent decision. Once this is decided, the names will be presented in the Shareholders Meeting for appointment.

Directors shall be elected by the General Meeting of Shareholders under the criteria and procedures as follows;

- a) A shareholder has one vote per one share.
- b) In the election, the shareholders may vote to the nominee individually or many persons at a time depending on the decision of the meeting. The share holders may utilize the vote as per a) to vote, but cannot distribute different amount of votes to many different nominees.
- c) The person who receives the votes of the highest number and the next persons in the order of the number of votes received shall be elected Directors in the number permitted. In case the next persons in the order of the number of votes received obtain equal numbers of votes and the number of such persons exceeds the remaining number of Directors permitted, the Director to be elected therefore shall be decided by the Chairman.

At the Annual General Meeting of shareholders one-third of the Directors, or if their number is not multiple of three, then the number nearest to one-third must retire from office. A retiring director is eligible for re-election. The directors, who will retire in the first and second year after the company is listed, will cast lots to see who will retire in the following years and the director with the longest time on the post will retire from office. The retired directors may be re-elected back into position again.

In case the post of a Director has been vacated owing to reasons other than by completion of his tenure, the Board of Directors shall elect a qualified person, who does not have any prohibitive attributes pursuant to Section 68 of the Public Limited Company Act B.E. 2535 as a replacement Director for subsequent meetings of the Board of Directors unless the remaining period of the tenure is less than two months. The person who becomes a replacement Director may remain so as long as his/her time as Directors allowed, and must have the approval of no less than 3 out of 4 of the remaining directors.

In addition, the Board of Directors must consist of at least 1 in 3 Independent Directors from all of the Company's directors but no less than 3 persons.

The Definition of Independent Directors

"Independent Director" is the person who has no relation at all to the management of the company and/or the operation of the Company's business. This person is independent from major shareholders and from Company's executives, including the close relatives of the said people and can express their opinions freely by considering the benefits of the Company and of the Shareholders first.

Qualifications of Independent Directors

1. Must be a person with qualifications that does not violate the rules, regulations and any other applicable laws.
2. Holding shares not exceeding 1% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, or juristic persons which may have conflicts of interests by counting also the shares of relating persons.
3. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years before the appointment date.
4. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company.
5. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before the appointment date.
6. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before the appointment date.
7. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, or juristic persons

which may have conflict of interests, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years before the appointment date.

8. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder of the Company.
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.
10. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
11. Independent Directors must immediately notify the Board of the Directors in any situation which may jeopardize their qualifications as the Independent Director of the Company.

Once the Independent Directors have been appointed as per the above qualifications, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same level subsidiary company, with juristic persons who may have conflict of interests, provided that such decision shall be in the form of collective decision.

2. The Audit Committee

The Remuneration Committee will select, approve and present to the Board of Directors for approval and once more proposing to the shareholders meeting to authorize the Audit Committee. The Audit Committee Directors must be no less than 3 people with at least one person in the field of accounting and finance. The Directors must possess the characteristics as regulated by the securities law and the SET.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established for the first time by the Board of Directors' Meeting No.3/2017 on August 10, 2017 to support the good governance of the company. The committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors, sub-committees and Chief executive officer. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and/or to the Shareholders' Meeting.

Composition of the Nomination and Remuneration Committee

1. The NRC is to be appointed by the Board of Directors company's committee and has to comprise of not less than three persons, being the Company's directors and executives.

2. The independent director shall be the Chairman of the NRC.

The Office Term

1. The NRC's member has the office term has a tenure as the term of the Board of Director member.

2. The NRS's member may be re-appointed as the Board of Directors see as appropriate.

3. Apart from vacating upon the end of office term stated in Item 3.1, the Audit Committee's member will retire from the office upon the following conditions:

1. Resignation

2. Dismissal by the Board of Directors

4. The Board of Directors has power to appoint a new member of the NRC as to resume the operation and to substitute the member of the NRC who is out of office term according to Item 3.1 or Item 3.3. The substituted member can only be in the office within the remaining term of the member he/she replaced.

4 Executive Board

Requirements and Qualifications

1 The Executive Committee consists of the Chief Executive Officer and no more than 4 others as suggested by the CEO and must be approved by the Board of Directors. However, the Executive Committee will select an individual within the committee to be the Chairman of the Executive Committee and another person to be Vice Chairman.

2 The Executive Committee appoints the secretary of the committee. The role of the secretary of the executive committee is to arrange meetings, gather documents for the meeting and also prepare the meeting minute for the committee every time.

3 The Executive Committee must hold meetings as appropriate but must not be less than once per month.

4 The Chairman of the Executive Committee will call for the Executive Committee Meeting. In the case that the Chairman could not perform his/her duty, the Vice Chairman will do it instead

Terms of the positions

1. In the case that the Executive Director is the Board of Director, let the terms be under the Board of Director.

2. In the case that the Executive Director is the Manager, let the terms be under the Company's Manager.

3. In the case that the Executive Director is an outsider who is neither Director or Manager of the Company or is an outside individual, the position will be as the resolution of the committee.

Potential Development

The Committee members are encouraged to increase their knowledge by means of entering the valuable seminars or courses or training programs concerning global news, world innovation, new idea of business management, etc.; and, this could help the members work effectively.

At present, all the committee members have passed the entire course involving the committee crucial role and duty. In case of the new comer, to learn the role and duty is in progress; however, the member has finished the course managed by the former company already.

In order to follow the latest Corporate Governance Policy that all committee have the rights to access up- to-date information thoroughly, precisely, adequately and equally, the company secretary will inform them about the SET Regulatory Authority and the Securities and Exchange Commission (SEC)'s latest involved regulations in every meeting, additionally, the company secretary is encouraged to be in the related programs and seminars held by SEC and involved institutions.

(the committee members and company secretary 's training history can be seen in attachment no. 1)

Committee's performance Evaluation

The company's performance is aimed to be evaluated annually in order to bring its useful result in improving the committee and the subcommittees' performance in various aspects that leads to encourage the effectiveness of the committee's performance monitor. To comply with the laws and regulations Securities and Exchange Act, for the year 2020, Self- Evaluation is fully used; and the 4 subjects are as follow

- 1) The committee's structure and qualification is suitable for productive work
- 2) The committee take action in these jobs which leads to efficient performance in the meeting
- 3) The committee's role duty and responsibility is focusing on taking action in these aspects.
- 4) Others aspects, 29 sub headings; in conclusion, the committee performance evaluation is 93.39%

New Directors Orientation

When taking up the position of the Company's Director / Independent Director, each director will receive the Director Manual and learn all vital information regarding the Company such as the regulations outlining the limit of the authorities, duties and responsibilities of the Directors, advice on the law, rules and all the terms for being the Directors in a listed Company of the Stock Exchange of Thailand, including the knowledge in the business of the Company.

8.1.2 Meeting Attendance and Remunerations for each Committee

Meeting Attendance

1. Attendance of the Board of Directors Meeting for the year 2020

Name - Surname		Position	Meeting		
			Board meeting (Meeting attendance/ Right of meeting)	AGM Meeting Meeting attendance/ Right of meeting)	EGM Meeting Meeting attendance/ Right of meeting)
1. Mr. Adul	Chotinisakorn	Chairman of the Board	3/5*	-*	-
2. Mr. Masami	Katsumoto	Director	5/5	-	-
3. Mr. Naohiro/1	Hamada	Director	4/5	-	-
4. Mr. Rattawat	Suksaichol	Director	5/5	1/1	-
5. Mrs. Poonsri/1	Pattamavorakulchai	Director	5/5	-	-
6. Mr. Yuttana	Taepangthong	Director	5/5	1/1	-
7. Miss Valaiporn	Kanignunta	Independent Director	5/5	-	-
8. Mr. Nipan	Tungpiruttham	Independent Director	5/5	1/1	-
9. Mr. Santi	Niamnil	Independent Director	5/5	1/1	-

Remarks: Mr. Adul Chotinisakorn has been appointed chairman since May 14, 2020 (3/2564) 1. Monetary remuneration

a) Remunerations for the Directors

At the Shareholders Meeting on 29th April 2020, the board has approved to remunerate the directors in the year 2020 as follows;

Position	Meeting Allowance (per time) Baht		Bonus/ Pension and other benefits	
	2020	2019	2020	2019
1 The Board of Directors*				
Chairman of the Board	30,000	15,000	N/A	N/A
Directors	10,000	7,500	N/A	N/A
2. The Audit Committee	17,500	15,000	N/A	N/A

*The Meeting Allowance will be paid for the meeting of Board of Directors and (AGM, EGM)

In 2020, the remunerations of the Directors were as follows;

Name - Surname	Position	Meeting Allowances (Baht)			
		Directors	Audit Committee	Nomination and Remuneration Committee	Total
1. Mr. Adul Chotinisakorn	Chairman of the Board	70,000	-	-	70,000
2. Mr. Masami Katsumoto	Director	52,500	-	-	52,500
3. Mr. Naohiro Hamada	Director	37,500	-	-	37,500
4. Mr. Rattawat Suksaichol	Director/ Nomination and Remuneration Committee	87,500	-	10,000	97,500
5. Mrs. Poonsri Pattamavorakulchai	Director	45,000	-	-	45,000
6. Mr. Yuttana Taepangthong	Director/ Nomination and Remuneration Committee	52,500	-	10,000	62,500
7. Ms. Valaiporn Kanignunta	Independent Director/Chairman of the Audit Committee	45,000	67,500	-	112,500
8. Mr. Nipan Tungpiruttham	Independent Director/ Audit Committee/ Chairman of Nomination and Remuneration Committee	52,500	67,500	10,000	130,000
9. Mr. Santi Niamnil	Independent Director/Audit Committee	52,500	67,500	-	120,000
Total		450,000	202,500	30,000	682,500

2) Non – monetary Remuneration/ Other benefits

At the first special shareholders meeting 1/2012 held during 30th May 2012, the board has agreed to issue a named and non-transferrable stock-purchase warrant to the board of directors and staff members of the company (stock-purchase warrant) for a total amount of 6,000,000 units which will be distributed and

sold as common stock to the public with the offer at 0 Baht per unit. The warrant has a 5 years expiration date starting from the first day of the offer where 1 unit of the stock-purchase warrant can buy up to 1 stock at the par value of 0.50 Baht per stock (unless there is a change in terms and conditions). The board also approves the forming of the Remuneration Committee in order to allot the warrant for directors and the staffs of the company which has more than 5% of all the warrant. This committee includes the 3 Audit Committee members to whom the board agrees to remunerate the extra 50,000 Bath by paying the amount after the stocks are offered to the general public for the first time.

At the Extra Ordinary Shareholders Meeting 1st/2015 that was held on the 9th July, 2015, the resolution was made to assort the common stocks of no more than 589,239 stocks with the value at 0.50 Baht in order to prepare for the adjustment of the employee stocks ownership plan (ESOP), resulting from the quitting and rights offering as follow;

- The ratio with the original 1:1 (1 warrant can buy 1 common stock) was changed to the new ratio of 1:1.16 (1 warrants can buy 1.16 stocks.)
- Change the original price of buying common stocks at 0.50 Baht to the new price at 0.43 Baht per stock.

The meeting of the Board of directors no. 5/2015 held on 13rd August 2015 had considered and approved the adjustment of the exercise price of the stocks warrants of Sanko Diecasting (Thailand) Public Company Limited, to the Employee Stock Ownership Plan (ESOP) from 0.43 Baht to 0.50 Baht per share, according to the original terms

The details of the directors and executives which were given stock – purchase warrant is as follows;

Name – Surname	Position (31 March 2016)	Numbers of warrants received (units)	Percentage of the total warrants distributed to directors and staff members (%)
1. Mr. Masami Katsumoto	Chairman of the Board	600,000	10.00
2. Mr. Naohiro Hamada	Director	200,000	3.33
3. Mr. Rattawat Suksaichol	Director / Chief Executive Officer	600,000	10.00
4. Mr. Shigehiro Katsumoto	Sales and Marketing Advisor	150,000	2.50

Remarks: the first approved allocation with the ratio of 1:1 and once the capital was increased, the ratio was 1:1.16

8.1.3 To follow up the policy and guide lines of corporate governance

The company emphasizes on good corporate governance, therefore, the involved policy and guide lines are included in the company's good corporate governance and code of ethics. Also, the company encourages the utilization of these policy and guidelines as a method to provoke the shareholders' reliance.

In the past year, the company did follow up good corporate governance including 1) equal employee treatment 2) anti unfair competition 3) better environment, hygiene and safety 4) safety of information communication. As a result, all aspects have been done completely.

The company also catches up in line with good corporate governance policy in 4 aspects as follows;

1. Conflicts of interests

The Company does not allow the Directors, Executives and the staffs to abuse the power for their personal gains and have laid out the regulations as follows;

1.) The Board of Directors, the Audit Committee and the Executives must consider the conflicts of interests for certain transactions that me related, following the requirements of the stock exchange cautiously, accurately, honestly, within reasons and is independent under the principle of good business ethics by prioritizing the benefits of the Company at its core. This is to make sure that the said transactions are reasonable and is for the benefits of the Company and that the stakeholders have no involvement in the said transactions.⁹⁹

2.) Not performing any actions that are on the contrary to the Company's benefits such as obstructing the benefits of the Company or acquiring portions of the Company's benefits.

3.) Not performing any actions that may compete with the Company's business.

4.) Avoid self-related transactions that may cause a conflict of interest with the Company's benefits.

5.) In the case that certain transactions must be executed, for the benefits of the Company, proceed with the transaction as if dealing with an outside party with written trade contracts as per usual without influences from the position of the Director, Executive or relating individuals and also following the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission for disclosing the information of the said transaction.

6.) The Directors, Executives, staffs and the Company's employees, including the spouses and the children of the said persons are forbidden from seeking personal gains from the Company's business operations for example, performing any actions to sell the goods or services to the Company. If such actions occur, there must be written documents to notify the said actions in all cases.

In the past year, there is no case of conflict of interest

2. Usage of internal information for personal gains

Trading the Company's stocks and usage of the internal information

All information that may affect the Company's asset values or information that, when disclosed to the public, may cause damages to the Company's reputation or place the Company at the disadvantage, is considered significant and confidential information. Therefore, the preparation, protection or the disclosure of the information must be carried out appropriately, by considering the effects to the stakeholders as a whole and following the indicated laws and regulations and not using such information for personal gains or for other parties as follows;

1.) The Company forbids the Directors, Executives, and the staffs including their spouses and under age children from buying or selling the Company's assets within 1 month before the disclosure of the financial statement or the Company's status including other confidential information and must wait for at least 24 hours after the information has been revealed to the public before buying or selling the Company's assets.

2.) The Directors, Executives, and the staffs including their spouses and under age children are not allowed to use the Company's internal information that may affect the price of the Company's assets that have not been disclosed to the public in order to trade, offer to buy, trade or persuade other parties to trade into the assets of the Company both directly or indirectly before such information is revealed to the public and achieve their personal gains. Those who violate the regulations will receive disciplinary actions by the Company.

3.) The Directors, Executives, and the staffs are not allow to reveal the confidential and/or internal information of the Company in order to seek personal gains of for the benefits of the other parties both directly or indirectly and whether or not they will be compensated.

4.) Must protect the benefits and the confidential information of the Company and the customers. Do not reveal the confidential information of the Company to the public especially to the competitors, even though one is no longer a Director, Executive of the staff of the Company.

3. Anti-Corruption

Sanko Diecasting (Thailand) Public Company Limited aims to operate its businesses by upholding the responsibility to all parties involved. The Company had joined with the "Collective Action Coalition Against Corruption" in order to show its determination in fighting against all forms of corruption. The Company has appropriate policies to direct the responsibilities, guidelines and regulations for the business operation in order to prevent all forms of corruption involving with the Company's business activities and to help deciding and operating the businesses with high risk factors. Therefore, the Company had prepared the "Anti-Corruption Policy" manual to act as clear guidelines when conducting businesses and lead the

Organization to sustainable growth. As a result, the Board of Directors, the Executives and the staff including the parties involved must strictly operate the businesses according to the Anti-Corruption Policy.

Anti-corruption Policy

The Directors, Executives and the Company's staffs are forbidden from initiating or accepting any forms of corruption both directly and indirectly by covering all of the Company's business in all countries and all relating organizations. The anti-corruption policy will be frequently inspected, followed and will also be revised to better suit the changing nature of the economy, politics and the business society including the rules, regulations and the terms indicated by the laws.

Responsibilities

- (1) The Board of the Directors is responsible for setting up the policies and provide adequate and efficient anti-corruption support system, so that the management is aware of the importance of the anti-corruption policy and further develop into the Organizational culture.
- (2) The audit committee is responsible for inspecting the financial and accounting report system, internal control system, internal audit system and other procedures relating to the anti-corruption measures so that the system runs efficiently and according to the standards.
- (3) The Executives are responsible for setting up and support the system for the anti-corruption policy in order to communicate with the staffs and all relating personnel, including revising the suitability of the system and all protocols to better adapt with the change in the business, regulations and the laws.
- (4) The internal audit committee is responsible for inspecting and following up with the practice so that the procedures are carried out according to the policy, guidelines, regulations and the laws of the management, in order to be confident with the appropriate control system to prevent the corruption and report directly to the audit committee.

Procedure Guidelines

- (1) The Board of Directors, Executives and all levels of the Company's staffs must follow the anti-corruption policy and the Company's ethics by not involving themselves with corruption both directly and indirectly.
- (2) The Company's staffs must not ignore or neglect any corruptions that involve the Company. The staffs must report the incident to the person in command or any responsible personnel and fully cooperate with the investigation. If there are any questions or inquiries, consult with the person in command or the responsible person regarding the Company's ethics through the various channels provided by the Company.

- (3) The Company will protect the staffs who refuses the corruptions or reports the corruptions which relates to the Company by undergoing the whistle blower protection measures or the staffs who cooperate with the Company in reporting the incident, as indicated under the whistle blower policy.
- (4) Staffs who engage in corruption are considered violating the Company's ethics and will receive disciplinary actions as indicated by the Company. Furthermore, they may face legal charges if the said action is against the law.
- (5) The Company is aware of the importance of the disclosure and the communication between the trade partners and all of the Company's stakeholders or those who may affect the Company, regarding the practice of the anti-corruption policy.
- (6) The Company strives to create and safeguard the Organizational culture that rejects corruptions either to the private sector or to the public sector.

Terms of Procedures

- (1) Any actions following the anti-corruption policy must follow the guidelines as indicated in the Company's ethic manual, regulations and all Company relating guidelines including any other guidelines that may be introduced further by the Company.
- (2) For the sake of transparency regarding corruption incidents with high risks, the Board of the Directors, Executives and the Company's staffs at all levels must proceed with caution in the following issues;
 - 2.1 Gifts - Meals and any expenses for giving presents or receiving of gifts must be in accordance with the Company's ethic and the policy regarding giving gifts, assets and any other Company's benefits.
 - 2.2 Donations or sponsors – Giving or receiving donations or sponsors must be transparent and under the law by making sure that the donation or sponsoring money is not used as an excuse for bribery.
 - 2.3 Business relation and subcontracting with the public sector, trade partners, clients or any parties relating to the Company - Must not give or accept any forms of bribery. The business operation and the communication with all parties relating to those organizations must proceed transparently, honestly and under the law.

4. Complaints and Advices

The Board of Directors provides the staffs and the stakeholders to have access to multiple channels for suggestions, opinions, complaints or any leads seen in any events or actions which may affect the violation of laws, regulations and/or in conflict with the morals and ethics that could cause the damage to the Company. By the Company sets the guidelines to be acknowledged as follows; The Chairman of the Board of the Audit Committee Sanko Diecasting (Thailand) Public Company Limited 3/14 M.2, T. Nong Bua, A. Ban Kai, Rayong, 21120 Or through the Company's website: www.sankothai.net/investor

The Chairman of the Board or the Audit Committee will receive the information directly by keeping them confidential in order to protect the stakeholders and the witness and will carry on the procedure fairly by referring to the information received and prove it to further handle the situation.

Complement Process when receives complaint

(1). Gather all the evidence regarding the violation

The complaint recipient will proceed with gathering the information regarding the violation of the ethics personally or assigns appropriate personnel to carry out the process.

(2) Information processing and filtering

The complaint recipient will file the complaint, investigate the case within 7 working days since the day of complaints in order to find appropriate solutions to each case which may involve;

- Report to authorized personnel in order to deal with the issues case by case.
- Report the information to the Audit Committee/auditors to investigate further and process and filter the information.

(3) Assign proceeding measures

The personnel responsible for (2) must indicate the measures to stop the violations of the ethics and compensate the damages to those affected by considering the damages as a whole.

If the appellant is not satisfied with the procedures to stop the complaints, he/she may appeal within 7 days since procedures have started.

(4) Result Reports

The person receiving the complaints is responsible for notifying the appellant of the result according to (3) if the appellant reveals his/her identity

In the case of an emergency, report directly to the Chairman of the Board and/or to the Board of Directors. For example, issues that affect the reputation, images or the financial status of the Company or in conflicts of the Company's business operation or to the high level Executives.

Whistle blowers protection policy

The Company has the whistle blowers protection measures as follows;

(1) The whistle blower may choose to not reveal themselves, if they deem that by revealing themselves will lead to danger or any damages. However, if they choose to reveal themselves, the Organization can report the progress and the information faster and more convenient.

(2) The complaint recipient will keep the related information confidential and will reveal only as necessary by considering the safety and the damages to the whistle blowers, the sources of the information and the relating parties. The whistle blower protection measures will protect those who cooperated and will be guaranteed by the Company to not have their employment terminated, or received disciplinary actions that may negatively affect the staffs in any way.

(3) In the case that the whistle blower feels that they are not safe or may be in danger, the whistle blower may request the Company for an appropriate protection measures or the Company may provide protection measures without the request of the whistle blowers if the issue has the possibility to cause discomfort or harm.

However, in 2020, there were no cases of complaints or leads regarding the corruption to the audit committee.

8.2 Audit Committee report

8.2.1 Attendance of the Audit Committee's meeting for the year 2020

Name - Surname		Position	Meeting		
			Audit Committee Meeting attendance/ Right of meeting)	AGM Meeting Meeting attendance/ Right of meeting)	EGM Meeting Meeting attendance/ Right of meeting)
Miss . Valaiporn	Kanignunta	Chairman of the Audit Committee	4/4	-	-
Mr. Nipan	Tungpiruttham	Audit Committee	4/4	1/1	-
Mr. Santi	Niamnil	Audit Committee	4/4	1/1	-

8.2.2 Performance of duties of the Audit Committee

The Audit committee has executed all duties and undergone all responsibilities as assigned by the Board of Directors which also correspond to the regulations of the Stock Exchange of Thailand. This is to hold the meeting of the Audit committee 4 times during the fiscal year of 2020 and during the year 2021, up until the date of the report, 1 more times for the total of 5 meetings. Which were held with the Managing Director, auditors and the internal auditor accordingly. The meetings are summarized as follows;

1. **The review of the quarterly and annually financial statement of the year 2020** is achieved by attending with the auditor and the Managing Director and the auditor regarding the accuracy and the completeness of the financial statement and also the sufficiency in disclosing the information. This also includes acknowledging the audit plans and procedures for the year 2019, to which the Auditor committee and the auditor both agreed that the said financial statement is accurate under the general accounting principles.
2. **The review of the operational information and the internal control system** by determining the sufficiency and the effectiveness of the internal control system which will contribute to reaching the targeted goal. This is achieved by reviewing the evaluation of the internal control system together with the auditor and the internal auditor. The result is that there are no significant weaknesses or

faults, and that the assets have been appropriately looked after with accurate, complete and reliable information. Moreover, the committee has evaluated the internal control system, as guided by the Securities and Exchange Commission, where both the auditor and the internal audit had the opinion that the company has a good internal control system and had continued development.

3. **The review of the internal audit** by evaluating the working procedures, planning, reporting and following through with the advice of Thai Audit Ltd., who acts as the internal audit of the company in order to achieve efficiency and effectiveness. They also reviewed and approved the amendments of the Internal Audit Charter to be more modernized and comply with the guidelines issued by the internal audit of the Stock Exchange of Thailand as well as approving the annual audit plan which is arranged by the level of risks to the organization. The Audit committee agrees that the company has adequate and effective internal audit system in accordance with the international standards.
4. **The review of the legislative compliances** under the Security and Exchange Commissions, the requirements of the Stock Exchange of Thailand and the laws relating to the company's business, including the compliance with the company's provision and any obligations that the company has with the third party. The Audit committee agrees that there are no significant issues which violate the laws, requirements, and any obligations that the company has to the third party.
5. **The review of the risk management system** so that it connects with the internal audit system, in order to manage all the risks of the company. This is done by evaluating the policies, risk factors, and the approach to manage the risks, including the progress of the current risks management. The Audit committee is of the opinion that the company emphasizes on the risk management aspect and that the Management has evaluated the Risk Assessment that could significantly affect the company, both from internal factor and external factor regularly. The Company has appointed a working group to manage the risk and be responsible for this specific task. The Company has configured the risk management procedures into 7 steps as follows; 1) Objective setting, 2) Risk Evaluating, 3) Risk Assessment, 4) Control policy assessment, 5) Risk Management, 6) Reporting, 7) Follow up with evaluation and revision, by preparing a risk management handbook as guidelines to operate.
6. **The review and the comments made to the items which may have conflicts of interests, including the disclosure of the said items** as required by the Stock Exchange of Thailand and the Securities and Stock Commission. The auditor believes that all of the company's significant transactions with the related companies have already been shown in the financial statement. The committee also

agrees with the auditor that the said items are reasonable, adequately and fully disclosed, and were made to be the most beneficial to the company.

7. **The review of the selection, the nomination and the remuneration of the auditors** for the year 2019, in order to further present it for approval by the Board of the Directors in the annual shareholders meeting of the year 2019. The Audit committee has evaluated the performance, independency and the suitability of the remuneration and comes to the conclusion that Dr. Sirada Jarutaknont registration number 6995 /or Mr. Bunjong Tichayaprasat, registration number 7147 /or Ms. Khaymanundt Chaichuen registration number 8260 /or Mr. Kraisit Silapamongkonkul registration number 9429 of Siam Truth Audit Co., Ltd, should be appointed as the company's auditor for the year 2019 with the total remuneration of 1,500,000 baht. Not including the preliminary examination fee at 200,000 Baht. The Audit committee has made comments about the said selection as followed;

- In the past years, the auditors must have performed their duties to the best of the ability in their respective fields. They must provide recommendations for the internal control systems and all the risks, including being independent in their work.
- The suggested remuneration is adequate.
- The auditors must not have any connections to the Company.

The Audit committee has carefully and independently performed its duties for the utmost benefits of the Company as stated in the Charter of the Audit Committee which was approved by the Board of the Directors of the company. The committee believes that the company has an adequate financial report, an effective and suitable internal control and internal audit system, a lawful and non-obligation violating practice with a full disclosure in all of the company's transactions within all of the businesses and is constantly developing the operating system to be more effective and much better suited for the growing business. Full edition of audit committee report could be found in attachment no. 4

8.3 Nomination and Remuneration Committee report

8.3.1 Attendance of the Nomination and Remuneration's meeting for the year 2020

Name - Surname	Position	Meeting		
		NRC Meeting attendance/ Right of meeting	AGM Meeting Meeting attendance/ Right of meeting	EGM Meeting Meeting attendance/ Right of meeting
Mr. Nipan Tungpiruttham	Chairman of the Nomination and Remuneration Committee	2/2	1/1	-
Mr. Yuttana Taepangthong	Director	2/2	1/1	-
Mr. Rattawat Suksaichol	Director	2/2	1/1	-

8.3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee had acted according to the regulation and responsibilities as entailed by the Board of Directors which follows the regulations by the Stock Exchange of Thailand. In the past accounting year of 2020, there were 2 Nomination and Remuneration Committee meeting and one more time on the day of the report for the total of 3 times with the summary as follows;

- Electing new candidates to replace the previous directors who must retire by rotation
- Electing new candidates to replace the previous directors who must retire by rotation

The Nomination and Remuneration Committee had elected the individuals

The Nomination and Remuneration Committee is responsible for selecting the candidates to replace the directors who retire by rotation. In 2021, the 3 directors who retired by rotation are 1. Mr. Yuttana Taepangthong 2. Mrs. Poonsri Pattamavorakunchai and 3. Mr. Santi Niamnil.

The Company had allowed the shareholders to nominate individuals in advance of the 2021 Annual General Shareholders Meeting to be the directors by publicizing through the SET channels and the Company's website (www.sankothai.net) since the 15th November 2020 until the 31st December 2020 and no individuals had been nominated.

The Nomination and Remuneration Committee had taken into consideration that, the 3 members who retire by rotation are still suitable to be elected as Directors for one more term. The 3 members are qualified under the Public Company Act B.E. 2535, Securities and Exchange Act and the regulations that the Company had specified, also possessing appropriate knowledge, abilities and experience, including past achievements in the Committee that resulted in the benefits of the Company. Therefore, the Committee agrees to propose the three said individuals as Directors of the Nomination and Remuneration Committee for one more term and will propose to the Board of Directors for further approval in the General Meeting of Shareholders.

- Remunerations consideration for the Board of Directors, Sub Committees and the Chief Executive Officer
- Remunerations for the Board of Directors and the Sub Committees

This is appropriately evaluated by comparing with other listed companies in the similar industry, the remunerations data from the SET, the economic expansion and the operational performance of the Company including personal performance and the responsibility in the previous year, which will be proposed to the Board of Directors for approval in the General Meeting of Shareholders.

- Remunerations for the Chief Executive Officer

This considers the operational performance and the growth of the Company's profit, including the personal performance and the responsibility in the previous year and will be proposed to the Board of Directors for approval.

- CEO Performance Evaluation

The Nomination and Remuneration Committee is responsible for evaluating the performance of the Chief Executive Officer according to the regulation of the SET in the 4th quarter which will divide the evaluations into 3 categories. These are 1. Projects progression 2. Operation assessment and 3. CEO development. The result for the performance evaluation of the CEO in the year 2020 was excellent, and had further been reported to the Board of Directors for further approval.

- Rules revision for the remuneration of the Board of Directors, Sub Committees and the CEO

The Nomination and Remuneration Committee is responsible for revising the regulations regarding the remuneration for the Board of Directors, Sub Committees and the CEO for the year 2020 according to the current situation

- Performance evaluation form revision for the Board of Directors and the CEO

The Nomination and Remuneration Committee had revised the performance evaluation form of the Board of Directors according to the current regulations. This is divided into main topics as follows; 1. Structure and characteristics of the Directors 2. Board of Directors meeting 3. Roles, duties and responsibilities of the Directors 4. Others.

9. Internal control and related transactions

9.1 Internal Control

9.1.2 The evaluation of the Internal Control System by the Boards of Directors.

During the second meeting of the Board of Directors on 26th February 2020 where all the three members of the Audit committee are also present, has given the opinion about the internal control and approve the evaluation under 5 categories as follows;

1. Control element
2. Risk Assessment
3. Control activities
4. Information and Communication
5. Monitoring activities

There are 17 secondary subjects in each part. To re-examine process, the interview with the executive and the manager and the walk-through surveys will be applied.

Analysis result 1)Control element The company structure is organized properly that is a significant part of reinforcement of the executive effectiveness; also, the released policy and regulation facilitate the successful internal control system 2) Risk Assessment The company emphasizes on the risk management aspect and that the Management has evaluated the Risk Assessment that could significantly affect the company, both from internal factor and external factor regularly. The Company has appointed a working group to manage the risk and be responsible for this specific task 3)Control activities The company has sufficient and adequate internal control system; for example, the company has specified the authority and approval limit in writings. To do transaction with major shareholders, directors or any relating personnel, must follow the regulations of the Stock Exchange of Thailand and The Securities and Exchange Commission. The connected transaction must be sensible, reasonable and approved by the company's committee -the stakeholders of the transaction have no right to do approval. Process with the relevant transaction must be the highest benefit of the company as if dealing with an outside party. 4) Information and Communication Accounting and financial information system is in a good control. The company's accounting policy is in line with Thai Financial Reporting Standards. The account books and documents for accounting record are fully kept according to law. Also the Information and Communication system has been developed to make sure that there will be sufficient financial information that benefits the executives' decision. 5) Monitoring activities The company's monitoring activities helps work effectiveness.

The committee agrees that the internal control system of the company is sufficient and adequate. The company has allocated enough personnel to ensure that the operation can run smoothly.

Additionally, the Company's auditor, Ms. Khaymanundt Chaichuen, the auditor for the quarterly financial statement an Nomination and Remuneration Committee d the financial statement for the year 2020. The Company's auditor evaluated the accounting system and the internal control system for the accounting

of the Company. The auditor had made an observation from the investigation of the quarterly financial report and the annual financial statement of the year 2020 and summarized important issues as follows;

Observation	Explanation and Actions taken by the Company
1) The Company is in the process of compiling information to improve the production data base to be up-to-date which requires a certain amount of time.	The Company is in the process of studying the manufacturing operations. The ERP system has been developed; and, the data analysis is in the progress in accordance with the production costs policy.
2) The company listed the cost in mold research as a work in process in inventories whose amount is 0.82 million bath; further, the cost of the research is not included in each mold cost.	The company is in the process of data and operation analysis; and, then import the data to ERP system and start the production line according to the company's policy
3)The company is consulting the revenue department about the effect on the taxes that are caused by the new policy about the recognition of revenue and capital from mold sales, including related accounting entry that the company has invested in.	The company is in the process of revising the correspondence proven by the legal department to be sent to the revenue department.

9.1.2 Head of the internal audit of the company.

During the 2nd Audit Committee meeting on the 26th February 2019, T. Group Advisory Co., Ltd. the external audit company, has been appointed as the "Internal Audit" to monitor all operations and financial activities of the company for the year 2019 with Miss Rungwan Saelee acting as the main internal auditor of the company.

The Audit Committee has evaluated all the qualifications of T. Group Advisory Co., Ltd., and Miss Rungwan Saelee, and agrees that they are sufficient to perform the appointed tasks since they are an independent company, have experiences in terms of internal audit and have attended seminars which are relevant to performing this task, which are 1) MERGERS & ACQUISITIONS held by OMEGAWORLDCLASS Research Institute 2) Certificate of Tax Law held by Thammasart University 3) Taxation for International Transactions seminar held by FAP.4) Update TFRS held by FAP 5) Pack 5 and Fair value held by FAP

To ensure that the company comply with all the regulations smoothly, proceed with each steps legally and within the terms of the company and to allow the internal auditor to work as checks and balance fully, the company requires the auditors to report directly to the Audit Committee and to the Board of Directors, who has the responsibility of overseeing the good practice of the internal control system, and file the reports for the Managing Director to help regulate and manage the staffs in the relevant department to improve as advised. The internal auditor must file a report quarterly.

However, the decision to approve, appoint, dismiss or transfer the Head of the Internal Audit of the company, must be approved by the Audit Committee with the relevant specifications as shown in the attachment no.2

9.2 Internal Company Transaction

Internal – transactions between person and juristic person which may caused conflicts between the tear 2019 and 2020 are as follows;

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)		31 DEC 18	Reasonable of Issue
		31 DEC 20	31 DEC 19		
Jutha Wan Metal Ltd. : Retailers of steel and stainless steel	purchases steel, metal sheets				The Company purchases steel for making the molds from Juthawan Co.ltd, in order to repair and improve the buildings with the price and terms of trade according to ordinary trades with 30 days credit term. <u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that such transaction is appropriate and is a normal trading transaction with gross profits equal to other customers.
	Beginning balance	26,921.20	32,249.80	8,453.00	
	Purchases installments	208,842.60	436,592.10	276,445.20	
	Payment installments	196,826.50	441,920.70	252,648.40	
	Periodic Inventory Balance	38,937.30	26,921.20	32,249.80	
JTW Asset co.Ltd. : Renting, selling, buying and real estate operations	Promissory notes for the Company				JTW Asset co.Ltd. had issued the promissory notes no. SDT 2560/001 of 7,500,000.00 baht with the interest rates of 6%per year dating January10th, 2017 and ending on January10th 2018. The company had paid the interests to JTW Asset co.Ltd., of 11,095.89 baht according to the contract already. <u>The Audit Committee's Opinion</u> The Audit Committee has reviewed and evaluated the said item and is of the opinion that the short term loan by issuing the promissory note to JWT Asset co.ltd. will be beneficial to the Company and that the interest rates is according to the norm of other financial institutions
	Beginning balance	-	-	7,500,000.00	
	Payment installments	-	-	(7,500,000.00)	
	Periodic Inventory Balance	-	-	-	
	Interests between installments	-	-	11,095.89	
	- The company has entered into a long-term loan agreement.	3,745,000.00	-	-	The company has taken a long term loan of 3,745,000.00 bath with interest rates of 4% per year from JTW Asset co.Ltd., for the purpose of the new machine in 36-time installments. The first 35 installments are 105,000.00 bath and the rest installment is 70,000.00 bath, and in the year 2020, the company had paid the interests to JTW Asset co.Ltd., of 47,542.47 baht according to the contract already. <u>The Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said transaction and concluded
	Payment installments	(315,000.00)	-	-	
	Periodic Inventory Balance	3,430,000.00	-	-	
	Interests between installments	47,542.47	-	-	
	Accrued interest	11,653.00	-	-	

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)		31 DEC 18	Reasonable of Issue
		31 DEC 20	31 DEC 19		
					that the item is reasonable and is a normal business transaction.
Thai Industrial Parts Co.,Ltd : Produce parts for electrical goods and automobiles by extrusion and colour coating	- The company has issued the promissory notes to Thai Industrial Parts Co.ltd., details are as follows:	10,000,000.00	10,000,000.00	7,500,000.00	In January 10th 2017, The Company had taken a short term loan by issuing the promissory notes no. SDT2561/002 of 10,000,000 Baht with the value of 6% per year, dating 29th June 2018 and ending on 31 st December 2019 to Thai Industrial Parts Co.ltd., and had renewed the original promissory notes ending on 30th June 2019 and 31st December 2019 with the lower interest rates of 5% per year. The Company had paid the interests to Thai Industrial Parts Co.ltd, of 549,726.79 Baht and, in 2019, 600,000.00 bath. <u>The Audit Committee's Opinion</u> The Audit Committee has reviewed and evaluated the said item and is of the opinion that the short term loan by issuing the promissory note to Thai Industrial Parts co.ltd, will be beneficial to the Company and that the interest rates is according to the norm of other financial institutions
	Initial Balance	-	-	10,000,000.00	
	Installed Payments	-	-	(7,500,000.00)	
	Remaining Balance	10,000,000.00	10,000,000.00	10,000,000.00	
	Interests between installments	549,726.79	600,000.00	595,890.40	
	Products sold to Thai Industrial Parts co.,ltd		102,154.29	139,473.11	Thai Industrial Parts co.,ltd has employed the company to produce goods and molds as normal while setting the sales price and under the same regulations as any other customers in accordance with inter - company transactions policy. <u>Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said item and all agreed that the said item is legitimate and is a normal inter – company transaction with the gross profit being calculated the same way as any other customers.
	Initial Balance	38,319.79	676,309.06	654,466.00	
	Sales during the period	3,953.27	47,341.63	45,812.62	
	VAT	276.73	(787,485.23)	(808,165.33)	
	Installed Payments	(42,549.79)	38,319.79	102,154.29	
	Remaining Balance	-			
Rica JTW Heat Treatment co.,ltd : Steel Hardening	The company employs Rica JTW Heat Treatment co.,ltd to perform hardening tests on sample parts with heat treatment				The company employs Rica JTW Heat Treatment co.,ltd (formerly known as Jutha Wan Metal Lab co. ltd) to perform hardening tests on sample parts and show it to the customers. The terms, prices and regulations are the same as other business. <u>Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said item and all agreed that the said Item is legitimate and is a normal transaction which the price has been compared to other companies.
	Initial Balance	91,405.83	37,469.26	79,476.03	
	Cost during installment	237,276.00	235,834.00	362,250.00	
	VAT	16,189.32	3,508.38	25,357.50	

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)			Reasonable of Issue
		31 DEC 20	31 DEC 19	31 DEC 18	
	Installed Payments Remaining Balance	(304,288.19) 40,582.96	(306,278.94) 91,405.83	(429,614.27) 37,469.26	
Umphon co.,Ltd : Car Rental Business	The company employs Umphon co.,Ltd to rent cars. Rental Costs Remaining Balance	 1,020,780.00 -	 1,142,760.00 -	 1,142,760.00 -	The company has been renting 1 cars to transport staffs and 2 cars as Executive cars from Umphon Co.,Ltd, in total 3 cars. The rental rate is the cheapest compared to other companies in the same business with the same requirements. <u>Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said item and all agreed that the said item is adequate and is a normal rental transaction which the prices have already been compared with other companies.
LH Logistics Co. Ltd, : Car rental	The Company rents cars from LH Logistics Co. Ltd, Rental Costs Remaining Balance	 1,617,840.00 -	 1,348,200.00 -	 1,348,200.00 -	The Company rents 6 cars from LH Logistics Co. Ltd, for used as goods delivery and transportation. The rate is the cheapest when compared to other companies with similar services. <u>Audit committee's opinion</u> The Audit Committee had investigated and evaluated the said transaction and concluded that the item is reasonable and is a normal reantal transation with prices of other competitors to compare.
Juthawan Metal Lab Co. Ltd, : Metal coating cutting and lathing	The Company hires Juthawan Metal Lab Co. Ltd, for metal casting Initial Balance Relating transaction Installed Payments Overdues	 1,797.60 44,704.28 (46,501.88) -	 - 56,346.20 (54,548.60) 1,797.60	 - 13,706.70 (13,706.70) -	The Company hires Juthawan Metal Lab Co. Ltd, for metal coating services in 2020 for 44,704.28 Baht. The price and terms of trade follows the normal practice with the credit term of 30 days. <u>Audit committee's opinion</u> The Audit Committee had investigated and evaluated the said transaction and concluded that the item is reasonable and is a normal reantal transation with prices of other competitors to compare.
Pinthong Steel Co., Ltd.	The Company has purchase the				The Company has purchase the rolled steel from Pinthong Steel Co., Ltd. with the prices and conditions in accordance with the usual trades & services terms and with the 30 days

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)			Reasonable of Issue
		31 DEC 20	31 DEC 19	31 DEC 18	
:To Sell and distribute steel sheet and all kind of steels. , cutting service all kind of steels	rolled steel				credit. <u>Notes from the Audit Committee</u> The Audit Committee has reviewed and evaluated the said item and is of the opinion that the item is proper and is a normal business transaction with the usual base profits at the same rate as other customers.
	Initial Balance		46,620.97	28,994.86	
	Purchases during the period		-	464,307.24	
	Payment installments		(46,620.97)	(446,681.13)	
	Remaining Balance		-	46,620.97	

9.3 Steps of measures required to authorize intercompany transactions

As stated in the 1st Board of Directors meeting on the 4th February 2010, the steps and measures to authorize intercompany transactions are as follows;

The intercompany transactions, with relating persons or persons which may have conflict of interests, must be in accordance with the general trade regulations or is a business agreement made in the same circumstances that the good person of ordinary prudence would engage in a contract, with trade bargaining power that has no other external influences through the status of Directors, Executives or relating persons (as the case may be), under reasonable and sound conditions, transparent and not causing the transfer of benefits.

Case 1. Regular trade Intercompany transactions

For example, transactions which involve good and services that the company produces, sells or provides. The company may perform the said transaction with person with conflicts of interests as long as the transaction is under the trade agreements with general conditions that the person or ordinary prudence would engage in the same contract, , with trade bargaining power that has no other external influences through the status of Directors, Executives or relating persons. The company will summarize all of such transactions and present to the Audit Committee and the Board of Directors quarterly.

Case 2. Any other transactions not categorized in Case 1

The company has appointed the Audit Committee to evaluate and give opinions on the necessity of performing such transaction and the adequacy of the price of the said transaction, by considering all the related terms, whether or not they comply with the regular market trades which can be compared with external prices, fair, reasonable and transparent. In the case that the Audit Committee is not specialized with analyzing the occurred transaction, the company will employ independent experts or company's auditors to give opinion on the said transaction in order to make a better decision for the committee or the shareholders as by case. However, in order to perform an intercompany transaction with the person with conflicts of interests, it must pass the evaluation of the Audit Committee and must be authorized by the Board of Directors where the audit committee member must be present. The directors with the conflict of interests may not vote in such a meeting.

The Board of Directors must make sure that the company acts in accordance with the laws and regulations Securities and Exchange Act. Any enforcements, notices, demands or terms made by the Stock Exchange of Thailand or the Securities and Exchange Commission or the Capital Market Supervisory Board must be followed, including complying with the disclosure of all information relating to the acquisition or dismissal of the company's assets. Moreover, the company must enclose the said intercompany transactions in the remarks of the financial statements as investigated by the company's auditors, in the Form 56-1 and in the annual report or in any other media information as required by the Stock Exchange of Thailand and other relating organizations.

9.4 Trends for future intercompany transactions

In the future, the company may continuously engage in intercompany transactions between persons or juristic persons, which is the norm for operating this kind of business. The terms must be according to the regular terms of trade and can be quoted with the same kind of business in other companies. The summary of such transactions will be presented, at least, quarterly to the Audit Committee and the Board of Directors in order to further revise the transactions by comparing the terms and prices with external entities to check the adequacy of the terms and price, evaluating the value of the transaction compared to the overall trading value of the company and the related companies, and inquire the Managing Directors to the reason and the necessity in performing such transactions with relating parties.

As for irregular business transaction that may occur in the future, the company will appoint the Audit Committee to investigate the procedures and reasons for performing such transactions before the company can authorize the transactions. The company will oversee all transactions to be in accordance with the laws and regulations Securities and Exchange Act. Any enforcements, notices, demands or terms made by the Stock Exchange of Thailand and the Securities and Exchange Commission, including the disclosure of all information relating to the acquisition or dismissal of the company's assets (if any) and acting in compliance with the accounting standards as regulated by the Federation of Accounting Profession. However, individuals with conflicts of interest in the said transactions will have no rights to vote for authorization of the said transactions and the company will enclose such transactions in the remarks of the financial statements as investigated by the company's auditors, in the Form 56-1 and in the annual report or in any other media information as required by the Stock Exchange of Thailand and other relating organizations.

Part 3

Financial statements

AUDITOR'S REPORT

To the Shareholders of Sanko Diecasting (Thailand) Public Company Limited

Opinion

I have audited the accompanying financial statements of Sanko Diecasting (Thailand) Public Company Limited ("the Company"), which comprise the statement of financial position as at December 31, 2020, the 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 financial statements present fairly, in all material respects, the financial position of Sanko Diecasting (Thailand) Public Company Limited as at December 31, 2020, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accounts issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with 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 1 to the financial statements, the situation of Coronavirus disease 2019 Pandemic (COVID-19) has significantly affected to the Company's business activities in terms of manufacture and distribution product and aluminium parts. Due to the measures of the Government sector regarding to restrict and protect the communicable disease and the automotive industry is slowdown resulted from the decrease in domestic and international purchasing power, there is significantly impacts to the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Company's management has continuously monitored ongoing that situation to assess 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.

I draw attention to note 2 to the financial statements, the Company has adopted the financial reporting standards related to financial instruments and TFRS 16 Lease since January 1, 2020. The Company has

recognized the cumulative effect of initially applying such standards which the comparative information was not restated.

The Company has adjusted to correct the accounting errors regarding to the accounting record for revenue from sale, cost of sale of mold and aluminum parts, and related accounts. Accordingly, the financial statements for the year ended December 31, 2019 and as at January 1, 2019 presented as comparative information has been restated for the effects of such correction of accounting errors. In this regard, I have audited and in my opinion, those adjustments are appropriate and have been properly applied to the financial statements for the year ended December 31, 2019 (restated) and as at January 1, 2019 (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 financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<i>The key audit matter</i>	<i>Audit procedures</i>
<p>Recognition of revenue from sales</p> <p>The Company has revenue from domestic and international sales, which is significant high value transaction. Due to sale transactions 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 443.53 million.</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 recognition of 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.- testing the allocation of selling price between mold and aluminium parts, including the present value calculation of accrued income derived from recognition of revenue from sales of mold.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Khaymanundt Chaichuen
Certified Public Accountant
Registration Number 8260

Siam Truth Audit Company Limited
Bangkok, February 24, 2021.

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Baht

		December 31, 2020	December 31, 2019	January 1, 2019
	Note		Restated	Restated
Assets				
Current assets				
Cash and cash equivalents	6	22,219,934	10,946,711	19,191,495
Current investments	4	-	309,595	283,638
Trade and other receivables	4, 7	85,597,109	96,909,175	82,711,289
Inventories	4, 8	58,289,726	59,498,219	50,745,986
Other current financial assets	4	335,718	-	-
Other current assets	9	12,169,505	18,629,525	16,692,192
Total current assets		178,611,992	186,293,225	169,624,600
Non-current assets				
Restricted bank deposits	10	5,082,000	5,082,000	5,082,000
Property, plant and equipment	4, 11	240,149,163	247,396,487	208,749,768
Right-of-use asset	4, 12	6,115,356	-	-
Intangible assets	13	2,774,040	3,509,329	2,682,676
Other non-current assets	4, 14	2,085,373	3,957,112	3,051,095
Total non-current assets		256,205,932	259,944,928	219,565,539
Total assets		434,817,924	446,238,153	389,190,139

Liabilities and shareholders' equity**Current liabilities**

Bank overdrafts and short-term loans from

financial institutions	15	60,244,653	23,580,128	41,034,807
Trade and other payables	16	94,605,924	97,675,796	79,485,159
Short-term loans from related party	5	10,000,000	10,000,000	10,000,000
Current portion of liabilities	17	11,016,124	6,153,601	3,485,791
Current portion of lease liabilities	4, 12	19,406,322	14,726,485	8,543,822
Other current liabilities	18	12,771,735	8,905,926	18,463,467

Total current liabilities		208,044,758	161,041,936	161,013,046
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Non-current liabilities

Long-term loans from financial institution	19	12,168,069	12,917,163	9,717,778
Long-term loans from related party	5	2,170,000	-	29,638,200
Long-term lease liabilities	4, 12	30,038,198	43,514,934	5,924,928
Provisions for employee benefit	20	9,062,757	7,900,506	5,520,774

Total non-current liabilities		53,439,024	64,332,603	50,801,680
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Total liabilities		261,483,782	225,374,539	211,814,726
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Shareholders' equity

Share capital

Issued and paid-up share capital	23			
Ordinary shares		154,271,935	152,693,848	149,547,482
Premium on ordinary shares	24	20,828,527	19,250,440	16,104,073
Retained earnings (deficits)				
Appropriated to legal reserve	25, 26	2,591,078	2,591,078	591,078
Unappropriated	4	(4,357,398)	46,328,248	11,132,780

Total shareholders' equity		173,334,142	220,863,614	177,375,413
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Total liabilities and shareholders' equity		434,817,924	446,238,153	389,190,139
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SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

		2020	2019
	Note		Restated
Revenue from sales	4, 5, 21	443,528,546	604,692,549
Cost of sales	4, 5, 22	(403,793,247)	(475,003,630)
Gross profit		39,735,299	129,688,919
Other income	4, 21	7,294,590	9,959,091
Selling expenses	22	(11,502,702)	(15,626,488)
Administrative expenses	4, 5, 22	(63,357,326)	(76,580,347)
Profit (loss) from operating activities		(27,830,139)	47,441,175
Expected credit loss	8, 22	(23,746)	(810,016)
Finance costs	5, 22	(7,562,376)	(6,387,770)
Profit (loss) before income tax		(35,416,261)	40,243,389
Tax income	32	-	5,924,929
Profit (loss) for the periods		(35,416,261)	46,168,318
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)		(35,416,261)	46,168,318
Earnings (loss) per share	33		
Basic earnings (loss) per share		(0.1158)	0.1522
Weighted average number of ordinary shares (shares)		305,930,972	303,353,333
Diluted earnings per share			0.1508
Weighted average number of ordinary shares (shares)			306,236,151

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficits)		Total
				Appropriated Legal reserve	Unappropriated Restated	
Balance at January 1, 2019		149,547,482	16,104,073	591,078	9,766,019	176,008,652
Effect from corection of accounting errors	4	-	-	-	1,366,761	1,366,761
Restated		149,547,482	16,104,073	591,078	11,132,780	177,375,413
Ordinary shares from warrants exercised	23, 27	3,146,366	3,146,366	-	-	6,292,732
Dividend paid	25	-	-	-	(8,972,849)	(8,972,849)
Legal reserve		-	-	2,000,000	(2,000,000)	-
Total comprehensive income	4	-	-	-	46,168,318	46,168,318
Balance at December 31, 2019		152,693,848	19,250,439	2,591,078	46,328,249	220,863,614
Ordinary shares from warrants exercised	23, 27	1,578,087	1,578,087	-	-	3,156,174
Dividend paid	25	-	-	-	(15,269,385)	(15,269,385)
Total comprehensive loss		-	-	-	(35,416,261)	(35,416,261)
Balance at December 31, 2020		154,271,935	20,828,526	2,591,078	(4,357,397)	173,334,142

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

	2020	2019
		Restated
Cash flows from operating activities		
Profit (loss) before income tax	(35,416,261)	40,243,389
Adjustments to reconcile profit (loss) before income tax to cash generated (paid) from operating activities		
Depreciation and amortization	30,220,966	22,613,154
Expected credit loss and doubtful account	23,746	397,170
Loss from devaluation of inventories (reversal)	520,000	(2,130,445)
Loss on sales and written-off of assets	100,551	26,593
Loss from impairment of assets (reversal)	30,587	(3,641,154)
Interest income	(4,145,519)	(2,188,749)
Finance cost	7,562,376	6,387,770
Unrealized (gain) loss on foreign exchange rate	(16,007)	43,584
Cash flow before changes in operating assets and liabilities	(1,119,561)	61,751,312
Changes in operating assets and liabilities		
Trade and other receivables	11,304,327	(14,638,641)
Inventories	1,478,893	(5,678,636)
Other current assets	6,460,020	731,627
Other non-current assets	(5,000)	(589,780)
Trade and other payables	(3,988,476)	18,051,132
Provisions for employee benefit	1,162,251	2,544,858
Other current liabilities	3,865,809	(9,557,541)
Cash generated from operations	19,158,263	52,614,331
Interest received	4,119,395	2,162,794
Income tax returned	2,330,983	623,725
Income tax paid	(897,331)	(939,962)
Net cash provided by operating activities	24,711,310	54,460,888

Cash flows from investing activities		
Purchase of building and equipment	(17,895,215)	(30,415,380)
Purchase of intangible assets	(268,000)	(1,805,098)
Purchase of right-of-use assets	(360,000)	-
Sales of equipment	155,870	38,488
Net cash used in investing activities	(18,367,345)	(32,181,990)
Cash flows from financing activities		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	36,664,525	(17,454,679)
Proceeds from loans from financial institutions	6,646,000	9,354,000
Repayments of loans from financial institutions	(3,792,571)	(3,486,805)
Proceeds from long-term loans from relate party	3,745,000	-
Repayments of long-term loans from relate party	(315,000)	-
Repayments of lease liabilities	(19,261,713)	(9,842,689)
Proceeds from issuing ordinary shares from warrants exercised	3,156,174	6,292,733
Dividend paid	(15,269,385)	(8,972,849)
Finance cost paid	(6,643,772)	(6,413,393)
Net cash provided by (used in) financing activities	4,929,258	(30,523,682)
Net increase (decrease) in cash and cash equivalents	11,273,223	(8,244,784)
Cash and cash equivalents at beginning of the year	10,946,711	19,191,495
Cash and cash equivalents at end of the year	22,219,934	10,946,711

Non-cash items

The Company entered into the financial lease to purchase

- Machinery and factory equipment	-	26,539,709
- Vehicle	-	1,853,448

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

Sanko Diecasting (Thailand) Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 3/14 Moo. 2, Tambol Nongbua, Amphur Bankhai, Rayong Province.

The Company was listed on the Stock Exchange of Thailand in the “Market for Alternative Investment” (mai) on May 9, 2013.

The principal activities of the Company involve manufacturing and distribution of steel products and steel parts.

The Company's major shareholders were as follow:

Major shareholders	Country	% Shareholding	
		December 31,	
		2020	2019
Patamavorakulchai Group	Thai	25.72	21.03
Thai Industrial Parts Ltd.	Thai	20.10	20.10

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) has significantly affected to the Company's business activities in terms of manufacture and distribution product and aluminium parts. Due to the measures of the Government sector regarding to restrict and protect the communicable disease and the automotive industry is slowdown resulted from the decrease in domestic and international purchasing power, there is significantly impacts to the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Company's management has continuously monitored ongoing that situation to assess 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 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 Company'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.

New financial reporting standards

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

During the year, the Company 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 Company's business model),

calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

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

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

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 Company has adopted the financial reporting standards related to financial instruments and leases which the cumulative effect of initially applying such standards 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 Company's financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company 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 Company is evaluating the impact of this standard to the financial statements in the period when it is adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

The measurement bases used in preparing the financial statements

- 3.1 The Company 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 Company's statements of financial position when the Company 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 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 Company classifies financial assets that are debt instruments as financial assets that are subsequently measured at amortized cost or fair value depends on the Company'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 Company 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 Company 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 Company 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 Company 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 Company, 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 Company 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 Company 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 Company's recovery procedures, taking into account legal advice where appropriate. However, the Company continues to execute the case, in order to comply with the Company's recovery policy.

The gross carrying amount of a financial asset is written off when the Company 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 Company applies the Simplified Approach for recognition of expected credit losses of financial assets - debt instruments which are deposit at financial institutions, trade receivables and contractual assets, investment in debt instruments, loan and certain of other assets.

The Company 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 Company'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 Company 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.

At every reporting date, the Company 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 Company 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 Company 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 Company'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 Company derecognizes financial liabilities when, and only when, the Company'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 Company 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 Company 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.

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 Company has an unconditional right to receive consideration. If revenue has been recognized before the Company has an unconditional right to receive consideration, the amount is recognized as a contract asset that means accrued income or unbilled project revenue.

The Company 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 Company is entitled to, less impairment losses.

Leases

Accounting policy applicable from January 1, 2020

As a lessee

The Company 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 Company 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 Company 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.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, such provision is recognized and measured to the extent that the costs relate to a right-of-use asset.

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:

	Years
Office area	2 - 3
Factory equipment	2 - 3
Office equipment	2
Vehicles	2 - 3

If ownership of the leased asset transfers to the Company 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 Company is unable to obtain reasonable assurance that the ownership of the underlying asset is substantially transferred to the Company 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 Company applies the derecognition and impairment requirements, in according to the financial instruments principle, to the net investment in the lease. The Company 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 Company'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 Company 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 Company 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

Revenue recognition

Accounting policy applicable from January 1, 2020

Interest income

Interest income is recognized using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross book value of financial assets.

When financial assets are determined to credit impair, interest income is calculated by applying the effective interest rate to the net book value (gross book value less allowance for expected credit losses) of the financial assets. If the financial assets are not credit impaired, interest income is calculated basing on the original gross book value.

Accounting policy applicable before January 1, 2020

Interest income

Interest income is recognized based on the amount of outstanding principal using the effective interest method.

Discounts or interest already included in the face value of notes receivable or loans are deferred and taken up as revenue evenly throughout the terms of the notes or loans.

- 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 Company 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 Company accounts for a contract with a customer when it has entered into an agreement between counter parties that creates enforceable rights and obligations. the Company 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 Company 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.

Contract assets stated at net book value after allowance for terminate contracts.

Allowance for terminate contracts is mostly assessed primarily on analysis of payment histories, future expectations of customer payments and cancellation contracts history. Contract assets will be written off when contracts are cancelled.

No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding the economic benefit derived from sale of goods.

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 estimated returns.

For bundled packages, the Company accounts for individual products and services separately if they are distinct, or a product or service is separately identifiable from other items and a customer can benefit from it, or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices of products and services.

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

Advances

Advances received from customers is classified as current liabilities and recognized as revenue when the Company 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 Company 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.

Other income

Other income is recognized on an accrual basis.

Consideration payable to the customer

The Company 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 Company 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

The Company 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 Company's asset and has been managed by a licensed fund manager.

The provident fund receives a cash contribution from employee and the Company. 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 Company 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 Company 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 Company 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 Company 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 not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects

neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. the Company 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 Company 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 to 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 which are aluminium part are stated at the lower of cost or net realizable value.

Cost of inventories is calculated by using.

- | | | |
|------------------------------------|---|----------------------------------|
| Finished goods and work in process | - | the weighted average cost method |
| Raw materials and spare parts | - | 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 Company records the allowance for devaluation of inventories for all deteriorated, damaged, obsolete and slow-moving inventories.

Capitalization of interest cost

Interest cost especially from loan incurred in bringing land and project development, is capitalized as part of the cost of those assets until the projects is completed or break down or when the construction is condition necessary for it to be capable of operating for their intended use. The capitalization of interest shall be resumed when the project is re-activated.

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.

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 Company 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 Company 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:

	Years
Buildings	5 - 30
Machinery and factory equipment	5 - 20
Furniture and office equipment	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 Company.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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 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, excluding goodwill, that are acquired by the Company 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:

	Years
Computer software	2 - 10

Amortization is recognized as an expense in profit or loss.

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

The amortization method, the residual value and the useful life of 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 Company'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 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.

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 Company 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 had been recognized.

Foreign currencies

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 Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

Provision for warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Dividends

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

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 (loss) per share

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

Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the years attributable to ordinary shareholders of the Company by the sum of the weighted average number of ordinary shares issued during the years plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares into ordinary shares, without any consideration.

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) 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 company'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.

c) 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.

d) Intangible assets

The initial recognition and measurement of other 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.

e) Deferred tax assets

The Company 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.

f) Leases

The Company 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.

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.

g) 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.

h) Impairment

The carrying amounts of the Company'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.

i) 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 Company 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.

j) Advance received from customers.

Sales contract made with customers stipulates that the Company is entitled to receive payments from customers when the contract has commenced. The Company determines that there are no significant financing components arising from the payments received from customers because they are not the Company'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 Company 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 Company 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 Company 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 Company has adopted the financial reporting standards related to financial instruments and TFRS 16 Lease since January 1, 2020. The Company 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. The Company has applied an adjustment, for the financial reporting standards related to financial instruments, to the beginning balance of retained earnings as at January 1, 2020 (Modified retrospective), 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:

Statement of financial position	December 31, 2019 (as previously reported)	The impacts of financial reporting standards related to		<i>Baht</i> January 1, 2020
		Financial instruments	TFRS 16	(restated)
Assets				
Current investments	309,595	(309,595)	-	-
Other current financial asset	-	309,595	-	309,595
Right-of-use asset	-	-	8,715,650	8,715,650
Liabilities				
Current portion of lease liabilities	-	-	4,183,829	4,183,829
Long-term lease liabilities	-	-	4,531,821	4,531,821

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:

	December 31, 2019	Classification and measurement of financial assets follows TFRS 9			
	(as previously reported)	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total
Financial assets					
Current investment	309,595	-	-	-	-
Other current financial assets	-	-	-	309,595	309,595
Total	<u>309,595</u>	<u>-</u>	<u>-</u>	<u>309,595</u>	<u>309,595</u>

Leases

Upon initial application of TFRS 16 Lease, the Company 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 Company's incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company 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.

	Baht
Operating lease commitments as at December 31, 2019	11,037,271
Effect of changes in accounting policy	
Less: Short-term leases	(1,511,691)
Contracts reassessed as service agreements	(295,500)
Less: Deferred interest expenses	<u>(514,430)</u>
Increase in lease liabilities	8,715,650
Liabilities under finance lease agreements	
as at December 31, 2019	<u>58,241,419</u>
Lease liabilities as at January 1, 2020	<u>66,957,069</u>
Weighted-average incremental	
borrowing rate (% per annum)	<u>5</u>

Lease liabilities comprise of:

Current portion of lease liabilities	18,910,314
Long-term lease liabilities	48,046,755
Total	<u>66,957,069</u>

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

	Baht
Office area	2,074,783
Factory equipment	1,347,987
Office equipment	423,344
Vehicles	<u>4,869,536</u>
Total	<u>8,715,650</u>

CORRECTION OF ACCOUNTING ERRORS

The Company has adjusted to correct the accounting errors regarding to the accounting record for revenue from sale and cost of sale of mold in respect to the sale of aluminium parts agreements, including, the related accounts. The Company is responsible to invest and outsource for mold production, in accordingly, molds are physically owned by the Company with the restrictions in the utilization in according to the confidentiality agreed with the customers. In addition, the Company bears the risk on losses that may occurred from bringing mold to produce the aluminium in according to the customer's order lower than that agreed with the customers.

For the formerly policy, the Company recognizes mold production cost as the factory equipment and allocates cost of aluminium parts basing on the estimation orders, therefore, the selling price of aluminium parts includes mold production cost. Revenue from sale and cost of sale are recognized when deliver aluminium parts to the customers.

For the new policy, the Company allocates selling price of mold and aluminium parts. Revenue from sale and cost of sale of mold are recognized when the customers approved the molds and the present value of the recoverable amount of accrued income are recognized.

The Company recognizes revenue and cos of sale of aluminium parts when deliver aluminium parts to the customers.

As the Company receives cash for aluminium parts, the certain amount will be allocated to record the payment for accrued income and interest income at each ended-period within the period of 2-5 years.

The management of the Company is assessing the impacts of changes in accounting policies and correction of errors. Therefore, the Company restated the financial statements for the year ended December 31, 2019 and as at January 1, 2019 as follows:

Baht

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
The statement of financial position			
Increase in trade and other receivables	14,961,179	14,316,171	5,691,357
Decrease in inventories	(1,005,528)	(1,774,910)	(1,197,976)
Decrease in property plant and equipment	(7,888,563)	(3,198,850)	(3,126,620)
Increase in retained earnings	6,067,088	9,342,411	1,366,761
The Statement of comprehensive income			
Increase (decrease) in revenue from sales	(3,429,232)	7,350,525	
Increase in cost of sales	(3,920,331)	(649,165)	
Increase in other income	4,097,986	2,084,306	
Increase in administrative expenses	(23,746)	(810,016)	
Increase (decrease) in net profit	(3,275,323)	7,975,650	

5. TRANSACTIONS WITH RELATED PARTIES

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

They also include a person which directly or indirectly own a voting interest in the Company 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 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:

	2020	<i>Baht</i> 2019
Revenue from sales		
Thai Industrial Parts Ltd.	3,953	723,651
Rika JTW Heat Treatment Co., Ltd.	231,276	306,279
Juthawan Co., Ltd.	195,180	436,592
Juthawan Metal Lab Co., Ltd.	41,780	56,346
Rental and service expenses		
Umphon Co., Ltd.	1,020,780	1,142,760
L.H. Logistics Co.,Ltd.	1,617,840	1,348,200
Interest expense		
Thai Industrial Parts Ltd.	549,727	600,000
JTW Asset Co., Ltd.	47,542	-

Key management personnel compensation

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

	2020	<i>Baht</i> 2019
Short-term benefits	12,500,702	16,816,480
Post-employment benefits	120,757	113,489
Total	<u>12,621,459</u>	<u>16,929,969</u>

Directors' remuneration

Directors' remuneration represents benefits paid to the director of the Company 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 Company paid directors' remuneration of Baht 0.72 million and Baht 0.68 million, respectively.

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

	2020	<i>Baht</i> 2019
Trade receivables		
Thai Industrial Parts Ltd.	-	38,320
Trade and other payables		
Rika JTW Heat Treatment Co., Ltd.	40,583	91,406
Juthawan Co., Ltd.	38,937	26,921
Juthawan Metal Lab Co., Ltd.	-	1,798
Accrued interest expenses		
JTW Asset Co.,Ltd.	116,653	-
Short-term loans		
Thai Industrial Parts Ltd.	10,000,000	10,000,000
Long-term Loan		
JTW Assets Co.,Ltd.	3,430,000	-

Short-term loans from related parties

The Company has short-term loan from related companies by issuing promissory notes with the term of 6 months interest charged at the rate of commercial bank and without collateral.

Long-term loans from related parties

Long-term loans from related parties as at December 31, 2020 were as follows:

	<i>Baht</i>
Loan	3,430,000
Less Current portion	<u>(1,260,000)</u>
Long-term loan	<u><u>2,170,000</u></u>

Movements of long-term loans from related parties for the year December 31, 2020 were as follows:

	Baht
Beginning balance	-
Increase	3,745,000
Decrease	<u>(315,000)</u>
Ending balance	<u><u>3,430,000</u></u>

The Company entered into a loan agreement from a related party in the amount of Baht 3.75 million, with a term of 3 years, repayment the 1st-35th installments, in the amount of Baht 0.11 million per installment, the 36th installment, in the amount of Baht 0.07 million, with the interest charged at the rate of 4 percent per annum and without collateral.

Nature of relationship

<u>Company</u>	<u>Country</u>	<u>Relation</u>	<u>Type of relation</u>
Thai Industrial Parts Ltd.	Thailand	Related company	Shareholder of the Company and common director
Juthawan Co., Ltd.	Thailand	Related company	Common shareholder
Rika JTW Heat Treatment Co., Ltd.	Thailand	Related company	Common shareholder
JTW Asset Co., Ltd.	Thailand	Related company	Common shareholder
L.H. Logistics Co., Ltd.	Thailand	Related company	Common shareholder
Umphon Co., Ltd.	Thailand	Related company	Common shareholder
Juthawan Metal Lab Co., Ltd.	Thailand	Related company	Common shareholder

Bases of measurement for intercompany revenues and expenses

	<u>Pricing policies</u>
Purchase and sale of goods and service	Market price comparable to the trading prices with third parties and agreed upon negotiation
Rental and service expenses	Stipulate in the agreement
Interest expenses	Referred with the commercial bank's interest rate

6. CASH AND CASH EQUIVALENTS

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

	<i>Baht</i>	
	2020	2019
Cash on hand	133,871	222,982
Cash at banks	22,086,063	10,723,729
Total	22,219,934	10,946,711

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

	<i>Baht</i>	
	2020	2019
Thai Baht (THB)	21,894,685	10,630,591
US Dollars (USD)	149,530	149,883
Euro (EUR)	175,719	166,237
Total	22,219,934	10,946,711

7. TRADE AND OTHER RECEIVABLES

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

	<i>Baht</i>	
	2020	2019
		Reststed
Trade receivables	70,172,578	82,308,377
Accrued income	16,611,666	15,942,912
Total	86,784,244	98,251,289
Less Allowance for doubtful accounts	-	(1,626,740)
Less Allowance for expected credit loss	(1,650,486)	-
Trade receivables - net	85,133,758	96,624,549
Other receivables	463,351	284,626
Trade and other receivables - net	85,597,109	96,909,175

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

	<i>Baht</i>	
	2020	2019
Beginning balance	1,626,740	1,229,571
Add Doubtful accounts	-	810,016
Add Expected credit loss	23,746	-
Less Reversal Doubtful accounts	-	(412,847)
Ending balance	<u>1,650,486</u>	<u>1,626,740</u>

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

	<i>Baht</i>	
	2020	2019
		Restated
Trade receivables		
Other parties		
Current	62,090,867	64,913,115
Overdue		
Not over 3 months	7,888,657	17,384,868
Over 3 months up to 12 months	<u>193,054</u>	<u>10,394</u>
Total	<u>70,172,578</u>	<u>82,308,377</u>
Accrued income		
Other parties		
Current	13,754,155	11,884,335
Overdue		
Not over 3 months	1,216,881	-
Over 3 months up to 6 months	<u>1,640,630</u>	<u>4,058,577</u>
Total	<u>16,611,666</u>	<u>15,942,912</u>

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

	<i>Baht</i>	
	2020	2019
Thai Baht (THB)	84,554,116	90,620,264
US Dollars (USD)	2,693,479	1,253,255
Euro (EUR)	-	6,662,396
Total	<u>87,247,595</u>	<u>98,535,915</u>

8. INVENTORIES

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

	<i>Baht</i>	
	2020	2019
		Restated
Raw materials	4,814,834	2,121,534
Work in process	35,425,677	29,455,318
Finished goods	12,589,759	16,717,810
Goods in transit	-	4,286,226
Spare parts	<u>6,829,042</u>	<u>7,766,917</u>
Total	59,659,312	60,347,805
Less Allowance for devaluation of inventories	<u>(1,369,586)</u>	<u>(849,586)</u>
Inventories - net	<u>58,289,726</u>	<u>59,498,219</u>

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

	<i>Baht</i>	
	2020	2019
Cost of sales	378,842,110	430,835,339
Adjustment for allowance for devaluation of inventories	<u>520,000</u>	<u>(2,130,445)</u>
Net	<u>379,362,110</u>	<u>428,704,894</u>

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

	<i>Baht</i>	
	2020	2019
Beginning balance	849,586	2,980,031
Add Loss from devaluation of inventories	520,000	307,708
Less Reversal due to sales and conversion	-	(2,438,153)
Ending balance	<u>1,369,586</u>	<u>849,586</u>

9. OTHER CURRENT ASSETS

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

	<i>Baht</i>	
	2019	2018
Advance payment to suppliers	7,420,400	12,739,000
Refundable value added tax and not yet received tax invoice	4,309,850	4,673,780
Prepaid expenses	439,255	1,166,825
Rental deposit	-	49,920
Total	<u>12,169,505</u>	<u>18,629,525</u>

Movements of allowance for impairment of assets for the year December 31, 2019 were as follows:

	<i>Baht</i>
Beginning balance	611,800
Add Loss from impairment of assets	-
Less Reversal loss from impairment assets	<u>(611,800)</u>
Ending balance	<u>-</u>

10. RESTRICTED BANK DEPOSITS

Restricted bank deposits as at December 31, 2020 and 2019 consisted of:

	<i>Baht</i>			
Accounts	2020	2019	Note	Collaterals
Fixed	1,332,000	1,332,000	34	Credit for letter of guarantee for electricity
Fixed	<u>3,750,000</u>	<u>3,750,000</u>	15	Credit for Loan from financial institutions
Total	<u>5,082,000</u>	<u>5,082,000</u>		

11. PROPERTY, PLANT AND EQUIPMENT

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

	Land	Building	Machinery and factory equipment Restated	Furniture and office equipment	Vehicles	Assets under installation	<i>Baht</i> Total
Cost							
Balance as at January 1, 2019	28,077,269	106,479,260	284,945,940	14,488,301	1,604,407	970,028	436,565,205
Purchase/ transfer in	-	3,722,644	35,481,075	1,006,780	2,038,302	42,837,249	85,086,050
Disposal/ transfer out	-	(654,610)	(4,574,981)	(959,220)	-	(27,124,665)	(33,313,476)
Balance as at December 31, 2019	28,077,269	109,547,294	315,852,034	14,535,861	3,642,709	16,682,612	488,337,779
Purchase/ transfer in	-	22,314,322	9,490,077	495,770	-	7,659,781	39,959,950
Disposal/ transfer out	-	(834,617)	(5,523,570)	(256,434)	(500,816)	(20,536,281)	(27,651,718)
Balance as at December 31, 2020	28,077,269	131,026,999	319,818,541	14,775,197	3,141,893	3,806,112	500,646,011
Accumulated depreciation							
Balance as at January 1, 2019	-	46,930,994	164,488,847	12,304,196	868,579	-	224,592,616
Depreciation	-	5,033,842	15,420,668	851,775	328,523	-	21,634,808
Disposal/ transfer out	-	(654,596)	(3,870,288)	(954,716)	-	-	(5,479,600)
Balance as at December 31, 2019	-	51,310,240	176,039,227	12,201,255	1,197,102	-	240,747,824
Depreciation	-	6,134,370	17,008,143	874,944	490,762	-	24,508,219
Disposal/ transfer out	-	(825,168)	(3,397,659)	(252,391)	(300,816)	-	(4,776,034)
Balance as at December 31, 2020	-	56,619,442	189,649,711	12,823,808	1,387,048	-	260,480,009

							<i>Baht</i>
	Land	Building	Machinery and factory equipment Restated	Furniture and office equipment	Vehicles	Assets under installation	Total
Impairment of assets							
Balance as at January 1, 2019	-	-	3,222,821	-	-	-	3,222,821
Loss from impairment of assets	-	-	193,467	-	-	-	193,467
Disposal/ transfers out	-	-	-	-	-	-	-
Reversal Loss from impairment of assets	-	-	(3,222,821)	-	-	-	(3,222,821)
Balance as at December 31, 2019	-	-	193,467	-	-	-	193,467
Loss from impairment of assets	-	-	-	-	-	-	-
Disposal/ transfers out	-	-	(176,629)	-	-	-	(176,629)
Reversal loss from impairment of assets	-	-	-	-	-	-	-
Balance as at December 31, 2020	-	-	16,838	-	-	-	16,838
Net book value							
Owned assets							
Balance as at December 31, 2019	28,077,269	58,237,054	76,338,360	2,334,606	200,001	16,682,612	181,869,901
Balance as at December 31, 2020	28,077,269	74,407,557	72,252,452	1,951,389	-	3,806,112	180,494,779
Assets under finance leases							
Balance as at December 31, 2019	-	-	63,280,980	-	2,245,606	-	65,526,586
Balance as at December 31, 2020	-	-	57,899,540	-	1,754,844	-	59,654,384
Total							
Balance as at December 31, 2019	28,077,269	58,237,054	139,619,340	2,334,606	2,445,607	16,682,612	247,396,487
Balance as at December 31, 2020	28,077,269	74,407,557	130,151,992	1,951,389	1,754,844	3,806,112	240,149,163

		<i>Baht</i>
	2020	2019
As at December 31		
The gross carrying amount of fully depreciated that is still in use	86,949,170	85,553,387
The Company capitalized the borrowings costs during the year	81,518	76,253

As at December 31, 2020 and 2019 the Company's land including existing construction and to be constructed in the future and machinery were mortgaged as collateral for loans from financial institutions (see note 15 and 19) which its carrying value were summarized as follow:

		<i>Baht</i>
	2020	2019
Land	28,077,269	28,077,269
Building	74,513,579	73,543,885
Machinery	12,001,281	12,488,334
Total	114,592,129	114,109,488

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

	Machinery and factory equipment	Vehicles	<i>Baht</i> Total
Net book value as at January 1, 2020	63,280,980	2,245,606	65,526,586
Less Amortization	(5,381,440)	(490,762)	(5,872,202)
Net book value as at December 31, 2020	57,899,540	1,754,844	59,654,384

The Company entered into the lease agreement for machinery and factory equipment and vehicles with related parties and other parties. The Company recognized the right-of-use assets as part of property, plant and equipment.

Year 2020

The Company engaged Sims Property Consultants Co., Ltd. who is an independent appraiser in accordance with professional standards of the Valuers Association of Thailand. The appraisal was based on as follows:

- Land with its carrying amount of Baht 28.08 million was appraised basing on the Market Approach at the appraisal value of Baht 40.25 million as per the appraisal report dated January 26, 2021.

- Building with its carrying amount of Baht 74.51 million was appraised basing on the Cost Approach at the appraisal value of Baht 77.94 million as per the appraisal report dated January 27, 2021.
- Machinery with its carrying amount of Baht 133.85 million was appraised basing on the Cost Approach at the appraisal value of Baht 138.48 million as per the appraisal report dated January 20, 2021.

Year 2019

The Company engaged Sims Property Consultants Co., Ltd. who is an independent appraiser in accordance with professional standards of the Valuers Association of Thailand. The appraisal was based on as follows:

- Land with its carrying amount of Baht 28.08 million was appraised basing on the Market Approach at the appraisal value of Baht 38.81 million as per the appraisal report dated January 27, 2020.
- Building with its carrying amount of Baht 58.24 million was appraised at the appraisal value of Baht 65.22 million and building under construction with its carrying amount of Baht 16.68 million was appraised at the appraisal value of Baht 15.89 million when completed. The appraisal was basing on the Cost Approach according to the appraisal report dated January 27, 2020.
- Machinery with its carrying amount of Baht 143.07 million was appraised basing on the Cost Approach at the appraisal value of Baht 139.62 million as per the appraisal report dated January 14, 2020.

12. 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>
	<u>Note</u>	<u>Land</u>	<u>Building</u>	<u>Factory equipment</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Total</u>
Net book value as at January 1, 2020		-	-	-	-	-	-
Effect of changes in accounting policies	4	-	2,074,783	1,347,987	423,344	4,869,536	8,715,650
Net book value as at January 1, 2020 - restated		-	2,074,783	1,347,987	423,344	4,869,536	8,715,650
Increase		709,815	-	1,399,350	-	-	2,109,165
Less Amortization		<u>(176,677)</u>	<u>(889,193)</u>	<u>(1,012,514)</u>	<u>(181,433)</u>	<u>(2,449,642)</u>	<u>(4,709,459)</u>
Net book value as at December 31, 2020		<u>533,138</u>	<u>1,185,590</u>	<u>1,734,823</u>	<u>241,911</u>	<u>2,419,894</u>	<u>6,115,356</u>

The Company leases a number of land for 2-3 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>
Leases liabilities	53,756,021
Less Deferred interest	<u>(4,311,501)</u>
Net	49,444,520
Less Current portion	<u>(19,406,322)</u>
Long-term leases liabilities	<u><u>30,038,198</u></u>

The Company entered into the lease agreement for land, office area, factory and office equipment and vehicles for their operations.

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

	<u>Note</u>	<i>Baht</i>
Beginning balance		58,241,419
Effect of changes in accounting policies	4	<u>8,715,650</u>
Beginning balance - restated		66,957,069
Enter into the lease		1,749,165
Amortized interest		3,435,824
Lease payment		<u>(22,697,538)</u>
Ending balance		<u><u>49,444,520</u></u>

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

		Deferred	Minimum
<u>Due of payment</u>	<u>Present value</u>	<u>interest expenses</u>	<u>lease payment</u>
Within 1 year	19,406,322	2,326,385	21,732,707
More than 1 year but not over 5 years	<u>30,038,198</u>	<u>1,985,117</u>	<u>32,023,315</u>
Total	<u><u>49,444,520</u></u>	<u><u>4,311,502</u></u>	<u><u>53,756,022</u></u>

For the year ended December 31, 2020**Recognized in profit or loss**

Interest expense from lease liabilities	3,435,834
Expense relating to short-term leases	2,365,608

As at December 31, 2020, the Company 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:

<u>Due of payment</u>	Baht
Within 1 year	515,633
More than 1 year but not over 5 years	<u>75,435</u>
Total	<u><u>591,068</u></u>

13. INTANGIBLE ASSET

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

	Computer software	Computer software under installation	Baht Total
At cost			
Balance as at January 1, 2019	6,969,660	324,000	7,293,660
Purchase/ transfer in	1,805,099	-	1,805,099
Disposal/ transfer out	<u>(108,500)</u>	<u>-</u>	<u>(108,500)</u>
Balance as at December 31, 2019	8,666,259	324,000	8,990,259
Purchase/ transfer in	75,000	193,000	268,000
Disposal/ transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at December 31, 2020	<u><u>8,741,259</u></u>	<u><u>517,000</u></u>	<u><u>9,258,259</u></u>
Accumulated amortization			
Balance as at January 1, 2019	4,610,984	-	4,610,984
Amortization	978,346	-	978,346
Disposal/ transfer out	<u>(108,400)</u>	<u>-</u>	<u>(108,400)</u>
Balance as at December 31, 2019	5,480,930	-	5,480,930
Amortization	1,003,289	-	1,003,289
Disposal/ transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at December 31, 2020	<u><u>6,484,219</u></u>	<u><u>-</u></u>	<u><u>6,484,219</u></u>
Net book value			
Balance as at December 31, 2019	<u><u>3,185,329</u></u>	<u><u>324,000</u></u>	<u><u>3,509,329</u></u>
Balance as at December 31, 2020	<u><u>2,257,040</u></u>	<u><u>517,000</u></u>	<u><u>2,774,040</u></u>

14. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2019 and 2018 consisted of:

		<i>Baht</i>
	2020	2019
Withholding tax receivable	9,404,390	10,838,042
Others	248,080	655,580
Total	9,652,470	11,493,622
Less Allowance for impairment of assets	(7,567,097)	(7,536,510)
Other non-current assets - net	<u>2,085,373</u>	<u>3,957,112</u>

Movements of allowance for impairment of assets for the year December 31, 2019 were as follows:

	<i>Baht</i>
Beginning balance	7,536,510
Add Loss from impairment of assets	<u>30,587</u>
Ending balance	<u>7,567,097</u>

15. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdraft and short-term loans from financial institutions as at December 31, 2019 and 2018 consisted of:

		<i>Baht</i>
	2019	2018
Bank overdraft	-	176,704
Short-term loan	46,000,000	-
Promissory notes	-	16,000,000
Trust receipt	14,244,653	7,403,424
Total	<u>60,244,653</u>	<u>23,580,128</u>

The Company has credit facilities with financial institutions consisted of:

Type of credit	<i>Million Baht</i>		<i>Percentage</i>	
	Credit limit		Referred	Collateral
	2020	2019	interest rate	
Bank overdrafts	17	17	MOR	-
Promissory notes	46	46	MLR	Four months
Letter of credit / Trust receipt/ Letter of guarantee	15	15	MLR, SIBOR	Three months

Collateral

The Company's land including existing construction and to be constructed in the future (see note 11) including the benefits from insurance were mortgaged as collateral for such loan.

25 percent of right to received payment under the account and /or bill of exchange for promissory notes (see note 10)

Significant terms

Credit facilities from bank overdraft and short-term loan from financial institution. The agreement stipulated in compliance with the financial maintenance conditions as follows:

Debt to Equity Ratio	Not less than 0
Debt Service Coverage Ratio	Not less than 1.25 times

16. TRADE AND OTHER PAYABLES

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

	<i>Baht</i>	
	2020	2019
Trade payables	81,783,277	75,560,623
Other payables		
Accrued expenses	12,822,647	22,108,539
Other payables	-	6,634
Total	12,822,647	22,115,173
Grand total	94,605,924	97,675,796

17. CURRENT PORTION OF LIABILITIES

Current portion of liabilities as at December 31, 2020 and 2019 consisted of:

		<i>Baht</i>	
	Notes	2020	2019
Loan from financial institutions	19	9,756,124	6,153,601
Loan from related parties	5	1,260,000	-
Total		11,016,124	6,153,601

18. OTHER CURRENT LIABILITIES

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

	<i>Baht</i>	
	2020	2019
Advance received	11,644,705	7,697,593
Withholding tax payable	710,835	792,138
Deferred revenue	416,195	416,195
Total	12,771,735	8,905,926

19. LOAN FROM FINANCIAL INSTITUTIONS

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

Financial institutions	Credit limit		Principal		Referred interest rate	Interest installment	Due of payment	Term of payment
	2020	2019	2020	2019				
Commercial bank	5,000,000	5,000,000	2,163,193	2,836,764	MLR	Month ended	Sep. 2017 - Aug. 2022	Principal repayment with interest per month of Baht 0.10 million, First repayment September 2017
	12,550,000	12,550,000	5,305,000	6,880,000	3.50%	Month ended	Oct. 2017 - Sep. 2022	Principal repayment with interest per month of Baht 0.21 million, First repayment October 2017
	14,000,000	14,000,000	12,570,000	9,354,000	MLR	Month ended	Mar. 2020 - Aug. 2024	Principal repayment with interest per month of Baht 0.26 million, First repayment March 2020
	2,000,000	2,000,000	1,886,000	-	MLR	Month ended	Oct. 2020 - Feb. 2025	Principal repayment with interest per month of Baht 0.04 million, First repayment October 2020
	7,000,000	-	-	-	2.00%	Month ended	60 Months	Repayment the 1st-24th installments, grace period. Repayment the 25st-59th installments, in the amount of Baht 0.20 million. Repayment the 60th installments, principal and the remaining amount of interest.
Total			21,924,193	19,070,764				
Less Current portion of liabilities			(9,756,124)	(6,153,601)				
Long-term loan			12,168,069	12,917,163				

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

	Baht	
	2020	2019
Beginning balance	19,070,764	13,203,569
Add Increase in loan	6,646,000	9,354,000
Less Repayment	(3,792,571)	(3,486,805)
Ending balance	21,924,193	19,070,764

The Company's land including existing construction and to be constructed in the future and machinery (see note 11) including the benefits from insurance were mortgaged as collateral for such loan.

As at December 31, 2020 and 2019, loan from financial institution presented by term of repayment period were summarized as follow:

	Baht	
	2020	2019
Due date of payment		
within 1 year	9,756,124	6,153,601
more than 1 year but not over 5 years	12,168,069	12,917,163
Total	21,924,193	19,070,764

The financial institution had extended the loan payment of Baht 31.55 million, for 6 months due to the loan moratorium for the period from April 2020 to September 2020.

Credit facilities from financial institution was of Baht 40.55 million. The agreement stipulated in compliance with the financial maintenance conditions as follows:

Debt to Equity Ratio	Over 2:1 times but not less than 0
Debt Service Coverage Ratio	Not less than 1.25 times

20. PROVISIONS FOR EMPLOYEE BENEFIT

Provisions for employee benefit as at December 31, 2020 and 2019 consisted of:

	<i>Baht</i>	
	2020	2019
Post employment benefits		
Present value of obligations	9,062,757	7,900,506
Other long-term employee benefit	-	-
Provisions for employee benefit	9,062,757	7,900,506
Less Current portion	(123,350)	
Provisions for long-term employee benefit	8,939,407	7,900,506

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>	
	2020	2019
Post-employment benefit plan		
Present value of provision for employee benefit as at January 1,	7,900,506	5,520,774
Included in profit or loss:		
Current service cost	911,608	892,349
Interest cost	250,643	217,701
Past service costs	-	1,434,808
Decreased in liability from retirement	-	(165,127)
Present value of provision for employee benefit as at December 31,	9,062,757	7,900,506

Principal actuarial assumptions as at December 31, 2020 and 2019 were as follow:

	<i>%</i>	
	2020	2019
Discount rate	3.17	3.17
Salary increase rate	4	4
Turnover rate	2.87 - 34.38	2.87 - 34.38
Disability rate	5 percent of mortality rate	5 percent of mortality rate

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)	(1,077,857)	1,268,421	(917,936)	1,095,336
Salary increase rate (1% movement)	1,416,810	(1,208,823)	1,054,118	(901,500)
Turnover rate (30% movement)	(1,388,428)	1,764,203	(1,026,687)	1,289,025

The Company presented in the statement of comprehensive income for the year ended December 31, 2020 and 2019 as follow:

	Baht	
	2020	2019
Cost of sale and service	529,582	1,524,476
Selling expenses	47,254	410,177
Administrative expenses	229,622	290,956
Management remuneration	105,150	101,548
Finance cost	250,643	217,701
Total	1,162,251	2,544,858

21. REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue

	<i>Baht</i>	
	2020	2019
Type of goods		
Revenue from sales of aluminium part	405,465,987	536,366,739
Revenue from sales of mold	38,062,560	68,325,810
Total	443,528,547	604,692,549
Income from sales scrap and supplies used	2,106,483	3,517,996
Gain on exchange rate	445,788	-
Reversal loss on impairment of assets	-	3,641,154
Reversal of doubtful accounts	-	412,847
Interest income	4,145,519	2,188,749
Other income	596,801	198,345
Total	7,294,591	9,959,091
Grand total	450,823,138	614,651,640
Timing of revenue recognition		
At a point in time	446,231,830	612,462,891
Over time	4,591,307	2,188,749
Total	450,823,137	614,651,640

22. 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.

Business segment

The Company identified their business segment as manufacturing and distribution of mold and aluminium parts.

Operating segment information for the year ended December 31, 2020 and 2019 were summarized as follow:

Baht

	Aluminum parts		Mold		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Timing of revenue recognition						
At a point of time						
Revenue from sales	405,465,986	536,366,739	38,062,560	68,325,810	443,528,546	604,692,549
Cost of sales	(378,842,110)	(430,835,339)	(24,951,137)	(44,168,291)	(403,793,247)	(475,003,630)
Segment profit from operation	26,623,876	105,531,400	13,111,423	24,157,519	39,735,299	129,688,919
Unallocated revenue and expenses:						
Other income					7,294,590	9,959,091
Selling expenses					(11,502,702)	(15,626,488)
Administrative expenses					(63,357,326)	(76,580,347)
Expected credit loss					(23,746)	(810,016)
Finance costs					(7,562,376)	(6,387,770)
Tax income (expense)					-	5,924,929
Profit(loss) for the year					(35,416,261)	46,168,318

Geographic information

The Company operates only in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusive to this geographical reportable segment.

Information about major customers

For the year ended December 31, 2020 and 2019, the Company has revenue from major customers in each segment as follow:

	<i>Person</i>		<i>Baht</i>	
	Major customers		Revenue	
	2020	2019	2020	2019
Aluminium part	2	3	174,327,036	236,931,516
Mold	2	3	17,105,000	43,451,369
			<u>191,432,036</u>	<u>280,382,885</u>

Geographical segments

The Company manage and operate principally in Thailand. There are no material revenues derived from or assets located in foreign countries.

Major customers

Segment geographic information were as follow:

	<i>Baht</i>	
	2020	2019
Revenue in primary geographical markets		
Thailand	422,675,634	562,107,664
Hungary	9,473,982	34,971,314
Italian	7,743,916	6,317,308

23. SHARE CAPITAL

Movement of share capital for the years ended December 31, 2020 and 2019 were summarized as follows:

		<i>Baht</i>			
	Par value	2020		2019	
	per share	Number	Amount	Number	Amount
Share capital					
Ordinary shares					
At January 1	0.50	398,793,284	199,396,642	398,793,284	199,396,642
Increase of new shares		-	-	-	-
Reduction of shares		-	-	-	-
At December 31	0.50	<u>398,793,284</u>	<u>199,396,642</u>	<u>398,793,284</u>	<u>199,396,642</u>
Issued and paid-up shares					
Ordinary shares					
At January 1	0.50	305,387,696	152,693,848	299,094,963	149,547,482
Increase of new shares	0.50	3,156,174	1,578,087	6,292,733	3,146,367
Reduction of shares		-	-	-	-
At December 31	0.50	<u>308,543,870</u>	<u>154,271,935</u>	<u>305,387,696</u>	<u>152,693,848</u>

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.

The shareholders exercised the warrant offered to the existing shareholder of the Company which the exercise price on the warrant is Baht 1 per share. The increasing in share premium of Year 2020 and 2019 of Baht 1.58 million and Baht 3.15 million, respectively.

The Company had already registered the mentioned increase in share capital with the Department of Business Development, Ministry of Commerce on November 9, 2020. (Year 2019 : May 2, 2019)

24. 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.

25. DIVIDEND

Bahu

Dividend	Approval	Approval date	Dividend payment date	Dividend per share	Actual dividend paid
2019	The Ordinary General Meeting of Shareholders	April 25, 2019	May 22, 2019	0.03	8,972,849
2020	The Ordinary General Meeting of Shareholders	April 29, 2020	May 28, 2020	0.50	15,269,385

26. 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.

27. WARRANTS

The detail of warrants were summarized as follow:

The first warrants to be exercised to the new ordinary share (SANKO-W1)

Type of warrant	:	The Warrant to be exercised to the new ordinary share of Sanko Diecasting (Thailand) Public Company Limited No.1 ("the first warrants" or "SANKO-W1")
Category	:	Registered and transferable
The offering price	:	Baht 1 : per unit
Terms of the warrant	:	2 years from the date of issuance and offering date
Issuing and offering date	:	October 31, 2018
Exercise ratio	:	1 warrant per 1 ordinary shares (right adjusted)
Exercise price	:	Baht 1 per share
Exercise period	:	The last business day of April and October each year until the date of expiration of the warrants.
The last exercise date	:	October 30, 2020
Expiration date	:	November 6, 2020

Changes of the warrants during the year were as follows:

	Outstanding	New warrants			Outstanding
Type of warrants	December 31, 2019	issued	Exercised during	Expired during	December 31, 2020
SANKO-W1	93,405,133	-	3,156,174	90,248,959	

28. EMPLOYEE BENEFIT EXPENSES

	<i>Baht</i>	
	2020	2019
Wages and salaries	123,417,299	143,925,896
Defined benefit plans	1,162,252	2,544,858
Defined contribution plans	3,558,022	3,557,259
Termination benefits	30,413	-
Total	128,167,986	150,028,013

29. EXPENSES BY NATURE

	<i>Baht</i>	
	2020	2019
Changes in finished goods and work in process	2,443,917	(5,746,128)
Raw materials and supplies used	134,569,685	165,891,026
Subcontract expenses	126,195,152	173,744,701
Employee expenses	128,167,986	150,028,013
Depreciation and amortization	30,220,966	22,613,155
Repair and maintenance expenses	6,206,455	6,331,910
Travelling expenses	2,821,560	4,108,676
Utility expenses	16,168,854	17,778,377
Transportation expenses	1,912,159	6,438,235
Professional fee	3,565,465	3,678,847
Loss from devaluation of inventories	520,000	(2,130,445)
Expenses related to lease agreement (2019 : rental expenses)	2,365,608	7,158,668

30. PROVIDENT FUND

The defined contribution plans comprise provident funds established by the Company 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 15% to 15% of their basic salaries and by the Company 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 Public Company Limited. licensed Fund Manager 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 3.27 million (year 2019: Baht 3.07 million).

31. PROMOTIONAL PRIVILEGES

The Company received a promotion certificate under the Investment Promotion Act B.E.2520 for its business involving manufacture automobile and electronic parts made from aluminium part. The major privileges granted to the Company are as follows:

1. Investment Promotion number	1090(2)/2554	1010(2)/2557	E620983/2562
2. Approval date by the Board of Investment	January 26, 2011	January 7, 2014	November 25, 2019
3. Date of Tax exemptions	April 1, 2011	May 13, 2019	December 3, 2019
4. To Investment Promotion	Manufacture steel products including steel parts	Manufacture steel products including steel parts	Manufacture steel products including steel parts

Exemption from promotional privileges			
4.1 Exemption from import duty on machinery as approved by the Board of Investment which import within	July 26, 2013	July 7, 2019	May 25, 2022
	8 years	8 years	4 years
4.2 Exemption from corporate income tax on net profit derived from the operations of promoted businesses from the date of first earning operating income.	5 years	5 years	-
4.3 Exemption from corporate income tax on net profit derived from the operations of promoted businesses 50% from normal income tax rate commencing from the expiry date of the corporate income tax exemption.	8 years	8 years	4 years
	10 years	10 years	-
			-
4.4 Exemption from income tax on dividends received from the operations.	25 percent of investment	25 percent of investment	
4.5 An allowance to double deduct the transportation, electricity and water expenses for period of ten years from the data income is first earned.			
4.6 An allowance to deduct in infrastructure in addition to normal depreciation.			

Consequently, the Company has to comply with terms and conditions stipulated in the promotion certificate.

Revenue from domestic sales and export sales and other income for the years ended December 31, 2020 and 2019 are classified as promoted business and non-promoted business as follows:

	2020			2019		
	Domestic	Export	Total	Domestic	Export	Total
Promoted business	325,080,409	14,450,232	339,530,641	384,758,424	40,942,811	425,701,235
Non-promoted business	101,074,610	2,923,294	103,997,904	177,349,240	1,642,074	178,991,314
Total	<u>426,155,019</u>	<u>17,373,526</u>	<u>443,528,545</u>	<u>562,107,664</u>	<u>42,584,885</u>	<u>604,692,549</u>

Baht

32. INCOME TAX

Income tax of the Company 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 Company recorded the corporate income tax as expense for the years and recorded the accrued portion as liabilities in the statements of financial position.

Tax income (expense) for the year ended December 31, 2020 and 2019 were as follow:

	<i>Baht</i>	
	2020	2019
Income tax recognised in profit or loss		
Current tax expense		
Current year	-	-
Deferred tax expense		
Movements in temporary differences	-	5,924,929
Income tax	-	5,924,929

Reconciliation of effective tax rate

	2020		2019	
	%	<i>Baht</i>	%	<i>Baht</i>
	Tax rate	Baht	Tax rate	Baht
Profit (loss) before income tax expense		(35,416,261)		49,243,389
Income tax using the Thai corporation tax rate	20	7,083,252	20	(8,048,678)
Expenses not deductible for tax purposes		(392,756)		261,154
Addition expenses deductible for tax purposes		3,041,639		4,292,946
Income subject to tax		650,315		1,757,133
Loss carry forward		-		1,737,445
Loss for the current year		9,081,820		-
Income tax for the year		-		-
Movements in temporary differences		-		5,924,929
Tax expense		-	17	5,924,929

Deferred tax

Deferred tax assets as at December 31, 2020 and 2019 consisted of:

	<i>Baht</i>	
	2020	2019
Deferred tax assets	10,611,632	10,064,925
Deferred tax liabilities	(10,611,632)	(10,064,925)
Deferred tax assets - net	-	-

Movement of deferred tax assets occurred during the year were summarized as follows:

		<i>Baht</i>			
	Note	As at January 1, 2019	Profit (loss)	As at December 31, 2019	As at December 31, 2020
Deferred tax assets					
Trade and other receivable	4, 7	-	325,348	325,348	4,739
Inventories	4, 8	-	101,045	101,045	27,705
Provisions of employee benefit	20	-	939,644	939,644	(87,683)
Tax loss carry forward		-	8,698,888	8,698,888	601,936
Total		-	10,064,925	10,064,925	546,707
Deferred tax liabilities					
Property, plant and equipment	4, 11	(5,924,929)	(1,946,166)	(7,871,095)	(1,197,022)
Deferred gain on sale of mold		-	(2,193,830)	(2,193,830)	650,315.00
Total		(5,924,929)	(4,139,996)	(10,064,925)	(546,707)

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>	
	2020	2019
Loss carry forward	25,737,793	-

The Company 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.

33. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

Basic earnings (loss) per share for the year ended December 31, 2020 and 2019 is calculated by dividing profit for the years attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares issued and paid-up during the years adjusted with treasury stocks which were summarized as follow:

For the years ended December 31, 2020 and 2019 as follows:

	<i>Baht</i>	
	2020	2019
Profit (loss) for the year	(35,416,261)	46,168,318
Weighted average number of ordinary shares (Shares)		
Ordinary shares at the beginning of year	305,387,696	299,094,963
Effect of stock dividends issued	543,276	4,258,370
Weighted average number of ordinary shares	305,930,972	303,353,333
Basic earnings (loss) per share	(0.1158)	0.1522

Diluted earnings (loss) per share

Diluted earnings per share for the years ended December 31, 2020 and 2019, calculated by dividing profit for the years attributable to the ordinary shareholders of the Company and the number of ordinary shares issued during the year by the weighted average method after adjusting the effects of diluted stocks as follows:

Diluted earnings per share

Diluted earnings per share is calculated by dividing profit for the years attributable to the ordinary shareholders of the Company by the sum of the weighted average number of ordinary shares outstanding during the years plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares

into ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary shares into ordinary shares when the exercise price is lower than fair value of ordinary shares.

The average fair value of the Company's ordinary shares for the Year ended December 31, 2020 is lower than the exercise price. Therefore, the Company does not include the result of equivalent ordinary shares for calculating diluted earnings per share.

For the years ended December 31, 2019, diluted earnings per share were as follows:

	<i>Baht</i>
Profit for the year	46,168,318
Diluted ordinary shares (Shares)	
Weighted average number of ordinary shares	303,353,333
Exercised warrants	<u>2,882,818</u>
Diluted ordinary shares	<u><u>306,236,151</u></u>
Diluted earnings per share	<u><u>0.1508</u></u>

34. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2020 and 2019, the Group had commitments and contingent liabilities as follows:

Commitments

- a) As at December 31, 2020 and 2019, the Company has letters of guarantee issued by the banks regarding to the obligation under the agreement as follow:

	<u>2020</u>	<u>2019</u>
Letters of guarantee for electricity use	1,333,100	1,332,000

b) As at December 31, 2020 and 2019, the Company has commitments regarding to the agreements as follow:

	<i>Baht</i>	
	<u>2020</u>	<u>2019</u>
Building and Equipment	-	2,120,339
Legal advisor service	-	330,000
Vehicle rental	991,783	2,389,514
Sevices	355,460	594,019

35. 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 Company principally comprise cash and cash equivalents, deposits at banks, investments, trade and other receivables, trade and other payables, bank overdrafts, loan from financial institutions, loan from related parties and lease liabilities.

Risk management policy

The Company are exposed to risks from changes in interest rates and currency exchange rates and risks from non-performance of contractual obligations by counterparties. the Company uses derivatives, as and when it considers appropriate, to manage such risks. In addition, the Company has a policy to enter into contracts with creditworthy counterparties. Therefore, the Company 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 Company.

The exposure to interest rate risk of the Company relates primarily to their deposits at financial institutions, bank overdrafts, loan from financial institution and loan from related parties. 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 Company do not use derivatives to manage their interest rate risk.

	<i>Baht</i>	
	<u>Variable interest rate</u>	<u>Fixed interest rate</u>
As at December 31, 2020		
Financial assets		
Cash equivalents	22,219,934	-
Trade and other receivables	-	14,961,179
Other current financial assets	335,718	-
Restricted bank desposits	5,082,000	-
Financial liabilities		
Bank overdraft and short-term		
loan from financial institutions	60,244,653	-
Loan from financial institutions	21,924,193	-
Loan from related parties	-	13,325,000
Lease liabilities	-	49,615,985
As at December 31, 2019		
Financial assets		
Cash equivalents	10,946,711	-
Current investment	309,595	-
Trade and other receivables	-	14,316,171
Restricted bank desposits	5,082,000	-
Financial liabilities		
Bank overdraft and short-term		
loan from financial institutions	23,580,128	-
Short term loan from related parties	-	10,000,000
Loan from financial institutions	19,070,764	-
Lease liabilities	-	58,241,418

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 Company.

The Company is exposed to credit risk primarily with respect to trade and other receivables and loan. However, the Company controls such risk by establishing credit limits for clients and counter parties and analysing their financial position as an ongoing basis. The Company is not expected to have much concentration risk of credit exposure.

c) Liquidity risk

Liquidity risk is the risk that the Company 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

	As at December 31, 2020						Total
	Book value	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial assets							
Cash equivalents	22,219,934	22,219,934	-	-	-	-	22,219,934
Trade and other receivables	85,597,109	-	70,635,930	14,961,179	-	-	85,597,109
Other current financial assets	335,718	335,718	-	-	-	-	335,718
Restricted bank deposits	5,082,000	-	3,750,000	-	-	1,332,000	5,082,000
Financial liabilities							
Bank overdraft and short-term							
loan from financial institutions	60,244,653	-	60,244,653	-	-	-	60,244,653
Trade and other payables	94,605,924	-	94,605,924	-	-	-	94,605,924
Short-term loan from related parties	10,000,000	-	10,000,000	-	-	-	10,000,000
Loan from financial institutions	21,924,193	-	9,756,124	12,168,069	-	-	21,924,193
Loan from related parties	3,430,000	-	3,430,000	-	-	-	3,430,000
Lease liabilities	49,615,985	-	8,910,314	40,705,671	-	-	49,615,985

	As at December 31, 2019						
	Interest rate	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets							
Cash and cash equivalents	0.13% - 0.63%	10,946,711	-	-	-	-	10,946,711
Current investment	1%	309,595	-	-	-	-	309,595
Trade and other receivables	-	-	82,593,004	14,316,171	-	-	96,909,175
Restricted bank desposits	1%	-	3,750,000	-	-	1,332,000	5,082,000
Financial liabilities							
Bank overdraft and short-term							
loan from financial institutions	4.5% - 6.87%	-	23,580,128	-	-	-	23,580,128
Trade and other payables	-	-	97,675,796	-	-	-	97,675,796
Short-term loan from related parties	6%	-	10,000,000	-	-	-	10,000,000
Loan from financial institutions	3.5% - 6%	-	6,153,601	12,917,163	-	-	19,070,764
Lease liabilities	0.33% - 6.33%	-	18,910,314	48,046,675	-	-	66,957,069

36. RECLASSIFICATION

The Company has reclassified certain accounts in the financial statements for the year ended December 31, 2019 to conform to the presentation of the financial statements of current year as follow:

	<i>Baht</i>		
	<u>Before</u>	<u>Reclassification</u>	<u>After</u>
Statement of financial position			
Inventories	56,521,202	2,977,017	59,498,219
Other current assets	12,781,525	5,848,000	18,629,525
Propetry, Plant and equipment	250,373,504	(2,977,017)	247,396,487
Other non-current assets	9,805,112	5,848,000	3,957,112
Statements of comprehensive income			
Cost of sales	481,441,865	6,438,235	475,003,630
Selling expenses	9,188,254	(6,438,234)	15,626,488

Details of Directors, Executive Officers and Company Secretary as of March 31, 2021

Enclosure 1

1. Information of Directors, Executive Officers and Company Secretary

1.1 Details of the Directors, Executive Officers and Company Secretary are as follows:

Name-Surname/ Position / Date appointed (1)	age (Year)	Education / Training (2)	Ratio (%) (3)	Family relationship between Directors and Executives (4)	Work experience 5 years ago (5)		
					Time period	Position	Organization name /company
Mr. Adul Chotinisakorn Chairman of the Board <u>Date appointed</u> 28 April 2020	61	<u>Education</u> <ul style="list-style-type: none"> M.B.A. (Marketing Management), the National Institute of Development Administration B.B.A. (Marketing), Thammasat University <u>Executive Training Programs</u> <ul style="list-style-type: none"> - Thai-Chinese Leadership Program", Huachiew Chalermprakiet University - Top Executive Program in Commerce and Trade (TEPCoT 9)" the University of Thai Chamber of Commerce - Columbia Senior Executive 	0.00%	-	2020 - Present	Chairman of the Board	Sanko Diecasting (Thailand) Plc
					2020 – Present	Senior Expert Committee, Oil Fuel Fund Administration	Committee (OFAC), Ministry of Energy
					2019 – Present	Advisor	124 Communications Co., Limited
					2019 – Present	Advisor	the Committee on Commerce and Industry, Senate
					2017 - 2019		
					2017 - 2019	Director (Ex Officio), Board Member	EXIM Bank of Thailand

		Program (CSEP 128)", Columbia Business School, Columbia University			2019		
		- "Executive Program for Senior Management 2008: Management in Globalizing Era," Kellogg School of Management (Northwestern University), Schulich School of Business (York University) และ Maxwell School of Citizenship and Public Affairs (Syracuse University) In Chiang Mai Province (Department of Foreign Trade Scholarships)			2017 - 2019	Chairman of the CG & CSR Committee	EXIM Bank of Thailand
		- "Effective Management Program," Marshall Business School, University of Southern California (USC) At Pattaya City, Chonburi Province				Chairman of the Employee Relations Committee	EXIM Bank of Thailand
		- "Management Leadership Program," Marshall Business School, University of Southern California (USC) Los Angeles				Member of the Nomination and Remuneration Committee	EXIM Bank of Thailand
					<u>Experiences in Public Sector</u>		
					2018-2019		
					2015 - 2018		Ministry of Commerce
					2011-2015	Director-General, Department of Foreign Trade	Ministry of Commerce
						Deputy Director-General, Department of Foreign Trade	Thai Trade Center, Mumbai, India
						Executive Director	

<p>2. Mr. Masami Katsumoto</p> <ul style="list-style-type: none"> Director <p><u>Date appointed</u> 25 April 2019</p> <ul style="list-style-type: none"> directors who are authorized to sign to bind the company <p><u>Date appointed</u> 15 December 2016</p>	72	<p><u>Education</u></p> <ul style="list-style-type: none"> 2510 <p>High School attached to the Faculty of Education, The University of Tokyo</p> <ul style="list-style-type: none"> 2514 <p>Mechanical Engineering, College of Science and Technology Nihon University</p> <p><u>IOD Courses</u></p> <p>Director Accreditation Program (DAP) year 83/2553</p>	6.27% (19,333,800)	-	<p>1996 - Present</p> <p>1996 -2016</p>	<p>Director</p> <p>Chief Executive Officer</p>	<p>Sanko Diecasting (Thailand) Plc</p> <p>Sanko Diecasting (Thailand) Plc</p>
<p>3. Mr. Naohiro Hamada</p> <ul style="list-style-type: none"> Director <p><u>Date appointed</u> 27 April 2017</p> <ul style="list-style-type: none"> directors who are authorized to sign to bind the company <p><u>Date appointed</u> 15 December 2016</p>	80	<p><u>Education</u></p> <ul style="list-style-type: none"> 1959 <p>Commerce Course, Shinko Sensor High School</p> <ul style="list-style-type: none"> 1963 <p>English Course, Pal more Institution</p> <p><u>IOD Courses</u></p> <p>Director Accreditation Program (DAP) year 83/22017</p>	1.19% (3,666,000)	-	<p>2015 – Present</p> <p>2012 – Present</p> <p>2012 – 2015</p> <p>2007 – Present</p> <p>2007 – Present</p>	<p>Director</p> <p>Director</p> <p>Managing Director and Board of Director</p> <p>Director</p> <p>Managing Director and Board of Director</p>	<p>TIP Metel Industries Ltd.</p> <p>Shinyama (Thailand) Co., Ltd.</p> <p>Excel Metal Forging Co., Ltd.</p> <p>Sanko Diecasting (Thailand) Plc</p> <p>Thai Industrial Parts Ltd.</p>

4. Mr. Rattawat Suksaichol	63	<u>Education</u> <ul style="list-style-type: none">1979 Bachelor of Law, Faculty of Law, Thammasart University <u>IOD Courses</u> <ul style="list-style-type: none">Director Accreditation Program (DAP) year 77/2009Financial Statement for Directors (FSD) year 6/2009Director Certification Program (DCP) year 128/2553Successful Formulation & Execution of Strategy (SFE) year 13/2011Role of the Compensation Committee (RCC) year 15/2012Role of the Nomination and Governance committee (RNG) year 3/2012 <u>Other courses</u> <ul style="list-style-type: none">Strategy CFO in Capital Markets Program 2015Advanced Master of Managemet Program, (AMM)	0.92% (2,827,909)	-	2019 – present	Independent	Sonic Interfreight Plc.
Director						Director and Audit	
<u>Date appointed</u> 27 April 2018						Committe	Pinthong Industrial
<ul style="list-style-type: none">directors who are authorized to sign to bind the company					2018 – present		Park Plc.
<u>Date appointed</u> 24 Febuary 2016					2017 – present	Director	Sanko Diecasting
Nomination and Remuneration Committe						Nomination and	(Thailand) Plc
<u>Date appointed</u> 10 August 2017						Remuneration	
Chief Executive Officer					2016 - Present	Committee	Sanko Diecasting
<u>Date appointed</u> 24 Febuary 2016						Director and Chief	(Thailand) Plc
					2001 - Present	Executive Officer	Sanko Diecasting
							(Thailand) Plc
						Director	
	</						

<ul style="list-style-type: none"> Director <p><u>Date appointed</u> 25 April 2019</p>		<ul style="list-style-type: none"> 1977 <p>Bachelor of Business Administration in Accounting, Ramkhamhaeng University</p> <p><u>IOD Courses</u></p> <p>Director Accreditation Program (DAP) year 121/2015</p>			2003 – 2014	Accounting and Finance Manager	(Thailand) Plc Somsak Group co.ltd
<p>6. Mr. Yuttana Taepangthong</p> <ul style="list-style-type: none"> Director <p><u>Date appointed</u> 27 April 2018</p> <ul style="list-style-type: none"> Nomination and Remuneration Committee <p><u>Date appointed</u> 10 August 2017</p>	48	<p><u>Education</u></p> <ul style="list-style-type: none"> 1999 <p>Bachelor of Accounting, Bangkok University</p> <p><u>IOD Courses</u></p> <p>-Director Accreditation Program (DAP) year 120/2015</p> <p>-Director Certification Program (DCP) 233/2017</p> <p>-Risk Management Program for Corporate Leaders (RCL) 9/2017</p>	0.00%	-	<p>2015 – 2018</p> <p>2017 – Present</p> <p>2014 – Present</p> <p>2018 – Present</p>	<p>Audit Committee</p> <p>Nomination and Remuneration Committee Director</p> <p>Managing Director and Director</p>	<p>VL Enterprise Plc</p> <p>Sanko Diecasting (Thailand) Plc</p> <p>Sanko Diecasting (Thailand) Plc</p> <p>Advance Connection Corporation Public Company Limited</p>
<p>7. Ms. Valaiporn Kanignunta</p> <ul style="list-style-type: none"> Independent Director /Chairman of the Audit Committee <p><u>Date appointed</u> 27 April 2017</p>	65	<p><u>Education</u></p> <ul style="list-style-type: none"> 1978 <p>Bachelor of Accountancy,</p>	0.00%	-	<p>2009 - Present</p> <p>2007 – Present</p>	<p>Independent Director and Chairman of the Audit Committee</p>	<p>Sanko Diecasting (Thailand) Plc</p> <p>SC System Network co.ltd</p>

		<p>Chulalongkorn University</p> <ul style="list-style-type: none"> 1979 <p>Higher Graduate Diploma in Accountancy, Thammasart University</p> <p><u>IOD Courses</u></p> <p>Director Accreditation Program (DAP) year 80/2009</p>			2007 – Present	<p>Accounting Consultant</p> <p>Accounting Consultant</p>	PK Automotive co.ltd
<p>8. Mr. Nipan Tungpiruttham</p> <p>Independent Director / Audit Committee</p> <p><u>Date appointed</u> 25 April 2019</p> <p>Chairman of the Nomination and Remuneration Committee</p> <p><u>Date appointed</u> 10 August 2017</p>	61	<p><u>Education</u></p> <p>1979</p> <p>Bachelor of Law, Faculty of Law, Thammasart University</p> <p><u>IOD Courses</u></p> <p>Director Accreditation Program (DAP) year 80/2009</p>	0.00%	-	<p>2017 – Present</p> <p>2009 - Present</p> <p>2000 - Present</p> <p>1993 - Present</p> <p>2000 - Present</p>	<p>Nomination and Remuneration Committee</p> <p>Independent Director and the Audit Committee</p> <p>Managing Director</p> <p>Managing Director</p> <p>Managing Director</p>	<p>Sanko Diecasting (Thailand) Plc</p> <p>Sanko Diecasting (Thailand) Plc</p> <p>Master Glove Industry co.ltd</p> <p>Rose and Green co.ltd</p> <p>Super Glove Industry co.ltd</p>
<p>9. Mr. Santi Niamnil</p> <p>Independent Director / Audit Committee</p> <p><u>Date appointed</u> 27 April 2018</p>	52	<p><u>Education</u></p> <p>1993</p> <p>Bachelor of Law, Ramkhamhaeng University</p>	0.00%	-	<p>2016 - Present</p> <p>2009 – Present</p> <p>2002 – 2015</p>	<p>Audit Committee</p> <p>Independent Director and Audit Committee</p> <p>Director</p>	<p>Phol Dhanya Pcl.</p> <p>Sanko Diecasting (Thailand) Plc</p> <p>You Send Air & Sea Service Management</p>

		IOD Courses Director Accreditation Program (DAP) year 80/2009			2003 – 2015	Managing Director	(Thailand) co.ltd Anake Advocate co.ltd
10. Ms. Prapaphan Chanapal Account and Finance Department Manager <u>Date appointed</u> 29 August 2016	52	<u>Education</u> ● 1988 Bachelor of Business Administration (Accounting) Ramkhamhaeng University ● 2011 Bachelor of Law, Faculty of Law, Thammasart University	0.00%	-	2016 - Present 2016 2015 2000-2015	Account and Finance Department Manager Account and Finance Department Manager Account and Finance Department Manager Accounting Manager	Sanko Diecasting (Thailand) Plc MSL SOFTWARE (THAILAND) COMPANY LIMITED ABSOLUTE PALM CO., LTD. Thonburi Automotive Assembly Plant Co., Ltd. (TAAP)
11. Mr. Kiattipoom Poomminun Sales and Marketing Department Manager <u>Date appointed</u> 21 January 2014	35	<u>Education</u> ● Bachelor's degree in Automotive Design & Manufacturing Engineering (ADME) International program, Chulalongkorn University	0.00%	-	2014 - Present 2014 - 2014 2013 - 2014	Sales and Marketing Department Manager Sales manager Senior sales	Sanko Diecasting (Thailand) Plc P&P Chonburi Co.,Ltd. BOSCH AUTOMOTIVE

		<ul style="list-style-type: none"> Master of Business Administration (M.B.A.), University of Lincoln, United Kingdom 			2016 - 2019	representative (Asean region) Sales Engineer	(THAILAND) CO., LTD. Sanko Diecasting (Thailand) Plc
12. Mr.Anant Tungsunthornthum Engineering Director <u>Date appointed</u> 1 January 2020		<u>Education</u> <ul style="list-style-type: none"> Bachelor of Engineering Program in Mechanical and Design Engineering. King Mongkut's University of Technology North Bangkok 	0.00%	-	2020- Present 2004-2020	Engineering Director Manager of Quality Control and Assurance Department	Sanko Diecasting (Thailand) Plc Sanko Diecasting (Thailand) Plc
13. Mr. Jaroon Jinnaree Factory Department Manager <u>Date appointed</u> 21 October 2020		<u>Education</u> <ul style="list-style-type: none"> Bachelor of Engineering Materials Handling and Logistics. King Mongkut's University of Technology North Bangkok 	0.00%	-	2020- Present 2000 – 2020 1996 – 1998	Factory Department Manager Senior Manager Site Engineer	Sanko Diecasting (Thailand) Plc Kawasaki Motors Enterprise (Thailand) Co.,Ltd. Vatanapaisan Engineering Co., Ltd.
14. Ms. Sakultrip Homanee Company secretary <u>Date appointed</u> 18 September 2016	39	<u>Education</u> Bachelor of Political Science Program in Politics and Government. Thammasart University Master of Science in	0.00% (13,200)	-	2016 - Present	Company secretary	Sanko Diecasting (Thailand) Plc .

		Management Technology. National Institute of Development Administration <u>IOD Courses</u> CSP33/2016 BRP17/2017 EMT5/2018 CRP1/2018					
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1.2 Scope of the company secretary's duties

The company secretary must do all assigned duties in accordance with the regulations of the Securities and Exchange Act B.E.2551(2018), section 89/15 and 89/16, as well as laws, company's objectives and regulations and all committees and shareholders 'meeting resolutions responsibly cautiously and loyally; and, the company secretary's legal duties are as follows;

1. Create and take care of
 - A. The record of the committees
 - B. The meeting Invitation and the minutes of meeting of the committee and the annual report
 - C. The meeting Invitation and the minutes of meeting of the shareholders
2. Take care of the conflict of interest record reported by the committee; and, forward its copy to the chairman and the chairman of the audit committee within 7 days
3. Do related works that Capital Market Supervisory Board has instructed

Besides, the followings are additional assignments given by the company

- Give counsel connected to laws regulations and code of practices that lead the committee activity control in line with the law
- Manage the Committee and the shareholders meeting
- Follow up the Committee and the shareholders' meeting regulations
- Catch up with the
- Take care of the new committee orientation
- Etc.

Chief of the internal audit of the company and chief of corporate Operations

Section information

(1) The Internal Audit

An external audit company that has been appointed as the “Internal Audit” T Group Advisory Company limited, with Miss Rungwan Saelee, the committee, acting as the main internal auditor of the company

(2) Education history

Present: Master of Science Corporate Governance, Chulalongkorn University

1999 – 2005: Bachelor Degree in Accounting, Ramkhamheang University

(2) The related work experience and training history

Professional certificate	: Certified Professional Internal Audit of Thailand (CPIAT) Program, The Institute of Internal Auditors of Thailand
	: Internal Audit Certificate Program (IACP), Federal of Accounting Profession Thailand
	: Certified Public Accountant
	: Tax Auditor
Work Experiences	: present Director T Group Advisory Company limited
	: 2014 – Present Accounting and audit system design Internal audit of private and listed company
	: 2014 – Present Accounting, taxes and internal audit advisor
	: 2009–2013 Senior auditor of Thai Audit Co., Ltd
	: 2005 – 2008 Auditor assistant of Thai Audit Co., Ltd

Corporate Good Governance

Sanko Diecasting (Thailand) Public Company Limited

(Revise 1)



www.sankothai.net

Part 1 General Provisions

Vision

Sanko has a commitment to be proficient, to lead in the Die Casting Industry and to be recognized internationally; Continuing to acquire innovations in all its operations and create new products obtaining its own trademark; Producing quality products and services for customer satisfaction and business sustainability.

Mission

1. Perform with excellence in all its operations.
2. Create innovations and use modern technologies in designing and production development.
3. Mobilize employees' potentials in creating its company's very own brand within the year 2019 as a common goal.



Our Core Value

- Innovation
- Proactive Working
- Achievement Orientation
- Sense of Belongin

Company's Strategies

The Company focuses on growth strategy by expanding the customers base both domestically and internationally in order to reduce the risks poses by the domestic economy. This is achieved by increasing the demands of the customers and broaden the range into other industries other than automobiles. The Company will also research new products that have the potential to be profitable in the future with high margin, high technology and emphasizing on customers that requires the Company's expertise.

Business strategy and Functional Strategy



- **Quality:** The Company can produce parts which are of the best quality and are well received among the automobiles producers. Moreover, the Company has been certified by the International Standards ISO 9001:2015 and ISO/TS 16949:2016 to ensure and build up confidence for the customers in the long run.
- **Knowledge and Technology:** The Company is specialized in designing molds which is the Know-How that has been passed down from generations to generations. Moreover, the Company continuously develops the production lines, so that it can respond to the demands of the customers.
 - The Company aims to develop new products in order to increase sales and for better returns, including spreading out the risks from relying on old customers and products.
 - The Company aims to be the innovative Organization by introducing robotic technologies into the production process in order to increase operational efficiency.
- **Costs and profits** - The Company emphasizing on strict management of costs and profits by using Budget Control System to control all of the departments' operation to be more efficient in managing costs and profits equal to the international standards.

- Manufacturing: Due to the design of the production line, the parts produced can be adjusted quickly with no hassle, meaning that the Company can support a variety of clients from many different industrial groups which reflects the continuous growth of the Company's revenue.
- Marketing: The Company has expanded internationally to reduce the risk of the domestic economic situation which increases the demands in the wider group of clients. Also, the Company expands the client base domestically to other businesses other than the automobiles industry by focusing on the groups that the Company is familiar with the productions and services.
- Products: Increase the production lines by introducing new injection technique which is "Gravity Die Casting" and metal diecasting techniques such as sand casting, lost wax casting. to add a variety of products and to reduce the restrictions in production and to meet the demands of the clients more. The increase in numbers of machineries, which the Company already has specialized in productions, means that the company can provide a full range of complete service to customers.



Principles and Rationale

Sanko Diecasting (Thailand) Public Company Limited recognizes the importance of the good corporate governance which allows the Organization to maintain an ethical managing system, transparent and can be monitored. In order to reassure the confidence of the shareholders, investors and the stakeholders, the Company has prepared the 'Good Corporate Governance Manual' for the Board of Directors, Managers and the Company's employees to acknowledge as the business guidelines and use if for the benefits of the shareholders including the stake holders and all the while being responsible to the society and the environment.

The Importance of Good Corporate Governance

To enhance the good corporate governance system so that it is transparent and has a clear standard which helps improving the Company's capability in competition and preventing any conflicts of interests that may arise. Building the confidence of the investors, shareholders and the stake holders to increase the stock value of the Company, as well as acting as the index to measure and inspect the performances so that they could be improve for better efficiency.



The Principles of SANKO's Good Corporate Governance Manual

The principle of good corporate governance is considered a good discipline which all levels of personnel must understand, uphold and strictly follow. If there are any violations of the said principles and the follow up of fair investigation deems guilty, the Company will proceed with disciplinary and/or legal actions accordingly.

The principle of good corporate governance of the Company will be improved for perfection accordingly. The Company expects the personnel to report honestly regarding any operations which may conflict with the principles to the superiors. The Company will treat all information as confidential materials. It is the responsibility of the superior to allow the operations to proceed according to the principles and the code of ethics.

Part 2 Policies and Corporate Good Governance

Corporate Governance Policies

The Company is fully aware, and gives all its attention to the “Good Corporate Governance”. The Company believes that the good corporate governance reflects the efficient and transparent management system, which will help promoting the confidence of the Shareholders, investors and all parties involved and will ultimately lead to a sustainable growth of the Company and an increase in value. The Company has continuously encourages the implementation of good corporate governance by advising the directors and the management to develop good corporate governance and the practices in accordance with the international standards. This is done by following the good corporate governance, as directed by the Stock Exchange of Thailand, and adapts it to the Company’s corporate governance. Measures are taken to further improve the said policies in accordance with the guidelines of the Stock Exchange of Thailand, which may change in the future to be better suited for the evolving environment of the Company. The practices cover 5 categories as follows;

1. Shareholders’ Rights

The Company is fully aware and gives its utmost attention to the rights of the Shareholders. This is shown by not taking any actions which may violate or reduce the rights of the Shareholders, including encouraging the Shareholders to use their rights. The basic rights of the Shareholders are, trading or transferring shares, sharing profits with the Company, receiving sufficient information about the Company, attending the meetings to use their rights to vote for appointing or removing the directors, appoints the auditors and any issues which have a direct impact to the Company for example, dividend allocation, setting or amending the regulations and the Memorandum of association, decreasing or increasing the capital and authorizing special transactions.

The Company has the policy to promote convenience for the shareholders, including the institutional investors by holding the meeting in the place with sufficient access from the public transport so that the shareholders can easily attend the meetings. The Company always provides information, dates, time, place and agendas including all relevant information for making decisions to the Shareholders prior to the meeting and also notifies the shareholders about all the requirements, as well as the voting procedures. The Company encourages the Shareholders to exercise their rights to fully attend the meeting and to vote, and also to express their opinions and raise any questions relating to the Company in the meeting. The Shareholders may also submit the inquiries or agendas prior to the meeting. The Shareholders may also appoint a proxy to attend the meeting in the case of their absence.

2. Equal Practice to Shareholders

The Company treats all shares holders fairly and equally, no matter the Shareholders who are Executives, non – Executive, foreign Shareholders and minor shareholders which reinforce the confidence in the shareholders that the board and the management has taken great care in the spending of the shareholders funds which is the main factor in creating the confidence for investing with the Company. The Board of Directors holds the responsibility to make sure that all shareholders are treated fairly and that all their basic rights have been met equally.

The Board of Directors have arranged for the Shareholders Meeting in a way that encourages equal practice to all shareholders and give the chance even for minor shareholders to propose any individuals to take the position as directors, prior to the meeting and in an appropriate time frame. The Company also allows the shareholders who cannot attend the meeting themselves to let their proxies attend the meeting, and also have the rights to vote in their stead.

The Board of Directors has stated the methods to protect and prevent the use of the internal information in writings and will announce this as guidelines for all members of the organization.

3. Stakeholders' Roles

The Company is fully aware of its responsibility and practices to different groups of stakeholders and will seek the mutual benefits so that all groups of stakeholders can be confident that their rights will be fully protected and well exercised. This has been set as a guideline to follow in order to clearly meet the demands of all groups of the stakeholders as stated in the “Code of Conducts and Business Ethics” and will promote the Board of Directors, the management team including the workers to regard this as the fundamental principles for working in the Company and to take it as the important responsibility for all members.

4. Information Disclosure and Transparency

The Company prioritizes the disclosing of all important information relating to the Company, both financial and non-financial information through an accurate, complete, on-time and transparent channel which is easy to access, fair and respectable.

The Company believes that the quality of the financial related reports is something that the shareholders and the outside information give the utmost importance to, the Board of Directors will make sure that all the information displayed in the financial reports are accurate and follow the general standard accounting practices and have been evaluated by an independent auditor. The Company has appointed the Audit Committee, which consists of independent directors who takes responsibility for the quality of the financial report and the internal control. The Board of Directors' reports, Audit Committee's report and the auditor's reports are all presented in the Annual Report.

5. Responsibilities of the Board of Directors

The Board of Directors has the vital role of overseeing the operation to ensure the benefits of the Company. The Board of Directors takes action in place of the shareholders and is independent from the management.

The Board of Directors must have leadership, visions and can make an independent decision for the benefits of the Company and for the shareholders. In order to do so, the system is in place to clearly separate the responsibilities between the Board of Directors and the management, and to ensure that all of the Company's activities proceed in a lawful and ethical way.

The Board of Directors consists of personnel with various qualifications, not only skills and experiences but also specialized talents that are useful to the Company, including their devotion and dedication to strengthen the Company and the Board of Directors.

The procedure to elect the Board of Directors, so that they can be appointed by the shareholders, have been done transparently with no influences of the shareholders or from the management team and is assuring to the outside individuals.

To ensure that the Board of Directors can work efficiently and the effectively, the Board of Directors had asked for the Audit Committee to help supporting the directors in the area of financial reports, internal control system's efficiency and executing the rules, regulations and all codes of ethics to promote good corporate governance.

Each director has a good understanding of their responsibilities as Board of Directors and to operate the Company, always ready to share their opinions independently and constantly improve themselves to adapt to the modern times. The Board of the Directors holds this position with honesty, carefully and thoughtfully by considering the benefits of the Company and being fair to all shareholders, giving all information fully and completely.



Good Corporate Governance policies and guidelines according to the CG Code by the Securities and Exchange Commission, Thailand.

Principle 1: Establish clear leadership role and responsibilities of the Board

The Board of Directors understands and is aware of the responsibilities as the leader that oversee the Organization with good governance. This includes establishing goals and objectives, establishing strategies, work policies as well as allocating vital resources in order to achieve the said targeted goals. The Board of Directors must follow up, evaluate and report the performance for creating sustainable value to the business. The governance outcome should consist of; competitiveness and performance with long-term perspective, good corporate citizenship, and corporate resilience. The Board of Directors is responsible for enforcing the employees to uphold the duty of care and the duty of loyalty, and operate under the rule of laws and the shareholders' resolution. The Board understands the roles and responsibilities and give clear missions and responsibilities to the CEO, including following up on any given tasks as necessary.

Principle 2: Define objectives that promote sustainable value creation

The Board of Directors defines core objectives of the business that promote sustainable value creation. The objectives must match the value creation for the business, customers, stakeholders and the society as a whole. The Board must ensure that the objectives and goals, including medium term and/or annual strategy also matches the objectives of the business by safely introducing adequate innovation and technology.

The Board of Directors clearly considers all appropriate directions and strategies for operating the business, including human resource development to make sure that the said strategies allow the business to function effectively and efficiently under various circumstances. The Company has the visions and organizational cultures that reflect the good corporate governance.

Principle 3: Strengthen Board Effectiveness

The Board of Directors have established and sufficiently revised the structure of the Board to lead the Organization to the targeted goals and objectives. This is done by selecting the most appropriate individual to be the Chairman and carry on the selection process of the Directors clearly and transparently. The remuneration of the Board will be approved by the shareholders fairly and appropriately. The Board of Directors will all carry out their duty responsibly and allocate their time suitably for the job.

The Board of Directors annually evaluates the performance of the Board, sub committees and individual Directors, where the evaluation result will be used further to improve the performance. The Board of Directors must all understand the roles, nature of the business and the laws relating to the business, including providing the support so that all Directors can improve their skills and carry out their duty splendidly. The

Board of Directors must ensure that the operation runs smoothly, can access necessary information, and has the Company's Secretary with adequate experience to support the Board's performance.

Principle 4: Ensure effective CEO and people management

The Board of Directors selects and ensures that the CEO and high level Executives have adequate skills and experience necessary to drive the Organization to its goals. The Board makes sure that there are suitable remuneration and performance evaluation for the members of the Organization, to improve their skills, abilities, experiences and provides adequate motivations. The Board of Directors understand the structure and the relationship of the shareholders that may affect the management and the business operation.

Principle 5: Nurture innovation and responsible business

The Board of Directors emphasizes on supporting and promoting innovation that creates value to the Organization together with providing benefits to the customers or stakeholders, as well as being responsible to the environment.

The Board of Directors follow up and makes sure that the business operates with responsibility to the society and to the environment as reflected in the operational plan. This is so that all parties proceed by abiding to the core objectives, goals and the strategies of the Company.

The Board of Directors oversee the allocation of resources efficiently and effectively by considering the impact of the value chain, so that the goals and objectives can be achieved sustainably.

The Board of Directors manages the organizational information technology that matches the requirements of the Company, including overseeing the use of IT to create business opportunities and to improve the risks management. In order to achieve the objectives and core missions of the Company, the Board of Directors also covers risks management in terms of information technology, as well as establishing policies to safely protect the information.

Principle 6: Strengthen effective risk management and internal control

The Board of Directors makes sure that there are risk management system and internal control that allows the Company to achieve its objectives effectively, under the laws, regulations and standards related. The Board improves and develops the risks management process constantly by arranging independent auditors to be responsible for inspecting and evaluating the risks management and internal control systems, as well as reporting and disclosing their findings in the annual report.

The Board has set up the Audit Committee that can work effectively and independently with the qualifications and responsibilities as indicated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors have monitored and managed the conflicts of interests that may happen between the Company and the management, the Directors or the shareholders, including preventing the unlawful use of assets, information, opportunities and undesirable business transactions with any parties relating to the Company.

The Board has clear anti-corruption policies, including supporting activities that promotes awareness of the employees to abide by the law and all relating regulations in each level of the Organization, and to the external parties. The Company establishes channel to listen to claims and whistle blowers through the website with complete procedures to verify the information (record, follow up, solve the problem) and to report to the Board of Directors. The Company provides protection measures to whistle blowers that honestly reports the leads.

Principle 7: Ensure disclosure and financial integrity

The Board of Directors is responsible for selecting the person in charge of preparing financial reports and disclosing all significant information sufficiently, correctly and on time, and overseeing the financial liquidity and affordability ratio. The individual must possess necessary skills and experience suitable for this responsibility. This individual may be the Chief of Accounting and Finance, Accountant, Auditor, Company's Secretary, and Investor Relation. In the case of a financial crisis, the Board prepares back up plan or any other methods of resolving financial situation. The Board is aware of the rights of stakeholders and has arranged for the representative to communicate with the shareholders. This individual must understand the Company's business, including its objectives, goals, values and can communicate well with investors and capital market such as Directors or the CEO. The Board promotes the use of IT in disclosing information. Other than publishing through the Stocks Exchange of Thailand as required, the Board of Directors also publishes the information both in Thai and English through other channels such as the Company's website and provides up-to-date information, accessible for all parties.

Principle 8: Ensure engagement and communication with shareholders

The Board of Directors ensures that the shareholders engage in making important decisions of the Company fairly and equally as stated in the Company's corporate governance guidelines. The Board promotes shareholders participation in the shareholders' meeting and allow the shareholders to exercise their rights effectively and transparently. The shareholders can add agendas prior to the meeting and if the agenda is not approved, the Board must notify the shareholders.

The minority shareholders can propose the individuals to take the position of Directors. The Board of Directors must disclose such information to the shareholder in advance and also publish the regulations on the Company's website and make sure that the meeting invitations contain complete and accurate information as per the rights of the shareholders, both in Thai and English language. The invitation must be sent out and

revealed publicly at least 28 days before the meeting. The Board of Directors and all Executives must be present so that the shareholders can inquire on any relating matters. The Company will disclose the meeting's resolutions and the result of the votes on the next day, through the information channel of the Stock Exchange of Thailand and on the Company's website. The copy of the shareholders meeting minutes will be sent to the Stock Exchange of Thailand within 14 days since the day of the shareholders meeting.

The Principles of Good Corporate Governance

A. SANKO's Good Corporate Governance principles

Good corporate governance means the mechanism of operating the infrastructure and the internal managing system in a way that there are relationships between the Board of Directors, Managers and employees. The management of the said infrastructure and mechanism must reflect the principles of good corporate governance where the Board of Directors act as policy makers and operate honestly and cautiously by assigning the managers to act as their representatives.



B. The selection and the appointment of Directors and Chief Executive Officer

The Selection of Directors and CEO

The Board of Directors

The selection of the individuals for the position of the Board of Directors does not come from the nomination committee. The selection of the directors is the responsibility of the Board of Directors which will consider from the qualifications as per the Section 68 of the Public Limited Company Act B.E 2535 and as per the related announcement by the Securities and Exchange Commission. Moreover, the Board of Directors will consider experts from various fields to take up the positions which will be beneficial to the company for advising and giving opinions on many issues. The person must have a strong leadership, visions, morals and ethics with a clean, transparent work profiles and can make an independent decision. Once this is decided, the names will be presented in the Shareholders Meeting for appointment.

Directors shall be elected by the General Meeting of Shareholders under the criteria and procedures as follows;

- a) A shareholder has one vote per one share.
- b) In the election, the shareholders may vote to the nominee individually or many persons at a time depending on the decision of the meeting. The share holders may utilize the vote as per a) to vote, but cannot distribute different amount of votes to many different nominees.

c) The person who receives the votes of the highest number and the next persons in the order of the number of votes received shall be elected Directors in the number permitted. In case the next persons in the order of the number of votes received obtain equal numbers of votes and the number of such persons exceeds the remaining number of Directors permitted, the Director to be elected therefore shall be decided by the Chairman.

At the Annual General Meeting of shareholders one-third of the Directors, or if their number is not multiple of three, then the number nearest to one-third must retire from office. A retiring director is eligible for re-election. The directors, who will retire in the first and second year after the company is listed, will cast lots to see who will retire in the following years and the director with the longest time on the post will retire from office. The retired directors may be re-elected back into position again.

In case the post of a Director has been vacated owing to reasons other than by completion of his tenure, the Board of Directors shall elect a qualified person, who does not have any prohibitive attributes pursuant to Section 68 of the Public Limited Company Act B.E. 2535 as a replacement Director for subsequent meetings of the Board of Directors unless the remaining period of the tenure is less than two months. The person who becomes a replacement Director may remain so as long as his/her time as Directors allowed, and must have the approval of no less than 3 out of 4 of the remaining directors.

In addition, the Board of Directors must consist of at least 1 in 3 Independent Directors from all of the Company's directors but no less than 3 persons.

The Definition of Independent Directors

"Independent Director" is the person who has no relation at all to the management of the company and/or the operation of the Company's business. This person is independent from major shareholders and from Company's executives, including the close relatives of the said people and can express their opinions freely by considering the benefits of the Company and of the Shareholders first.

Qualifications of Independent Directors

1. Must be a person with qualifications that does not violate the rules, regulations and any other applicable laws.

2. Holding shares not exceeding 1% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, or juristic persons which may have conflicts of interests by counting also the shares of relating persons.

3. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years before the appointment date.

4. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company.

5. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before the appointment date.

6. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before the appointment date.

7. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, or juristic persons which may have conflict of interests, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years before the appointment date.

8. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder of the Company.

9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

10. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.

11. Independent Directors must immediately notify the Board of the Directors in any situation which may jeopardize their qualifications as the Independent Director of the Company.

C. Scope of Authorities of the Board of Directors

The Board of Directors

The scope of authority, duties and responsibilities of the Board of Directors as concluded in the 2nd Shareholders Meeting on the 15th December 2009 is as follows;

1) To manage the Company in compliance with laws, objectives, Article of Association, the legalized resolutions passed at shareholders' meeting with honesty, carefulness and protection of the interests of the Company.

2) To appoint the management of the Company from some of directors and / or its executives to take any action as assigned by the Board of Directors and appoint other committee as it determines appropriate

3) To determine the Company's target, policy, business plan and budget, as well as supervise and monitor the management to ensure that they conform the Company's policy.

4) To review and approve policy, direction, strategic, business plan and large investment projects of the company that proposed by management.

5) To monitor the Company's operating performance to ensure ongoing compliance with the plans and budget

6) To consider and approve the significant matters relating to the company or any appropriate operations for the best interest of the Company

An exception for the following matters will be made when approved by the shareholders' meeting. In addition, directors cannot approve any transactions that he/she has interests or conflict of interests of any nature with the Company or its subsidiaries.

(A) Subject to laws must be resolved by the shareholders meeting.

(B) The transactions, which directors have interests or conflict of interests under laws or the requirements of the Stock Exchange of Thailand, have required an approval of the shareholders' meeting.

The following matters must be approved by the Board of Directors by majority vote of the directors attending the meeting and the shareholders' meeting by vote of not less than 3 in 4 of the total votes and entitled to vote.

(A) To sell or transfer entire of the business or a significant part to other parties

(B) To acquire or transfer other companies or private company

(C) To change or terminate some or whole of leasing contracts of the Company and assign person to manage the business of the Company or merge with another party with the purpose of sharing profit together.

(D) Any changes in memorandum of association or article of association.

(E) Capital increase or reduce, bond issuing, merger and acquisition or liquidate the company

(F) Any other matters must be approved by the Board of Directors and the Shareholders' Meeting under the securities laws and / or the requirements of the Stock Exchange of Thailand.

The Audit Committee

Scope of Authorities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - an opinion on the adequacy of the Company's internal control system,
 - an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - an opinion on the suitability of an auditor,
 - an opinion on the transactions that may lead to conflicts of interests,
 - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee. In its performance of duties under the first paragraph, the audit committee must be directly responsible to the Company's board of directors, while the Company's board of directors shall remain responsible to third parties for the operations of the Company.

In the case that the audit committee's duties are changed, the Company shall report on a resolution to change its duties, and shall prepare a list and scope of work of the audit committee according to such change in the form as prescribed by the Exchange. Such list and scope of work must be submitted to the Exchange within 3 (three) business days from the date on which the change is made in accordance with the procedures under the Exchange's regulations relating to reporting via an electronic media.

D. Board of Directors Meeting and Obtaining Documents

Constantly hold the Board of Directors meeting, the Audit Committee meeting and allows sufficient time to debate on various significant agendas. The management must prepare the appropriate information, punctually and accurately to the Board of Directors before the meeting, allowing enough time to study and make correct decision on various topics in the Board of Directors meeting.

E. Code of Ethics for the Board of Directors, Managers and Employees

Provide work guidelines which relates to morals and ethics so that the Board of Directors, Managers and the employees may acknowledge the standards and the work guidelines which the managers should encourage and thoroughly notify the personnel. The code of ethics for the Board of Directors, Managers and employees are as follows;

- The Board of Directors must perform their duties in accordance with the law, the Company's policies, objectives and the Company's regulations. The Directors must manage by putting the benefits of the Organizations and the staffs both present and in the future and also maintaining the corporate image.
- The Managers must perform their duties up to the expectation of the Board of Directors. The actions may affect many groups of stakeholders such as the employees, the shareholders, the general public, trade partners and debtors, competitors and the society as a whole.
- The employees must perform their duties given from the management to the best of their abilities.

F. Information Disclosure and Transparency

1) The Board of Directors have the responsibilities of disclosing the information both financially and non – financially, sufficiently, reliably and on time, so that the Company's shareholders and stake holders may obtain the information fairly, in accordance with the law, the regulations of the Company and following the information disclosure policies of the Company.

2) The Company's information must be prepared carefully, clearly, accurately and transparently with concise and simple language. Constantly disclose important information both positive and negative information.

3) Establish the Public Relation Department which advertises helpful information to investors, employees, relating parties and the general public. Establish the Investors Relation Department to represent the Company in communicating with the shareholders, financial institutions and securities analysts.

4) The Board of Directors is responsible for presenting the assessment report and the trend of the Company by summarizing simply in the Company's Annual Report.

5) The Board of Directors prepares the balance sheet, profit and loss statement and the audit report of the auditors and also the Board of Directors' Annual Report to present to the annual Shareholders Meeting for consideration.

6) The Board of Directors must prepare the report explaining their responsibilities in assembling the financial reports, together with the auditor's reports in the Company's Annual Reports.

G. Duty to the Stake Holders

1) The Board of Directors should prioritize the balance for all stake holders by fully indicating all groups of the Company's stake holders and allow proper communication channels between each groups.

2) The Board of Directors should report all information showing that the Company always take the benefits of the stake holders into account, before making and decisions



Part 3 Ethice

Note: The information on code of ethics can be reviewed from the [Business Ethics and Code of Conducts Manual](#)



Part 4 Charter of Internal Audit

This charter is made with the objective of determining the mission, scope of work, audit authority including the guidelines for operation and practices for the internal auditing of the Company. This is so that the Directors, Managers and all levels of employees may acknowledge the internal auditing. The summary is as follows;

MISSION

Internal Audit. The mission is consulting and assuring independently and fairly, in order to increase the value of the Organization and improve the internal control system of the Company. Internal audit helps the Company to achieve the set goals through evaluation and improving the efficiency and effectiveness of the risk management system, the internal control system and the corporate governance of the Company strategically and systemically.

INTERNAL AUDIT STRUCTOR

The Company's internal audit hires the certified internal auditor from an outside source, to act as internal auditor. The Audit Committee will select the auditor to act independently, approve of the internal audit working plans and set up the reimbursement for the internal auditing appropriately. The internal auditor will report directly to the Audit Committee and to the Company's Senior Management.

SCOPE OF WORK

The scope of work for the internal audit has been set up to ensure that the risk management system, the internal control system and the corporate governance of the Company has been prepared sufficiently and achieve the objectives as described below;

- Identify the risk, evaluate the risk and manage the risk appropriately.
- The Company's information on the financials, management and operations has been prepared correctly, reliably and on time.
- The Company's business operation and practices proceeds according to the policies, regulations and the laws related.
- Resources and assets are acquired economically and the storing process is monitored sufficiently.
- Resources and assets of the Company are used efficiently and cost-effectively.
- All working plans and projects proceed to achieve the set objectives.
- Constant improvement in quality for all procedures and managing activities.

DUTIES AND RESPONSIBILITIES

The internal auditor is responsible for the internal auditing of the Company according to the regulations and the policies set by the Company. The result of the audit is reported to the Audit Committee and summarizing the outcome to the Managers by reporting the efficiency evaluation of the internal control system and the risk management system, including finding solutions to adjust and improve the systems and also to co-ordinate with each departments to initiate the system development process for better efficiency then finally follow up with the performances of the auditees. The responsibilities of the auditor are as follows;

1. Prepare the annual internal audit working plan by using the risk-based methodology to be presented to and approve by the Management and the Audit Committee.
2. Proceed with the audit as planned, including any special projects which are assigned to by the Audit Committee and the Management.
3. Report the findings and the progress of the operation, in comparison with the working plans.
4. Follow up with the auditee, whether or not they have improved the systems as suggested.
5. Support the operation and provide information which is necessary for the procedures of the Audit Committee and the Management concerning the auditing and any regulations involving the Company's business.
6. Co-ordinate with the Company's auditor, so that the financial investigation can be achieved as planned.
7. Advise the Management on risk management planning and improve the internal control system.
8. Proceed with any activities as assigned.

AUDITOR AUTHORITY

The internal auditor is granted the authority to access information, system and the personnel of the Company in the areas relating to the audit as deemed necessary and appropriately. All levels of Managers in the Organization are responsible for supporting the internal auditor to achieve the objectives for the utmost benefits of the Company.

Any documents and information obtained by the auditor or acquired during the inspection will be kept confidential and not disclosing to other parties before authorized by the person in charge unless the disclosure is enforced by the law.

STANDARD FOR PROFESSIONAL PRACTICE

The internal auditor must follow the code of conducts and the policies of the Company and upholds the standard for professional practices and the related code of ethics.

The Auditing Procedures

1. Inspect each of the Company's departments according to the working plan and evaluate whether or not there have been any follow ups in projects, policies, goals and objectives including the procedures guidelines and the related laws.

2. Once the audit is complete, the auditor will hold the exit conference together with the Managers of each department in order to discuss and exchange opinions about facts, any errors found and improvement or adjustment measures before presenting it in the report.

3. The audit report will be done in written form, describing the objectives, scope of inspection, errors found and the suggestion for improvement including the opinion of the auditees.

4. The internal auditor will follow up the work procedures from each department as suggested and co-ordinates with the auditees and advises on how to improve correctly.

5. The auditor must be independent and perform their duties ethically and honestly.

The Auditing Report

The content of the audit covers the objectives of the inspection, the scope of the inspection, the basic information of the auditing activities, the outcome, improvement guidelines by the auditees, the auditor's suggestions and the opinion of the auditees.

The internal audit report is considered a property of the Company and of the internal auditor. If there are viewing requests or the reports must be used as a reference for outside parties, it must be approved by authorized Senior Management of the Company.

Once the meeting for summarizing the result is complete, the report will be presented to relating parties as follows;

- The Audit Committee receives the reports (4 copies)
- The Deputy Managing Director receives the report (1 copy)
- The Audited Department receives the copy of the report (1 copy)

The internal auditor will follow up the results of the inspection and the practices of the auditees to improve according to the suggestions. The management has carried on the procedures effectively and that the Senior Management understands the risks of not complying with the suggestion and notifies the outcomes to the Audit Committee.

This Internal Audit Charter has been approved but the Audit Committee on.....

(.....)

Chairman of the Audit Committee

Code of Business Ethics
Sanko Diecasting (Thailand) Public Company Limited

Message from the Chairman

For all these times that the Company has operated under the principle of good corporate governance, with the emphasis on fair operating practices in order to create business growth and the value added for the Organization and for all stakeholders, the Company is fully aware that the honest and ethical cooperation of the Directors, Managers and all staff members is the key factor for leading the Company on the road to success. Therefore, the Company has provided the 'Code of Ethics' which demonstrates the desired behaviors at work, so that all members may use it as work guidelines and understand the good practice which belong to the same standard.

The Company hopes that the Directors, Managers and all members of staff will acknowledge and uphold this code of ethics as a guideline when working, so that we may further improve our Organization to sustainable future together.



Mr. Adul Chotinisakorn

Chairman of the Board of Director

Sanko Diecasting (Thailand) Public Company Limited.

February 2021

(Revise: 2nd)

1. Definition

Business Ethic means the moral standards which is the measuring standard of behaviors and discipline that can be quoted in documents for the Organization or for the other stakeholders of the Company in order to establish standard discipline, the framework for the law and the customs to further be implemented in the Organization.

The Company means Sanko Diecasting (Thailand) Public Company Limited.

The Board of Directors means the Board of Directors of Sanko Diecasting (Thailand) Public Company Limited.

Staffs means executives, employees, part-time employees, employees under special contracts.

Related individuals means individuals under the following relationships;

I. Individuals with authority in the Company's business and in the case of the juristic person, this also includes the directors of that juristic person.

II. Spouse, child or adopted child of the Directors, Executives or individuals in (1) who is still under age.

III. Juristic person following (1) or (2) that has the authority over the business.

Stakeholders means all parties that relates to the Company in various aspects for example, the Board of Directors, shareholders, staffs, customers, trade partners, creditors, competitors, government sector, private sector, society and the community around the factory.

Trade partners means parties with the rights and responsibilities under binding contracts to the Company such as suppliers and contractors.

Business related individual means any individuals or juristic persons that the Company had business contact with be it the government, government agencies, state enterprise, private sector or charitable organization.

Information disclosure means disclosing details or information relating to the business operation of the Company following the Public Limited Companies Act B.E.2535, the Securities and Exchange Act B.E.2551, the terms and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission

<i>Conflict of Interest</i>	means any activities that may involve personal interests or of other relating individuals be it as relatives or any means, in order to influence the decisions or obstruct the Company's benefits.
<i>Bribery</i>	means the offering or receiving of gifts or other benefits to self or to other individuals in order to influence unlawful or immoral business conducts.
<i>Assets</i>	means both tangible and intangible assets for example, movable properties, real estate, technology and researches, licenses, patents, copyrights, including confidential that are not disclosed to the public such as business plan, financial estimations and human resource information.

2. Business Ethics

The Company assigns the Directors, Executives and the staffs of all levels to uphold the duties given by the Company which emphasizes on treating all groups of stakeholders equally and fairly, following the principle of good corporate governance. However, the Directors, Executives and the staffs of all levels must acknowledge, understand and follow the practice strictly so that the operations are carried out efficiently, openly, transparently, in the best interest of the Company and is fair for all relating stakeholders and always prepared to be inspected and verifiable.

Visions : SANKO strives to be the leader in the diecasting industry, to be accepted on an international level.

This includes developing new innovations in all aspects and being able to manufacture quality products and provide excellent services to customers reliably.

Missions :

1. Perform with excellence in all its operations.
2. Create innovations and use modern technologies in designing and production development.
3. Improving the skills of the employees in order to manufacture modern and up-to-date products in the industry that requires advance technology.

Organizational Values :

- Innovative thinking
- Proactive
- Striving for success
- Organization ownership

The business operation requires the following ethical practices as follows;

2.1 Abiding the laws and regulations of the Company

(1) The Directors, Executives and the staffs must follow the laws, regulations, terms and requirements set by the Stock Exchange of Thailand and the Securities and Exchange Commission.

(2) The Directors, Executives and the staffs must not avoid the rules, regulations and the laws relating to the business operations.

(3) The Directors, Executives and the staffs must follow the 'Corporate Governance Policies' and the 'Business Ethics' of the Company.

(4) All levels of staffs must follow the rules and regulations as required both when working in or outside of the country so that the financial records of the Company are collected accurately and completely.

2.2 Conflicts of interests

The Company does not allow the Directors, Executives and the staffs to abuse the power for their personal gains and have laid out the regulations as follows;

1.) The Board of Directors, the Audit Committee and the Executives must consider the conflicts of interests for certain transactions that are related, following the requirements of the stock exchange cautiously, accurately, honestly, within reasons and is independent under the principle of good business ethics by prioritizing the benefits of the Company at its core. This is to make sure that the said transactions are reasonable and is for the benefits of the Company and that the stakeholders have no involvement in the said transactions.

2.) Not performing any actions that are on the contrary to the Company's benefits such as obstructing the benefits of the Company or acquiring portions of the Company's benefits.

3.) Not performing any actions that may compete with the Company's business.

4.) Avoid self-related transactions that may cause a conflict of interest with the Company's benefits.

5.) In the case that certain transactions must be executed, for the benefits of the Company, proceed with the transaction as if dealing with an outside party with written trade contracts as per usual without influences from the position of the Director, Executive or relating individuals and also following the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission for disclosing the information of the said transaction.

6.) The Directors, Executives, staffs and the Company's employees, including the spouses and the children of the said persons are forbidden from seeking personal gains from the Company's business operations for example, performing any actions to sell the goods or services to the Company. If such actions occur, there must be written documents to notify the said actions in all cases.

2.3 Protecting and using the assets and the Company's confidential materials

The Directors, Executives and staffs are responsible for protecting and using the assets and the Company's confidential material to the best of their efficiency under the following guidelines;

1.) The staff must look after and maintain the machineries, tools, vehicles and equipment to be in the top condition by using the Company's resources conservatively.

2.) The staffs must be cautious and protect all of the Company's assets so that they are not lost, stolen or damaged by other individuals or accidents and must not use any Company's assets for personal gains for other people's benefits without permission.

3.) Prepare all documents accurately, honestly and under the required standards. Staffs must not forge or produce counterfeits manuals, reports or documents of the Company.

4.) The staffs must not violate the rules and regulations of the Company which may result in accidents or damage the Company's assets.

5.) The staff must acknowledge and follow the regulations for computers and internet usage correctly and appropriately.

6.) Staffs are forbidden from installing software or record the Computer system of the Company without permission.

7.) Computer equipment, information technology and all communications are considered the properties of the Company. The Executives and the staffs should not use the computers and the IT equipment for personal use.

2.4 Trading the Company's stocks and usage of the internal information

All information that may affect the Company's asset values or information that, when disclosed to the public, may cause damages to the Company's reputation or place the Company at the disadvantage, is considered significant and confidential information. Therefore, the preparation, protection or the disclosure of the information must be carried out appropriately, by considering the effects to the stakeholders as a whole and following the indicated laws and regulations and not using such information for personal gains or for other parties as follows;

1.) The Company forbids the Directors, Executives, and the staffs including their spouses and under age children from buying or selling the Company's assets within 1 month before the disclosure of the financial statement or the Company's status including other confidential information and must wait for at least 24 hours after the information has been revealed to the public before buying or selling the Company's assets.

2.) The Directors, Executives, and the staffs including their spouses and under age children are not allowed to use the Company's internal information that may affect the price of the Company's assets that have not been disclosed to the public in order to trade, offer to buy, trade or persuade other parties to trade into the assets of the Company both directly or indirectly before such information is revealed to the public and achieve their personal gains. Those who violate the regulations will receive disciplinary actions by the Company.

3.) The Directors, Executives, and the staffs are not allow to reveal the confidential and/or internal information of the Company in order to seek personal gains of for the benefits of the other parties both directly or indirectly and whether or not they will be compensated.

4.) Must protect the benefits and the confidential information of the Company and the customers. Do not reveal the confidential information of the Company to the public especially to the competitors, even though one is no longer a Director, Executive of the staff of the Company.

2.5 Internal Controls and Audits Financial Reporting

1.)_The Management of the Company is responsible for delivering on time the up-to-date and accurate financial report both annually and quarterly which is done according to the standard of the accounting practice.

2.) Ensure the efficient internal control system so that the Company follows all the related laws and regulations under the internal auditor and the inspection of the audit committee.

2.6 Anti-Corruption Policy

The Executives and the staffs, including all personnel relating to the business operation of the Company aim to be involved with the anti-corruption policy. The Company has indicated guidelines to the anti-corruption policy for the members of the Organization to follow strictly.

The Company advertises various anti-corruption campaigns in order to raise awareness regarding this issue, and if the regulations are not adhered to, disciplinary actions will be given. In the same manner, the Company will not condemn staffs that refuse the corruption although the said action will result in the loss of benefits to the Company.

To this, the Company has provided a reporting channel or complaints to the Chairman of the Board or to the Company's Audit Committee, in the case that the actions which may involve corruptions are discovered. The Company also assigns the procedures when taking in complaints and to protect the whistle blower within the Business Ethics manuals.

2.7 Receiving or giving gifts, business entertainment, assets or other benefits that may influences unethical decisions

The giving or receiving of assets, gifts or entertainment as presents or customary gifts are acceptable. At the same time, the Company does not wish for the staffs to receive gifts/souvenirs that are more valuable than the norm from the parties relating to the business operation. The regulations are as followed;

1.) The Directors, Executives and staffs must not request for, give or accept the money or any other benefits from the parties relating to the business operation of the Company.

2.) If the staffs receive customary gifts that are more valuable than the norm from the parties relating to the business operation of the Company, they must report to the superiors.

3.) Carry out the business operation and compete with ethical strategies and not receiving gifts or money from customers or trading partners which it will lead to the conflict of interests.

4.) Not giving gifts or presents that have value both directly and indirectly to the government officials for the purpose of facilitating the business operations unless they are customary gifts, given in the same manner to the customers.

2.8 Treatment to the Stakeholders

The Company encourages the cooperation between the Company and the stakeholders in order to create wealth, financial stability and business stability. The Directors, Executives and the all levels of the Company's staffs must abide by the regulations as follows;

2.8.1 Shareholders treatment

(1) The Company allows the shareholders who cannot attend the meeting in person to assign a proxy to the Independent Directors or other individuals to attend the meeting in their stead and to vote for the shareholders.

(2) The Company allows the shareholders to propose the agendas and to propose the names of the individuals to be elected as the Directors in the Shareholders Meeting in advance, following the regulations indicated by the Company. The details have been published through the Company's website at <http://www.sankothai.net>, and the proposed names must be submitted to the Company 3 months in advance before the Shareholders Meeting.

(3) The Company will not add extra agendas to the meeting without notifying the shareholders in advance without good reasons, especially significant agendas that requires the shareholders to study the information prior to the meeting.

(4) The Board of Directors allows the shareholders to elect the Directors individually and encourage the voting method so that the process is transparent and verifiable.

(5) The Board of Directors has set up measures to prevent insider trading for individuals including Directors, Executives, staffs and employees including their spouses and underage children that are related to the information, and also assigns disciplinary actions regarding the disclosure of the Company's information or using the Company's information for personal gains under the "Confidential Information Protection Policy".

(6) Raise the awareness of the Board of Directors and the Company's Executives regarding the responsibility for reporting their ownership of the Company's assets, their spouses' and their underage children's, including reporting the changes to the assets ownership to the Securities and Exchange Commission under the section 275 of the Securities and Exchange Act B.E. 2535 and under the regulations of the Stock Exchange of Thailand.

(7) The Company's Board of Directors and the Executives must announce the buying and selling of the Company's assets at least 1 day before trading the stocks by notifying the Company's secretary, and then the secretary will notify the Board of Directors. When the trading is completed, the report of assets ownership must be made for the Securities and Exchange Commission and the Directors and the Executive must report the changes of the assets ownership to the Board of Directors meeting in order to prevent the buying or

selling of stocks using insider information and to avoid any scandals regarding the appropriateness of the stocks trading by inside individuals.

2.8.2 Customers Treatment

(1) Pay attention and be responsible equally to all customers by emphasizing on producing goods with high quality and up to standards, and can respond fully to the demands of the customers. The staffs must protect the customers' confidential information and not using for personal gains before being permitted by the customers including providing quality and professional services at the fair and appropriate price to all customers.

(2) Present quality products that match with the demands of the customers. Reveal all information regarding the products fully and accurately and provide a channel for complaints to allow the customers to comment about the services and proceed as quickly as possible to respond to the customers' requests.

(3) Provide high quality, efficient and excellent services that impress the customers.

(4) Protect and look after the customer's interests appropriately and fairly.

(5) Strictly follow the terms given to the customers. In the case that the terms cannot be followed, quickly notify the customers for solutions.

(6) Treat the customers with respect and be trustworthy.

(7) Deliver quality products on time.

(8) Support the customers' CSR operations

2.8.3 Trade partners and/or creditors treatment

(1) Not requesting, accepting or giving any unethical benefits to trade partners or creditors and follow the agreed terms appropriately and fairly.

(2) The purchasing and sub-contracting of the companies of or relating to the companies of the Directors, Executives or all levels of staffs, must be under the principle of equality, transparency and fair, for the best interest of the Company, and must be proceeded under the Company's regulations, including revealing all information to the public.

(3) Avoid the purchasing or sub-contracting that holds conflicts of interests with the Company.

(4) All staffs involving with the purchasing or sub-contracting operations must not seek personal gains both directly or indirectly from the trade partners and must remain neutral with no close relations that may influence their decisions.

(5) If incidents that prevents the procedures to go according to the agreed terms or contracts, the staffs in charge must report to the superior immediately and notify the trade partners and/or the officers in advance, in order to come up with the solution together.

(6) Strive to maintain a stable relationship with the trade partners with clear objectives in terms of the product quality and trust in each other.

- (7) Treat the creditors equally and fairly and on the basis of mutual benefits on both sides.

2.8.4 Competitors Treatment

- (1) Operate fairly within the terms and regulations of the competitions.
- (2) Not damaging the reputation of the competitors intentionally.
- (3) Not violating the intellectual properties or copyrights.
- (4) Not seeking the competitors' confidential information by inappropriate or unethical means.
- (5) Treat the competitors according to the laws and regulations according to the international standards.
- (6) Keep the connection with the competitors which may be developed as a commercial partner in the future.

2.8.5 Employees Treatment

- (1). The Company selects the staffs and the contractors based on the suitability of the qualification and the performance without any prejudice on gender, religious beliefs, nationality, age, birth place or physical condition.
- (2). The Company provides sufficient benefits and fair compensations to all members of staff.
- (3). The Company provides a safe environment at work for the health, assets and the quality of life of the staffs.
- (4). The promotion, relocation including the rewards and penalty of the staffs are done through honesty and under moral principles. This takes into account the knowledge, abilities and the appropriateness of the staffs as the core.
- (5). Provide human resource management system; listen to the opinions and the advices of the employees.
- (6). The Company gives opportunities for staffs to thoroughly and constantly improve their skills, knowledge and the abilities both for the work and for their daily lives and also encourages them to be able to care for themselves when they reach retirement.
- (7). Operate the business by avoiding any actions that are unfair, and treat the employees with respect. Respect the employees' individualities and human dignities according to the international standard of human rights.
- (8). Be fair and encourage the employees to improve themselves.
- (9). Provide provident funds for the employees.
- (10). The Company follows the laws and regulations concerning the staffs strictly.

2.8.6 Community, Society and Environmental Treatment

- (1) Not cooperating or supporting customers who operate their business illegally or endangering the society or the country.

(2) Allow the community and the related parties to voice their opinions for all of the projects that may affect the community and to propose their opinions and complaints that resulted from the business operation of the Company.

(3) Be cooperative with operations that follow the international standards or agreements in various issues which are created to protect or reduce the effects on the environment.

(4) Design and develop the manufacturing process, machineries and equipment to control and/or reduce the pollution, including waste water, dust, air pollution and all other waste products.

(5) The staffs responsible for the manufacturing process, machineries and equipment must control the pollution level so that it is no more than the standard limit.

(6) Help reducing the garbage or wastes both from the production process and from general operation.

(7) The staffs responsible for the manufacturing process or the machineries must look after, improve and maintain the production process or the machineries to the required standard in order to reduce the natural resources used.

(8) Be cooperative with the Company's energy conservation policy.

(9) Constantly raise the awareness on the social responsibility and the environment to all levels of staffs.

(10) Carry out community, society and environmental campaigns regularly in order to improve the community where the Organization is established for the better both with own projects and those supported by the government and the community.

3. Employees' Ethics

The Company is aware of the importance of ethics in regards to business practices. Therefore, the Company indicates the guidelines for the employees to adhere to, as follows;

3.1 Self-Treatment

(1) Perform one's duty diligently, with perseverance, creativity and be self-sacrifice, including improving oneself to be knowledgeable in all areas both for work and in the business field.

(2) Utilize the working hours efficiently and effectively as required. Do not encourage others to use the working hours for other purposes that is not in the best interests of the Company.

(3) Employees must not operate any businesses or invest in anything that may compete or is a conflict of interests to the Company.

(4) Strive to be disciplined and follow the rules, regulations and the culture of the Organization even though they may not be written down.

3.2 Colleagues Treatment

(1). Encourage and protect the unity between the staffs. Cooperate and support each other.

(2). Treat everyone gently and with respect.

- (3). Not disrupting the work atmosphere.
- (4). Treat other staffs kindly and not withholding necessary information for the operation to other staffs and constantly improve yourself in order to work with others.
- (5). Not engaging in acts of sexual harassment.
- (6). Respect the rights of other staffs in the Organization. Refrain from criticizing others in the way that it may cause damage and not taking others' achievements as your own.
- (7). Promote team work, creating love and unity within the Organization.
- (8). Not persuading or influencing the rights of colleagues regarding political preferences.

3.3 Superiors Treatment

- (1). Be disciplined and be respectful towards the superiors, not being aggressive, ignorant or performing tasks in place of the superiors unless the tasks was an emergency or was authorized by higher superiors.
- (2). Respect, listen to and follow the instructions of the superiors that are in accordance with the rules and regulations of the Company.
- (3). Pay attention to the tasks given. Provide opinions and advices honestly and be willing to accept the opinions and criticism from the superiors.
- (4). Avoid giving gifts or presents to the superiors.

3.4 Subordinates Treatment

- (1). Promote and encourage the subordinates to work honestly, fairly and with creativity.
- (2). Be the leader and a good role model in terms of behaviors, discipline and equality.
- (3). Use leadership/thoughtfulness to consider and solve the problems carefully.
- (4). Train, advice and pass on the experiences and knowledges to the subordinates and follow up the operation to its success.
- (5). Govern the subordinates ethically. Listen to their problems and opinions and provide consultations whole heartedly and reasonably.

3.5 Political Preferences

The Company is politically neutral with no preferences or supports towards any major political parties or any individuals with political powers. However, the Company is aware of and respects the rights of the employees regarding political issues where the Company provides the guidelines as follows;

- (1). The Company encourages the staffs to be good Samaritans and exercise their political rights under the Constitutional Laws and any other related laws.
- (2). The Company allows freedom of speech and opinion to the staffs concerning politics but not in the name of the Company and that it would not in any way affect the reputation of the Company.
- (3). The Company does not participate in any political events and will not give any opinions that may cause misunderstanding that the Company involves with or supports any particular political party or any particular movements which may lead to the disharmony within the Company and in the country.

(4). The Company will not use its assets to support any political parties or any movements in exchange for unlawful benefits.

4. Business Ethics Practices

The Company set out the responsibility for the Directors, Managers and all members of staff to acknowledge and follow strictly not voluntary actions and cannot claim that the employees do not know of the indicated practices. All levels of the Executives in the Organization must oversee the issues and considers this as the priority for the subordinates to acknowledge, understand and follow the business ethics and the employee ethics strictly and also sign the contract agreement in all practices.

5. Complaints and Advices

The Board of Directors provides the staffs and the stakeholders to have access to multiple channels for suggestions, opinions, complaints or any leads seen in any events or actions which may affect the violation of laws, regulations and/or in conflict with the morals and ethics that could cause the damage to the Company. By the Company sets the guidelines to be acknowledged as follows;

The Chairman of the Board of the Audit Committee Sanko Diecasting (Thailand) Public Company Limited 3/14 M. 2, T. Nong Bua, A. Ban Kai, Rayong, 21120

Or through the Company's website: www.sankothai.net

The Chairman of the Board or the Audit Committee will receive the information directly by keeping them confidential in order to protect the stakeholders and the witness and will carry on the procedure fairly by referring to the information received and prove it to further handle the situation.

5.1) Complement Process when receives complaint

(1). Gather all the evidence regarding the violation

The complaint recipient will proceed with gathering the information regarding the violation of the ethics personally or assigns appropriate personnel to carry out the process.

(2) Information processing and filtering

The complaint recipient will file the complaint, investigate the case within 7 working days since the day of complaints in order to find appropriate solutions to each case which may involve;

- Report to authorized personnel in order to deal with the issues case by case.
- Report the information to the Audit Committee/auditors to investigate further and process and filter the information.

(3) Assign proceeding measures

The personnel responsible for (2) must indicate the measures to stop the violations of the ethics and compensate the damages to those affected by considering the damages as a whole.

If the appellant is not satisfied with the procedures to stop the complaints, he/she may appeal within 7 days since procedures have started.

(4) Result Reports

The person receiving the complaints is responsible for notifying the appellant of the result according to (3) if the appellant reveals his/her identity

In the case of an emergency, report directly to the Chairman of the Board and/or to the Board of Directors. For example, issues that affect the reputation, images or the financial status of the Company or in conflicts of the Company's business operation or to the high level Executives.

5.2) Whistle blowers protection policy

The Company has the whistle blowers protection measures as follows;

(1) The whistle blower may choose to not reveal themselves, if they deem that by revealing themselves will lead to danger or any damages. However, if they choose to reveal themselves, the Organization can report the progress and the information faster and more convenient.

(2) The complaint recipient will keep the related information confidential and will reveal only as necessary by considering the safety and the damages to the whistle blowers, the sources of the information and the relating parties. The whistle blower protection measures will protect those who cooperated and will be guaranteed by the Company to not have their employment terminated, or received disciplinary actions that may negatively affect the staffs in any way.

(3) In the case that the whistle blower feels that they are not safe or may be in danger, the whistle blower may request the Company for an appropriate protection measures or the Company may provide protection measures without the request of the whistle blowers if the issue has the possibility to cause discomfort or harm.

6. Discipline

The Directors, Executives and all levels of the staffs must acknowledge and strictly follow the business ethic of the Company as described above. Violations or disregards of the ethics are considered violations of the rules according to the Human Resource Management Department.

7. Revision, adjustment and cancellation of the business ethics

The revision for the business ethics will be made in accordance with the official rules and standard regulations and in conjunction with the constant change of the business environment. The Board of Directors and the Audit Committee has decided to have a review on the Code of Ethics annually. However, appropriate time for revision may be given, in the case of major changes or cancellations of significance.

The amendments or the cancellations of the Company's Code of Ethics must be presented to the Audit Committee and the Board of Directors to evaluate and approve.

Agreement of Understanding
"Code of Ethics"

Sanko Diecasting (Thailand) Public company Limited.

1. I have received and read the "Code of Ethics"
2. I have acknowledged and will abide by the "Code of Ethics" of the Company as the principle guidelines in my work.

Sign

(.....)

Position:

Staff ID:

Date:

Remarks: If you require further assistance or explanation about the content of the code of conduct

- For Directors and Managers, please contact the Company Secretary TEL. 02-0053310
- For members of staff, please contact the Human Resource Department TEL. 033-010701-5 ext. 131

The Annual Audit Committee Report for the Year 2020

To Shareholders of Sanko Diecasting (Thailand) Public Company Limited.

The 3 members of the Audit Committee of Sanko Diecasting (Thailand) Public Company Limited are independent directors, whose qualifications are in accordance with the requirements and good practices of the Stock Exchange of Thailand. Presently, the Audit committee of the company consists of;

- | | |
|------------------------------|----------------------------------|
| 1. Miss Walaiporn Kanignunta | Chairman of the Audit committee, |
| 2. Mr. Santi Niamnil | Audit Committee |
| 3. Mr. Nipan Tungpiruhatum | Audit Committee |

And Ms. Prapaphan Chanapal, as the secretary to the Audit committee.

The Audit committee has executed all duties and undergone all responsibilities as assigned by the Board of Directors which also correspond to the regulations of the Stock Exchange of Thailand. This is to hold the meeting of the Audit committee 5 times during the fiscal year of 2020 and during the year 2021, up until the date of the report, 1 more times for the total of 6 meetings. Which were held with the Managing Director, auditors and the internal auditor accordingly. The meetings are summarized as follows;

1. **The review of the quarterly and annually financial statement of the year 2020** is achieved by attending with the auditor and the Managing Director and the auditor regarding the accuracy and the completeness of the financial statement and also the sufficiency in disclosing the information. This also includes acknowledging the audit plans and procedures for the year 2019, to which the Auditor committee and the auditor both agreed that the said financial statement is accurate under the general accounting principles.

2. **The review of the operational information and the internal control system** by determining the sufficiency and the effectiveness of the internal control system which will contribute to reaching the targeted goal. This is achieved by reviewing the evaluation of the internal control system together with the auditor and the internal auditor. The result is that there are no significant weaknesses or faults, and that the assets have been appropriately looked after with accurate, complete and reliable information. Moreover, the committee has evaluated the internal control system, as guided by the Securities and Exchange Commission, where both the auditor and the internal audit had the opinion that the company has a good internal control system and had continued development.

3. **The review of the internal audit** by evaluating the working procedures, planning, reporting and following through with the advice of Thai Audit Ltd. , who acts as the internal audit of the company in order to achieve efficiency and effectiveness. They also reviewed and approved the amendments of the Internal Audit Charter to be more modernized and comply with the guidelines issued by the internal audit of the Stock Exchange of Thailand as well as approving the annual audit plan which is

arranged by the level of risks to the organization. The Audit committee agrees that the company has adequate and effective internal audit system in accordance with the international standards.

4. **The review of the legislative compliances** under the Security and Exchange Commissions, the requirements of the Stock Exchange of Thailand and the laws relating to the company's business, including the compliance with the company's provision and any obligations that the company has with the third party. The Audit committee agrees that there are no significant issues which violate the laws, requirements, and any obligations that the company has to the third party.
5. **The review of the risk management system** so that it connects with the internal audit system, in order to manage all the risks of the company. This is done by evaluating the policies, risk factors, and the approach to manage the risks, including the progress of the current risks management. The Audit committee is of the opinion that the company emphasizes on the risk management aspect and that the Management has evaluated the Risk Assessment that could significantly affect the company, both from internal factor and external factor regularly. The Company has appointed a working group to manage the risk and be responsible for this specific task. The Company has configured the risk management procedures into 7 steps as follows; 1) Objective setting, 2) Risk Evaluating, 3) Risk Assessment, 4) Control policy assessment, 5) Risk Management, 6) Reporting, 7) Follow up with evaluation and revision, by preparing a risk management handbook as guidelines to operate.
6. **The review and the comments made to the items which may have conflicts of interests, including the disclosure of the said items** as required by the Stock Exchange of Thailand and the Securities and Stock Commission. The auditor believes that all of the company's significant transactions with the related companies have already been shown in the financial statement. The committee also agrees with the auditor that the said items are reasonable, adequately and fully disclosed, and were made to be the most beneficial to the company.
7. **The review of the selection, the nomination and the remuneration of the auditors** for the year 2021, in order to further present it for approval by the Board of the Directors in the annual shareholders meeting of the year 2021. The Audit committee has evaluated the performance, independency and the suitability of the remuneration and comes to the conclusion that Dr. Sirada Jarutaknont registration number 6995 /or Mr. Bunjong Tichayaprasat, registration number 7147 /or Ms. Khaymanundt Chaichuen registration number 8260 /or Mr. Kraisit Silapamongkonkul registration number 9429 of Siam Truth Audit Co., Ltd, should be appointed as the company's auditor for the

year 2021 with the total remuneration of 1,500,000 baht. The Audit committee has made comments about the said selection as followed;

- In the past years, the auditors must have performed their duties to the best of the ability in their respective fields. They must provide recommendations for the internal control systems and all the risks, including being independent in their work.
- The suggested remuneration is adequate.
- The auditors must not have any connections to the Company.

The Audit committee has carefully and independently performed its duties for the utmost benefits of the Company as stated in the Charter of the Audit Committee which was approved by the Board of the Directors of the company. The committee believes that the company has an adequate financial report, an effective and suitable internal control and internal audit system, a lawful and non-obligation violating practice with a full disclosure in all of the company's transactions within all of the businesses and is constantly developing the operating system to be more effective and much better suited for the growing business.

On behalf of the Audit committee



Miss Walaiporn Kanignunta

(Chairman of the Audit committee)

24 February 2021

“We deliver the best for your satisfactions”



www.sankothai.net