

Part 1 Business Operations

1. Policy and Business Overview

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

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

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

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

1.1 Vision, Mission, Goals and Business Strategies

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

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

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

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

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

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

Business Goal

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

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

Business Strategies

● Marketing Strategy

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

● Product Strategy

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

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

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

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

● Distribution Strategy

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

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

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

● HR Strategy

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

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

1.2 Major changes and development

2002-2010	Masterkool International PLC was established on 3 rd June 2002 by Mr. Noppachai Veeraman and friends, with an initial registered capital of 2,000,000 Baht divided into 200,000 ordinary shares with a par value of 10 Baht each, to operate misting fan production and distribution. The Company was the first to research and develop misting fans in order to solve the problem of extreme heat in places where air conditioning could not be installed. The company increased its registered capital four times from 2,000,000 Baht to 44,000,000 Baht in 2009, divided into 4,400,000 ordinary shares with a par value of 10 Baht each, by offering shares to existing shareholders for the support of expanding the business. In the fourth capital increase, the Company offered 440,000 shares to K-SME at the price of 20 Baht/share (with par value of 10 Baht)
2008	The Company won the 2008 Prime Minister's Export Award (for Thai-Owned Brand)
2009	The Company and the three shareholders signed a joint venture agreement and an agreement between the shareholders and K-SME. In addition, the company began to import new cooling fans for domestic distribution.
2011	The company co-founded Innov-Green Solutions Co., Ltd. ("Ingreen") with unrelated parties, with a starting capital of 1,000,000 Baht, divided into 10,000 shares with a par value of 100 Baht. The Company holds 49.99 percent shares in the ozone product market.
2013	The Company increased its registered capital from 44,400,000 Baht divided into 4,440,000 ordinary shares with a par value of 10 Baht each, to 70,000,000 Baht divided into 7,000,000 ordinary shares with a par value of 10 Baht each, offering and selling shares to existing shareholders, directors, executives and employees at par value of 10 Baht. The Company acquired Ingreen shares from its existing 5,000 non-related shareholders, with a par value of 100 Baht each at the book value. Ingreen owns a 99.98 percent in shares, which makes Ingreen a subsidiary of the company.
2014	The Extraordinary General Meeting of Shareholders No. 2/2011 held on 9 th September 2014 approved the following resolutions: <ol style="list-style-type: none"> 1) The transformation into a public company 2) Changing the par value from 10 Baht to 0.25 Baht per share 3) Increased registered capital from 70,000,000 Baht divided into 280,000,000 ordinary shares with a par value of 0.25 Baht each to 120,000,000 Baht divided into 480,000,000 ordinary shares with a par value of 0.25 Baht per share. <ul style="list-style-type: none"> • 80,000,000 new ordinary shares to be allocated to the existing shareholders in proportion to their shareholding

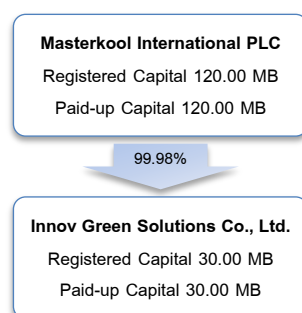
- 120,000,000 new ordinary shares allotted to the public.

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

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

1.3 Shareholder Structure

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



1.4 Relationship with Major shareholders' Business Group

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

2. Business Operations

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

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

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

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

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

2.1 Product or Service Characteristics

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

2.1.1 Cooling and ventilation products

2.1.1.1 Misting Fan

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

2.1.1.1.1 High Pressure

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



2.1.1.1.2 Centrifugal Force

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



2.1.1.2 Evaporative Air Cooling

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

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

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

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

2.1.1.2.1 MASTERKOOL I-Kool ("MIK")

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



2.1.1.2.2 MASTERKOOL U-Kool ("MUK")

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



2.1.1.3 (Industrial Fan and Ventilation Fan)

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



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



Propeller Fan

Axial Fan

Centrifugal Fan

Roof

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

House Fan



2.1.2 Ozone System Product

2.1.2.1 Ozone for Cooling Tower

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



2.1.2.2 Ozone for Water Quality Improvement

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



2.1.2.3 Cold Plasma for Air Quality Improvement

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



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

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

2.1.3 Other Products

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



2.1.4 Rental Services

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

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



2.1.5 After-sales Services

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

2.2 Marketing and Competition

2.2.1 Business Strategy

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

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

2.2.1.1 Marketing and Advertising Strategy

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

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

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

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

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

2.2.1.2 Product Development and Product Selection Strategy

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

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

2.2.1.3 Pricing Strategy: Reasonable Price

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

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

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

2.2.1.4 Sales and Distribution Management Strategy

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

- Direct sales
- Moderntrade
- Local Dealers
- Overseas agents

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

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

2.2.1.5 After-sale and customer satisfaction strategy

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

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

2.2.2 Target Customers

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

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

2.2.3 Sales and Distribution Channels

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

2.2.3.1 Retail Channel

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

1) BU: Moderntrade

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

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

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

2) BU: Dealer

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

3) BU: Online

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

4) BU: Event Direct

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

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

2.2.3.2 Corporate Channel

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

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

2.2.3.3 Export Channel

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

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

2.2.4 Industry and Competition

2.2.4.1 Industry Information

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

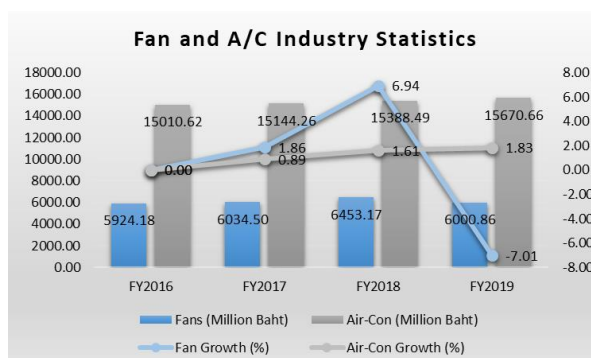
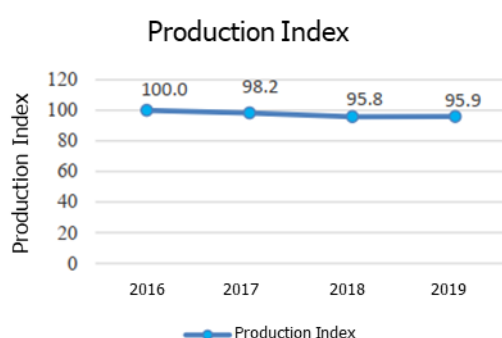
Million Baht

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

Source: Thai Customs Department

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

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



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

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

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

2.2.4.2 Competitor

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

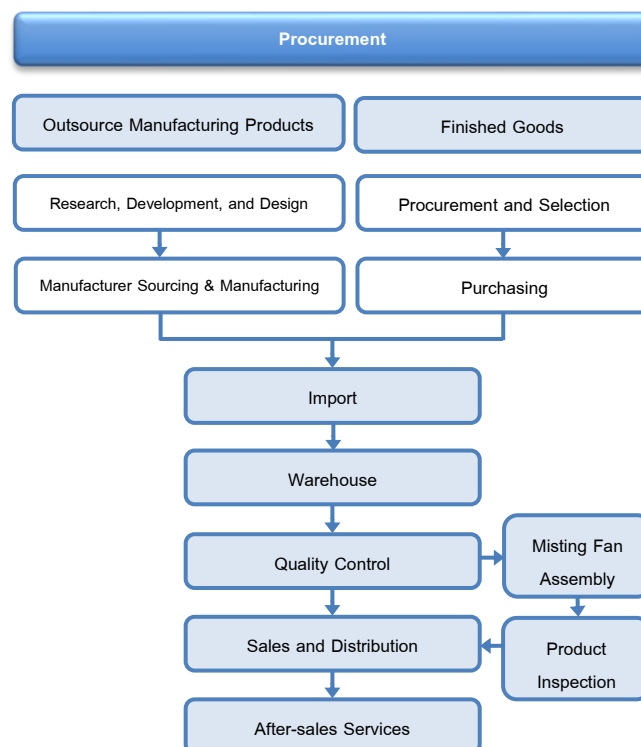
However, the company still focuses on the quality and efficiency of the product. Therefore, is a product with outstanding quality and cooling efficiency There is an ozone system to kill germs in the water. With humidity control system Reduce the temperature immediately after opening. Including the outstanding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

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

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

2.3 Procurement of Product and Service

2.3.1 The Company has the following procedures for product procurement



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

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

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

2.3.1.1 Procurement of Designed Product

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

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

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

2.3.1.2 Procurement of Finished Goods

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

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

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

2.3.2 Product Import

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

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

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

2.3.3 Warehouse Management

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

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

2.3.4 Quality Control

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

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

2.3.5 Product Assembly

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

2.3.6 Product Sales and Distribution

2.3.6.1 Product Sales

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

2.3.6.2 Product Distribution

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

2.3.7 After-Sales Services

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

2.4 Work-in-process

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

2.5 Environment Impact

None environment impact

3. Risk Factors

3.1 Risk of the Business

3.1.1 Risk of the Price War

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

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

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

3.1.2 Risk of Income Fluctuations

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

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

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

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

3.1.3 Risk of counterfeited products

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

3.1.4 Risk of inventory damage

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

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

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

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

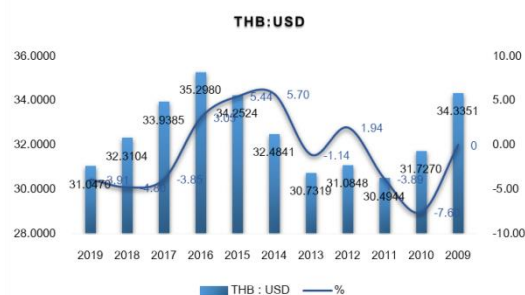
3.2 Risk on Inventment of securities holders

3.2.1 Financial risk on currency rate fluctuations

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

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

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



4. Property for Business Purpose



4.1 Fix Assets

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

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

4.1.1 Trademarks

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

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

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

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

4.1.2 Patent / Petty Patent

4.1.2.1 Patent

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

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

4.1.2.2 Petit Patent

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

Reference: Department of Intellectual Property Ministry of Commerce

4.1.3 Important contract in business

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

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

4.1.3.2 Key Insurance Policy

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

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

4.1.3.3 Four production contracts with a Manufacturer

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

4.1.3.4 Vendor contract with Moderntrade

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

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

4.1.3.5 Local Dealer Appointment Contract

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

Contractual Party	1. Dealer* ("the Contractual Party") 2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	Until the contract will be cancelled by any party.
Contractual Cancellation	1. In case that the dealer defaults the contract or does not comply with dealership rule, the Company is entitled to cancel the Contract. 2. Any party is entitled to cancel the dealership according to the Contract upon the requirement of written notification for prior-acknowledgement of the other party for at least 30 days in advance.
Credit Term	Number of days as mutually agreed
Conclusion of Contractual Essence	1. The Contractual Party is the local dealer of the Company's products in Thailand only. 2. The Contractual Party uses MASTERKOOL trademark with the product, integral part, spare part and equipment particularly for the Company's product only. 3. If the Party defaults the payment or delays payment, the Contractual Party agrees to pay fine to the Company for 2% per month of debt value exceeding defined value. 4. If the Contractual Party defaults the Contract, causing the Company damaged, the Company is entitled to suddenly cancel the Contract whereas the Contractual Party is entitled to pay all outstanding product prices without discount and has duty to pay interest, fine or damage occurred to the Company.

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

4.1.3.6 Product Transportation Hiring Contract

Contractual Party	1. The local product transport contractor who is not the individual related to the Company ("the Contractual Party") 2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	As mutually agreed with each Contractual Party.
Contractual Cancellation	When any party violates the Contract or cancels the Contract in advance in defined duration.
Price and Payment Condition	It depends on weight and distance as mutually agreed by each Contractual Party.
Conclusion of Contractual Essence	1. The Contractual Party shall be responsible for damage or loss of product during transportation as mutually agreed, or the party shall arrange insurance for product damage or loss whereas the Company is the beneficiary. 2. The Contractual Party shall deliver products in local final area zones in the duration mutually agreed with each Contractual Party. 3. Transport cost is increased according to increase in diesel oil price to be line with mutual agreement of each Contractual Party.

4.2 Policy of Investment in its Subsidiaries and Associates

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

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

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

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

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

5. Legal Dispute

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

6. General Information and Other Key Information

6.1 General Information as of 14 January 2020

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

● **Branch 4 Rental Services:**

795 Pracharat 1, Bangsue, Bangsue, Bangkok

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

References

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

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

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