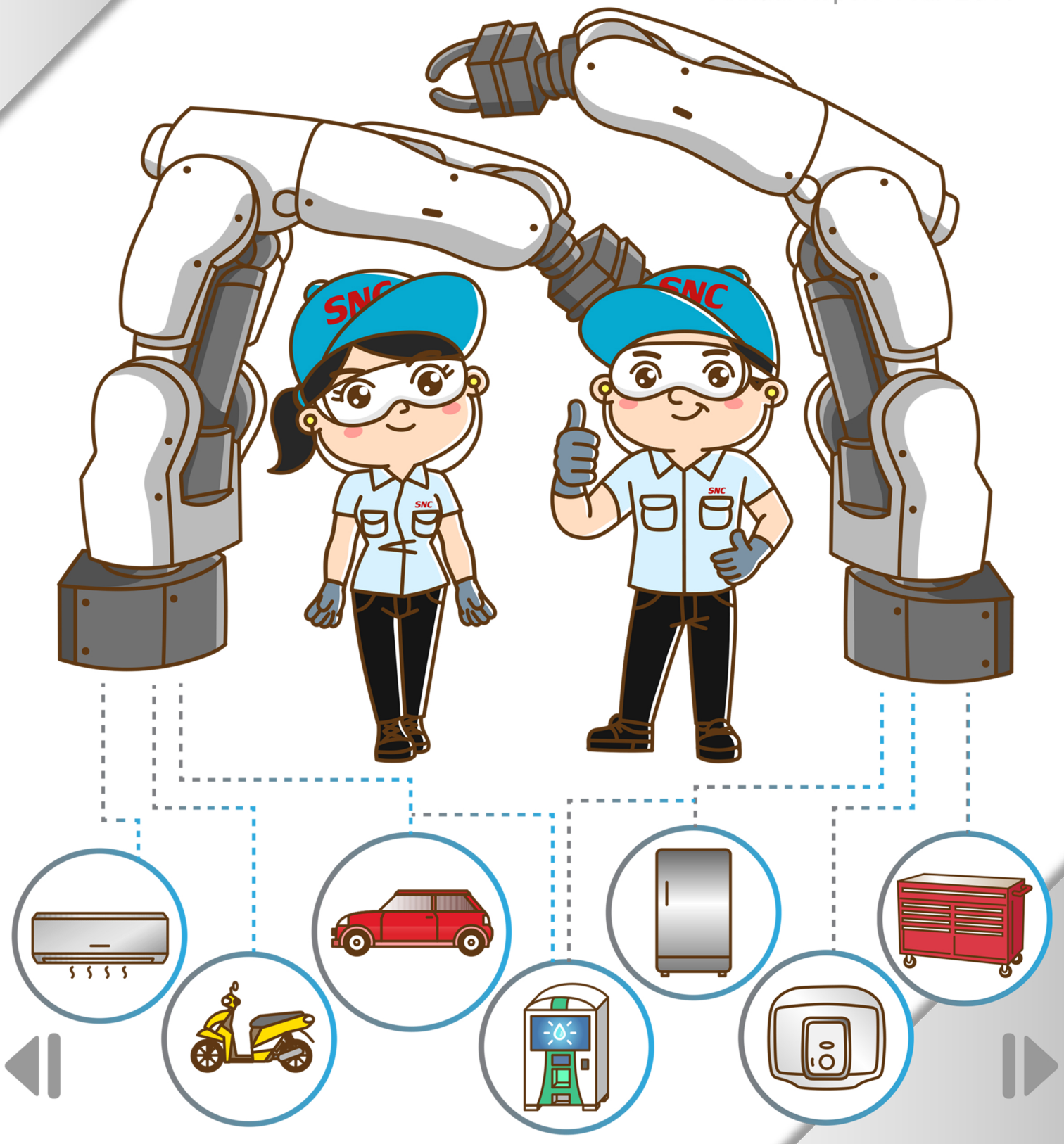
SNC

บริษัท เอส เอ็น ซี ฟอร์เมอร์ จำกัด (มหาชน)

รายงานประจำปี 2562

SNC Former Public Company Limited

Annual Report Year 2019



Committed to Innovative & Environmentally Friendly Ecosystem

www. sncformer.com

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Message from Chairman of the Board

Dear shareholders,

In 2019 Thailand manufacturing industrial and export sector has been affected from a trade barrier as well as the appreciation of its currency. Many Thai industrial has played as a part of Global Supply chain which has a direct impact from an unclear global trading direction between United State of America and a Republic of China. This trade barrier caused a 2.65 percent declination of export value to accumulate only at US$ 246.2 Billion in 2019. The annual growth rate for first 3 quarter is only at 2.4 percent, especially only 1.6 percent in the last quarter. However, the industrial's sector that related to the company business has combine both scenarios. For example, Air Conditioning Industrial still maintain a reasonably growth rate at 7.9 percent while Automotive Industrial who has played an important role obtain a declination rate of 7.1 percent from an annual production's manufacturing output of 2.01 million unit but export only at 1.05 Million unit.

The company annual report showed a total income of 6.626 billion baht increased by 2 percent from the previous year. Accumulate in profitability of 339 (*) million baht, 24 percent decrease from last year. However, after adding a value of company asset sold and exclusive land leasing in Lam Cha bang industrial zone to related business partner. A Company profitability has increase to 420 million baht. This capital would use to reinvest into company central manufacturing expansion at District Nikhompattana at Rayong province in order to support a future entity manufacturing relocation of Samutprakarn plant.

I'm please to informed that 2020 business operational planning will be very fluctuated due to an influence of COVID-19 whichever impacting global economic to both manufacturing and tourist industrial's section. While the recovery and stability from the occurrence are unlike to be anticipate, the board of director and managerial committee are aware of the situation and advance preparing to adapt, adjust by seeking opportunity into new business area to sustain a company long-term growth with a deep appreciation to all precious shareholder in your continuing support.

Sathit Chanchaokul

(*) Profit per financial statement 722 MB less extra gain 420 MB plus extra expenses 37 MB equal to operating profit 339 MB.

วิสัยทัศน์ / VISION

(SNC : SUPERSTORE)

เอส เอ็น ซี ศูนย์รวมของผลิตภัณฑ์ และบริการแบบครบวงจรในอุตสาหกรรมรถยนต์, เครื่องทำความเย็น, เครื่องใช้ไฟฟ้าและอิเล็กทรอนิคส์ An ultimate ONE STOP SHOP & SERVICE CENTER of variety products and comprehensive services in Automotive, HVAC systems (Heating Ventilation & Air Conditioning), Electrical Appliances and Electronics industries.

พันธกิจ / MISSION

1.	คำนึงถึงคุณภาพของสินค้าเป็นอันดับแรก Regard of the quality of products first.	Quality First
2.	สร้างความหลากหลายของผลิตภัณฑ์ และบริการเพื่อตอบสนองความต้องการทุกรูปแบบของลูกค้า Create a wide variety of products and services to meet all kinds of customers.	Differentiation
3.	สร้างผลิตภัณฑ์ที่มีคุณภาพในราคาที่ลูกค้าสามารถซื้อไปแข่งขันได้ Create quality products at a price that customer can buy to compete.	Cost Effectiveness
4.	ตอบสนองความต้องการของลูกค้าด้วยความรวดเร็ว Meet customer needs with speed.	Quick Response
5.	ปรับระบบการผลิตให้ยืดหยุ่นทันต่อสภาพแวดล้อมที่เปลี่ยนแปลงอย่างรวดเร็ว Adjust production systems to take away flexibility to rapidly changing environment.	Flexible Manufacturing System
6.	ให้ความสำคัญกับผลิตภัณฑ์ที่เป็นมิตรกับสิ่งแวดล้อมและผู้มีส่วนได้ส่วนเสียทั้งทางตรงและทางอ้อม Focus on products that are environmentally friendly and stakeholders, both direct and indirect.	Focus on Products and Stakeholders
7.	มีจิตวิญญาณและความตั้งใจในเรื่องการบริการ เพื่อให้ลูกค้าได้รับความพึงพอใจสูงสุด A mental switch and signal intentions on the service to customers satisfaction	Service Mind

Profile of the Directors, Executives and Authorized Persons

Forefront, from left 1) Mrs. Chanisa Chutipat 2) Mr. Satit Chanjavanakul 3) Mr. Chaisak Ankasuwan

4) Mr.Wisan Wuttisaksin

Backside, from left 1) Mr. Somboon Gurdlin 2) Dr. Somchai Thaisa-nguanvorakul

3) Pol.Lt. Gen. Nopsak Poovatatanasedj 4) Mr. Suchat Boonbanjerdsri

Mr. Satit Chanjavanakul (72 Years)

Chairman of the Board of Directors

Independent Director

Appointment Date: April 30, 2009

Education

- Master of Business Administration, Thammasat University
- Master of Science, Textile Technology, University of Leeds, U.K
- Bachelor of Industrial Engineering, Chulalongkorn University
- Top Executive Program in Commerce and Trade (TEPCOT), Class 1
- Director Accreditation Program Training (83rd)
- Capital Market Academy, Class 5
- International Advanced Management Program, MIT, USA
- National Defence Course for the Joint State-Private Sector, Class 4414
- Hubert Humphrey Fellowship Program, Planning & Resource Management, Massachusetts Institute of technology(MIT), USA.

No. of shares and % of shares holding

: None

Relationship: None

No. of meeting attendances in 2019: 6/6

Experience Background

2009 - Present Chairman of the Board of Direct
SNC Former Public Company Limited

2013 - Present Director
Thai Agro Energy Public Company Limited

2004 - Present Audit Committee
Asia plus Group Holdings
Public Company Limited

2016 – Present Independent Director
Asia Plus Securities Public Company Limited

2009 - Present Audit Committee
Crown Seal Public Company Limited

2009 - Present Audit Committee
Lalin Property Public Company Limited

2013 - 2019 Director
Witcorp Company Limited

1991 - Present Director
SPC Home Ideas Company Limited

Dr. Somchai Thaisa-nguanvorakul (63 Years)

Chairman of Executive Committee

Director

Appointment Date: April 19, 2004

Education

- Doctor of Philosophy Program in Public Administration, Ubon Ratchathani University
- Honorary Doctorate degree in Business Administration in Finance, Rajamangala University of Technology Isan
- Master of Public and Private Management (Class#3), National Institute of Development Administration (NIDA)
- Bachelor of Political Science, Ramkhamhaeng University
- Certificate in Management, University of California, Berkeley, CA, USA
- Capital Market Academy Leader Program (CMA) Class 10 Capital Market Academy
- The Senior Executive Program (SEP) Class 19 Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advanced Security Management Program (ASMP) Class 5 The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King
- Director Accreditation Program (DAP) Class 31
- Director Certification Program (DCP) Class 55
- หลักสูตร Director Certification Program Update (DPCU)
- Leadership Development Program (LDP) Class 3
- Advanced Audit Committee Program (AACP) Class 25
- Advanced Master of Management (AMM) Class 1 Graduate School of Public Administration, National Institute of Development Administration

No. of shares and % of shares holding

14,043,322 shares equal to 4.88 %

Relationship: Executive and major shareholder

No. of meeting attendances in 2019: 6/6

Experience Background

2004 - Present Chairman of Executive Committee SNC Group

2018 - Present Audit committee Thaiunionfeedmill Company Limited

2014 - 2018 luminaries of Market for Alternative Investment – MAI

2014 - 2018 Director of The Stock Exchange of Thailand

2014 - 2018 Sub-Committee Corporate Governance-and Social Responsibility The Stock Exchange of Thailand

2014 - 2016 Director of Thai Listed Companies Association

2016 - 2018 Chairman of the Sub-Committee Securities Investor Protection Fund The Stock Exchange of Thailand

2016 - 2018 Sub-Committee Derivatives Investor Protection Fund Thailand Futures Exchange Public Company Limited (TFEX)

Mr. Chaisak Ankasuwan (71 Years)

Independent Director

Audit committee

Chairman of Nomination and

Remuneration Committee

Date of acquiring the position: April 3rd, 2014

Education

- Bachelor of Law, Thammasat University
- Master of Public Administration, Public and Private Management Program, National Institute of Development Administration (NIDA)
- The National Defense College (NDC 4414)
- Training program - Business commissioning for directors and top level management of state enterprise and Public, Batch 2, Public Director Institute (PDI)
- Training program - Director Accreditation Program (DAP), Class 51/2006
- Training program - Director Certification Program (DCP), Class 129/2010
- Training program – Top level management, Batch 10, Capital Market Academy
- Advanced Master of Management Program 1 National Institute of Development Administration (NIDA)

No. of shares and % of shares holding: none

Relationship: none

No. of meeting attendances in 2019: 5/6

Experience Background

2014 - Present Independent Director
Audit committee
Chairman of Nomination and Remuneration Committee
SNC Former PCL

2016 - Present Independent Director
Audit committee
Rich Sport PCL

2013 - Present Vice Chairman
One to One Contacts PCL

2009 - 2011 Vice Chairman
The Transport Co., Ltd.

2009 - 2011 Director
Thai Airways International PCL

2005 - 2011 Chairman
Aeronautical Radio of Thailand Co., Ltd.

2005 - 2008 Director
Airports of Thailand PCL

2004 - 2010 Director
Thai Aviation Industries Co., Ltd.

2004 - 2007 Director
Tourism Authority of Thailand (TAT)

Mr.Wisan Wuttisaksin (70 Years)

Independent Director

Nomination and Remuneration Committee

Appointment Date: July 27, 2012

No. of shares and % of shares holding

none

Relationship: none

No. of meeting attendances in 2019: 6/6

Education

- Master of Public and Private Management, National Institute of Development Administration (NIDA)
- Bachelor of Laws, Ramkhamhaeng University
- Director Certification Program (DCP125/2009)
- Financial Statements for Directors (FSD6/2009)
- Role of the Compensation Committee (RCC 12/2012)
- Diploma, National Defence College, The Joint State-Private Sector Course Class of 15
- Politics and Governance in Democratic Systems for Executive Course, Class of 8
- Chief Executive officer Development Program, Fiscal policy Research Institute Foundation, The Kellogg School of Management and the Maxwell School of Citizenship and Public Affairs
- Senior Executives on Justice Administration, Class of 12

Experience Background

2012 - Present Independent Director
SNC Former Public Company Limited

2011 - 2017 Advisor Office of The National Broadcasting and Telecommunications Commission

2012 - 2013 Independent Director
Thai Oil Public Company Limited

2009 - 2011 Advisor on Customs Control Development
Customs Department

Mr. Suchat Boonbanjerdsri (61 Years)

Independent Director

Chairman of Audit committee

Date of acquiring the position: December 25th, 2014

Education

- Master degree, Wharton School, University of Pennsylvania, USA.
- Bachelor degree (2nd Class honor), Economics, Quantitative Analysis, Chulalongkorn University
- Training program - Director Certification Program (DCP)
- Training program - Audit Committee Program (ACP)
- Training program - Executive Development Program (EDP)
- Training program - Leadership Development Program (LDP)

No. of shares and % of shares holding

517,000 shares or 0.18%

Relationship

None

No. of meeting attendances in 2019: 5/6

Experience Background

2014 - Present	Independent Director	
	Head of Audit committee	
	SNC Former Public Company Limited	
2014 - Present	Head of Audit committee and	
	Independent Director	
	Salee Printing PCL	
2002 - Present	Subcommittee	
	Independent Director	
	Srithai Superware PCL	
2018 - Present	Director	
	Pylon Public Company Limited.	
2011 - Present	Chairman	
	EDP Foundation	
2005 - Present	Director	
	Steeler Steel Works Co., Ltd.	
2001 - Present	Chairman	
	Practicum Engineering Co., Ltd.	
2000 - Present	Chairman	
	Knight Club Capital Asset Management Co., Ltd.	

Mrs. Chanisa Chutipat (58 Years)

Independent Director

Audit committee

Date of acquiring the position: December 25th, 2014

Education

- Bachelor of Commerce and Accountancy, Thammasat University
- Master of Business Administration (Accountancy), Thammasat University
- Training program - Director Certification Program (DCP), Batch 71
- Training program - Top level management, Capital Market Academy, Batch 1
- Senior Executive Program Batch 19
- Strategy and Innovation for Business in Asia Program, No.1: CMMU
- The Institute of Internal Auditor
- Corporate Governance for the Regulator of State enterprises and public organizations, class 21

No. of shares and % of shares holding

none

Relationship: none

No. of meeting attendances in 2019: 6/6

Experience Background

2014 - Present	Independent Director Audit committee SNC Former Public Company Limited
2019 – Present	Independent Director Small and Medium Enterprise Development Bank of Thailand
2017 - Present	Advisor Siam Piwat Co., Ltd.
2019 – Present	Advisor, Mae Fah Luang Foundation under Royal Patronage
2017 – Present	Committee, Bangkok Sky Tower Foundation
2014 - 2017	Managing Director Siam Piwat Co., Ltd.
2013 - 2014	Deputy Manager Operation The Securities Exchange of Thailand
2009 – 2012	Assistant Manager Finance and Administration The Securitie Exchange of Thailand

Pol.Lt.Gen. Nopsak Poovatatanasedj (61 Years)

Independent Director

Nomination and Remuneration Committee

Date of acquiring the position: December 25th, 2014

Education

- Bachelor of Science, Mahidol University
- Bachelor of Medicine, Mahidol University
- Faculty of Medicine Siriraj Hospital, Mahidol University
- Dermatologist Card Specialist (Dermatology)
  The Medical of Thailand
- Executive Police (27 th) (Bor Tor Sor 27)

No. of shares and % of shares holding

none

Relationship: none

No. of meeting attendances in 2019: 5/6

Experience Background

2014 - Present	Independent Director Nomination and Remuneration Committee SNC Former Pblic Company Limited
2018 - 2019	Doctor (Sor Bor) Police Hospital (Equivalent Deputy (Commander)
2017 - 2018	Doctor Child Large (Sor Bor 7) Police Hospital (Equivalent Deputy (Commander)
2013 – 2017	Doctor (Sor Bor 6) Police Hospital (Commander)
2010 – 2013	Doctor (Sor Bor 5) Internal Medicine Police Hospital
2008 – 2010	Deputy Commander Institute of Forensic Medicine Police Hospital
2005 – 2008	Doctor (Sor Bor 5) Nuttawut Somdejya Hospital Police Hospital
1995 – 2005	Doctor EK Internal Medicine Police Hospital
1988 – 1995	Master Doctor Internal Medicine Police Hospital

Mr. Somboon Gurdlin (61 Years)

- Vice Chairman of Executive Committee
- Managing Director - Subsidiary
- Chairman of Risk Management Committee
- CG & CSR Committee

Appointment Date: April 19, 2004

Education

-Master of Business Administration, Burapha University

- Bachelor of Political Science, Ramkhamhaeng University
- Director Accreditation Program (DAP) (32nd)
- Executive Development Program (EDP) 15

No. of shares and % of shares holding

7,949 shares equal to 0.002 %

Relationship

Executive

No. of meeting attendances in 2019: 6/6

Experience Background

2011 - Present Vice Chairman of Executive Committee

Group of SNC Former Public Company Limited

2015 - Present Chairman of Risk Management Committee

CG & CSR Committee

SNC Former Public Company Limited

Miss. Sineenart Thaisa-nguanvorakul (32 Years)

Assistant Chairman of the Executive Committee

Education

- Master of Business Administration, HULT International Business School
- Master of Science in Financial Investment and Risk Management, National Institute of Development Administration
- Financial Derivatives, Kelley School of Business, Indiana University
- Bachelor of Economics, Thammasat University.
- Innovation Driven Enterprise to Initial Public Offering (IDE to IPO) 1
- Executive Development Program (EDP) 16

No. of shares and % of shares holding

8,373,700 shares equal to 2.90%

Relationship

Executive

Experience Background

2018 - Present Assistant Chairman of the Executive Committee

SNC Former Public Company Limited

Mr. Surapol Yamkasem (62 Years)

Assistant Chairman of the Executive Committee

Education

- Bachelor of Political Science, Ramkhamhaeng University

-Director Accreditation Program (DAP) (20th)

-Director Certification Program (DCP) (55th)

No. of shares and % of shares holding

72,910 shares equal to 0.03 %

Relationship

Executive

Experience Background

2015 - Present Assistant Chairman of the Executive Committee

SNC Former Public Company Limited

2004- 2014 Director

NC Former Public Company Limited

Mr.Rattapoom Nantapatawee (48 Years)

Managing Director Accounting and Finance Department

Education

- Master of Private and Public Management, National Institute of Development Administration (NIDA)

- Bachelor of Accounting, Ramkhamhaeng University

- Certificate of Auditing,Thammasat University

- Executive Development Program (EDP) (14th)

- Director Accreditation Program (DAP) (118th)

No. of shares and % of shares holding

24,422 shares equal to 0.01%

Relationship

Executive

No. of meeting attendances in 2019: 6/6

Experience Background

2015 - Present Managing Director Accounting & Finance Department

Group of SNC Former Public Company Limited

2007 - 2014 Deputy Managing Director Accounting & Finance Department

Group of SNC Former Public Company Limited

2004 - 2007 Accounting Manager

SNC Former Public Company Limited

1997 – 2003 Audit Manager

PricewaterhouseCoopers ABAS Limited

Profile of the Head of Internal Audit Manager

Mr. Pornchai Sirikitpanichkul

(Age 42 years)

Internal Audit Manager

Education

- Bachelor of Business Administration, Accounting Burapha University
- Tax Auditor
- Certified Professional Internal Auditors of Thailand (CPIAT)
- CAC SME Certification (CAC Auditor)
- Student Activity Budget Committee Burapha University Student Council
- President of Student, Business Administration, Accounting, Burapha University
- Training program for How Blockchain influence the business operations training course, Federation of Accounting Professions
- Training course on accounting standards for SMEs and tax law, year 2019, The Tax Auditor Association of Thailand
- Training course on applying MS.Excel in Accounting and Fraud Detection Siam Complex Study Center Christian University

Experience Background

2011 – Present Internal Audit Manager
SNC Former Public Company Limited

2005- Present Tax Auditor

2009 - 2011 Special Instructor Faculty
of Business Administration, urapha

2006 - 2011 Accounting Audit Manager
FASB Auditing and Consulting Company Limited, Chonburi

1999 - 2005 Deputy Manager
Thai Account Company Limited, Chonburi

Duties and responsibilities

1. Review and assess the Company's internal control system
2. Ensure credibility of accounting information, financial statements, accounting record method and accounting standard
3. Ensure and maintain assets and benefit of the Company
4. Review the operation based on good corporate governance
5. Consult, advise or provide opinion to perform according to the operation manual

Profile of Head of Compliance

Miss Kesarin Dechpan (Age 37 years)

Secretary of the Company

Head of Compliance Department

Education

- Master of Business Administration, Accounting Ramkhamhang University
- Bachelor of Accounting , Rajabhat Rajanagarindra University
- Training program CFO in Practice Certification Program
- Training program Investor Relation (IR)

Experience Background

2019- Present Company Secretary

SNC Former Public Company Limited.

2016- Present Accounting & Finance Manager

SNC Former Public Company Limited.

2001- 2015 Accounting & Finance Supervisor

SNC Former Public Company Limited.

Duties and responsibilities

1. Advise on legal and regulations which the Board of Directors has to recognize and perform accordingly and manage activities of the Board of Directors in order to enable the directors to efficiently and effectively perform their duties.
2. Monitor the Board of Directors, executives and all staff to perform according to the corporate governance policy and business ethics.
3. Oversee the disclosure of information and information memorandum as required according to the regulations and notifications of the SET and SEC.
4. Arrange shareholders' meeting and Board of Directors' meeting to be in line with laws, articles of association and other rules.
5. Prepare shareholders' meeting minutes and monitor the Company to perform according to the resolution of the shareholders' meeting.
6. Prepare and keep document such as director registration, invitation letters for Board of Directors' meetings, minute of Board of Directors' meetings, annual reports, invitation letters and minutes of the shareholders' meetings.
7. Keep and maintain report on the interest of the directors or executives.
8. Contact and communicate with general shareholders to inform the rights of shareholders and the Company's news and information.

1. Policy and Business Overview

The group of SNC Former Public Company Limited comprises of 14 companies, including SNC. There are 7 subsidiaries held directly by SNC, 6 subsidiaries held by its subsidiary and 1 jointly controlled company. At present, the business operation of the Company's group can be classified in 4 groups as follows:

AUTO = parts for automobile air conditioner

PART = parts for electric appliances

OEM = OEM for electric appliances

OTHER = Other operations such as mold

Company	Type of business			
	AUTO	PART	OEM	OTHER
SNC Former Public Company Limited (SNC)				
Branch 2	✓	✓		
Direct subsidiaries				
SNC Pyongsan Evolution Company Limited (SPEC)		✓		
SNC Cooling Supply Company Limited (COOL)	✓			
Immortal Part Company Limited (IMP)		✓		
Paradise Plastic Company Limited (PRD)	✓	✓		
SNC Creativity Anthology Company Limited (SCAN)			✓	✓
SNC Atlantic Heat Pump Company Limited (SHAP)			✓	
Odin Power Limited (ODIN)				✓
Indirect subsidiaries				
Ultimate Part Company Limited (UMP)		✓	✓	
Infinity Part Company Limited (IPC)	✓	✓		
Meisou SNC Precision Company Limited (MSPC)				✓
SSM Automation Company Limited (SSMA)	✓	✓		
Yala Fah Saard Limited (YALA)				✓
Odin Myanmar Limited (ODINMM)				✓
Associates				
SNC Atlantic Water Heater Asia Company Limited (SAWHA)		✓		

1.1 Vision and Mission

Vision: SNC Superstore : An ultimate ONE STOP SHOP & SERVICE CENTER of variety products and comprehensive services in Automotive, HVAC systems (Heating Ventilation & Air Conditioning), Electrical Appliances and Electronics industries.

Mission

1) Quality First : Regard of the quality of products first.
2) Differentiation : Create a wide variety of products and services to meet all kinds of customers.
3) Cost Effectiveness : Create quality products at a price that customer can buy to compete.
4) Quick Response : Meet customer needs with speed.
5) Flexible Manufacturing System : Adjust production systems to take away flexibility to rapidly changing environment.
6) Focus on Products and Stakeholders : Focus on products that are environmentally friendly and stakeholders, both direct and indirect.
7) Service Mind : A mental switch and signal intentions on the service to customers satisfaction.

Objective and Goal

The Company has drawn up business plan with financial goal and growth rate at 10% per year since2020-2022. In order to maximize its profitability, the Company committed to achieving such goal through following strategies:

Product Strategy

The Company's goal is to respond to variety of requirement by the customer and focus on 2 major customer groups as follows:

1) Domestic electric appliance manufacturer including manufacturer of air conditioning, refrigerator, washing machine especially those leading brands from Japan, Korea, USA etc. These manufacturers place their major production base in Thailand. Various products are supplied by the Company to this customer group including copper tube, metal sheet parts, plastic parts and heat exchanger. Apart from parts of electric appliance, the Company is engaged as OEM for certain customers.

2) Automobile parts manufacturer group to which products are supplied by the Company including aluminum tube, rubber tube, plastic parts and formed sheet metal.

Quality Strategy

In order to establish confidence and optimum satisfaction among the customer, the Company needs to produce product of best quality to meet the customer's requirement. To achieve this, the Company has implemented standard quality management system in order to improve its management and product quality continually based on the Plan-Do-Check-Action (PDCA) and ISO. Not only will the customer receive product and service of quality as needed but also have trust in the Company.

The Company has mobilized human resource, tools and machine suitable for each business in order to produce product of quality. It has also put in place clear quality policy to be observed by all staffs while the results are monitored regularly to ensure that product quality meet the customer's requirement for all steps.

Quick Response Strategy

In this today world of intense business competition, the Company realizes that the customer's demand is diverse and may be changed quickly while it's our duty to be able to respond to such demand. The Company focuses on the following:

1) Cost that is appropriate and fair for customer and the Company (Cost).
2) Plant location must not be too far from the customer's office in order that delivery and response to customer's need can be done conveniently (Location).
3) Flexibility in production process enables us to manufacture variety of product in due time and may adjust such process to meet the demand of new product required by the customer (Flexibility).

Service Strategy

Although the company is considered a production company but we realizes the significance of service work to help optimize our customer's satisfaction. We therefore have our own motto as follows: "We are the Marketing Team" which means that all personnel are the Company's representative in rendering service for the customer.

Moreover, in order to get more flexibility, the Company has put in place its unique managerial system called "MINI MD" which will help respond to the customer's need in each respect including production, quality, deliver or price more rapidly and efficiently.

Another mean to provide service of optimum efficiency is to require the Company's executive both medium and top level, to visit the customer on regular basis to ensure that the customer voice is heard properly and rapidly.

Environmental Strategy

The Company carries out its business by taking into account possible environmental impact inside or outside the Company. Below are some significant strategies:

1) External environmental impact as a result of the Company's core business relating to air conditioning which uses refrigerant that may have impact on global weather. The Company has developed our products by using new type of refrigerant (R32) that helps decrease ozone depletion and global warming.

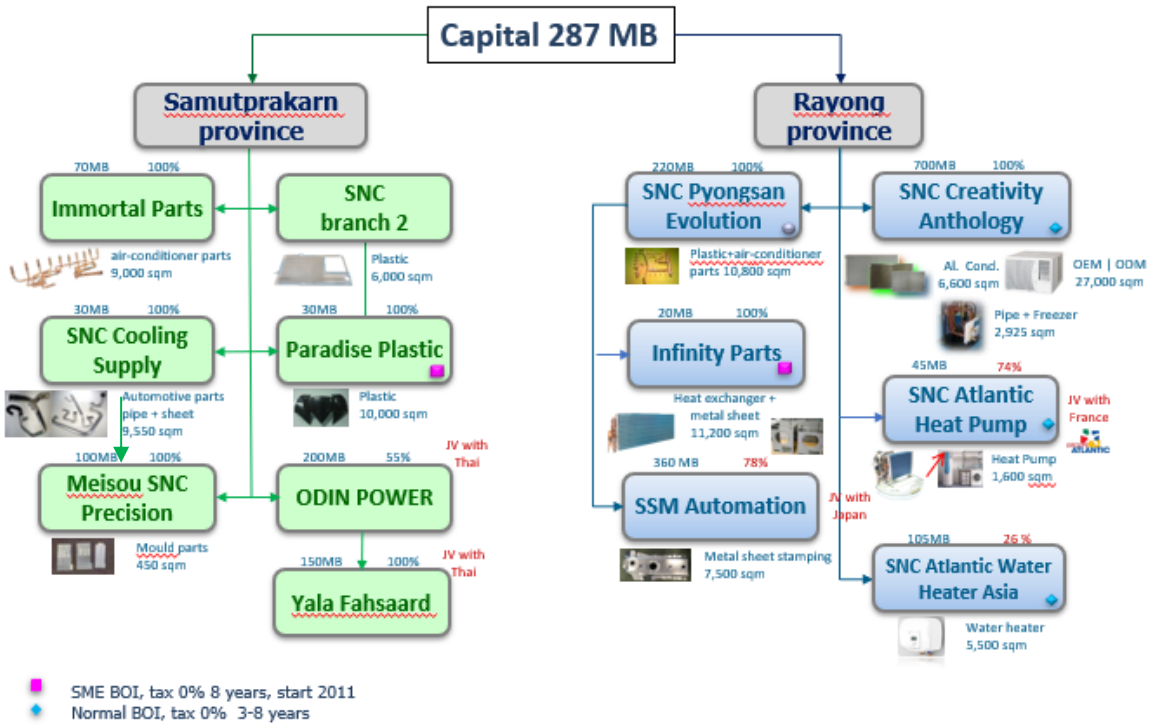
2) Internal environmental impact: To maintain internal environment for the benefit of working condition, the Company places importance upon 5S system where all staffs are encouraged to give priority to this matter and internal operation is carried out based on "3 R" principle consisting of Reduce, Re-use and Recycle to ensure that all personnel realize value of the Company's resources and use them in most effective manner.

1.2 Significant change and development

In the year 2018-2019, continued to implement the organization adjustment policy by merging similar businesses together, share human resources and assets. The large production base is located in Rayong, which has both water supply systems and solar power systems. The company will maintain the income of upstream work which is a profitable job. And focus on controlling production costs and administrative expenses. Stop business operations that do not generate profits Operate, according to anti-corruption and corruption policies leads to sustainability

1.3 Capital Structure of the Company's group

Business and shareholding structure of the group of SNC Former Public Company Limited can be summarized in diagram as follows:



2. Nature of Business Operation

At present, the business operation of the group of the Company can be classified in 4 main product lines as follows:

2.1 Parts for automobile air conditioner

2.2 Parts for Electrical Machine

2.2.1 Copper tube parts

2.2.2 Metal fabrication parts

2.2.3 Plastic parts

2.2.4 Heat Exchanger

2.2.5 Insulator pipe

2.3 OEM for Electrical Machine

2.4 Other operations

In 2019, the revenues from parts of automobile air conditioner, parts for Electrical machine, OEM for Electrical machine were 16%, 45% and 39% of total revenues, respectively (reference to notes to the financial statements section segment information).

2.1 Parts for automobile air conditioner

1) Product Characteristics

Parts for automobile air conditioner mostly are made from aluminum tube, fabricated and assembled with metal parts and sold as a set to major air conditioner manufacturers who will deliver and distribute to automobile manufacturers further. The Company's product samples are เช่น Inlet/Outlet Pipe Assembly, Header, Suction Pipe, Flange Inlet/Outlet, Pipe and Hose Assembly, Liquid Pipe, Pipe Assembly with Flange, Discharge Pipe, Insulator Pipe Assembly, Hose-Heather Assembly, Compressor Part

Parts for motorcycles, The component Plastic, Sheet Metal and sent to Motorcycle manufacturer directly.

1. Machine Part

Machine part is product which fabricated from aluminum, Extradition, Dai – Casting, stainless steel pipe, metal, brass to be components of automobile air conditioning system, diesel pump, compressor and automobile parts, etc. Machine part will be manufactured for internal assembly and be delivered to customer groups such as Keihin Thailand, Denso, Hanon, Marelli, Air Inter, Air System

Product	Customer	Car
Connector	Keihin Thai Keihin USA	Honda, Ford, VW
	Denso	Toyota
	Hanon	Ford, Mazda
	Marelli	Nissan, Isuzu
Evaporator Condenser	Air Inter	Ford, Geely
Flange	Air System	Toyota

2. Aluminum Pipes

Aluminum pipes are products that assembled aluminum pipe with aluminum connector to be components of automobile air conditioning system and be delivered to customers such as Keihin Thai, Denso, Hanon, Marelli, Valeo, Air Inter Keihin USA, Hanon India

Product	Customer	Car
Pipe Ass'y	Keihin (Thai) Keihin (USA) Marelli Air Inter	Honda Ford, VW Nissan Ford
Pipe Suction	Denso	Toyota, Hino
Pipe Discharge Pipe WCAC	Hanon	Ford, Mazda Hyundai
Pipe Inlet	Marelli	Isuzu
Pipe Outlet		
Pipe Liquid	Valeo	Mitsubishi

3. Steel Pipes

Steel pipes are products that assembled steel pipe with steel bracket and hardened with MF-Zn+3 and EDP to be components of cooling system. The main customer groups are Denso, TBKK, Akwel

Product	Customer	Car
Water Pipe	Denso	Toyota
	Calsonic	Isuzu
	Hanon	Ford

4.Hose Assembly

Is an assembly of aluminum pipes and hose lines used in automotive air conditioning systems. Produced in the Keihin customer group for the Civic 2016 model.

Product	Customer	Car
Hose Discharge	Keihin	Civic 2016
Hose Suction		
Hose Liquid		

5. Plastic

Products of plastic group for automobile air conditioner system is parts of Honda, Suzuki, Yamaha, Kawasaki

6. Stamping & Forging

- Metal Stamping is component of Pipe Water and Bracket in automobile air conditioner system which the Company has expanded its products to other parts (viper) such as Stay Wiper

Pipe Water and Bracket

Stay Wiper

Product	Customer	Car
Stay Wiper	Denso	Toyota
Bracket	Denso	Toyota
Hing	Toyoda Gosei Koryo	Toyota

- is a component of the car structure. The metal is passed through the process of stamping and welding into the body of the car.

- Aluminum Stamping is expandable product of Stamping Process from Metal to Aluminum by using as components of Evaporator and Condenser of Automobile Air Conditioner system.

Side Plate EVA

Side Plate Ass'y

Product	Customer	Car
Side Plate EVA	Keihin	Honda / Mitsubishi
Side Plate Ass'y	Keihin Thailand Keihin USA	Honda

- Aluminum Forging, the production of Aluminum Forging will start in 2014 targeting to produce parts for automobile air conditioner system such as Header End, Flange

Header End

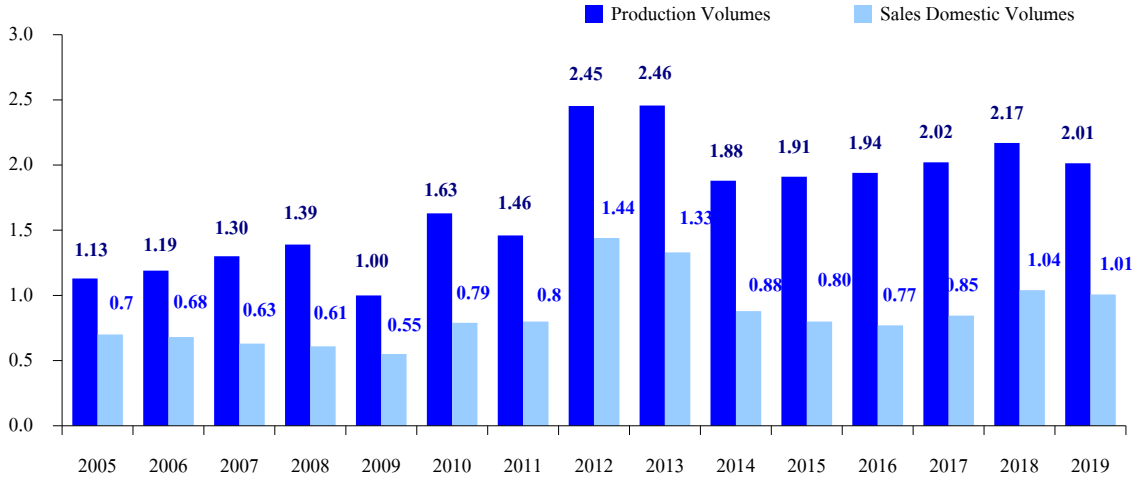
Flange

Forging

Automobile Air Conditioner Parts			
Customer	**Brand**	**Model**	**Part**
Keihin (TTH) Keihin USA (TUS) Keihin China (TCH)	Honda, Mitsubishi Honda, VW, Ford Honda	Civic, Accord, CRV, New Triton, City, Jazz Civic, Accord, Passat, Cross blue, Focus, Ranger, City, Jazz	Automobile Air Conditioner Parts
Denso Thailand	Toyota	Revo, Fortuner, Camry, Yaris	Intercooler Parts, Compressor Parts Intercooler Parts
Hanon system Hanon India	Ford, Mazda, GM Mahindra	New Ranger, Focus, Fiesta, Everest, Ecosport Mazda 2, Captiva	Automobile Air Conditioner Parts
Marelli	Isuzu Nissan Mitsubishi	New D-Max March , Almera New Triton, Pajero sport	Automobile Air Conditioner Parts
Valeo Group	Nissan Mitsubishi	Navara, Teana, Sunny Lancer, Triton, Pajero Sport	Automobile Air Conditioner Parts
Delphi	Isuzu	D-Max	Diesel Pump Parts
Siam NSK	Isuzu GM	D-Max Colorado	Steering System Parts
Sanden	Nissan	March	Automobile Air Conditioner Parts
Suzuki	Suzuki	Celerio, Ciaz	Automobile door Parts
H-one	Mitsubishi ISUZU	Mirage, Attrage, Triton, Pajero Sport MU X	Automobile body Parts
Topre	Honda	Civic, CR-V	Automobile body Parts
Air Inter	Ford	Ranger	Automobile Air Conditioner Parts
Air System	Toyota	Revo	Automobile Air Conditioner Parts
Koryo	Toyota	Yaris, Vios	Automobile Air Conditioner Parts
TBKK	Mitsubishi	Triton	Car ventilation system
Akwel (Thai) / China	Ford	Ranger	Automobile Air Conditioner Parts

2) Marketing and competition

Domestic automobile production volumes during 2005-2019



Source: Thailand Automobile Institute, Automotive Industry Club, the Federation of Thai Industries

A. Product Marketing

Company marketing strategic are focusing on 3 difference area. cost per unit, product quality, and customer satisfaction

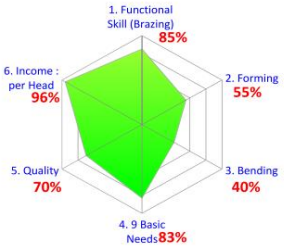
Strategy for customers

1. Applicable of robotic and automatic system to manufacturing above standard product while maintaining cost efficiency to customer.
2. Quality First : regardless of the quality of the product first. The internal audit process is called "Process Reject" to check the quality of goods or material at each stage of production. The staff at each stage of production to ensure the quality of goods or raw materials before entering the production process and pay out of their own. With the slogan " not accept not do not waste."
3. Differentiation: create variety of products and services to response to all kinds of products needs
4. Quick Response : response to the customers' needs promptly
5. Flexible Manufacturing system: adapt production system to be ready for the rapid change of the environment
6. Focus on Products and Stakeholders : focus on environmentally friendly product as well as direct and indirect stakeholders
7. Service Mind : possess mind, soul and determination for service to maximize customers' satisfaction
8. Building Confidence : with production management system for both quality and capacity enable the Company to support customers' orders
9. KPI to Quality and Delivery Awards.

10. There is a cost adjustment. To create good quality products and the competitive cost for the customer.

Strategy for building motivation within organization

1. Create motivation by focusing on return in order to motivate good track record and good performance employee by using evaluation daily result to evaluate the return to the employee.
2. Create motivation to middle management (MINI MD) by providing return based on the performance and evaluation based on KPI of the organization for Operator and Supervisor staff.
3. Improve organization development via 5S activities and Zero Claim in order to create awareness to staff for 5S, Safety and constant quality improvement by focusing to create competition in 5S, Safety concern and quality in organization.
4. Evaluation of Radar Chart to assess the knowledge and competencies Competency-based organization is the knowledge, skills and behavioral habits that are essential to the functioning of the party. To achieve higher standards generally divided into two categories evaluated.
   4.1 (Knowledge) 9 Basic Needs
   4.2 Competency



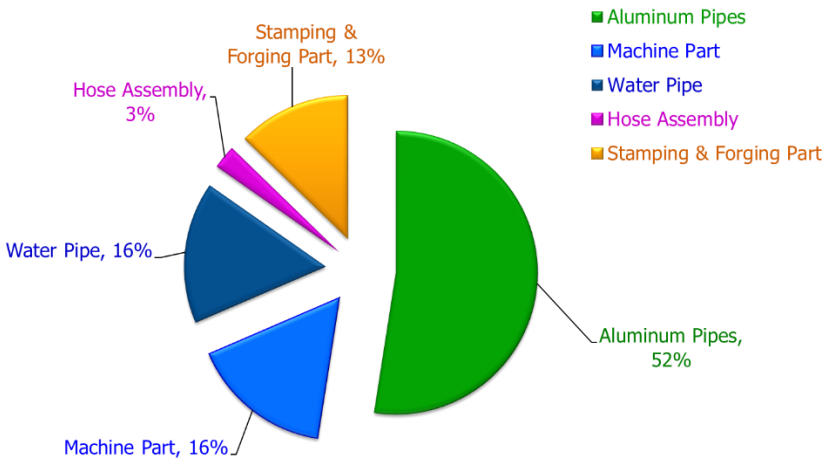
5. Job Description prepared by the ISO 9000 or IATF16949 and target revenue per capita per day (Income per Head) which requires the measurement and concluded Income per Head on a daily basis and targeting Income. per employee per Head
6. Activity: Arrange a “skill competency contest” in order to improve worker & operator general skills.

In 2019, the Company will focus on development and building human resources which are the fundamental of industrial factory in order to be ready for AEC next year. The Company will develop skill of existing staff and recruit staff at High Vocational Certificate level in order to increase expertise of high skill staff. The objective is to level up quality and working to equal to First Tier and be able to compete with both local and foreign players.

Competition of air conditioner parts manufacturing skills

Robot Automation Skill Development

B. Distribution Portion



Overview of 2019 Thailand, an automotive industry has been decreased by 7% from 2018. Affectively from declining growth of the global automotive market and consumer that anticipating for an unclear direction of a fully electric vehicle. This market behavior leaded to a change of SNC Automotive Part industrial, which led to the following condition change.

1.Aluminium Pipe result its est. production output to 52% in 2019 increased 8% from 2018 that obtained only 48%.

2.Machine part result its production output at 16% which equivalently to those result in 2018

3.Water Pipe result its production output at 16% which caused a 1% decrease from 17% received from 2018.

4.Stamping & Forging result its production output at 13% that caused a 1% decrease from 14% received in 2018

5.Hose Assembly result its estimate production output at only 3% decreased 4% from 7% achieved in 2018.

According to the above ratio indicated that SNC Automotive part industrial among KEIHIN USA group has slightly growth base on its aluminum Pipe Product. The declination of machine part industry has led by the re-structural design of the pipping system to minimize the connector adaptively to aluminum machine part. As well as end of product life cycle for Honda Civic 2016.

3) Product Procurement

- **Machine Part**

PROCESS	MACHINE
CUTTING	CUTTING M/C
LATHE	SINGLE LATHE M/C
DRILLING	MILLING M/C
FINISHING	FINISHING MANUAL
WASHING	WASHING ULTRASONIC M/C
PACK	PACKING MANUAL

- **Aluminum Pipes**

PROCESS	MACHINE
CUTTING	CUTTING M/C
DEBURRING	DEBURRING M/C
FORMING HU	FORMING M/C
BENDING	CNC BENDING M/C
WASHING	WASHING ULTRASONIC M/C
TEST	LEAK TEST M/C
PACK	-

- **Steel Pipe**

PROCESS	MACHINE
CUTTING	CUTTING M/C
WASHING, DEBURRING	DEBURRING M/C
FORMING O.RING 1	FORMING M/C
FORMING O.RING 2	FORMING M/C
BENDING CNC	BENDING M/C
WASHING	WASHING ULTRASONIC M/C
BRAZING	-
OUT SOURCE	PLATING
TEST JIG	-
PACKING	-
HOSE ASSEMBLY	-
LEAK TEST	PRESSURRE DROP

-**HoseAssembly**

PROCESS		MACHINE
CUTTING PIPE		CUTTING M/C
DEBURRING PIPE		DEBURRING M/C
WASHING PIPE 1		WASHING ULTRASONIC M/C
	OUT SOURCE TURNING NIPPLE	CNC LATHE M/C
WASHING PIPE 2		WASHING ULTRASONIC M/C
BENDING PIPE		BENDING M/C
DRILLING & FINISHING		CNC LTHE M/C
WASHING PIPE 3		WASHING ULTRASONIC M/C
BRAZING UNION	CUTTING INSULATOR	BRAZING M/C, CUTTING M/C
BRAZING FLANGE		BRAZING M/C
	CUTTING HOSE	CUTTING M/C
WASHING PIPE 4		WASHING ULTRASONIC M/C
CRIMPING HOSE		CRIMPING M/C
ASS'Y ORING & VALVE		-
AIR TEST		AIR TEST M/C
LEAK TEST		LEAK TEST M/C
HEATING		OVEN M/C
FINAL & PACKING		-

Production Capacity in 2019

Production Line	Capacity per Month (pieces)
Aluminum Pipes	800,000
Hose	65,000
Steel Pipes	250,000
Machine Parts	1,200,000
Inter Cooler Tube	70,000
Plastic	15,000
Forging &Stamping	2,000,000

Note :

1. Production Capacity is estimated based on 8 hours / shift : 2 Shift / day : 25 days / month
2. Current capacity used 60-65%

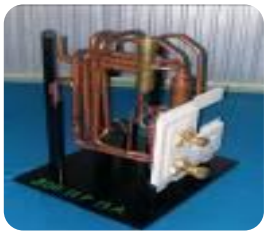
2.2 Parts for cooling machine

2.2.1 Copper Pipe Parts

At present, parts for cooling machine are made from copper. There is no other material which able to replace copper for 100%. Therefore, parts for cooling machine still use copper as major component.

1) Product Characteristic

Air conditioner parts made of copper pipe that the Company manufactures are

1) Inlet pipe ,Outlet pipe ,Header pipe for connecting Condenser	2) Suction pipe, Discharge pipe for connecting Compressor and Condenser together 
3) Accumulator using as pressure receiver tube	4) Strainer using for filter out dust in the system to protect the obstruction in the system

5) U-Bend for connecting Condenser

6) Capillary Tube Ass'y. Using as pressure reducing pipe in the system

7) Pipe Connector (Pipe Kit) using for installation to connect Indoor and Outdoor systems

Besides, the Company also manufactures copper parts to assemble to be compressor such as Suction Pipe, Muffler Pipes, Oil Pipe, Discharge Pipe

At present, the Company has developed copper parts to reduce raw material cost with customer by using copper plated steel or aluminum welded with copper to produce compressor parts such as Inlet Tube, Dis Joint Pipe, Inlet Pipe Ass'y , Joint pipe, etc.

Copper plated steel Aluminum welded with copper

Besides, the Company is developing copper plating process to be able to plate at required specific position (area) in order reduce cutting process which is a costly and time consuming process. The outcome of the development will enable the Company to reduce its production cost. The experimental of metal sheet that stamps to dimension instead of using metal tubing (Progressive Die) that faster and more cost efficient.

2) Marketing and Competition

Customer group of air conditioner parts consist of

1) Customer group from Japan such as Daikin, Mitsubishi, Fujitsu, Sharp, Panasonic, MACO, MACOT
2) Customer group from Korea such as LG, Samsung
3) Customer group from China such as Haier, Hisense
4) Customer group which is the export such as Japan,Vietnam , Middle East, Europe and U.S.A.

The Company's distribution channels include manufacturing parts and direct delivery to air conditioner manufacturer and the customer will assemble with its parts, manufacturing and assembly in OEM production line and then deliver to customer as well as direct export to foreign countries.

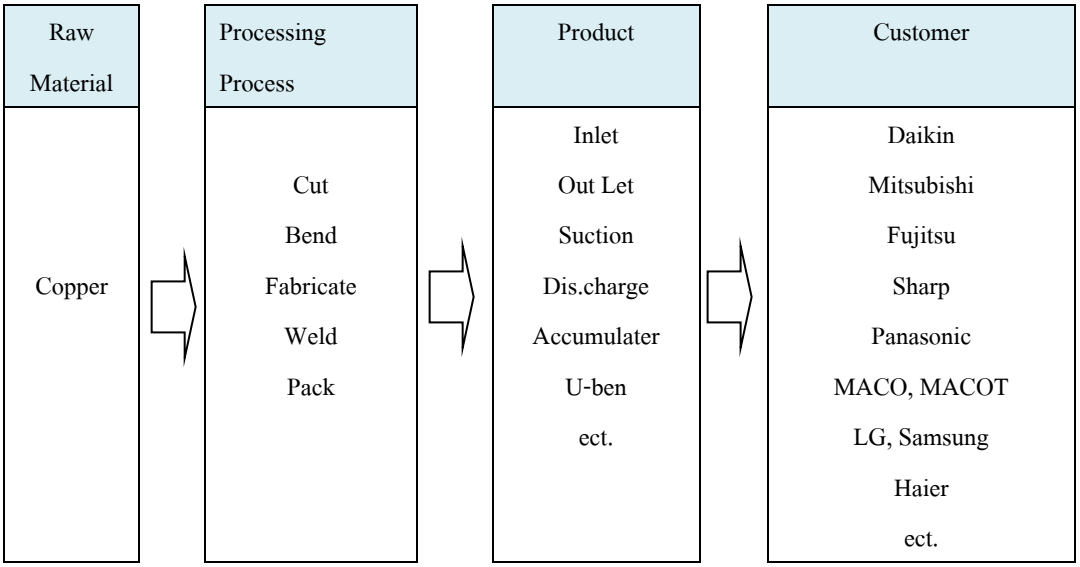
Customer group of compressor parts mostly are customers who manufacture compressors and deliver to assembly factory of air conditioner and cooling machine which are distributed to both domestic and overseas. Almost compressor manufacturers in Thailand are the Company's customers which are Siam Compressor, Hitachi Compressor, Kulthorn Kirby, Emerson, TCFG, Kulthorn Premier, Daikin, LG. , FIT, BTA, Miyatech , the Company has prepared additional production for export market.

Expansion and growth rates of air conditioner parts are in accordance with the growth of customers and economic. In 2019, the Company invested more in plants, machinery and improved new production line by separating to be SMEs to be granted tax privileges as well as properly relocated production base in order to be able to support the growth toward AEC in 2015. The compressor industry grows in line with cooling machine industry for air conditioner, refrigerator and freezer.

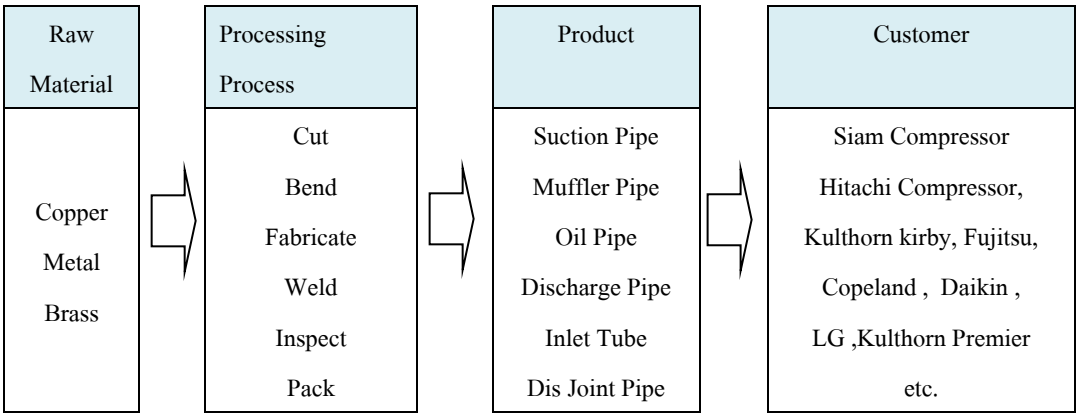
3) Product Procurement

A Production Process

- Air Conditioner Parts



- Compressor parts



The Company purchases copper directly from both domestic and export and the copper will be delivered to the plant and pass the production process of each part according to the ISO quality standard in order to manufacture product in accordance with the customers' requirement before deliver to customer (according to production diagram)

At present, the Company's plants that manufacture parts are at Samutprakarn and Rayong, therefore, the capacity is more than million pieces per year. All plants can manufacture all parts and replace each other as well as can increase production capacity by adjusting working hours according to the customer' s requirement.

B Raw Material

Most of the raw materials are under standard as required by customer and all suppliers pass the standard certification of customer. The lead time is around 2 weeks after receiving purchase order. The Company purchases copper from both domestic and overseas (China) and has to consistent with condition as agreed with the customer in order to obtain the good quality of raw material with proper cost. The purchase price is the price as determined with the customer.

C Machinery and production equipment

Main machinery for production line are CNC Cutting Machine, Punching Machine, CNC Bending Machine, CNC Fabrication Machine, Automatic Welding Machine, Welding Table which the Company has plan to exploit automatic system more in the future.

The machinery of each process is modern machines form cut, bend, fabricate and weld process which the Company bought directly from the manufacturer and distributor in Thailand in order to protect the maintenance problem. There are some machines that the Company built itself and also has maintenance system to protect the broken down during production. Machines used in SNC group are machines from same manufacturer and can be replaced among each other; therefore, the Company has flexibility in production. For other production equipment such as Jix Fixture mold, the Company has unit to manufacture production equipment to support each other of each plant.

2.2.2 Metal Fabrication

1) Product Characteristics

At present, parts to be assembled to be the product using various raw materials such as metal, plastic, wood or other materials in order to make the product durable, nice-looking with high quality, suitably for use and low production cost. However, metal parts still play the major material of the product as the price is not too high, and its durability as well as the various technologies can fabricate metal in any required forms.

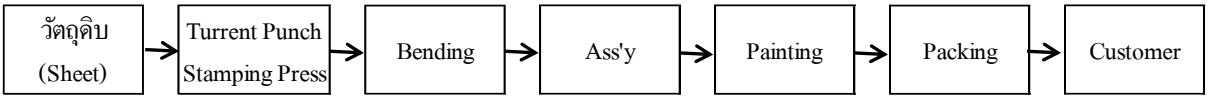
The Company manufactures metal fabrication parts and the plants that can manufacture are plants at Samutprakarm and Rayong. The Company's major customers of metal fabrication for air conditioner are Daikin, Mitsubishi, LG, Siam Compressor, Other.

2) Marketing and Competition

Due to its high standard of quality, delivery and good service, the Company has been trusted by both existing customers and new customers by providing more production order. The Company views that its competitor is its customer. Therefore, the Company has to produce better, cheaper and faster than the customer can do. Since the Company is SNC Super Store which provides total solution production and has MINI MD system to serve customers, it is able to decrease the customer's purchase burden. Therefore, the Company has constantly grown with its customers.

3) Product Procurement

A Production Process



Raw materials in form of bar, pipe and sheet will be passed the production process by using various machine such as cutting machine, plating machine, bending machine and stamping machine which are all modern machinery. After such process, the parts will be assembled or painted and deliver to customer for assembly before sending to consumer.

B Raw Material

Raw material, which the Company uses for production in form of bar, pipe or sheet, will be according to the customers' requirement for quality, price and source. Almost raw materials are standard using in general industry. With regard to the sources, the Company imports from Japan, China and Korea as determined by customers. Regarding to the price, the Company will determine with the customer in order to protect the risk from raw material price fluctuation

C Machinery

Since the Company has policy to be Super Store, the Company has standard and modern machines together with efficient production technique. All the machines including plating machine, cutting machine and stamping machine are controlled by CNC system. Machines of each production line are also replaceable, therefore, the Company can manufacture high quality product with low cost. Besides, the Company also prepares spare part and has annual maintenance plan in order to protect the breakdown of machines and be able to lengthen the using time to serve the customers' need.

D Manpower

The company policy is Super Store and the management style is Mini MD so the company has the staff training programs both theory and on the job training. The company encourages the staff to know about 9 basic needs as working basic. The company has evaluated the staff competency every month in order to motivate employees are eager to develop themselves to have a good income.

2.2.3 Plastic Parts

1) Product Characteristics

The characteristic of the product is plastic part manufactured by Injection Molding system for electric appliance assembly such as refrigerator, electrical fan, air conditioner, etc.

2) Marketing and Competition

The main customers are leading manufacturers of electric appliance in the market such as Sharp, Mitsubishi, Toshiba, and Daikin. Although this industry has fierce competition but the Company obtains purchase orders for new products from electric appliance group constantly. Because the Company can maintain the quality of product, cost and on-time delivery (QCD : Quality Cost Delivery). Besides, the Company has invested in software Mold flow to improve its quality and analyze the problem of mold using in production process which can help its customers for the participation in product development and reducing the production cost of customers.

The Company has policy to satisfy its customer by using SNC ONE STOP SERVICE, therefore, the plastic parts manufacturing is one of the component to support such policy by building satisfaction, simplicity and time saving of the customer when dealing with SNC for parts which the customer can get metal parts and plastic parts in the same period.

3) Product Procurement

A Raw Material

Raw materials are various kinds of plastic such as ABS, PP, PSGP, PSHI, PE, AS, PA. Customers will determine type and grade of the raw material in order to maintain the quality and price. Almost all raw materials are produced by local, some types have to import from oversea as they are special raw materials. The price of raw material will fluctuate according to the market price. The customers will contact with supplier for the price and volumes per quarter and if there is any change, they will inform in advance in order to adjust the product price in relation to the raw material price. Therefore, the Company has no risk burden with regard to the raw material price.

B Machinery

Machines for plastic manufacturing are imported machines with high technology, rapid operation and energy saving. Therefore, the Company is confidence on the machinery efficiency as well as the maintenance management to make the machines operate smoothly and effectively. Besides, the previous year, the Company invested in its machinery to increase production capacity and support customer requirement which has tendency to increase.

2.2.4 Heat Exchanger

2.2.4.1 Heat Exchanger made from copper

1) Product Characteristics

Cooling machine in residential or building in general has major component for heat exchanger known as "Coil"(Heat Exchanger) which are evaporator coil and condenser coil and be the components to exchange heat and coldness within air conditioner. General coil structure comprises of 3 main components which are:

A) Aluminum Fin to be plate fin for heat exchanging between outside air and fluid in copper tube

B) Hairpin to be fluid flow path to build mechanism for heat exchanging with outside air

C) Side Plate to attach aluminum plate with copper tube and be the connector to hold coil with other structure in air conditioner

The Company manufactures 3 main components and assemblies to be evaporator coil and condenser coil for air conditioner production further.

2) Marketing and Competition

Since the Company's customers partly manufacture this products themselves and partly buy directly from coil manufacturer. Therefore, the Company has to compete with other coil manufacturers and its customers. However, the Company still has competitive advantage for cheaper cost than competitor. The coil manufacturing is complicated task; therefore, the transportation cost is quite high. The Company focuses this business only for manufacturing parts for air conditioner assembly. More than 90% of its production is Window Type Air-Conditioner OEM production for Fujitsu General. The remaining

production is for air conditioner production that the Company assembles and distributes directly to foreign customers (ODM group) and distributes as heat exchangers to local air conditioner manufacturers.

Almost heat exchangers that manufactured by the Company are for its own air conditioner assembly. Therefore, the competition will be among its customers. If the Company is able to control the cost lower than its customers, the customers will trust the Company to manufacture for them further. The Company also has activities and plan to consistently control and improves the production effectiveness in order to maintain its competitiveness.

3) Product Procurement

A Production Process and Capacity

1. Aluminum Bare Fin, Blue Fin or other colors as required by customers. Aluminum will be fabricated with Fin Press according to the customers' pattern
2. Copper Tube. Soft copper tube will be passes through shearing process using Hairpin Bender for specific length. Aluminum fabricated by Fin Press will be inserted with Hairpin Tube sheared with Hairpin Bender. Coil size will be determined at the insert coil table with Insert Hairpin process. The coils will be passed the Expander Machine to compress such coils for the size required. After that, the coils will be passed through Dry Oven to eliminate oil slick from previous process with 160 ^{o}C for 5 minutes. Then the coils will be assembled by welding U-pipe and Header with automatic Brazing or Manual Brazing. All coil production processes from the beginning to final process have to be passed the standard quality control process and the products have to be manufactured based on customers' specifications.

Diameter of copper tube	Capacity per month (pieces)
7.00 mm	20,000
7.94 mm	40,000
9.53 mm	60,000
Total	120,000

B Raw Material Procurement

Raw materials used in the production are standard products under the supplier's condition and comply with supplier' international standard conditions. The lead time for production is 1-2 weeks for copper tube and 4-5 weeks for aluminum depends on the difficulty of raw material production. The Company purchases copper tube from major copper tube manufacturers in Thailand while the Company imports aluminum from China. The Company determines and informs the delivery time and amount required to supplier in order to obtain on-time delivery. From past until now, raw material price has been fluctuated

and rapidly changed. Besides, the customers' business plans always adjust to fit with environment. The Company has dealt with its customers and suppliers for its purchase and selling system such as the selling price to its customers will be the average price of copper for the last 2 months for current transaction, the purchase price from its suppliers will be the average price of copper for the last 2 months as well in order to mitigate the risk from raw material price

C Environmental impact

Most raw materials to be assembled to be heat exchanger are metal, copper and aluminum. The waste from production process will be sold to waste buyer and be back to raw material manufacturer for recycling. Therefore, the environmental impact is minimal. Meanwhile, the plant at Laem Chabang which located in Industrial Estate has to monitor waste water and gas emission from the plant and report to Industrial Estate every month which the Company is able to control all environmental levels.

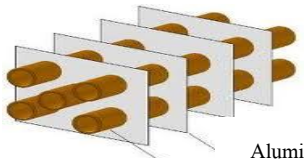
2.2.4.2 Heat Exchanger made from aluminum

1) Product Characteristics

Residential air conditioner industry is a major market of Thailand and SNC Former Public Company Limited manufacturers and distributes various parts of residential air conditioner. One of the major components of air conditioner is heat exchange which a set of air conditioner comprises 2 heat exchangers, evaporator and condenser.

At present, condenser used in residential air conditioner mainly is Aluminum Fin-Copper Tube Type, F&T Type) (see the picture below) while Aluminum Condenser which used extensively in automobile air conditioner system has not been widely used in residential air conditioner.

Current Condenser (Fin & Tube)



Aluminum Fin

Copper Tube

Aluminum Tube เนียม

Due to the fluctuation of global copper price during past 5-6 years together with the demand of efficient air conditioner for high energy saving enable residential air conditioner manufacturers tend to develop their products by using more Aluminum Condenser instead of F&T Condenser.

SNC Former Public Company Limited anticipated such market tendency, therefore, it has established SNC Creativity Anthology Company Limited (SCAN) at Rayong to manufacture and distribute Aluminum Condenser by using technology from Keihin Thermal Corporation from Japan which Keihin is a manufacturer of air conditioner parts and system for leading automobile manufacturers. Its major customer is Honda.

The outstanding characteristic of Aluminum Condenser comparing to F&T Condenser is using aluminum as major component. Aluminum is lighter and cheaper than copper and the price fluctuation is less than copper price. Besides, the design of fluid flow path is different which Aluminum Condenser has more surface touching cooling fluid. Therefore, heat exchanging is more efficient. To replace F&T Condenser with Aluminum Condenser in residential air conditioner will improve system for energy efficiency and using less fluid. The total weight will be less. Such difference will be noticeable for large air conditioner (from 12,000 BTU/ hour)

However, the obstacle of not widely using Aluminum Condenser in residential air conditioner is corrosion and leak of aluminum after using for a while. Each manufacturer has its own technology for material using, design and production. Since SCAN anticipated this obstacle, it employs technology from Keihin from Japan. Keihin has knowledge and experience for more than 30 years in manufacturing this product for Honda and others. Besides, SCAN has established Development Center in the organization. The initial investment for building, machinery and equipment is more than 80 million baht to support product design of each customer's requirement, build confidence of the product and constantly improve production cost in order to be able to compete with other players.

2) Marketing and Competition

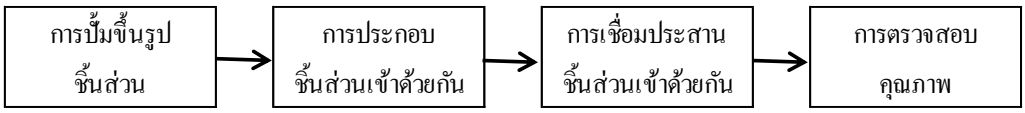
Regarding its marketing, SCAN's target customers are leading residential air conditioner manufacturers in Thailand especially manufacturers from Japan. In 2019, SCAN has started it marketing activities during building and plant construction as well as machinery installation by meeting and discussing with a couple major customers which obtained good respond from them.

With regard to the competition, at present there are 4-5 Aluminum Condenser manufacturers for residential air conditioner in Thailand, mostly are manufacturers from Korea and Japan. This kind of product is quite new. The customers who are air conditioner manufacturers still not widely use but all manufacturers are under product development by using Aluminum Condenser. Therefore, in the next 1-2 years, Aluminum Condenser market for air conditioner has potential to grow greatly.

3) Product Procurement

Year 2013 was the preparation year of SCAN. SCAN constructed 5,000 square meters plant and already installed necessary machinery for production during quarter 4, 2013. The initial production capacity is at 100,000 machines per year and with additional machinery in 2014, the production capacity will increase to 500,000 machines per year.

SCAN's Production process of Aluminum Condenser will be as follows:



Parts Fabrication Parts Assembly Parts Connecting Quality Inspection

All parts will be mostly made from aluminum except in-out fluid line which will be made from copper. All materials will be bought mainly from domestic suppliers.

2.2.5 Insulator pipe

1) Type of business and product

The company is an insulated copper tube for air conditioner: Pipe kit for Air Conditioners manufacturer. The outstanding characteristic of the product is nonflammable. The product is not a fuel and it produces little smoke when it burns. It contains flame retardant with its self-extinguishing characteristic. It will not cause flame spread. The company focuses on manufacture for export. The main customer is OK_KIZAI who will send the products to Daikin in Australia, the Philippines and etc.

2) Marketing and Competition

The industry of air conditioner parts both in Thailand and overseas is quickly growing as per the change of weather and higher temperatures, including higher standard of the products emphasized on safety for users and eco-friendly. Because there are a lot of competitors in the industry of air conditioner parts, the company must have the outstanding characteristics for the selling point to become a leading manufacturer. SFHI Company therefore built the manufacturing line stressed the importance of world standard quality and the productivity which is able to respond to the diversity of customer demand in order to build customer trust and confidence that the products of SFHI Company can meet customer's needs more than other competitors' products.

3) Procurement

3.1 Raw materials

Most of the raw materials which are used for manufacture will tally with the customer's standard referring to the world standards such as JIS, UL standard. The raw materials are imported from overseas and procured from world's standard companies in the country. There are 3 main raw materials: copper tube, embossing foam sheet and master batch. According to the agreement with the customers, for acquiring good quality raw materials with suitable costs, prices tallies with the agreement.

3.2 Machines

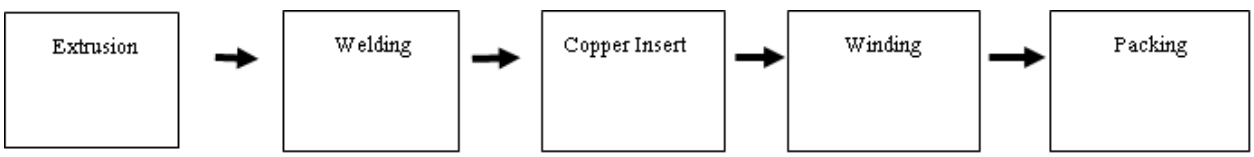
The company uses the machines imported from overseas. The company purchases machines directly from the manufacturers and the company's staff are trained to use the machines by the manufacturers in order to use and maintain them correctly. The main machines used in the manufacturing line were extruder, slitter, tubing and copper insert and winding. The company has a plan to bring the automatic system to use more in the future for reducing production costs. Furthermore, for flexibility of manufacture, the machines of SNC Group are compatible. For other manufacturing equipment such as Jet Fixture, the company owns the division of equipment manufacture to support each factory.

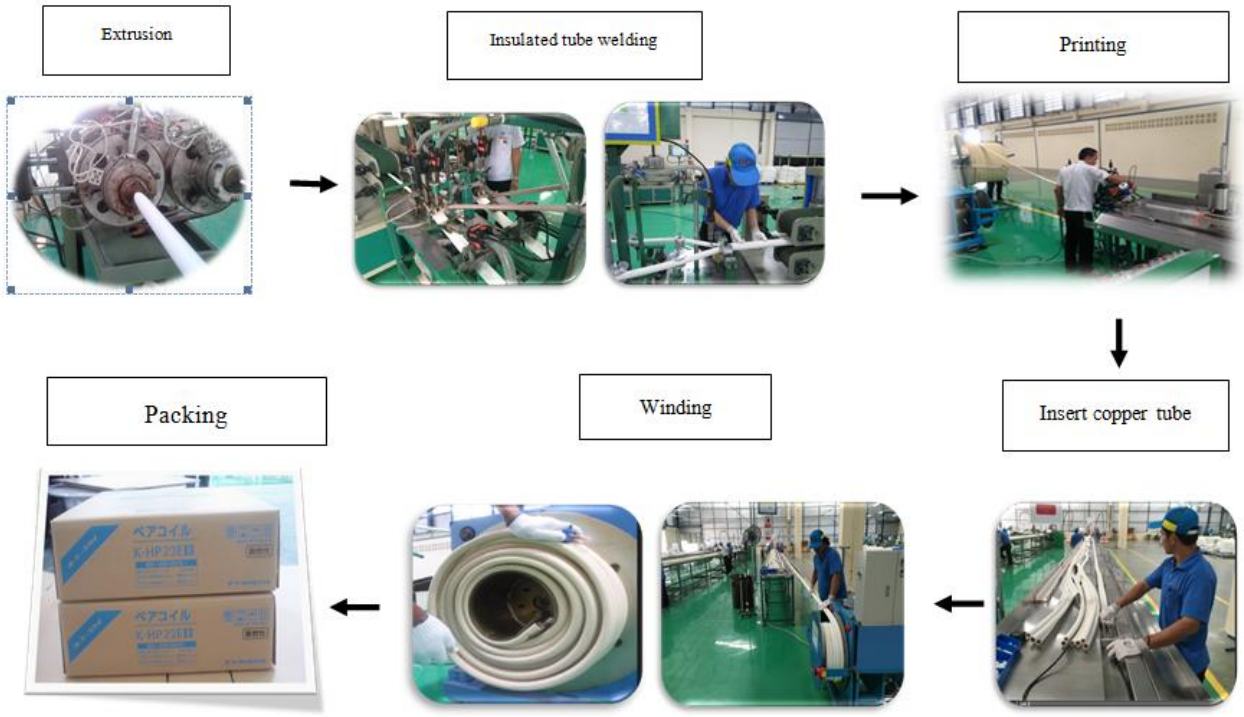
3.3 Human resources development

Human resources are regarded as the importance to develop competitive ability of a company. The company has the important policy regarding quality and competency which tally with work by using Radar Chart to evaluate and develop staff's potential including offering scholarships to the staff to continue studying for upgrading knowledge and skills in order to support growth of the company in the future and high competitive situation. For the way of management, the company keeps going by following the plan of building Mini MD.

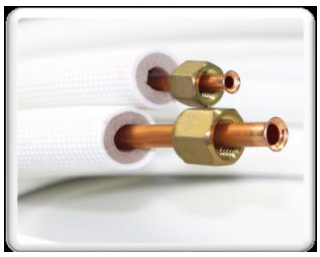
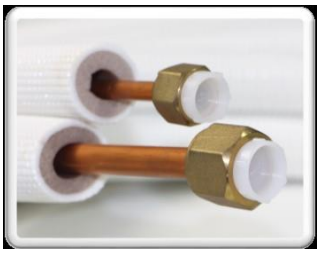
3.4 Manufacture

Manufacture is divided into 5 main processes as follows: extrude insulated tube to cover inner tube and then bring the insulated tube to cover with the cut embossed foam sheet and join them with heater's head. Bring the tube to print in size, model, length and logo as per the customer's order and then insert the copper tube which is cut to the specific length into the insulated tube. Wind the tube and check completeness before packing for sale.





Product sample : Insulated copper tube for air conditioner: Pipe kit for Air Conditioners)

2.3 Original Equipment Manufacturer for cooling machine (OEM and ODM)

2.3.1 Original Equipment Manufacturer for air conditioner

1) Product characteristics

The product of this business comprises of various characteristics depending on each customer's requirement. The main products are Window Type air conditioner, Wall Type air conditioner, Ducted Type air conditioner as well as big set of air conditioner ranging 100,000 – 300,000 BTU per hour. The Company also cooperates with customer to develop which is not air conditioner such as Heat Pump Water Heater. The Company's strength is be able to respond to its customer as they require since the Company is able to improve, adapt or design new product to fit with each customer requirement.

2) Marketing and Competition

Since the Company has no policy to launch its product under its brand, its aim is to be OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer). The Company will develop its product to fit with each customer requirement. At present, the Company contacts with various foreign customers such as Vietnam, India, Qatar United Arab Emirates, etc.

Target Customer

1. OEM Group, customers under this group comprise of
   - Fujitsu General (Thailand) Company Limited: products manufactured by the Company are Window Type air conditioner ranging from 8,000 – 27,000 BTU per hour
   - Vietnamese customer main product is a wall type assembly air conditioning that has a capacity yield range from 9000-24000 BTU/Hour
2. ODM Group, the Customers under this group comprise of
   - Products which are not air conditioner. This year the Company had developed product Air-to-Water Heat Pump with Atlantic from France, and is developing product in this group with various customers.
   - Manufacturing and distribution of automatic water vending machine that arise from co-development from Australia Customer
   - Manufacturing and distribution of automatic water vending machine that arise from co-development from Australia Customer

Revenues of 2 customers of OEM group are more than 90% of OEM air conditioner; the Company sells products directly to customer located locally. For ODM customers who mainly located in foreign countries such as Australia, France, Singapore and Japan, etc., the Company exports directly to customers.

Competition Situation

In Thailand, there are only a few large and high potential OEMs of air conditioner similar to the Company. Most of OEMs are small plants with low capacity. Therefore, the Company' s real local competitors are its own customers. As a result, the Company has to manufacture the products at the lower cost with high quality and more effectiveness to motivate its customers for their confirmation for the Company to be its air condition manufacturer center.

The competitors outside country are players from china because of the lower labor and material costs. However, according to consumer view, the air condition from China sill has image of low cost with low quality product comparing to air condition from Thailand which has better image. Beside, the labor welfare law of China which is stricter to the employers, the minimum wage in China which has been increased as well as tariff concern which air conditioner from China has to face when import to other

countries enable the competitive advantages of Chinese players decrease especially the countries that entered into Free Trade Agreement with Thailand.

With regard to SNC, though there are several competitors from China and its size is smaller, the Company has experience and expertise in air condition parts industry for more than 30 years; its staffs are knowledgeable in design and development of air condition which be able to response to each customer requirement. Moreover, the image of Thai air condition enables the Company to be able to compete with other foreign players. Although, the world's well known manufacturer from Japan, Korea or United States of America have better technology than the Company, their production costs are higher as well.

Competition condition

There is no competition with other OEM manufacturers since almost all local OEM manufacturers have no sufficient capacity to support the customer. Besides, the Company has its own air conditioner parts manufacturing, it can control production factors which are quality, price and delivery time. Therefore, the Company has substantial competitive advantages above local OEM manufactures.

There are a few local entrepreneurs who engage in ODM of air conditioner for the export market such as AMENA, PPJ. Most of the players are Thai companies while the well-known foreign air condition manufacturers (such as Mitsubishi, Daikin, LG, etc.) are not focus on this market.

The Company has several competitors, mostly are located in various cities in China. Their strategies are mainly focus on low price. The Company will not compete on price but will focus on responding to each customer.

Besides, the Company has tried to expand the business of ODM by focusing on product development to add value to product the Company manufactured and assist the customer to have more choices.

3) Product Procurement

At present, the Company has one plant for manufacturing air condition for export market which is at Rayong. Most of its raw materials are purchased from local suppliers which can be categorized as follows:

- Compressor — purchase from local suppliers such as Copeland and Siam compressor , part of compressors may directly import such as RECHI, HIGHLY
- MOTOR — mainly purchase from local suppliers
- Heat Exchanger — manufacture from its internal production process
- Metal Parts — manufacture from its internal production process
- Plastic Parts — both purchase from local suppliers and manufacture from its group of company, the portion of purchase from local supplier is 80% of total value.

Besides, the Company also engages in assembly cooling machine for food industry such as Freezer which the Company's customers of this group are BIG, Air products.

2.3.2 Engaged for production and assemble of water heater

SNC - Atlantic Heat Pump Co., Ltd. (SAHP) was established on 24 March 2014 based on the joint investment of Thai and French parties with authorized capital of 45,000,000 baht. The Company is located at 88/18 Moo 2, Makham Khu Sub-district, Nikhom Phattana District, Rayong 21180. Its main operation is to manufacture heat pump unit for large water heater (100-300 liters). The shareholding proportion is presented in the table below:

No.	Joint Investor	Shareholding percentage	Authorized Capital (Baht)
1	SNC Former Public Company Limited	74%	33,300,000
2	SA ATLANTIC SFDT JSC	26%	11,700,000
Total		100%	45,000,000

1. Business Nature and Products

SAHP's business of heat pump unit production and distribution has some special features as follows:

1. A joint investment between SNC and customers buying the product (ATLANTIC) with an aim to develop products that meet customer's need.

2. All products are exported to the customer in France for assembly as water heater with tank and other components.

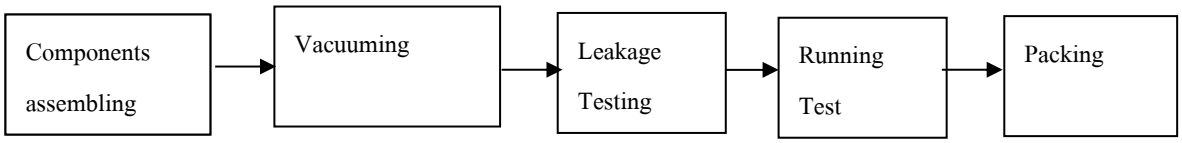
2. Marketing and Competition

Heat Pump Unit manufactured SAHP is designed and developed under the cooperation of SNC Former Public Company Limited and ATLANTIC and specifically used as a component of ATLANTIC's water heater. The Company's customer (ATLANTIC) is also a shareholder in this company and thus marketing issue is not necessary.

However, there might slightly have some competition with other manufacturers and suppliers and such has driven the Company to try to control its production cost at reasonable level and seek for cooperation with its client on how to save cost of materials while product quality is still maintained in order to enable the Company's client to compete with other water heater manufacturers.

3. **Product Supply**

The production is generally classified into 5 major steps, namely, components assembling through brazing of machine base, compressor, copper tube and heat exchanger, vacuuming, leakage testing with Helium, running test and packing, respectively.



2.4 Other Operations

2.4.1 Production of plastic injection mold for high precision parts

MEISOU SNC PRECISION CO., LTD () was founded on 10 November 2014 based on joint investment of Thai and Japanese companies with its authorized capital amounting to 100,000,000 baht. The Company is located at 122/24 Moo 6, Bang Pleang Sub-district, Bang Bo District, Samut Prakan. The Company's business involves the production of plastic injection mold for high precision parts in electronic industry. The shareholding proportion is shown below:

No.	Joint Investor	Shareholding Percentage	Authorized Capital (Baht)
1	SNC Former Public Company Limited	99.99%	99,999,800
2	Dr.Somchai Thaisa-nguanvorakul	0.005%	100
3	Ms.Sineenart Thaisa-nguanvorakul	0.005%	100
	Total	100.00%	100,000,000

1. Business Nature and Products

The process initiatively by plastic mold injection that characteristically notable in a high-resolution micro part detail. These parts mostly applied in smart phone, tablet, digital camera, and eco-home Appliances. Presently there has been a development and improvement in design of automatically machine which an autoloading capability to support business within SNC Group. Ex. Plastic injection, metal, and aluminum forging industry.

2. Marketing and Competition

During 2018-2019, Smart Phone, tablet, digital camera and eco-home appliance are consisting to be domestic industrial that has face its declination. For MSPC to accomplish its business gold the company must improve it technological infrastructure to manufacturing of plastic Mold Injection, metal casting for other forging industry. To satisfy all customer, the mold manufacturing must obtain an outstanding quality, price competitiveness, and deliver punctuality., Opportunity in cost competitiveness and lowest manufacturing lead time possible. MSPC will support SNC core business with mold design, manufacturing, and maintenance.

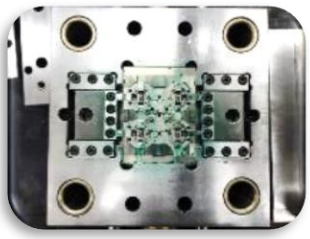
Moreover, SNC GROUP has assigned MSPC to be a main manufacturing base for machine automation that serve and support the expansion of production line in all business area.

3. Product Supply

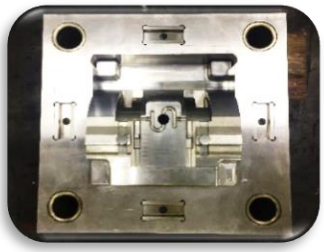
Starting with 3D CAD, mold components will be produced by CNC Machining center for forming shape of the component, electric discharge machine, wire cut electric discharge machine and CNC grinding machine for fine forming. All manufactured components including those imported ones are then assembled to get instant mold which will be tested for quality before delivered to the customer.

Plastic Mold

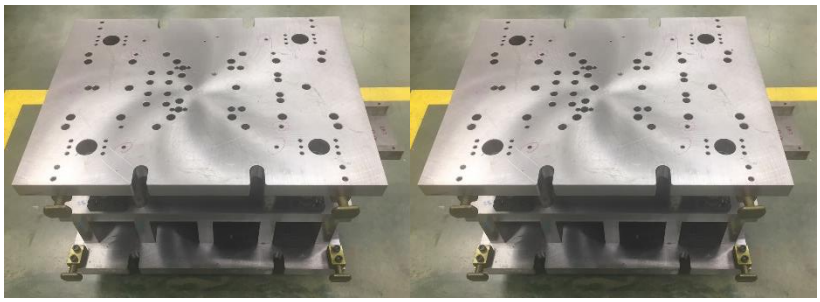
1. Precision mold (Electronics)



2. Plastic mold (Home Appliance)



Stamping Mold



Automation

2.4.3 SSM Automation Company Limited (SSMA)

SSM Automation Company Limited (SSMA) was established on October 26, 2011 by joint venture between Thai and Japanese with registered capital of 100,000,000 baht located at 88/19 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 to engage in manufacturing and fabricating metal parts for automobile and electric appliance

parts. During 2017-2019 SSMA increase its capital investment to 360 Million Baht to support company future's financial structure and Factory expansion. This capital distributed among shareholder per the following ratio.

No.	Partnership	Shareholding Portion	Registered Capital (Baht)
1	SNC Pyongsan Evolution Company Limited	77.50%	279,000,000
2	SUGIMOTO METAL MANUFACTURING CO., LTD	21.11%	76,000,000
3	MR. MASAHIRO SUGIMOTO	0.83%	3,000,000
4	MR. TADASHI SASAKI	0.56%	2,000,000
Total		100%	360,000,000

1. Nature of business and product

Metal fabrication business of SSMA possess distinctive feature which is different from other general manufacturers in Thailand as SSMA mainly focuses on using Robot line, Transfer Line and Progress Line for its production lines. SSMA emphasizes on parts manufacturing for automobile and electric appliance industry, the details of each main product group are as follows:

1.1 Automobile parts

At present, SSMA manufactures automobile parts for Suzuki Motors (Thailand), H-One Parts (Thailand) Company Limited (automobile parts for ISUZU and Mitsubishi) Topre (Thailand), and Kyokuyo Industrial (Thailand) Company Limited (automobile parts for Honda)

1.2 Electric appliance parts

Major customers of this group are Mitsubishi Electric Consumer Product Company Limited, Fujitsu General (Thailand), Electrolux Company Limited, Winix Electronic, Kang Yong Electric, Toshiba Carrier (Thailand), Panasonic Appliances Cold Chain (Thailand) และ SNC Former Company Limited, etc.

2. Marketing strategy and competition

Automobile industry in Thailand is the high growth industry whereas the competition in steel fabrication for automobile industry is also severe. To step up to be the leader, the player has to possess particular characteristics to be selling point for customers. Therefore, SSMA has built its production line by focusing on "Quality" and "Productivity". SSMA invested in Robot Line, Transfer Line and Progress Line in order to ensure its customers that its products will be "cheaper", "better", and "faster", products than other competitors' products.

SSMA aims to be Tier 1 Supplier for automobile parts within 2016, while it will also manufacture parts and deliver to customers in electric appliance industry such as Mitsubishi Electric Consumer Product Company Limited (air conditioner), Sharp Appliances (Thailand) Company Limited (Sharp refrigerator), etc.

SSMA aims to become Tier 1 Supplier for auto parts by 2014 and we have already achieved that goal with Suzuki Motors (Thailand). In this 2015, we produce parts for another new model of SUZUKI car as Tier 1 Supplier. At the same time we also produce parts for customers in electric appliances industry e.g. Mitsubishi Electric Consumer Product (air-conditioner), Electrolux (refrigerator) etc.

3. **Product Procurement**

The production will be divided into 3 main procedures, cutting, fabrication and assembly. Firstly, the steel will be cut, followed by fabricated to be various parts and then assembled by connecting fabricated parts together. Subsequently, the product will be tested for its quality before packing and delivery to customer later. However, some products might be required only fabrication process (no assembly).

At present, SSMA has 4 production lines which are

3.1 Robot Line comprising of 800 ton and 500 ton press machine for 4 machines and 5 robots

Robot Line

3.2 Transfer Line comprising of 500 ton press machine and Transfer set

3.3 Progressive Line comprising of 300ton Press with 1 set of feeder, 250 tons of press with 1 set of feeder and 80 tons of press with 1 set of feeder.

3.4 Tandem Line comprising of 300 ton press machines for 10 machines, 160 ton for 3 machines, 80 ton press machine for 2 machines and 60 tons 4 machines

3.5.Blanking Line 600 tons of press machine and 1 set of coil feeder

2.4.4 SNC - Atlantic Water Heater Asia Co., Ltd. (SAWHA)

SNC - Atlantic Water Heater Asia Co., Ltd. (SAWHA) was founded on 13 June 2013 based on the joint investment of Thai and French companies with its authorized capital amounting to 105,000,000 baht. The Company is located at 88/9, 88/18 Moo 2, Makham Khu Sub-district, Nikhom Phattana District, Rayong 21180. Its main business activities involve the production of water heater (STORAGE TYPE WATER HEATER). Shareholding proportion is as follows:

No.	Joint Investor	Shareholding Percentage	Authorized Capital (Baht)
1	SNC Former Public Company Limited	26%	27,300,000
2	SA ATLANTIC SFDT JSC	74%	77,700,000
Total		100%	105,000,000

1. Business Nature and Products

SAWHA's business of water heater production and distribution has some special features as follows: This company originates from joint investment of SNC and its client (ATLANTIC) in order to customize the product as required by the customer and to sell to ATLANTIC INTERNATIONAL, a sale distributor of ATLANTIC. All manufactured products are sent to trading partner countries directly from SAWHA

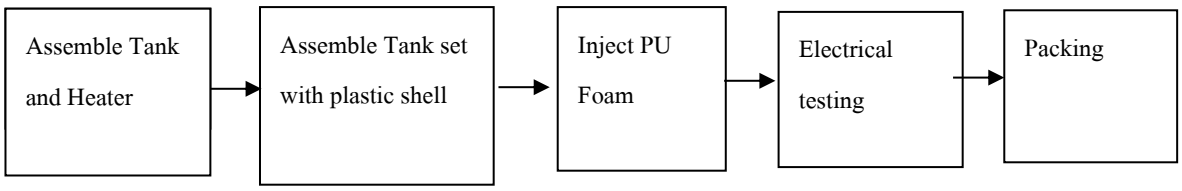
2. Marketing and Competition

Water heater manufactured by SAWHA is designed and develop and distributed to various countries by ATLANTIC where SAWHA is considered as a production base. The product has been popular in many countries. However, the main markets are those in Asia (India, Indonesia, Vietnam and Singapore etc.) and Europe.

This storage type water heater is manufactured by many manufacturers in Europe and China. The strategy for competition is to get beautiful modern design with quality of assembly. This requires the Company to control part quality especially plastic parts to maintain work quality. The Company also needs to work hand in hand with its customer on how to save material cost and on new design that meet customer's need and satisfaction in order to enable them to compete with other water heater manufacturers in the market.

3. Product Supply

Production is divided into 5 major steps; starting from the assembly of enamel-coated tank with heater, tank set testing for leak, assemble tank set with plastic shell, PU foam injection, electrical testing and packing.



KPI

The company adopted the Balanced Scorecard (BSC) for the evaluation:

1) Financial perspective: Profit, ROA ROE
2) Customer perspective: Delivery rate, quality, customer satisfaction
3) Internal process perspective: Manpower, Area, Accident
4) Learning and growth perspective: number of training hour, staff turnover rate

3. Risk Factors

Risk factors from the Company's business operation that might significantly affect the investors' returns can be summarized as follows:

3.1 Operation Risk

3.1.1 Risk of fluctuation of raw material

The major raw materials of the Company are copper, aluminum, brass, metal and plastic. Copper, the main raw material, is the commodity product imported from other countries. Its price is fluctuated in relation to the global price (LME: London Metal Exchange) . The fluctuation of the copper price may affect the production cost of the Company to be higher. However, the management of the Company has set the guideline to mitigate the risk of copper price fluctuation in the future by:

1. Have meeting with the customer to discuss on copper selling price and it is agreed to use Rolling price, the average selling price of the previous quarter or otherwise use the price of the previous month to dictate current price. Currently, the Company buys copper from 2 major suppliers abroad and has reserved another 2-3 domestic suppliers to avoid risk of material shortage.
2. Each order for copper is based on the production plan given by the customer in the meeting listing details for number and quantity for order in each month.
3. Supervise order placement and inventory management to maintain least amount of inventory in hand.
4. In case the customer reserves copper from supplier and asks the Company to place order, the Company shall do so at the price reserved by the customer and use such price in determining selling price to the customer in order to avoid price risk.

3.1.2 Risk of dependency on major customer

The Company has five major customers whose its revenues are at 44% of total revenues. If these customers terminates the appointment or materially decrease its purchase volume, the performance of the Company may be affected. Nevertheless, the Company has good relationship with such customers. The Company is able to respond to its demand for the product quality, reasonable price, punctual delivery and the effectiveness of pre-post sales service. Therefore, the customers are confident with the Company and there is potential to do more business together in the future. Since the beginning, the Company and the customers carry out product development (R&D) and production plan together. Such cooperation strengthens the relationship. In order to diversify its revenues structure, the Company procures new customer by increase customer base of ODM and co-develops the product with the customer. Besides, the Company has increased its customer base in the other group. Therefore, its retail customers have increased considerably from the previous year. The top executives has implemented the policy to find new customers per current customers

and keep the ratio of 30 : 70 including considering the effect on the ratio of each major customer, if the base is moved, it must not affect the company's profits more than 50%.

3.1.3 The risk that customers will move orders to other countries

The major customers of the SNC are the oversea manufacturers of household's air-conditioners and car's air-conditioners whose production bases are in Thailand. If the customers decide to shift their production base to other countries, such as China and Vietnam, that the operation cost is probably cheaper than Thailand so the SNC's operation may be affected from such decision. However, Thailand is a hub of air-conditioners manufacturing which is full of material and spare-parts supply for air-conditioners industry. In addition, the important factors that customers keep the production bases in Thailand because of the concern about the copy right and intellectual property issue in China. The racial conflict and trade war issue in some country may interrupt the business operation and the infrastructure problem in other developing countries which may not support various manufacturing industries as Thailand

3.1.4 Risk from competitors from abroad investing in Thailand

According to the implementation of ASEAN Economic Community (AEC), more foreign investors from China, South Korea and others have come to set up production base in Thailand to enjoy tax incentives and this has resulted in more competition and impact on the Company's operation. However, the management has already made a plan for mitigating possible risks as follows:

1. Quality aspect- try to maintain and control product quality to meet the customer's need.
2. Delivery aspect- on time delivery
3. Price aspect-review excess capacity in order to get full capacity of the machine on 24-hour basis, offer low cost policy to the customer in order to persuade the customer to increase their order, extend business opportunity to the extent that the total production and revenue will rise with surplus profit to compensate fixed cost and ultimately get better operation figures. The customer will get reasonable price to maintain their competitiveness.
4. Service aspect – respond to information and customer's need immediately before and after sale, get customer's impression through its readiness for help and cooperation, build up good relation and make them feel that the customer are more like the Company's partner.

3.1.5 Risk of technological change impacting on business

Today consumers want equipment and device which can facilitate their daily life and also long for modern technology. The manufacturer therefore must adjust and change their methods of manufacture by designing and developing to be modern and be able to respond to customer demand. This can increase a higher

competitive situation which focuses on quality, quick response and competitive price. The method of manufacture will be changed and develop continuously. If a company do not study and explore new technology and methods to prepare for supporting the diversity of production, it might lose business opportunities.

Our company established the research and development institute to study and provide new technology to support the departments of company's group to cumulate the old products and increase business opportunities by developing new products and designing products with customers.

3.1.6 Cyber threat attack risk

Due to the current business move to industrial 4.0, various technologies implement to increase business and communications efficiency. So, many risks occur from information technologies usage. Such as the threat from Hacker, computer virus attack. That is cause of data loss and system interruption.

SNC aware for that risk, there are various solutions to prevent potential damage. Such as IT security awareness training program at all level to provides knowledge on information threats to be aware of the best practices to prevent potential damage. Additional hardware equipment and applications control risk for data loss during import and export company's important data. And review the company's policy for Disaster Recovery Plan for continuous business operations, etc.

3.2 Financial Risk

Risk of fluctuation of foreign exchange rate

The Company imports raw material and exports its products with credit term around 30-60 days, the fluctuation of foreign exchange rate may affect the Company's operation. The raw material cost in foreign currency is 31% of Purchase of raw materials and sales in foreign currencies 24% of total sales.

4. Assets for business operation, as at 31 December 2019.

4.1 Fixed assets for business operation

The major fixed assets which the Company and subsidiaries utilize for business operation are as follows:

Details			Net Book Value (MB)	Obligation
Assets utilized for main business				
- Land and land improvement				
Rayong	4 plots of land	Total 177.25 rais	Owner	201.78	Free of obligation
Samutprakarn	2 plots of land	Total 6 rais	Owner	44.18	Free of obligation
- Building and plant				
Head Office			Owner	61.23	Free of obligation
SPEC			Owner	382.74	Free of obligation
SCAN			Owner	350.03	Free of obligation
Other plants			Rental	108.41	Free of obligation
- Machine, equipment and assets under installation				
Machinery			Owner	1,107.01	Free of obligation
Tool and plant equipment			Owner	83.10	Free of obligation
Office equipment and furniture			Owner	15.67	Free of obligation
Vehicles			Owner	8.64	Free of obligation
Assets under installation			Owner	268.13	Free of obligation
Total assets utilized for main business				**2,630.92**	
Assets for other use					
- Land at Rayong for business expansion in the future 117.93 rais			Owner	164.69	Free of obligation
- Plant and land at Rayong rent to an associated company 3.43 rais			Owner	45.31	Free of obligation
Total assets for other use				**210.00**	
Grand Total				**2,840.92**	

	Lessor	Lease Agreement	Term	Location	Area	Rental Fee/month
1) SNC Cooling Supply	KRC Development Co., Ltd.	Building Plant	3 years (1 Jan 18- 31 Dec 20)	333/6 Moo 6, Bangpreang, Bangbor, Samutprakarn	8,000 sq.m.	840,000
	ST Property & Logistics Co.,Ltd.	Building Plant	2 years 2 month (1 Nov 18 - 31 Dec 20)	122/24 Moo 6, Bangpreang , Bangbor, Samutprakarn	2,000 sq.m.	260,445
2) Immortal Part	Warehouse Jong Siri Co., Ltd.	Building Plant	6 months (1 Jan 20- 30 Jun20)	333/4 Moo 6, Bangpreang , Bangbor,Samutprakarn	9,000 sq. m.	878,947
3) SNC Former Branch 2	Bangpreang Patana Co., Ltd.	Building Plant	1 year (1 Jan 19 – 31 Dec 19)	128/888 Moo 1, Bangsaotong,Bangsaotong, Samutprakarn	7,600 sq. m.	550,000
4) Paradise Plastic	KRC Development Co., Ltd.	Building Plant	3 years (1 Mar 19 – 28 Feb 22)	333/5 Moo 6, Bangpreang , Bangbor, Samutprakarn	6,000 sq. m..	630,000
	Warehouse Jong Siri Co., Ltd.	Building Plant	6 months (1 Jan 20- 30 Jun20)	333/2 Moo 6, Bangpreang , Bangbor, Samutprakarn	4,000 sq. m..	378,947

Summary of major contracts of the Company and its subsidiaries

Intangible Assets

The intangible assets of the Company and its subsidiaries, software and rights to use license and other benefit, were at 52.83 million baht. The intangible assets are shown at cost less any accumulated amortization. The amortization is calculated on a basis of straight line method over the estimated useful life of the intangible assets. (Details are shown in the notes to the financial statements Article 15)

4.2 Investment policy in subsidiaries and associated companies

The Company has policy to invest in subsidiaries and associated companies which engage in automobile parts, electric appliance parts and business that related to its existing operations in order to strengthen its long term capability support its business expansion, and adding value to the Company in the long run. Tax privileges granted from BOI is also another major factor for its consideration.

Details of investment in subsidiaries and associated companies are shown in the notes to financial statements section 9 ,10.

5. Legal Disputation

As at December 31, 2019, the Company had no following legal disputes:

- Legal dispute which may have negative impact on assets of the Company or its subsidiaries.
- Legal dispute which may significantly impact on the Company's business operation.
- Legal dispute which does not arise from normal course of business.

6. General Information

6.1 Company Information

SNC Former Public Company Limited ("the Company"), registration number 01075 47000 371, was established on March 1994. The Company was listed on the Stock Exchange of Thailand ("SET") on October 2004 and its abbreviation of the securities listed on the SET is SNC.

The Company engages in parts manufacturing for automobile air conditioner and cooling machine as well as OEM for cooling machine.

The Company's paid up capital was 287,777,339 baht. SNC Holding Company Limited, a registered company in Thailand, is the major shareholder of the Company holds 30% of its paid up capital.

The Company's head office is located at 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560. Telephone No. 0-2108-0370-76 Fax No. 0-2108-0367-8 Homepage www.sncformer.com

Branch 2: 128/888 Moo 1, Taparuk Road, Bangsaotong District, Amphur Bangsaotong, 10560. Telephone No. 0-2763-8961-3 Fax No. 0-2763-8964

6.2 Juristic persons which the Company holds at least 10% of their shares

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
Subsidiaries which SNC Former Public Company Limited holds their shares directly.			
SNC Pyongsan Evolution Company Limited 88/9, 88/18-20 Moo2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in parts manufacturing for cooling machine as well as OEM for cooling machine	220 million baht 22,000,000 common shares Par value 10 baht per share	99.99%
SNC Cooling Supply Company Limited 333/6 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0370-76 Fax No. 0-2108-0367-8	Engages in parts manufacturing for automobile air conditioner	30 million baht 300,000 common shares Par value 100 baht per share	99.99%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
Immortal Part Company Limited 333/4 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0370-76 Fax No. 0-2108-0369	Engages in parts manufacturing for cooling machine	70 million baht 700,000 common shares Par Value 100 baht per share	99.99%
Paradise Plastic Company Limited 333/5 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 062-592-0744 Fax No. 0-2763-8964	Engages in plastic parts manufacturing for electric appliance and automobile	30 million baht 300,000 common shares Par Value 100 baht per share	99.99%
SNC Creativity Anthology Company Limited 88/21-24, 88/88 Moo 2, Makhamku District, mphur Nikom Pattana, Rayong 21180 Tel No. 0-38917-202-6 Fax No. 0-38917-207	Production of air-conditioning parts for cars and housing. Manufacturing components for refrigeration and refrigeration manufacturing and assembling.	700 million baht 7,000,000 common shares Par Value 100 baht per share	99.99%
SNC Atlantic Heat Pump Company Limited 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in manufacturing of heat pump for water heat pump	105 million baht 1,050,000 common shares Par Value 100 baht per share	74%
Odin Power Co., Ltd. 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8	Investing in alternative power plant	200 million baht 2,000,000 common shares Par Value 100 baht per share	55%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
Subsidiaries which shares indirectly held by SNC Pyongsan Evolution Company Limited			
Infinity Part Company Limited 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in parts manufacturing for cooling machine	20 million baht 200,000 common shares Par Value 100 baht per share	99.99%
SSM Automation Company Limited 88/19 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in manufacturing and fabricating metal parts for electric appliance and automobile	360 million baht 3,600,000 common shares Par Value 100 baht per share	77.50%
Ultimate Part Company Limited 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Ceasing the operation 2019	40 million baht 400,000 common shares Par Value 100 baht per share	99.99%
Subsidiaries which shares indirectly held by Odin Power Company Limited			
Yala fah saard Company Limited 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8	Produce and distribute biomass from waste	150 million baht 1,500,000 common shares Par Value 100 baht per share	100%
Odin Myanmar Co., Ltd. 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8	Investing in alternative power plant	1 million baht 10,000 common shares Par Value 100 baht per share	33%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
Subsidiaries which shares indirectly held by SNC Cooling Supply Company Limited			
Meisou SNC Precision Company Limited 122/24 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8	Production and manufacture of molds and die	100 million baht 1,000,000 common shares Par Value 100 baht per share	100%
Associates			
SNC Atlantic Water Heater Asia Company Limited 88/9, 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in manufacturing water heater	105 million baht 1,050,000 common shares Par Value 100 baht per share	26%

6.3 Other References

Registrar

Thailand Securities Depository Company Limited

93, 14th, floor, the Stock Exchange of Thailand Building,

Ratchadapisek Road, Dindaeng, Bangkok 10400

Tel No. 0-2009-9000 Fax No. 0-2009-9992

Auditor

KPMG Phoomchai Auditing Company Limited

1 Empire Tower, South Sathorn,

Yannawa, Bangkok 10120

Tel No. 0-2677-2000 Fax No. 0-2677-2222

7. Securities Information and Shareholders

7.1 Registered Capital and Paid Up Capital

As at December 31, 2019, the Company's registered capital and paid-up capital was 287,777,339 baht, comprised of 287,777,339 common shares, at par value of 1 baht per share.

7.2 Shareholders

7.2.1 List of shareholders

List and shareholding portion of the top-ten major shareholders of the Company according to the latest book closing date on August 19, 2019 are as follows:

No.	Name	Shareholding	
		No. of shares	%
1	Thaisa-nguanvorakul Group *	113,015,822	39.27
2	Mr.Anucha KittanamongkhonChai	13,020,000	4.5
3	THAI NVDR CO.,LTD	8,128,154	2.82
4	Mr.Paiwan Chatpitak	7,950,000	2.76
5	SE ASIA (TYPE B) NOMINEES LLC	4,533,100	1.58
6	Mr. Pitak Pisetsit	3,160,000	1.10
7	Mr.Sakol Naamlerdchai	2,964,300	1.03
8	Ms.Onubon Chomdech	2,000,000	0.70
9	Mr.Winai Tungkham	2,000,000	0.70
10	MR. KENJI KODAMA	1,768,511	0.61
	Total	158,539,887	55.09

Remark * Thaisa-nguanvorakul Group comprises of SNC Holding Company Limited 31.62%, Dr. Somchai Thaisa-nguanvorakul 4.19%, Khun Sineenart Thaisa-nguanvorakul 2.84%, Khun Anongnart Thaisa-nguanvorakul 0.59% and Khun Chanisara Thaisa-nguanvorakul 0.03%

7.2.2 Shareholders of SNC Holding Company Limited

No.	Name	Shareholding	
		No. of shares	%
1	Dr. Somchai Thaisa-nguanvorakul	2,235,157	22.13
2	Mrs. Anongnart Thaisa-nguanvorakul	1,193,594	11.82
3	Miss Sineenart Thaisa-nguanvorakul	1,000,000	9.90
4	Miss Netchanok Thaisa-nguanvorakul	1,000,000	9.90
5	Miss Chanisara Thaisa-nguanvorakul	1,000,000	9.90
6	Mr. Keichin Nakamoto	757,500	7.50
7	Mr. Kenji Kodama	505,000	5.00
8	Mr. Fumiaki Takahashi	505,000	5.00
9	Miss Pilailuck Koonrukprom	257,500	2.55
10	Mr. TosapornThaisa-nguanvorakul	257,500	2.55
11	Mr. Somboon Gurdlin	252,500	2.50
12	Others	1,136,249	11.25
	Total	10,100,000	100.00

7.2.3 Shareholders of Institutional Investors

No.	Name	Shareholding	
		No. of shares	%
1	Thai NVDR Company Limited	8,128,154	2.82
2	SE ASIA (TYPE B) NOMINEES LLC	4,533,100	1.58
3	DBS BANK LTD	2,964,300	1.03
4	A.M. VALUED STOCK FUND - DIVIDEND.	1,571,900	0.55
5	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	1,308,400	0.45
6	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	1,058,000	0.37
7	THE BANK OF NEW YORK MELLON	1,029,800	0.36
8	BCAP Mid Small CG ETF	981,500	0.34
9	CREDIT SUISSE AG, SINGAPORE BRANCH	440,000	0.15
10	OTHER	2,087,549	0.73
	Total	24,102,703	8.38

For the good governance of the Company and to show transparency management, there is no cross shareholding or pyramid shareholding among the group of companies.

As at February 21, 2019, The Company had 4,854 minority shareholders, accounted for 60.27% of total issued shares and such information was disclosed in the SET's website.

7.3 Other Securities

The Company has no any other shares or securities.

7.4 Dividend Payment Policy

The dividend payout policy of the Company is not less than 50% of its net profit after tax and legal reserve, provided that the said payment shall have no impact to the Company's business significantly and should take other factors such as future performance, financial status, liquidity, business expansion plan and economics condition into consideration. Such dividend payment shall subject to the shareholders' approval or the Board of the Directors' approval.

Past dividend payment of SNC Former Public Company Limited

Dividend payment of the fiscal year	2014	2015	2016	2017	2018	2019
Dividend per share (Baht)	0.66	0.90	0.90	0.90	1.00	0.85
Earnings per share (Baht)	1.31	1.42	1.40	1.39	1.50	2.51
Dividend payout ratio (%)	50%	63%	64%	65%	67%	34%*

Remark: * The Board of Directors' meeting on February 17, 2020 passed the resolution for the dividend payment for the operation result of year 2019 for the year end period which was the last period at 0.35 baht per share, the dividend will be paid on April 27, 2020. After adding up with the interim dividend at 0.50 baht per share, the total dividend payment will be 0.85 baht per share.

Net profit of this year was derived from the special profit from the sale of plant 420 million baht that the company keeps this money for further business expansion. On the other hand, there were extra expenses amounting to 37 million baht incurred during the year such as write-off leasehold improvement from the factory relocation, payment for staff compensation, and additional reserve employee benefit for the employee who have 20 years employment according to the new labor law so the actual operating profit was 339 million Baht. Dividend payout ratio was 72%, calculated based on operating profit.

Subsidiaries' Dividend Policy

Subsidiaries will pay dividend to the parent company (SNC) by considering retained earnings and cash on hand of subsidiaries.

8. Management Structure

8.1 Board of Directors

As at December 31, 2019, the Company's Board of Directors comprised of 9 directors. Include

- Independence director : 6 directors (More than one half of the Company's Board of Directors)
- Non- executive director : 6 directors (For 67% of the Company's Board of Directors)
- Female independence director : 1 director is Mrs. Chanisa Chutipat.

No.	Name		Position
1	Mr. Satit	Chanjavanakul	Chairman of the Board of Directors Independence Director
2	Dr. Somchai	Thaisa-nguanvorakul	Chairman of Executive Committee
3	Mr. Wisan	Wutthisaksilp	Independence Director
4	Mr. Chaisak	Angkasuwan	Independence Director
5	Mr. Suchat	Boonbanjerdsri	Independence Director
6	Mrs. Chanisa	Chutipat	Independence Director
7	Pol.Lt.Gen. Maj Nopsak	Poovatanasedj	Independence Director
8	Mr. Somboon	Gurdlin	Director and Executive Committee

Ms. Kesarin Dechpan is the Company Secretary.

The definition of the Company's director's independence is more stringent than those provided by the Capital Market Supervisory Board as follows:

1) Holding shares not more than 0.5% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.

2) Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company's independent director.

3) Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.

4) Having no current or previous business relationship with the Company, its subsidiaries, it major shareholders or its controlling persons which may interfere his /her independent discretion , and not being or having previously been a major shareholder or controlling person of the company which has a business relationship

with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.

5) Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.

6) Not being of having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.

7) Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.

8) Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.

9) Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

Authorized Directors

The Company's authorized directors are Dr. Somchai Thaisa-nguanvorakul jointly with Mr. Somboon Gurdlin or Mr. Samitt Palitagram, one of the directors totaling 2 persons are authorized to sign on behalf of the Company with the Company's seal affixed.

Scope of duties and responsibilities of the Board of Directors

1. Manage the Company to be in line with the laws, its objectives, Articles of Association, the resolution adopted at the shareholders' meeting as well as the Principles of Good of Corporate Governance, the guideline of the SET and the SEC. This excludes the matters required the shareholders' resolution such as matters as stated by laws that required shareholders' resolution, the connected transactions and the acquisition or disposition of significant assets according to the regulations of the SET or any other laws, etc.
2. Approve the amendment of the Company's Articles of Association, capital increase, capital reduction, newly issued shares allotment and amendment of rights of the common share.
3. Approve the establishment of any companies or taking over any benefits in any other companies.

4. Approve the investment, borrowing, raising funds, applying for loan from commercial bank or receiving any financial support.
5. Approve the matters that may cause the mortgage or any other contingent liabilities to business operation, assets or the whole or important parts of assets, except the normal business matters.
6. Approve any loan or credit providing apart from the normal business.
7. Provide or not provide consent in the matter that may cause the whole or part of the Company's business to under any others control apart from the Board.
8. Approve any accusations or any compromises or agreements according to any other appeals apart from the normal business.
9. Appoint one director to assume the Chairman of the Board and may appoint the Deputy Chairman as the Board deem appropriate.
10. Approve the adjustment and amendment of the Company's authorized directors.
11. Appoint any directors to be the Executive Committee and appoint the Chairman of the Executive Committee as the Board deem appropriate.
12. Appoint the Remuneration Committee and Nomination Committee as the Board deem appropriate.
13. Appoint the Company's Secretary and the Secretary to the Board as the Board deem appropriate.
14. Approve the adjustment and amendment position and/or authority of Managing Director
15. Determine vision, business direction and strategy of the Company.
16. Approve major policies including objectives, financial goal, and business plan and ensure that the determined plan has been implemented as well as govern the management to operate effectively and efficiently according to the determined policy
17. Determine the guideline for the risk management covering all aspects and ensure that the managements have put in place the effective risk management system.
18. Approve the appropriate remuneration policy as proposed by the Remuneration Committee
19. Assess the performance of the Executive Committee, the Chairman of the Executive Committee and the executives.
20. Fairly oversee the benefits and rights of both major shareholders and minorities, including providing proper communication channels to each shareholder group and all stakeholders.
21. Consider carefully in regard to the connected transaction and determine the clear guideline for entering into any connected transaction and for the utmost benefit to the Company and the shareholders.
22. Ensure the accuracy, clearly, transparency and trustworthiness of the information to be disclosed.
23. Arrange for the Board of Directors' meeting at least quarterly or the Chairman of the board might call an extraordinary meeting if deem necessary. Agenda of the meeting has to be clearly specified in advance with sufficient information and will be submitted with a written notice calling the meeting to all directors not less than 7 days prior to the date of the meeting in order to provide enough time set aside for directors to analyze the important information. Where it is necessary or urgent to preserve the rights or benefits of the

Company, the meeting may be called by other methods and an earlier meeting date may be chosen. Moreover, the Board shall maintain the certified minutes of meeting and keep them for future reference and audit. All directors are encouraged to express their opinions independently with sufficient time upon the Chairman of the Board's consideration. At a meeting of the Board, at least one half (1/2) of the total number of directors present shall form a quorum.

24. Has responsibility to attend all shareholders' meetings.

25. Able to access and communicate independently with the Company's management and Secretary to the Board in order to request for additional information regarding business operation and any other information apart from the normal matters in the regular meeting every quarter.

26. Regularly arrange the meeting among the non-executive directors to discuss any matters in relation to the Company's business operation and interesting issues without management attending

27. Prohibited to engage in trading of the shares of the Company's group by using the material information that has not yet been disclosed to the public for personal or other interest. Furthermore, as stated in the Company's ethics, directors, executives and employees shall prevent from trading the shares of the Company's group one month prior to the public announcement of the financial statements.

28. Prohibited to operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any other private or public company operating business which has the same nature as and is in competition with the business of the Company, unless he or she notifies the shareholders' meeting prior to the resolution for his or her appointment.

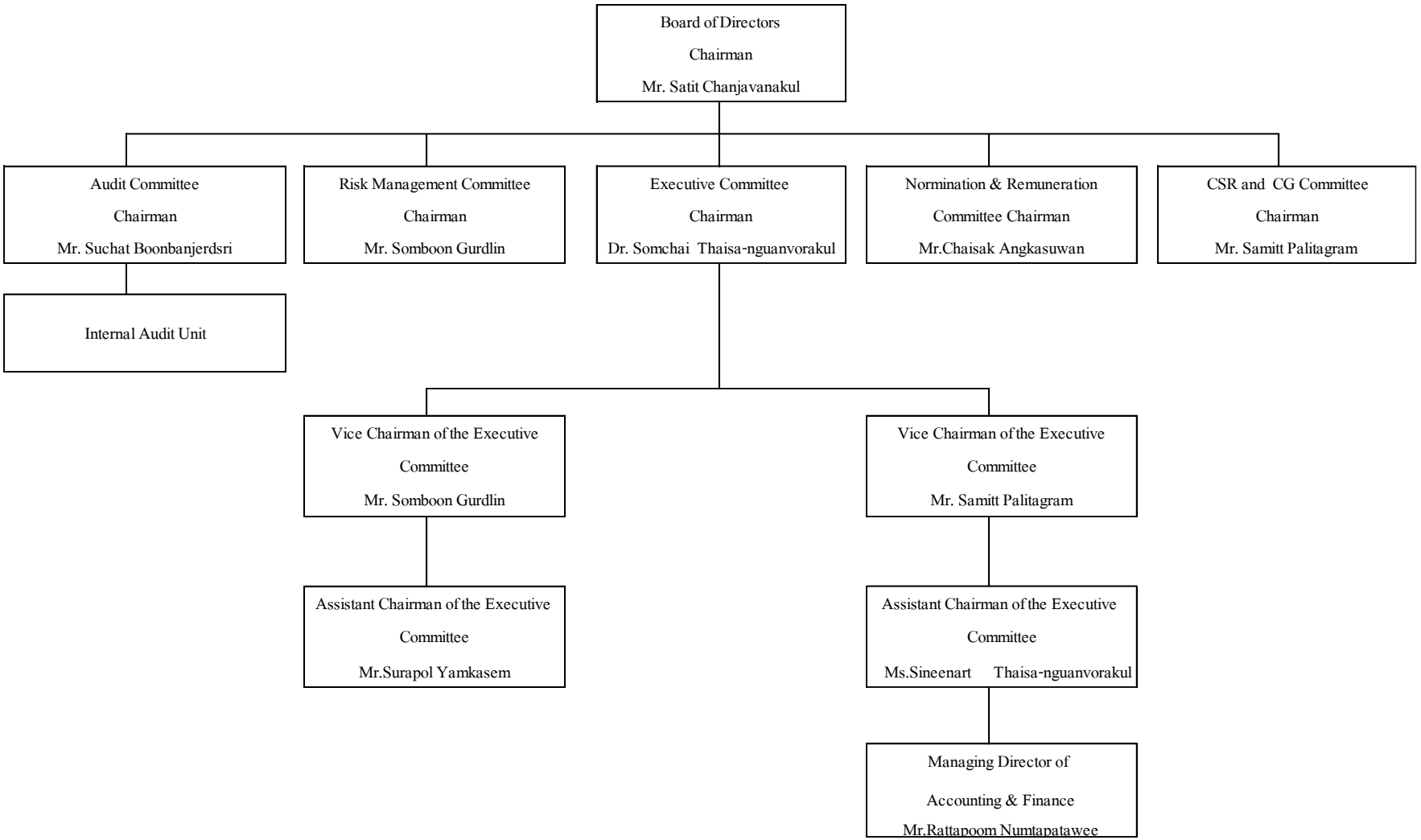
29. Notify the Company without delay when such director has an interest in any contract which is made by the Company or the number of shares or debentures of the Company's group held by such director has been increased or decreased.

30. Devote for the Company and seek no any personal or other interest as well as not possess any actions that conflict or compete with the Company or subsidiaries. Director shall also promote all level of employees to hold high level of morality and virtue, with strongly concentration on internal control and audit in order to lessen the deception might arise and misusing of power, including the illegal actions.

31. Maintain the leadership and be a role model for the good performance.

8.2

Management Stucture



As at December 31, 2019, the Company group comprised of 6 executives as follows:

No.	Name		Position
1	Dr. Somchai	Thaisa-nguanvorakul	Chairman of the Executive Committee
2	Mr. Somboon	Gurdlin	Vice Chairman of the Executive Committee
3	Mr.Surapol	Yamkasem	Assistant Chairman of the Executive Committee
4	Ms.Sineenart	Thaisa-nguanvorakul	Assistant Chairman of the Executive Committee
5	Mr. Rattapoom	Nuntapatawee	Managing Director – Accounting and Finance Department

Scope of duties and responsibilities of Executive Committee

1. Operate or perform according to the policy, business plan and budget that have been approved by the Board of Directors.
2. Hire, appoint, transfer person at the number that appropriate and necessary to be the Company's executive or employee to perform in any position, including determine scope of duties and proper remuneration. Also be authorized to remove and lay off any employee as appropriate.
3. Determine commercial terms such as credit line, payment term, sales and purchase agreement and the change of commercial terms, etc.
4. Approve the payment for the project that be approved by the Board of Directors and any expenses/payments for the Company's business at the amount of not more than 300 million baht per time.
5. Consider investment for a range of projects including purchase and sales of assets and propose to the Board of Directors for approval.
6. Have the power to represent the Company to deal with external individual for any related business that is useful to the Company.
7. Approve the appointment of a range of advisors when necessary to the operation.
8. Perform any matters in relation to the Company's general operation.

The above authorization of the Managing Director has to be under laws, regulations, the Company's Articles of Association and shall not allow the Managing Director to approve the transaction which cause or may cause the potential conflict of interest with the Company or its subsidiaries. To enter into any connected transaction or the acquisition or disposition of assets of the Company or its subsidiaries according to the definition as determined by the SEC and the SET, the Company shall perform according to the rules and procedures as stated in the Notifications of such matters.

Duties and responsibilities of the Chairman of the Executive Committee

The Chairman of the Executive Committee is responsible for managing the Company to be in line with the policy, target, budget and plan approved by the Board of Directors upon trustworthiness and due care basis and ensures that the interest of the Company and shareholders has been taken care properly. The duties and responsibilities of the Chairman of the Executive Committee include the followings matters:

1. Determine mission, objective, guideline and policy of the Company's group including administer overall operation, product and relationship with customers and report directly to the Board of Directors
2. Ensure the preparation and submission of business policy of the Company's group, including the business plan and budget, to the Board of Directors for approval, and report work progress according to the approved plan and budget to the Board of Directors every 3 months
3. Ensure the operation implementation in relation to the policy, plan, and budget approved by the Board
4. Be the authorized person to manage the Company's group according to its objectives, Articles of Association, policy, guideline, as well as the resolution adopted at the Board of Directors' meeting and/or the shareholders' meeting
5. Be the authorized person to order, contact, command, implement, and sign legal contracts, documents, orders, announcements, or any correspondence with government agencies, state enterprises, or other parties; and engage in any necessary and appropriate action that would facilitate the abovementioned duty
6. Assign power of attorney and/or delegate specific tasks to other persons, provided that such assignment and/or delegation comply with the power of attorney and/or rules, regulations, or directives of the Board and/or the Company

Legal Disputes

In the past 10 years, the Company's directors and executives has not been dismissed, discharged, or accused of any corruption or prosecution of bankruptcy or conviction of criminal case or dispute or undergoing lawsuit judgment.

8.3 The Secretary of the Company

The current secretary of the Company is Miss Kesarin Dechpan (Profile of the secretary of the Company, details of education and experience shown in attachment 1) and her duties and responsibilities are as follows:

1. Advise on legal and regulations which the Board of Directors has to recognize and perform accordingly and manage activities of the Board of Directors in order to enable the directors to efficiently and effectively perform their duties.
2. Monitor the Board of Directors, executives and all staff to perform according to the corporate governance policy and business ethics.
3. Oversee the disclosure of information and information memorandum as required according to the regulations and notifications of the SET and SEC.
4. Arrange shareholders' meeting and Board of Directors' meeting to be in line with laws, articles of association and other rules.

5. Prepare shareholders' meeting minutes and monitor the Company to perform according to the resolution of the shareholders' meeting.
6. Prepare and keep document such as director registration, invitation letters for Board of Directors' meetings, minute of Board of Directors' meetings, annual reports, invitation letters and minutes of the shareholders' meetings.
7. Keep and maintain report on the interest of the directors or executives.
8. Contact and communicate with general shareholders to inform the rights of shareholders and the Company's news and information.

8.4 Remuneration of the Board of Directors and Executives

Remuneration of the Board of Directors

Remuneration of the Board of Directors is considered by comparing with other companies in the same industry listed in the SET as well as the appropriateness, experience, duty, scope of work and responsibility including contribution from each director.

In 2019, the Board of Directors received financial , which was meeting allowance as follows:

No.	Name	Remneration	Meeting Allowance(Baht)										Assigned company Vehicles	Toal
			BoD		AC		RC&NC		Risk		ESG			
1	Mr. Satit Chanjavanakul	720,000	⊙	100,000									480,000	1,300,000
2	Dr. Somchai Thaisa-nguanvorakul	-	○	60,000									-	60,000
3	Mr. Chaisak Ankasuwan	360,000	○	60,000	○	40,000	⊙						-	460,000
4	Mr. Wisan Wuttisaksin	360,000	○	60,000			○						-	420,000
5	Mr. Suchat Boonbanjerdsri	360,000	○	50,000	⊙	60,000							-	470,000
6	Mrs. Chanisa Chutipat	360,000	○	60,000	○	50,000							-	470,000
7	Pol.Gen.Maj. Nopsak Poovatanasedj	360,000	○	60,000			○						-	420,000
8	Mr. Somboon Gurdlin	-	○	60,000					⊙		○		-	60,000
9	Mr. Samitt Palitagram	-	○	60,000					○		⊙		-	60,000
	Total	2,520,000		570,000		150,000		-		-		-	480,000	**3,720,000**

BoD = Board of Directors
AC = Audit Committee
RC&NC = Remuneration & Normination Committee
Risk = Risk Management Committee
ESG = ESG Committee
⊙ = Chairman
○ = Director

Executives Remuneration

Remuneration of the executives will be considered based on performance of each person and the Company's operation result as well as the performance according to the pre-determined goal of each business unit. Besides, the Company shall explore and compare its remuneration to the leading companies which are in the same industry to obtain sufficient information for its remuneration determination. In 2019, the Company paid remunerations to 5 executives of the Company and its subsidiaries as follows:

Items	Million Baht
Salary	12.44
Assigned company vehicles	2.86
Bonus	2.66
Provident Fund	0.78
Telephone expenses	0.30
Social Security	0.04
Others	2.93
Total	**22.01**

Shares holding of the Board of Director and executives

	Name	No. of Shares			
		December 31, 2018	During the year Trading the shares		December 31, 2019
			Buy	Sell	
1	Mr. Satit Chanjavanakul	-	-	-	-
	Spouse and Underage Children	-	-	-	-
2	Dr. Somchai Thaisa-nguanvorakul	12,060,522	1,982,800	-	14,043,322
	SNC Holding Company Limited	91,000,100	-	-	91,000,100
	Spouse and Underage Children	1,698,300	-	-	1,698,300
3	Mr. Somboon Gurdlin	7,949	-	-	7,949
	Spouse and Underage Children	-	-	-	-
4	Mr. Suchat Boonbanjerdsri	517,000	-	-	517,000
	Spouse and Underage Children	-	-	-	-
5	Mrs. Chanisa Chutipat	-	-	-	-
	Spouse and Underage Children				
6	Mr. Chaisak Ankasuwan	-	-	-	-
	Spouse and Underage Children				
7	Mr. Wisan Wuttisaksin	-	-	-	-
	Spouse and Underage Children				
8	Pol.Lt. Maj. Nopsak Poovatanasedj	-	-	-	-
	Spouse and Underage Children				
9	Ms.Sineenart Thaisa-nguanvorakul	6,945,400	1,428,300	-	8,373,700
	Spouse and Underage Children	-	-	-	-
10	Mr.Surapol Yamkaseam	172,910	-	100,000	172,910
	Spouse and Underage Children	-	-	-	-
11	Mr.Rattapoom Nuntapatawee	24,422	-	-	24,422
	Spouse and Underage Children	-	-	-	-

8.5 Personnel

Number of staffs

As at December 31, 2019, the staffs of the Company and subsidiaries can be classified by each department as follows:

Main Department	No. of staffs
Automobile air conditioner parts production	462
Cooling parts production	765
OEM for cooling machines	441
Other business lines production	12
Quality Control	49
Marketing	9
Human Resource	22
Information Technology	20
Research, development and maintenance	56
Purchasing and logistic	36
Accounting and Finance	33
Warehouse	95
Others	53
Total	2,053

Employee Compensation

The Company considers the employee as its family member who deserves care without discrimination. The Company therefore has policy toward fair compensation and good welfare for its employees as well as maintenance of good and safe working environment. Also, the Company has appointed the Welfare Committee in accordance with the regulation issued by the Ministry of Labour; constituting of employer and employees and to be specifically in charge of employee welfare. This can create the motive for them to loyally work for the Company in order to establish sustainable growth and mutual benefit for the Company and the employee. This policy also applies to subsidiaries and affiliates.

Staff Remuneration

The expenses related to staffs of the Company and its subsidiaries are as follows:

Details	Unit : Million Baht			%
	2019	2018	Increase (decreased)	
Salary	476.58	445.74	30.84	7%
Overtime	109.14	115.98	(6.84)	-6%
Welfare	81.46	71.66	9.80	14%
Bonus	89.28	86.39	2.89	3%
Provident fund	9.76	14.26	(4.50)	-32%
Employee benefits	24.13	6.27	17.86	285%
Compensation expense for employees	15.05	12.60	2.45	19%
Others	12.75	15.14	(2.41)	-16%
Total	818.15	768.04	50.11	-7%

Human Resource Development Policy

1. HR unit is responsible for new staff recruitment by announcing the position vacancy through various channels such as internet, notification at the society and communicate to all staffs. HR will convene the interview in order to get the staffs that possess qualifications according to the Job Description. After hiring new staff, HR will arrange for demonstration new staff before transporting to other units.
2. Apply Human Needs Theory of Maslow to be principal for human resource management in order to comply with various levels of the staffs which are officer level / low level management, middle level management and high level management.
3. Originate questionnaire for annual training requirement to allow staff to offer their preferred training course.
4. Operate QCC activities by indicating staff to join Action Plan activities at least 2 events per year in order to support team activities, to exchange idea and to employ benefit from this concept.
5. Daily Management & Policy Management by allowing all staff to be aware of their work target, work quality and accomplishment process by themselves, providing analysis system, reporting and evaluation as well as feedback information to workers.
6. Possess employee competency assessment SNC 9 Basic Need Skill Matrix which divided into 3 types: 1) Functional Competency 2) Core Competency 3) Work Permit. The Company will review the assessment once a year in order to issue work certification.
7. Provide employee evaluation system for remuneration and annual bonus consideration as well as arrange activities to support outstanding staff.

8. HRD unit has to assess training efficiency by evaluating both training and satisfaction of training course.
9. Develop staff to have multi skill and multifunction in order to increase staff capability to be ready for the change.
10. Develop future leader by developing leadership and adding new knowledge to strengthen management expertise and be prepared to be the leader for both existing and future businesses and offering internal and external training as well as providing fund for higher education.
11. Maintain staff who has good performance and high capability by preparing his career path such as work rotation, special assignment in order to provide opportunity for the staff to show his utmost competency.
12. The Company has established 4 Q policy which are

Quality of Product	Manufacture high quality products
Quality of Service	Provide high quality service
Quality of Environment	Focus on good environment
Quality of work life	Provide good work life

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors of SNC Former Public Company Limited confirms that the good corporate governance is the major factor to show the effective and transparent of the management system in order to build up the confidence and the assurance of the shareholders, investors, stakeholders and related parties and eventually bringing the success to the business, adding value and supporting the sustainable growth of the Company.

The Board of Directors has prepared code of conduct and business ethics so that the directors, executives and all employees realize and perform in relation to the good corporate governance as well as prepared good corporate governance manual which complied with the Principles of Good Corporate Governance for Listed Companies. The main ideas for the corporate governance are as follows:

1. Rights of Shareholders

The Board of Directors recognize the shareholders rights and avoid any actions that violate those rights including any action that can be considered in violation of the shareholders' rights to study the Company's information and attend the shareholders' meeting should be prohibited. Basic shareholder rights are rights to buy, sell or transfer shares, share in the profit of the Company, obtain relevant and adequate information on the Company in a timely manner and on a regular basis, participate and vote in the shareholders' meeting to elect of remove members of the board, appoint the external auditor and make decisions on any transactions that affect the company such as dividends payment, amendments to the company's articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Besides, each shareholder should be treated equally as defined in the Company's articles of association and related laws as follows:

1.1 Right to obtain information on the date, time, venue, and all agenda items with complete support data related to the matters required decision at the shareholders' meeting in advance for sufficient time and be on-time. The Company will also inform shareholders of the criteria and procedures governing the Company's shareholders meetings, process for attending the meeting, assigning a proxy, including the voting procedure. All information regarding shareholders meetings should be posted on the company's website before sending out the notice of the meetings so that shareholders can study all information prior to receiving the notice.

1.2 Right to attend the shareholders' meeting, express the opinions, ask questions, provide recommendations and participate in decision making for material changes. The Chairman of the meeting will allocate appropriate time and encourage the shareholders to express the opinions and ask questions related to the Company's operation. The Company encourages the shareholders to submit their questions, proposed agenda as well as nomination of any qualified candidates to be considered as the Company's Board of

Directors to the Company prior to the meeting. All directors will attend the shareholders' meeting to answer the shareholders in regard to the relevant matters.

2. Equitable Treatment of Shareholders

2.1 Shareholders' Meeting

The Board of Directors arranges the shareholders' meeting in the way that the shareholders are treated equally. The Company shall arrange for the shareholders' meeting at least once a year within 4 months after the fiscal year end. In case there is a special agenda that may affect or relate to shareholders' benefits or relate to any matters as stated by laws that required shareholders' resolution, the Company has to call for an extraordinary shareholders' meeting on a case by case basis.

2.1.1 Pre-shareholders' meeting

The Company shall provide equitable treatment to all shareholders by disclosing information in regard to shareholders' meeting both Thai and English on the Company's website, http://www.sncformer.com, 30 days prior to the meeting and submit such document to the shareholders more than 21 days prior to the meeting. Besides, the Company will announce in daily newspaper for 3 consecutive days before the meeting so that the shareholders can study in advance. Moreover, the Company will facilitate the shareholders to propose additional agenda and nominate qualified candidates to be appointed as the Board of Directors 3 months prior to the meeting. The Company has a pre-determined criteria for considering the additional agenda as proposed by the shareholders and determines procedure for the shareholders to nominate any candidates to be appointed as directors by proposed to the Nomination Committee with their qualifications and consents. Shareholders with management positions should not add any agenda items without notifying other shareholders in advance if not necessary, especially if it is an issue that will require shareholders to spend time to study relevant information before making their decisions. The Board of Directors also encourages the shareholders, who could not attend the meeting, to appoint their power of attorney to attend and vote for them. The Board of Directors will provide an option to shareholders by nominating independent director for their choice as their proxy and using the proxy form which the shareholders are able to specify their votes on each agenda.

2.1.2 Shareholders' meeting date

The Company will facilitate shareholders by providing staff to greet and assist each shareholder checking the document in order to attend the meeting. Also the Company will prepare stamp duty for shareholder who is the proxy grantor / holder. Before commence the meeting, the secretary of the meeting has to inform the quorum of the meeting, the vote count procedure. During the meeting, the Company will give the opportunity to all attendances for any inquiry or opinion expression and the Company shall completely and clearly answer to all questions. The Company shall convene the meeting by each agenda in order without any additional agenda that is not specified in the invitation letter for

shareholders' meeting. For the appointment of the Board of Directors agenda, the voting has to be for each director. The minutes of all meetings have to be recorded completely and accuracy, also the Company shall record the meeting in video tape and disclose on the Company's website.

2.1.3 Post Shareholders' meeting

The Company shall submit the resolution of the shareholders' meeting to the SET and disclose on the Company's website within 14 days after the shareholders' meeting

According to developing and improving the Shareholder Meeting as consecutively held, the Company is, in this year, ranked "excellent" from the evaluation of quality in holding Shareholder Meeting in the Project of Quality Evaluation of Shareholder General Meeting in 2019 as held by Thai Investors Association.

2.2 Conflict of Interest Policy

The Company has set the "Code of Conduct" for all staffs to perform accordingly and to ensure that they acknowledge its operation policy and shall not perform against the policy and benefit. All staffs have to disclose all conflict of interest transactions according to the code of conduct with regard to the conflict of interest as follows:

2.2.1 Director and staff shall avoid any actions that will conflict with the Company's interest, not only by contacting with the Company's trading parties such as partners, customers, competitors or exploiting any opportunity or information received as be the director or staff of the Company for own benefit and should avoid to be in the business that compete with the Company or do other work except for the Company's work which will affect own duty.

2.2.2 Director and staff shall avoid holding the shares of the Company's competitors in which it might affect the director and staff to act or not to act according to their duties or affect to the performance of their duties. In case the director and staff hold such shares prior to be the Company's director and staff

2.2.3 or before the Company entered into this business or inherited, such director and staff have to inform his supervisor according to his ranking.

3. Roles of Stakeholders

The Board of Directors set the policy to treat all stakeholders such as customer, employee, trading partner, shareholder, payable and society by realizing their legal rights or any conditions of the agreements. The Company shall not enter into any actions that be considered in violation of the stakeholders' rights in order to operate smoothly and build up the sustainable security and provide benefit fairly to all parties.

Policy for Shareholders Responsibility

1. Perform duties with honesty and at the maximum capacity and equally treat to all shareholders.
2. Regularly report to shareholders in relation to the Company's operation with complete and accurate information.

3. Report to the shareholders concerning the Company's prospects for both positive and negative aspects with sufficient rationale
4. Realize the importance of the basic shareholder rights which are:
   4.1 Right to buy, sell or transfer shares
   4.2 Right to share the profit of the Company
   4.3 Right to obtain relevant and adequate information of the Company
   4.4 Right to participate and vote in the shareholders' meeting to elect or remove members of the Board, appoint the external auditor, and make decisions on any transactions that materially affect the Company
   4.5 Right to be informed the criteria and procedures governing shareholders' meeting
   4.6 Right to express the opinion and ask question in the shareholders' meeting

Policy on Employee Treatment

1. Provide appropriate and fair remuneration and welfare

Transportation arrangement covering employees' residences	wedding allowance
on-site canteen offering clean food at reasonable price	maternity benefits
financial aid from elementary through college education for employees' children	financial aid in the event of death
scholarship at various levels for public institutions	welfare in the event of death of family member
provident fund which provide saving for employees	welfare for accommodation rental
annual health check up	welfare for joint fund between employer and staff
annual bonus	

2. Ensure and maintain working environment for life and asset safety of the employees.
3. Appoint, remove, reward or punish any employee by based on the appropriateness, knowledge and capability of such employee.
4. Consistently focus on staff development for knowledge, capability and skill and provide extensively opportunity for all staff.
5. Perform strictly according to the laws and regulations related to employee
6. Provide channel to staff to complain any matters that might be wrong action and set up the guideline to protect the staff or the informer of the wrong action

Policy on Customer Treatment

1. Deliver quality products per customer's request or higher than customer's expectation under the fair conditions.
2. Provide correct, sufficient and updated information related to the product and service to the customers so that they have sufficient information for decision making without misrepresentation of quality, quantity or any conditions of products and services.

3. Keep for all customers' confidential information and shall not illegally utilize such information for the interests of the Company or related parties.
4. Respond to customers' demand promptly and provide efficient system and channel for customer to complain about the quality of product and service.

Policy on Competitor Treatment

1. Encourage free and fair competition policy
2. Perform under the rules of fair competition.
3. Not unethically or inappropriately seek its partner's confidential information such as bribing the directors and staff of its competitors, etc.
4. Not destroy competitor's reputation by negative accusing

Policy on Trade Partner Treatment

1. Treat trade partner which recognized as its alliance and major success factor equally and consider for mutual benefit
2. Select trade partner transparently, systematically with standard as well as develop and maintain relationship sustainability with trade partner and contract partner
3. Trustworthiness with each other
4. Perform strictly under policy of partner treatment by selecting only standard partner and comparing price before order product and assess partner with international standard criteria

Policy on Creditor Treatment

1. Perform equitably and fairly to creditors and be based on fair benefit for both parties.
2. Perform according to the agreement or other conditions as agreed. If the Company could not meet any condition, the Company has to inform partner and/ or creditor in advance in order to find the solution together.
3. Under business negotiation, the Company shall avoid requesting, receiving or hiring for any dishonest benefits.
4. If there is any requesting, receiving or hiring for any dishonest benefits, the Company shall disclose to creditors and find out fair and rapid solution together.
5. Regularly report correct, complete and on-time financial statements to the creditors.

Policy on no violation of human rights of related parties

1 The Company shall not prevent or not offer privilege or treat unfairly to any person.

2 The Company shall not discriminate against any person because of his race, nationality, religion, gender, age, or education institution.

3 The Company considers right of employees with regard to body, asset and safety.

4 The Company provides freedom to employee to participate in politics under democracy.

Policy on no violation of intellectual property or copyright

1 The Company shall not violate intellectual property, patent and trademark of any person.

2 The Company's staff has duties to keep confidential of commercial information and business operating methodology of the Company, customers and partners.

3 The Company's staff has to employ computer for work not for other thing which is illegal, or against ethics, culture and tradition.

4 The Company's staff has to use legal software license and the Company do not allow for installation or utilization of illegal software license.

Corruption Policy

The improper giving of gift, asset or other benefit may cause supportive image or commitment which may affect the decision making in performing duty and the Company may loss its benefit eventually. Therefore, the Company does not allow such transaction. Thus, it has set up the policy of giving or accepting gift, asset or other benefit in its business ethics and be guideline to perform. In the previous year, the Company has operated various activities with regard to corruption as follows:

- No corruption transaction or morality violation
- No director resignation caused by the Company's corporate governance
- No negative reputation from failure of Board of Directors' duties in corporate governance

Policy for the Society and Community Responsibility

1. Be responsible for and assure that the environment and local tradition where the organization located shall be maintained.
2. Consistently arrange or participate in society, community and environment activities in order to improve the community and the quality of life by the Company's itself as well as cooperation with government and community.
3. Prevent accident and control waste at the lower level than the accepted standard.
4. Promptly and efficiently respond to the incident that affects the environment and community caused from the Company's operation providing full cooperation with government staff and related parties.
5. Encourage the Company's staff to have consciousness and responsibility for its society and environment under environment management (ISO 14001) as well as utilize resources efficiently.

4. Disclosure and Transparency

The Board of Directors shall ensure that all relevant information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently through the SET's channel and the Company's website. Such information will be consistently updated so that the investor and related party have sufficient and equal information for the decision.

The material information both financial and non-financial that have to be disclosed are as follows:

1. Annual statements (Form 56-1) and annual report
2. Corporate Governance policy and the result of the policy implementation
3. Policies on environmental and social issues and the implementation of such policies

4. A statement of the Board of Directors' responsibilities concerning the Company's financial reports presented alongside the auditor report of the Company's annual report
5. Disclosure of the roles and responsibilities of the Board of Directors and other committees, including the number of the meetings and attendances of each director
6. Disclosure of the remuneration of the Board of Directors and the executives

Besides, the Company has set up the Investor Relation unit to communicate and promote useful information to the shareholders, investors, analysts and general public through various channels including analyst meeting, conference call as well as answer questions through phone and the Company's website, etc.

On November 26, 2019 The company got The Best Investor Relations Awards on SET awards 2019.

In 2019, The company provided investor relations activities follows.

1. Opportunity Day

The company joined the Opportunity Day to report operating results to investors, analysts and the media In 2019 Opportunity Day were held 4 times.

No.	result	Date	Venue
1	Yearly 2018	February 12, 2019	Stock Exchange of Thailand
2	Quarter 1/2019	May 13, 2019	Stock Exchange of Thailand
3	Quarter 2/2019	August 6, 2019	Stock Exchange of Thailand
4	Quarter 3/2019	November 6, 2019	Stock Exchange of Thailand

2. Analyst Meeting

The analyst meeting is held for providing the opportunity for analyst to interview and discuss with management. In 2019, the analyst meetings were held as followings

No.	result	Date	Venue
1	Yearly 2018	March 22, 2019	S15 Hotel

3. **Site visit**

The site visit is held for providing the opportunity for investors to visit the company's operation and create relationship together. In 2019, the site visits were held as followings

No.	Date	Plant
1	February 16, 2019	Samutprakarn plant

5. Responsibilities of the Board of Directors

The Board of Directors plays an important role in corporate governance for the best interest of the company. The Board of Directors possesses leadership, vision, and independence in making decisions for the best interest of the company and all shareholders. The Board clearly separates its roles and responsibilities from those of management and monitors the Company's operations to ensure all activities are conducted in accordance with relevant laws and ethical standards. The Board of Directors also independently participates with the management in setting the Company's vision in order to determine the short-term and long-term plan, financial policy, risk management including the overall appearance. Besides, the Board governs the management to operate the Company effectively and efficiently in relation to the business plan such as establishment of the internal control system, performance assessment of the Company's group, etc. by considering the utmost benefit for its shareholders. The Board continuously has meeting to discuss the business direction and be the originator to support major actions such as human resources development policy, environmental development policy and culture of innovation establishment. The Board also realizes the importance of the attending the useful seminars including exchanging ideas with the management from other organizations in order to bring the knowledge to improve the Company's group. The Company shall inform general information to the directors who be appointed in the first time and be responsible for expenses for the directors who attend any useful seminar to improve their performance as the directors.

All directors are qualified person with competency and established experience from different areas. The Board of Directors is in charge with the duty to determine the Company's vision and mission and to give approval on business operation direction, policy, strategies and goal for the management as a scope for developing business plan, supporting plan and annual budgetary. KPI is used for monitoring its operation. In 2019, the Board took part in revising and approving vision, mission and strategies to ensure harmonized operation.

The Board monitors the implementation of strategies and operation results of the management and requires progress report of operation and results to be presented on monthly basis in the management meeting.

Corporate Governance Policy and Business Ethics

The Board of Directors has set the written corporate governance policy and business ethics, therefore, directors, executives and all staff shall realize the ethics standard which the Company using to operate the business. Besides, the Board of Directors shall constantly review the policy and performance according to the policy at least once a year as well as monitor the operation to operate according to the policy.

The Company has set the operation frame for corporate governance and business ethics for various aspects as follows:

1. The Company's directors, executives and all staff have to confidently and faithfully operate business in accordance with the Company's corporate governance policy and business ethics.
2. The Company's directors, executives and all staff shall convey the corporate governance policy and business ethics to operate and manage business at all levels.

3. The Company's directors, executives and all staff shall adhere to the fairness and equal treatment to all stakeholders and perform for the benefit of the Company at the utmost capability with loyalty, transparently and be able to examined.

The Company is aware that having a good policy without strict implementation is not good for the organization; therefore, the Company promotes the good corporate governance, as follows:

- Provide training on good corporate governance;
- The President takes part in disseminating the good corporate governance by being invited as expert to convey the policies of and experiences in good corporate governance in a variety of occasions.

Leadership, Vision and Mission

The Board of Directors supervises for the establishment of vision, mission, target, policy, direction, long-term strategy, plan, budget and the corporate governance policy. The Board of directors assigns the executives to propose and the Board of Directors shall express the opinion and discuss with executives to get the same opinion before approval consideration. The Board of Directors appoints the Chairman of the Executive Committee and Managing Director to be responsible for its strategy development and to implement such strategy. The Board of Directors also considers and clearly determines scopes, duties and responsibilities among the Board of Directors, subcommittees and the management.

Policy of its director to be director of other listed company

The Board of Directors has opinion that to ensure that the director can devote his time to govern the Company efficietnly, such director should not be director of more than 3 listed companies and has to disclose details of appointment of each director in annual statement (Form 56-1) to notify shareholders. Such details can be able to see in SET website (www.set.or.th). At present, there is 1 director who are directors of other listed companies more than 3 companies. However, such appointment has no affect to their duties as the Company's directors. Policy of its director to be director of other company

To ensure the performance efficiency as the Company's director, the Board of Directors has set policy that its director can be director of other company not more than 5 companies and has to disclose details of appointment of each director in annual statement (Form 56-1) to notify shareholders. Such details can be able to see in SET website (www.set.or.th). At present, there are 4 directors who are directors of other companies more than 5 companies. However, such appointment has no affect to their duties as the Company's directors. There are 2 directors who are the directors of the Company's subsidiaries

Policy of its managing director to be director of other company

The Board of Directors has set the policy of its managing director to be director of other company which the managing director has to inform the Executive Committee for an approval prior to be director of other

company and such company has not been operated in the same business as the Company or competed with the Company.

Board of Directors' structure

1. In order to balance operation power, the Company has separated position of Chairman of the Board of Director and Chairman of Executive Committee which such positions will not to be the same person. The Company's Chairman of the Board of Directors is an independent director and has no relationship with management.
2. The members of the Company's Board of Directors consisted of 8 persons, comprised of 2 executive directors, 6 non-executives director and 6 of them are independent directors according to the Company's Articles of Association which indicated that the Company shall maintain at least 5 directors at all time and the good corporate governance of which at least 1/2 of the entire Board of Directors have to be the independent directors.
3. The Company has clearly set term of service of directors to be in line with the principles of good corporate governance for listed companies and regulations of the SET as follows:

   At every Annual General Meeting, one third of the directors who serving longest term shall retire from the office. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors who retire from the position may be re-elected from the shareholders' meeting. Term of service of each director is 3 years. In case any vacancy occurs for any reasons except for retirement as a result of the expiration of the director's term of service, the Board of Directors shall elect a person who possesses qualification and does not prohibit by law to be director and new director's term of service will be for the remaining term of service of such retired director. Such appointment has to be approved by the Board of Directors with the vote not less three quarters of the number of remaining directors.
4. The Company clearly determines the qualifications of the Audit Committee
5. The Board of Directors limits the number of years to be appointed as independent director for not more than 6 years. Currently, there are six independent directors who hold more than one year are, however, an independent director for a long time. No impact on independence and the performance.

Sub-Committee

1. Besides the Audit committee which is required by the regulations of the SET, the Company has arranged sub- committee for good corporate governance which are

   Audit Committee

   Audit Committee is responsible for correctness, accuracy and reliability of the Company's financial statements, sufficiency of internal control system, performance in accordance with the laws

governing Securities and Exchange or laws concerning the business of the Company and providing opinion of the appropriateness of auditor and conflict of interest transaction.

Risk Management Committee

Risk Management Committee is responsible for determining strategy, controlling, supervising, monitoring and evaluating the risk management and also preparing warning system for all types of risk management to be at acceptable level and in accordance with the Company's risk management policy.

Remuneration and Nomination Committee

Remuneration Committee is responsible for setting the criteria independently and fairly for the appropriate and necessary remuneration, both financial and non-financial for the Board of Directors, Committees, Executive Committee and the management of the Company for each year. Is responsible for selection the candidates who will be appointed as the Board of Directors and the Company's management including arranging procedure those shareholders can participate in director selection and appointment and then presents the candidate to the Board. The Board will present to the shareholders' meeting for appointment.

ESG Committee

ESG Committee are responsible for monitoring and supervising the Company's business operation to be in accordance with corporate governance and corporate social and environment responsibility.

Executive Committee

Executive Committee is responsible for monitoring and supervising the Company to perform in accordance with its strategy and business trend as well as build up the same working system of the Company and its subsidiaries.

2. The majority of the committee members are the independent directors for the transparency and independently operation
3. The Chairman of the Board of Directors and the Chairman of the Executive Committee are not the Chairman or member of any committee for independent operation of each committee.
4. In order to ensure the performance of subcommittee to be efficient and achievable of its duties and responsibilities as assigned by the Board of Directors, the subcommittee should have meeting at least twice a year to consider, consult and manage any aspects to accomplish its own responsibility.

Scopes and duties of the Board of Directors and the Management

The Board of Directors has clearly divided duties and responsibilities between the Board of Directors and the management. The Board also regulates that the Chairman of the Board of Directors and the Chairman of the Executive Committee have to be difference person and the scope, authorities and duties have to be separated clearly in order to balance between management and good corporate governance.

Development of directors and executives

The Board of Directors supports the training and knowledge providing to persons who related to the corporate governance system of the Company such as directors, audit committee, executives, the secretary of the Board of Directors, internal audit unit, SET contact person and the secretary of the Company, etc. in order to consistently improve the efficiency of performance and the work.

Currently, there are 7 of 8 directors attending training in the course in relation to the roles and functions of directors.

Orientation of new director

The Board of Directors has determined that all new directors have to attend the orientation in order to understand business as well as operation of the Company to be ready to perform duty as its director. Besides, the Company has policy to strengthen knowledge and new view points of all directors for corporate governance, industry condition, technology, new innovation in order to support their performance to be directors promptly and efficiently.

In 2019, no new director.

Board Meetings

1. The Board of Directors shall set its meeting schedule in advance each year, the meeting must be held not less than six times. In 2019, the Board of Directors meeting were held for 6 times and notified the directors in advance so that each member of the board can manage time to attend the meetings. In case of critical issue, the Company may call for an additional meeting.

   The Company determines the Schedule of 2020 Board of Directors Meeting in advance, as follows:

No. 1 on January11, 2020	No. 4 on May 7, 2020
No. 2 on February 17, 2020	No. 5 on August 3, 2020
No. 3 on March 27, 2020	No.6 on November 1, 2020

2. The minimum quorum of the committee to vote at the meeting. Must be present for at least 2 out of 3 of its members.
3. The Chairman of the Board and the Chairman of the Executive Committee should set the Board meeting agenda together and ensure that all important issues are already included. Each member of the Board should be free to propose an issue for a meeting agenda.
4. Meeting documents should be sent to each director in advance at least 7 day of the meeting date. The document should be concise, with all relevant information. Any confidential issues should be brought to discuss during the meeting.

5. The Chairman of the Board should appropriately allocate the meeting time for complete management's presentation and comprehensive directors' discussion. The Chairman should encourage careful consideration in the meeting.
6. The Board should have access to additional information, under a prearranged condition, via the managing director, the company secretary or the executive designated as a contact person.
7. Non-executive directors should be able to meet, as necessary, among themselves without management team in order for them to debate their concerns. The meeting outcome should be notified to the Managing

In addition, the Non-Executive Committee meeting will be held annually, without executive directors. They can discuss any interested topics independently from the executive directors. The meeting was held on 7 January 2019.

No.	Name		Position	Meeting year 2019				
				Board of Directors	Audit Committee	Remuneration and Nomination Committee	Risk Management Committee	ESG Committee
1	Mr. Satit	Chanjavanakul	Chairman of the Board of Directors	6/6	-	-	-	-
2	Dr. Somchai	Thaisa-nguanvorakul	Chairman of Executive Committee	6/6	-	-	-	-
3	Mr. Chaisak	Ankasuwan	Independent Director	5/6	4/4	2/2	-	-
4	Mr. Wisan	Wuttisaksin	Independent Director	6/6	-	2/2	-	-
5	Mr. Suchat	Boonbanjerdsri	Independent Director	5/6	3/4	-	-	-
6	Mrs. Chanisa	Chutipat	Independent Director	6/6	4/4	-	-	-
7	Pol.Gen Lt. Nopsak	Poovatanasedj	Independent Director	6/6	-	2/2	-	-
8	Mr. Somboon	Gurdlin	Director	6/6	-	-	6/6	7/7
9	Mr. Samitt *	Palitagram	Director	3/6	-	-	-	-

*resigned effective April 30,2019

Board Self –Assessment

The Committee has managed to have self-assessment by the committees and also individual assessment and performance evaluation for CEO. The procedures for those assessments include the following:

1. Selection Committee and Remuneration Committee review the assessment form to ensure its completeness and compliance with the criteria and requirements.
2. The Committee evaluates performance on yearly basis.
3. The Secretary summarizes the assessment and reports to the Board.
4. The Committee causes to have improvement of working system to achieve more effectiveness.

Board of Directors Assessment

Board of Directors assessment aims to employ the assessment to improve the Board's performance. The assessment criteria are as follows:

4 = Excellent Operation

3 = Good Operation

2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The Board of Directors conducts the Board self assessment annually to discuss and consider the performance and problem for further improvement. The topics of the self assessment are clearly defined in order to be benchmark for performance comparing.

The Board Self-Assessment comprises of 6 topics which are structure and qualification of the Board, scope, duty and responsibility of the Board, the Board's meeting, the Board's duty, the relationship with the management and the development of the directors and executives.

The summary outcome of the overall Board Self-assessment of 6 topics was shown that most of the operations were excellent and proper.

Sub-Committee Assessment

The Board of Directors has set Sub-Committee Assessment annually in addition to the assessment of the entire Board of Directors. The assessment criteria in 2019 are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The summary outcome

- Audit Committee was shown that most of the operations were excellent and proper
- Remuneration and Nomination Committee was shown that most of the operations were excellent and proper
- Risk Management Committee was shown that most of the operations were excellent and proper
- ESG Committee was shown that most of the operations were excellent and proper

Individual Assessment

Besides, the Board of Directors has set the individual assessment annually in addition to the assessment of the entire Board of Directors. The assessment criteria in 2019 are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The result of the assessment in 2019, each director is qualified and has performed duties and responsibilities excellently and properly in accordance with director guideline.

Chairman of Executive Committee Assessment (CEO)

The Board of Directors will assess performance of Chairman of Executive Committee annually by comparing to target achievement at the Company level and capability at the individual level.

Risk Management

The Board of Director determines the risk management policy for the organization by assigning the management to implement and report to the Board of Directors regularly. The Board of Directors shall review the risk management system and assess the effectiveness of risk management at least twice a year and whenever there is a change in risk level and shall focus on early warning signs and unusual transactions.

In 2019, the Board of Directors analyzed and assessed the risk of each business unit with the related departments and set the measurement to manage/control the risk of each unit. Such risk management plan was brought to discuss in the meeting of the Board of Directors and the progress report of the performance according to the plan would be considered regularly. The details of the major risk and risk management are shown in section risk factors.

Policy on the Report of Director's Conflict of Interest

The director and top executive are required to report any conflict of interest whether due to personal interest or other related party's interest in the management of the Company or its subsidiary at the time he has taken his position for the first time and on quarterly basis. The Company's secretary shall submit copy of such report to the Chairman of the Board and Chairman of the Audit Committee within 7 days from the date the Company has receive such report. This regulation is in accordance with the provision of the Securities and Exchange Act B.E. 2535 and for the purpose of audit and prevention of conflict of interest.

9.2 Sub-committee

The Company has set up 5 sub-committees which are Audit Committee, Risk Management Committee, Remuneration and Nomination Committee, ESG Committee and Executive Committee and clearly set up the scope of duties and responsibilities of each committee.

9.2.1 Audit Committee

The members of the Company's Audit Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Suchat Boonbanjerdsri	Chairman of the Audit Committee	Independent Director with accounting and finance knowledge
2.	Mrs. Chanisa Chutipat	Audit Committee	Independent Director with accounting and finance knowledge
3.	Mr. Chaisak Ankasuwan	Audit Committee	Independent Director

Scope of duties and responsibilities of the Audit Committee

1. Ensure that the Company maintains accurate and sufficient financial statements.
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, determine the independence of the internal audit unit and approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of the internal audit.
3. Ensure that the Company performs in accordance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company.
4. Consider, select and nominate an independent person to be the Company's auditor and propose such person's remuneration, as well as attend a non-management meeting with an auditor at least once a year.
5. Consider the connected transactions, or the transactions that may lead to conflict of interest according to the notifications and regulation stipulated by the SET and ensure that such transaction is reasonableness and for the utmost benefit of the Company.
6. Prepare the report of the audit committee and disclose in the Company's annual report, such report has to be signed by the chairman of the audit committee and consisted of at least the following information:

   an opinion on the accuracy, completeness and creditability of the Company's financial report

   6.1 an opinion on the adequacy of the Company's internal control system

   6.2 an opinion on the compliance with the law governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company

   6.3 an opinion on the appropriateness of an auditor

   6.4 an opinion on the transactions that may lead to conflict of interest

   6.5 the number of the audit committee's meetings and the attendance of such meetings by each committee member

   6.6 an opinion or overview observation from the audit committee which perform in accordance with the charter

   6.7 other transactions that the shareholders and general investor should be known based on its scope of duties and responsibilities assigned by the Company's board of directors
7. Perform any matters as assigned by the Board of Directors with the approval from the Audit Committee

In 2019, there were meetings of audit committee with external auditor and accounting function for the quarterly review of the Company's financial statements and annual audit of the financial statement and were reported to the Board of directors subsequently.

9.2.2 Risk Management Committee

The members of the Company's Risk Management Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Somboon Gurdlin	Chairman of Risk Management Committee	Director

Scope of duties and responsibilities of the Risk Management Committee

1. Determine policy and operation guideline for all types of risk management of the Company.
2. Set up the risk management structure, determine risk management strategy and prepare warning system for all types of risk in order to manage the risk at the acceptable level and in accordance with the Company's risk management policy.
3. Control, supervise, monitor and evaluate the performance to review and develop the efficiency of risk system as well as analyze and evaluate risk factors both internal and external that might occur and the effect to the Company's business operation.
4. Perform any matters as assigned by the Board of Directors

9.2.3 Remuneration and Nomination Committee

The members of the Company's Remuneration and Nomination Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Chaisak Ankasuwan	Chairman of the Remuneration and Nomination Committee	Independent Director
2	Mr. Wisan Wuttisaksin	Remuneration and Nomination Committee	Independent Director
3	Pol.Gen.Lt. Nopsak Poovatanasedj	Remuneration and Nomination Committee	Independent Director

The term of office of the Remuneration and Nomination Committee is 3 years.

Scope of duties and responsibilities of Remuneration and Nomination Committee

1. Consider the remuneration scheme guideline in terms of financial remuneration and other remuneration for the Board of Directors and propose to the shareholders' meeting for an approval.
2. Consider the remuneration scheme guideline in terms of financial remuneration and other remuneration for other committee including Executive Committee and executives and propose to the Board of Directors for an approval.

3. Ensure that the system for appropriate remuneration payment for executive be put in place in order to motivate for both short-term and long-term.
4. Report directly to the Board of Directors and has responsibility to provide any explanation regarding the remuneration of the Board of Directors in the shareholders' meeting.
5. Report the remuneration scheme policy of the Board of Directors and disclose in the annual report.
6. Perform any matters as assigned by the Board of Directors.
7. Formulate selection criteria for qualified candidate to be the Board of Directors as well as select the qualified candidate, present to the Board of Directors for proposing to the shareholders' meeting for appointment further.
8. Formulate selection criteria for qualified candidate to be the executive as well as select the qualified candidate and propose to the Board of Directors for an approval.
9. Consider and determine knowledge and capability of director for nomination based on skill lacking of the member of Board of Director.

9.2.4 ESG Committee

The members of ESG Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Somboon Gurdlin	ESG Committee	Director

Scope of duties and responsibilities of ESG Committee

1. Propose policy related to corporate governance and corporate social and environment responsibility to the Board of Directors.
2. Monitor and supervise the Company's operation in accordance with the corporate governance of governing agencies such as the Stock Exchange of Thailand, Securities and Exchange Commission, etc. with social and environment responsibility.
3. Regularly consider and review policy related to corporate governance and corporate social and environment responsibility according to the international practice and related agencies.
4. Recommend supervision of Code of Conduct and Code of Best Practices of executives.
5. Support good corporate governance culture and be part of social and environment activities in order to sustain the development and make it understandable in all levels and has result from the operation.
6. Perform any matters as assigned by the Board of Directors.

9.2.5 Executive Committee

The members of the Company's Executive Committee are as follows

No.	Name	Position
1	Dr. Somchai Thaisa-nguanvorakul	Chairman of the Executive Committee
2	Mr. Somboon Gurdlin	Vice Chairman of the Executive Committee

Scope of duties and responsibilities of Executive Committee

Duties and responsibilities of Executive Committee

1. Provide advices and recommendations to the Chairman of the Executive Committee on major matters concerning corporate strategy, business direction, investment, budget, resources allocation for the Company and its subsidiaries and build up the same working system for all companies under the group.
2. Prioritize the decisions that have been made by the Board of Directors to ensure the effective implementation.
3. Carefully review the meeting agendas prior to presentation to the Board of Directors.
4. Approve any financial transactions in the amount of not more than Baht 300 million including any expenses occurring upon normal business operation, investment, capital expenditure or fixed assets, borrowing, lending, debenture issuance, cash management in form of depository, borrowing, procurement for foreign exchange and interest rate risk management, including providing any collateral to back the loans or credit.
5. Prioritize the human resources and financial resources allocation for the Company and its subsidiaries.
6. Monitor the performance of the Company and ensure that it has been in line with the approved business plan.
7. Establish business administration standard, human resource management, information management, and the organizational structure for the Company and its subsidiaries.
8. Clearly specify the human resources management policy.
9. Clearly specify the risk management policy.
10. Prohibit directors, executives and employees to engage in trading of the shares of the Company and its subsidiaries by using material information that has not yet been disclosed to the public for personal or other interest. Furthermore, according to the Company's code of ethics, directors, management and employees shall prevent from trading the shares of the Company and its subsidiaries one month prior to the public announcement of financial statements

Duties and responsibilities of the Chairman of the Executive Committee

The Chairman of the Executive Committee is responsible for managing the Company to be in line with the policy, target, budget and plan approved by the Board of Directors upon trustworthiness and due care basis and ensures that the interest of the Company and shareholders has been taken care properly. The duties and responsibilities of the Chairman of the Executive Committee include the followings matters:

1. Determine mission, objective, guideline and policy of the Company's group including administer overall operation, product and relationship with customers and report directly to the Board of Directors
2. Ensure the preparation and submission of business policy of the Company's group, including the business plan and budget, to the Board of Directors for approval, and report work progress according to the approved plan and budget to the Board of Directors every 3 months
3. Ensure the operation implementation in relation to the policy, plan, and budget approved by the Board

4. Be the authorized person to manage the Company's group according to its objectives, Articles of Association, policy, guideline, as well as the resolution adopted at the Board of Directors' meeting and/or the shareholders' meeting
5. Be the authorized person to order, contact, command, implement, and sign legal contracts, documents, orders, announcements, or any correspondence with government agencies, state enterprises, or other parties; and engage in any necessary and appropriate action that would facilitate the abovementioned duty
6. Assign power of attorney and/or delegate specific tasks to other persons, provided that such assignment and/or delegation comply with the power of attorney and/or rules, regulations, or directives of the Board and/or the Company

The Managing Director is assigned to be able to approve any expenses or any payment at the amount of not more than 100 million baht per time. Any expenses or payments at the amount of more than 100 million baht have to be approved by the Executive Committee. Besides, the Company's authorized directors are Dr. Somchai Thaisa-nguanvorakul jointly with Mr. Somboon Gurdlin, totaling 2 persons are authorized to sign on behalf of the Company with the Company's seal affixed.

The above authorities of the Chairman of the Executive Committee cannot be made if there is any conflict of interest resulting from the Chairman of the Executive Committee exercising of his authority.

9.3 Director and High-Level Executive Nomination

The Board of Directors has appointed Nomination Committee and Remuneration Committee to nominate, select and propose qualified person to be Chairman of the Board of Directors, Director, Sub-Committee, and Chairman of Executive Committee, High-Level Executive and Company Secretary as well as consider the appropriate remuneration in accordance with duties and responsibilities. With regard to director nomination, if there is a vacancy on the Board of Directors for any reason, the Nomination and Remuneration Committee will nominate qualified person and propose to the Board of Directors for an approval. In case of the appointment of new director or to replace director who is retired from office, the Nomination and Remuneration Committee will nominate qualified person and propose to the Board of Directors for consideration and propose to the shareholders' meeting for consideration further. Besides, the Company provides opportunity to shareholders to vote for each director appointment. The Board of Directors will propose director one by one for shareholders to vote, therefore, the shareholders can vote for their preferred director. With regard to Audit Committee nomination, the Nomination and Remuneration Committee shall nominate, select qualified person in accordance with qualifications of independent director as specified by the Board of Directors which in line with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) to be its independent director. Besides, the Board of Directors has appointed sub-committees to lessen Board of Directors' burden with regard to examination or consideration of important matters to the Company. Sub-committees comprise of Executive Committee, Audit Committee, Risk Management Committee, ESG Committee and Nomination and Remuneration Committee. The appointment to be member of sub-committee

has to pass the nomination and selection by the Nomination and Remuneration Committee and propose to the Board of Directors for consideration further.

To fill up vacant director position, the Committee needs to consider basic qualifications as follows:

1. Hold qualifications and do not have any prohibited characteristics provided in the law relating to public company limited and also show no characteristics that may not deserve confidence from the shareholders in performing his/her duty in managerial position as announced by the Securities and Exchange Commission.
2. Hold knowledge, skill, experiences and other required expertise deemed appropriate by the Committee.
3. Can fully devote him/herself to the Company's business especially for decision making on critical issue and always do any act for the best interest of the Company.

Competency sought by the Company is based on missing skills required by the Committee by using Skill Matrix. By selecting person to take the position of director, it is required to consider basic qualifications as follows:

4. Hold qualifications and do not have prohibited characteristics as provided in the law relating to public company limited.
5. Shall not present anything suggesting inappropriateness to get confidence from the shareholder in company management as per the announcement of the Securities and Exchange Commission.
6. Hold knowledge, skill, experience or others as deemed appropriate by the Board
7. Can fully devote oneself for the Company's business especially in making a significant decision and acting for the interest of the Company.
8. Knowledge and ability of the candidate is considered based on such necessary skills lack of by the existing Board by applying Skill Matrix and to be in line with the Company's business's strategies.

Policy on Board Diversity

The Board determines qualification of director candidate based on the principle of board diversity by seeking for certain skills lack of by the existing Board of Directors including professional, specialty and gender etc.

No.	Name	Board					Skill Matrix										
		BoD	AC	RC &NC	Risk	ESG	Business / Management	Direc the industry	Indirec the industry	Strategic planning	Law	BOI	Accounting	Finance - Investment management	Airport	Import -Export	MIS
1	Mr. Satit Chanjavanakul	⊙					✧		✧	✧		✧	✧	✧			
2	Dr. Somchai Thaisa-nguanvorakul	○					✧	✧		✧	✧		✧	✧			
3	Mr. Chaisak Ankasuwan	○	○	⊙			✧			✧					✧		
4	Mr. Wisan Wuttisaksin	○		○			✧		✧		✧					✧	
5	Pol.Gen.Maj. Nopsak Poovatanasedj	○	○				✧		✧	✧							
6	Mr. Suchat Boonbanjerdsri	○		○			✧		✧	✧			✧	✧			
7	Mrs. Chanisa Chutipat	○	⊙				✧		✧	✧			✧	✧			
8	Mr. Somboon Gurdlin	○			⊙	○	✧	✧		✧	✧						

⊙ = Chairman ○ = Director

BoD = Board of director
AC = Audit Committee
RC&NC = Remuneration & Nomination Committee
Risk = Risk Management Committee
ESG = ESG Committee

Succession Plan for High-Level Executive

The Company realizes the necessity and importance of the succession of high-level executive. If there is a vacancy of executive, the Company will appoint the Nomination and Remuneration Committee to nominate, select and propose qualified person to be director and high-level executive. The Company also prepares succession plan for high-level executive by selecting person to perform duty of such position and develop that person to be ready for that position in the future in order to ensure investor, shareholder and staff that the operation of the Company can be passing on promptly.

The Company has set forth the guideline for work continuation as follows:

1. CEO/Managing Director

When CEO/MD has been vacant or the person holding such position cannot perform his/her functions, the Company shall appoint the executive of similar or vice position to temporarily hold that position until completion of the selection and recruitment process to get qualified person to act in that position.

2. Executive committee

When executive position has been vacant or the person holding such position cannot perform his/her functions, the Company shall:

1. Evaluate its manpower adequacy to meet short and long term strategies.
2. Develop plan for personnel preparation through personnel development and selection plan.
3. Develop plan for selection and training in advance.

Select, evaluate work results and performance of individual employee for the purpose of promotion

9.4 Corporate Governance of subsidiaries and associates

Directors of subsidiaries and associates together with the management operate such entities. The person appointed to be director of subsidiary or associate has duties to perform for the utmost benefit of such subsidiary or associate (not for the Company)

In case of subsidiary, the person appointed by the Company has to supervise such subsidiary to have regulations with regard to connected transaction in accordance with the Company. Document fling and accounting record can be examined by the Company and be able to collect to prepare for consolidated financial statements in time.

9.5 Control of Inside Information

To monitor the exploiting the inside information, the Company has set the strict measurement especially for inside information which has not been published or information which will after the Company's business operation or share price. Details of the policy are as follows:

1. Directors and staff shall avoid using inside information or disclosing information for personal interest for trading the Company's shares.
2. Directors and management has to report the trading of the Company's shares to the secretary of the Company promptly in order to prepare shares holding report to SEC. Directors and management has to report the change of shares holding in the Board of Directors' meeting quarterly in order to prevent the shares trading using inside information and accusation of inappropriate shares trading by inside personnel.
3. Inside persons shall prevent the trading of the Company's shares one month prior to the disclosure of financial statements or the Company's status, including other material information and should wait at least 24 hours after the public disclosure to be able to trade the Company' shares.

Besides, the Company has set the penalty in the Company's regulation for any breaches in using the inside information for person interest ranging from warning to dismissing.

9.6 Audit Fee

1. Audit Fee of 2019

The Company and its subsidiaries, Associates, Jointly-controlled entity paid the audit fees the latest accounting period at the total amount of THB 4,554,000 comprising of:

1) Paid to KPMG Phoomchai Audit amount of THB 4,304,000

SNC Former Public Company Limited	830,000	Baht
<u>Direct subsidiaries</u>		
SNC Pyongsan Evolution Company Limited	380,000	Baht
SNC Cooling Supply Company Limited	430,000	Baht
Immortal Part Company Limited	490,000	Baht
Paradise Plastic Company Limited	240,000	Baht

SNC Creativity Anthology Company Limited	500,000	Baht
SSM Automation Company Limited	338,000	Baht
SNC Fukui Holy Insulation Company Limited	50,000	Baht
SNC Atlantic Heat Pump Company Limited	290,000	Bah
Meisou SNC Precision Company Limited	228,000	Baht
Odin Power Company Limited	70,000	Baht
Yala Fahsaard Company Limited	50,000	Baht
Odin Myanmar Company Limited	50,000	Baht
Indirect subsidiaries		
Ultimate Part Company Limited	80,000	Baht
Infinity Company Limited	278,000	Baht

2) Paid to EY audit of THB 250,000

Associates

SNC Atlantic Water Heater Asia Company Limited	250,000	Baht

2. Non-Audit Fee

The Company and its subsidiaries have not received any other services from the office of the auditor or person or entity that related the auditor and the office of the auditor* during the latest accounting period.

* Person or entity that related to the auditor and the office of the auditor includes:

1. Spouse and children under support of the auditor
2. Juristic person that has control over the office of auditor, juristic person that is under control of the office of auditor and juristic person that is under the same control of the office of auditor both direct and indirect control
3. Juristic person that is significantly controlled by the office of auditor
4. Partner or equivalent of the office of auditor
5. Spouse and children under support of person in (4)
6. Juristic person that the auditor, person in (1), (4) or (5) has significant control power over both direct and indirect control

10. Anti-corruption

SNC Former Public Company Limited (the "Company") is committed to carrying out its business with integrity, transparency and in accordance with corporate governance. The Company shall not tolerate bribery and corruption in any form and realizes that corruption and bribery is serious threat to fair competition and may result in damage to economic and social development.

The Company has ratified and signed in the Declaration of the Thai Private Sector Collective Action Coalition against Corruption on 30 May 2015 and has been approved by Private Sector Collective Action Coalition Against Corruption Council: CAC for its standpoint against corruption on 16 October 2015.

On October 11, 2018, the company was certified for renewal of certification. Thai Private Sector Collective Action Program In anti-corruption by Miss. Sineenat Thai-sanguanvorakul on behalf of the company attending the event to receive the certificate of renewal of the project certification at Dusit Bangkok Hotel.

Approve policy, regulation and guideline for anti-corruption

Objective

1. To communicate the Company's standpoint against corruption and bribery in whatever form.
2. To determine regulation and guideline for preventing the Company from violating anti-corruption and bribery law
3. To determine procedures for auditing and monitoring to ensure that the directors, management and staff are following this policy.
4. To encourage the directors, management and staff to monitor and report any suspicious act of bribery or corruption via safe channel

Scope

1. This policy applies to all directors, management and staffs.
2. The Company expects business agent and intermediate (if any) related to or acting on behalf of the Company to observe this policy.

Definition Any message or phrase used in this policy shall carry following definition:

1. Corruption means abuse of power in one's capacity to gain personal benefit and shall also include offering or taking bribe.
2. Offering or taking bribe means the offer, promise, giving, receiving or demanding for benefit as incentive for any person to do any unlawful or immoral thing or anything ruining trust or to induce such person to do or not to do any act in his/her capacity whether lawfully or unlawfully.
3. Unlawful payments whatever called shall be considered a form of bribery.
4. Corruption and bribery may be done in many forms including:
    1. Political contributions
    2. Charitable contributions and sponsorships
    3. Facilitation payments
    4. Gifts and hospitality

Duty and Responsibility

1. The Company's Board of Directors is responsible for approving anti-corruption policy
2. The Audit Committee is responsible for auditing appropriateness of such policy and related measures.
3. The management is to ensure that they and their subordinates have recognized and understood this policy through training on regular basis.
4. Staff as well as the management and directors have to carry out their function in accordance with this policy and any question or violation thereof should be referred to their supervisor or reported via the channel provided.

Policy and Guideline contain following items:

1. General provision
2. Political activity support
3. Charitable donation and sponsorship
4. Facilitation payments, bribery and all other illegal payments
5. Gifts and hospitality
6. Business related party
7. Risk assessment
8. Control
9. Procurement
10. Trading, investment
11. Borrowing and lending money
12. Finance and Accounting
13. Data Storage and Maintenance
14. Human resource
15. Training and communication
16. Complaint on corruption
17. Channel for taking complaint on corruption
18. Preventive measures and confidentiality
19. Investigation procedures
20. Policy violation and penalty
21. Related policy
22. Following up and audit

Principle and Procedure for Corruption Risk Assessment

1. Risk assessment is the basis for standard measures against corruption that all directors, executives and

   staff should be familiar with as to how business operation is exposed to the risk of corruption and bribery in order to properly eradicate such risk.
2. The management has to assess risk of corruption and bribery on regular basis (at least once a year) and also to review existing measures for risk management whether they are adequate for control the risk at acceptable level or n

Anti-corruption activity 2019

1. Middle management and top management gave a promise of Anti-corruption.

Commitment

We, SNC staff would hereby like to give a promise that:

1. We shall observe the Company's regulations, laws, code of conduct and good traditions.
2. We shall actively fight against and prevent drug and corruption in our company for better quality of life for all.

2. Rubber stamp logo stamp on anti-corruption for PO to order all copies.

3. Logo anti-corruption The staff on the right sleeve

4. reciting pledge anti-corruption Front row Monday morning

5. Install anti-corruption policy Advocates Forum. Employees know

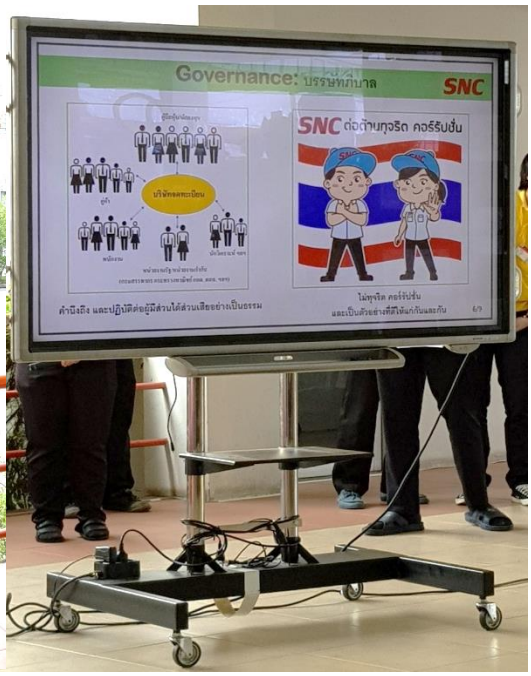
6. Orientation for new employees every time the anti-corruption policy.

7. Stickers anti-corruption in the meeting room.

8. Training and testing of knowledge and understanding. About Anti-Corruption Policy Employees at manager level, supervisor level To communicate, to educate and apply to subordinates in their own departments.

9. Send a company representative Join the Anti-Corruption Day, 2019, at Bitec Bangna Bangkok.

10. There is an exhibition board to educate. And let employees play games. Answer questions In Week Against Corruption



11. There is a campaign. To communicate anti-corruption guidelines Corruption for employees in the organization to know in SNC Sport Day 2019

11. Notify data communication to customers Business partners and stakeholders regarding the company's policy "No gift policy"

Channel for whistle blowing or complaint notification

To allow the shareholders and stakeholders to share their view and to make any complaint directly to the Board of Directors if they may be treated unfairly or suffer any act done by the Company. In addition, all employees are responsible for reporting to their manager any incident or practice suspicious of illegality or violation of the Company's good corporate governance. The Company provides channels for complaint notification for employees as follows:

1. Via an email of Chairman of the Board of Directors, satit.ck@gmail.com) or
2. Via an email of Chairman of the Executive Committee, somchai@sncformer.com or
3. Via an email of Chairman of the Audit Committee, bsuchat@yahoo.com or
4. Via the Company's website at http://www.sncformer.com (Complaint Notification) or
5. Via the phone at 02-108-0360-66 (Public Relations/Company Secretary)
6. Via the Red complaint notification box (located at the headquarters building)

The Company also allows the third person and the general public to lodge their complaint when they have encountered with director's, executive's or employee's practice which is not appropriate or in violation to the Company's code of conduct to the Audit Committee. The Company is committed to entertaining all complaints in fair and transparent manner with care and impartiality to all related parties. The complaint will be processed in timely fashion under confidentiality practice while whistleblower shall be properly protected. Email may be sent to the Chairman of the Audit Committee at bsuchat@yahoo.com

In 2019, there was none of complaint from stakeholders with respect to violation of good corporate governance, rules and regulations or legal requirements.

การพัฒนาเพื่อความยั่งยืนของกิจการ

SNC 2018-2020 Changing for Sustainability

SNC FORMER PUBLIC COMPANY LIMITED GROUP has committed to develop human resources for creating innovation by focus on self esteem and organization. Joining with stakeholders considerably take into the impact on community and environment in order to sustainability goals. Business operating has been under the principles of good corporate governance.

Awards and recognitions

SET Sustainability Awards 2019

On 26 November 2019, Dr. Somchai Thaisa-nguanvorakul, Chairman of the Executive Committee, act as a company's representative to accept an Highly Commended SET Sustainability Awards 2018, from the Stock Exchange of Thailand.

Thailand Sustainability Investment (THSI) 2019

Mr. Sasin Leenawat as a company's representative accepted the Thailand Sustainability Investment (THSI) 2019 from the Stock Exchange of Thailand on 26 November 2019.

SET Awards 2019

On 26 November 2019, Mr. Rattapoom Nuntapatawee and Miss Sineenart Thaisanguanvorakul act as a company's representatives to accept an Outstanding Investor Relations Awards 2018 from the Stock Exchange of Thailand.

Sustainability's Operational Approach

Philisophy on Sustainability Operations SNC – 3Cs

To crate the sustainable business operation, company has to engage both internal and external stakeholders with its business priciples:

CG： Act under good Coperate Governance

CSR：Committed to responsibility for all related sectors throughout every processes

Care：Operating business with concerns on environment and ecosystem

Sustainability Strategies

Business Operation

Create innovative changes to strengthen business operations with stakeholder engagement.

Environment and Society

Operate business by emphasizing on human development to be adaptable for changes. Creating value together with society and being environmentally friendly.

Corporate Governance

Determine to create value for self, company and society under good corporate governance.

Core Business Operations

- CSR activities
- Good cooperate governance acts
- Certified Member of Private Sector Collective Action Coalition Against Corruption (CAC)

- Adapt an ESG guideline with business operations
- Guidelines for human resource development
- Focus on improving internal process

- Human resource knowledge development
- Create innovative products
- Embedded QCDS norms

- Human resource skills development
- Research and development together with customer
- Environment management
- Recertified the membership of Private Sector Collective Action Coalition Against Corruption (CAC)

- Development 9K9S
- ARAI Technology
- Environment Friendly Product development with Customer
- A Grade Quality
- Environmentally friendly production line

Environmental Guidelines Operation

1. Disclosure of Environmental Information

Quantitative target specification, data collection. Report according to international

2. Environmental Management

Define the environmental performance as KPI organization, in order to reflect the importance of intentionally management.

3. Using Resources Efficiently

Provide knowledge of efficiently using resources, reduce energy consumption, encourage in using alternative energy, tracking performance to compare with the

4. Participation in Community

PROACTIVELY ANALYZE PROBLEMS, COMMUNITY NEEDS, DETERMINE SOLUTION,

5. Biodiversity

Publish knowledge to stakeholders about protecting and rehabilitation environment.

Social Operation Guidelines

1. To develop the employees potential

Encourage employee to have knowledge and capability relate to their work. Remuneration is based on performance evaluation.

2. Customers relationship management

Focusing on customer satisfaction assessment and updated report

3. Supply chain management

There is a risk management that covers supply chain.

4. Business innovation

Encourage incurring innovation by optimizing efficiency and effectiveness to the company and stakeholders, disclosure information.

5. Stakeholders participation

Encourage employee leaders to play a key role in driving the sustainable working and tracking performance

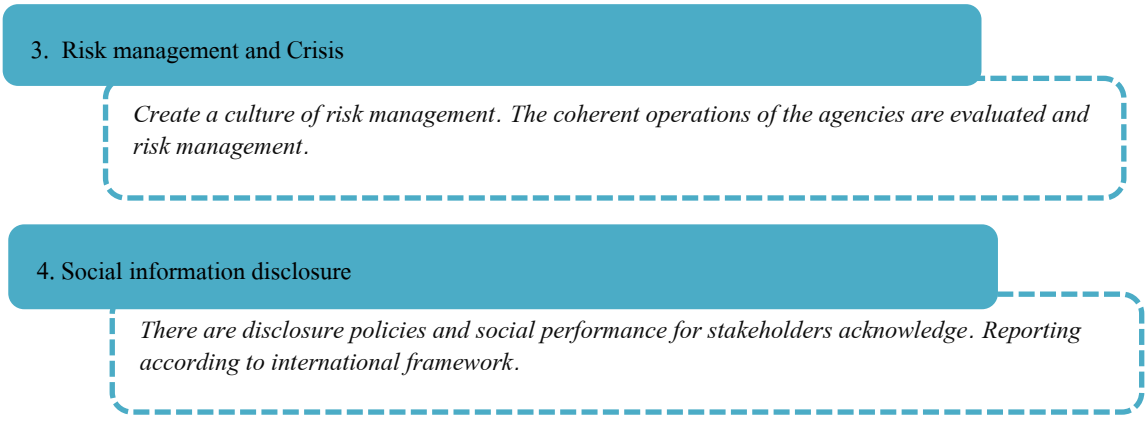
Corporate Governance Guidelines

1. Business ethics and anti-corruption

Encourage training on ethics and anti-corruption with performance tracking.

2. To treat workers fairly and respect human rights

Setting a fair procurement policy, human right policy, everyone is equal include human rights respectation in the supply chain.



Stakeholders Participation Operation Guidelines

Stakeholders are very important to the sustainability of the company in order to run business with stakeholders supportively thus it has regulated how to participate with stakeholders and consider main points as following;

Stakeholder	Participation Chanel	Expectation	Operation Guideline
Social Community	-Listen to comments and complaints -Participation with the community as company planning.	-The business does not affect the quality of life of the community, environment and social -Encourage community activities	-Carry on projects for community, provide career support, education and other opportunities - Monitoring environmental quality
Employee	-Supervisors have front row meetings (morning talk) with staff every Monday morning or first day of the week in case of long week end. -All activities -Company	-Good remuneration -Having career advancement, knowledge and skill developed in accordance with professional growth in the career. -Good quality of working life	-Pay the right remuneration and welfare -Promote the growth of working line in consistent with the knowledge and skill of the employees. -Allows employees to be involved in welfare management and quality of working life such joining the welfare committee, committee on occupational health and security.
Shareholders Investors	-Annual general conference -Annual report Investor's activities quarterly management meetings	-Good continuously return on investment. -Good cooperate governance	Treat shareholders according to the business ethics policy including respect for the rights of shareholders to obtain truly and necessary information in accordance with the Securities Exchange of Thailand and the Office

	Road show participation	-Disclosure sufficient information for investors making decision	of the Securities and Exchange Commission rule.
Customers	-Communication according to planning -Customers meeting each week/month -Customer's visit on various occasions. -Customers satisfaction survey	-Quality products and on time delivery at reasonable prices	Continuously develop products and services to meet various demands as well as doing business on the principle of trust and compassionately.
Business Partners	-Communication via electronic mail and telephone -Meeting with business partners according to company planning	-Fairly selection and disclose. -Terms of payment are acceptable	Focusing on "business partners" as alliance fairly and equally treat to build trust and development, maintain good mutual relationship as following; -Take into consideration the mutual benefits -Create opportunities to exchange knowledge, experience and expertise. -Participate and support creative activities of business partners continuously
Business competitor	Business operation	Acting under the rules of good competition.	-Promote free and fair trade policies -Do not seek confidential data of business competitor dishonestly or inappropriate way such pay for committee and employees of competitors. -Do not discredit business competitors by the accusation.
Government agencies	-Submit reports to government agencies -Participate in activities and government projects	Compliance with relevant law	-Law abiding and strictly operation report. -Pay taxes and other expenses according to the rules and government regulations.
Mass media	Investor's activities quarterly meet with management -Company visit -Being interviewed by all medias	Disclosure information and news truly, accurately and fast.	Treat all media fairly and equally.

การพิจารณาประเด็นที่สำคัญ

From business operations in the year 2019 through the Board of Directors Have considered important issues That affects the interested parties Including issues that interested persons are interested in the operation of corporate social responsibility of the company In order to set a goal in response to important issues in 2019

ผู้มีส่วนได้ส่วนเสีย	ข้อ	ประเด็นที่ผู้มีส่วนได้ส่วนเสียสนใจและมีผลกระทบต่อความยั่งยืนของบริษัท	หมวด	ผลกระทบต่อความคาดหวังของผู้มีส่วนได้	ผลกระทบต่อองค์กร
พนักงาน	1.1	ทักษะของพนักงานเพื่อรองรับการเปลี่ยนแปลง	S	H	H
พนักงาน	1.3	คุณภาพชีวิตในการทำงาน	S	H	H
ลูกค้า	2.1	คุณภาพสินค้าและราคาที่แข่งขันได้	EC	H	H
คู่ค้า	2.3	การปฏิบัติตามจรรยาบรรณของคู่ค้า	G	H	H
คู่แข่ง	2.6	การเปลี่ยนแปลงทางเทคโนโลยีเพื่อการแข่งขัน	EC	H	H
ลูกค้า , ชุมชน	9.1	การเปลี่ยนแปลงทางภูมิอากาศ	E	H	H
ชุมชน	9.2	การใช้พลังงานและทรัพยากร	E	H	H

Environment Responsibility

The Company has realized role and responsibilities towards the environment. The following guidelines are applied;

- Responsible and committed to environmental protection as well as local traditions where the organization is located.
- Acting contributing to society and the environment regularly in order to develop quality life of community both by company's conducting or cooperate with government and community
- Prevent accident and control the emission of waste under acceptable standards.
- Immediately and efficiently response to environment impact circumstance and community caused by company by fully cooperate with government officers and relevant agencies.
- Encourage employees to have consciousness of social and environment responsibilities under environment management system (ISO 14001)

Resources Usage Efficiently

- Water supply system is under construction 4q16-1q17. Investment were 13 MB and land 40 MB.

Build reservoir for the time of water shortages Lack of water supply in Rayong plant during the dry season in order to reduce the risk of production problems effect of customers and staffs consumption therefore company invested in building reservoir for Factory in Rayong province and install water supply system for business usage and to help the community in case of drought

Water recycled usage 2019

The Brazing process waste water treatment was reused for toilet flushing. Company can save water supply

สังกัด	ปริมาณการใช้น้ำ (ลูกบาศก์เมตร)	ปริมาณน้ำที่นำกลับมาใช้ใหม่	ปริมาณน้ำที่บำบัด (ปล่อยออก)
สมุทรปราการ	106,418.00	5,351.70	101,066.30
ระยอง	65,386.00	5,230.88	60,155.12
รวม	**171,804.00**	**10,582.58**	**161,221.42**

Electrical usage 2019

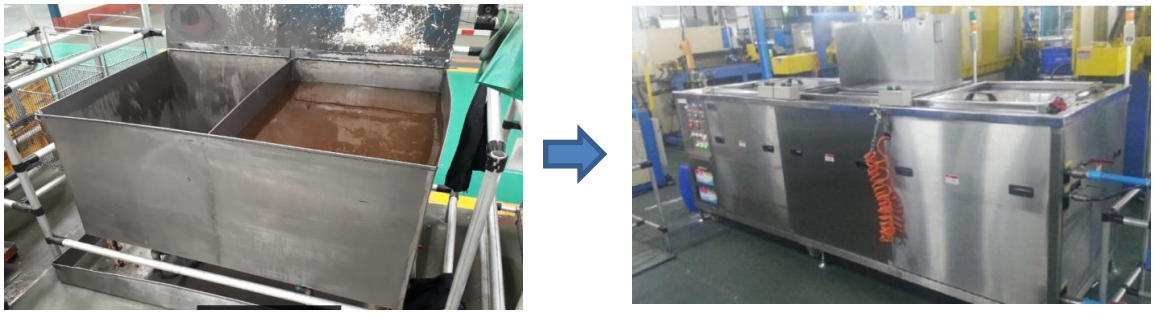
สังกัด	ปริมาณการใช้ไฟฟ้า (กิโลวัตต์ชั่วโมง)	ปริมาณการใช้ไฟฟ้า (กิกะจูล)
สมุทรปราการ	19,252,000.00	69,307.20
ระยอง	11,852,472.00	42,668.90
รวม	**31,104,472.00**	**111,976.10**

Compare fuel consumption rates 2018 with 2019

สังกัด	ปริมาณการใช้พลังงาน ปี 61			ปริมาณการใช้พลังงาน ปี 62		
	แอลพีจี (กก.)	ออกซิเจน (กก.)	ไนโตรเจน (กก.)	แอลพีจี (กก.)	ออกซิเจน (กก.)	ไนโตรเจน (กก.)
สมุทรปราการ	74,887.00	11,780.00	54,462.00	80,114.00	249,584.99	519,478.47
ระยอง	119,375.90	17,188.05	264,699.11	184,271.00	182,248.50	312,599.06
รวม	**194,262.90**	**28,968.05**	**319,161.11**	**264,385.00**	**431,833.49**	**832,077.53**

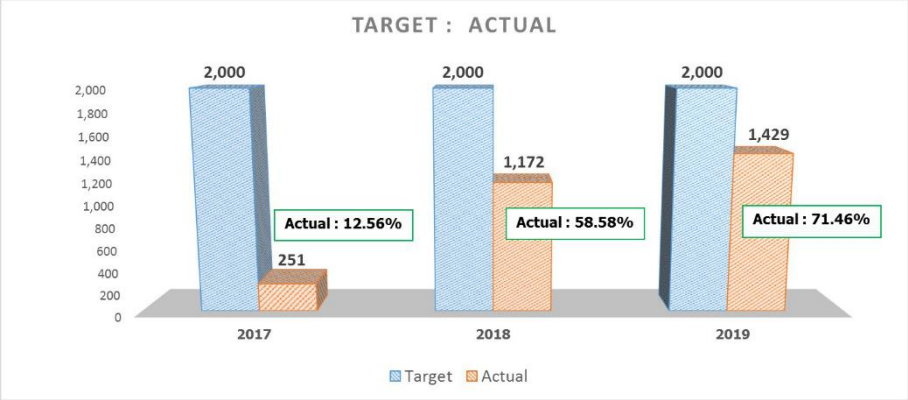
Ecological responsibility

The company has changed the washing chemicals from Solvent to Ultrasonic Water Base which is natural substance and does not affect the environment.



Using alternative energy by installing solar roof on the roof of 6 factories 3.43 MW

At present, the company uses most of the electricity from the Solar Roof Top system, which in addition to allowing the company to have a cost advantage in the long run, can also help reduce carbon footprint (The Global Goals 13 - Climate Action)



Year 2019 can use more efficiency of the Solar Roof top from 2018 and 2017 due to the management of lunch time. And improving the system to be more efficient

Participation in further mitigation of global warming

Through business processes Due to the company Operates as a contractor for the production of refrigeration parts And chiller Which air conditioners need to use CFC to be environmentally responsible. The company has therefore collaborated with customers to create new products. Free of harmful substances in the atmosphere To alleviate global warming (Respond to The Global Goals No. 13 - Climate Action)

Outdoor cooling system products (Airbitat Smart Cooler by Innosparks)

With expertise in the production of chiller in 2019, the company has won the trust of new customers, Innosparks, to develop products and hire a new generation of outdoor cooling systems that are environmentally friendly, using about 80% less energy than air conditioners. By not using CFC for cooling

The development of new air conditioners Model R32 SNC Super High EER

The company has not stopped researching and developing new products. That is environmentally friendly in order to meet the needs of customers and consumers. Therefore has designed a new generation of air conditioners with high efficiency Save energy And use refrigerants that are not harmful to the atmosphere For sustainable coexistence (Respond to The Global Goals No. 13 - Climate Action)

การพัฒนาเครื่อง Vending Machine Water 3

In addition, they also jointly develop innovations in new products Join with Water 3 customers to help reduce the use of plastic bottles. In order to reduce waste in the sea And also helps alleviate global warming problems from the production of plastic bottles By manufactured products Is a drinking water dispenser that uses IOT system and can use bottles made from reuse materials. Bury the chip inside to fill drinking water anywhere with a Water 3 dispenser (Respond to The Global Goals No. 13 - Climate Action)

The Elder Teaching Project Year3

On 20 August 2019, the company organized an educational activity for students of Wat Lat Wai School. Which is a school in the community that has been installed next to our company continuously for the 3rd year Since this year The company has campaigned to alleviate global warming, therefore bringing knowledge about global warming problems and ways to mitigate global warming. Global warming to educate children through various activities. Is to cultivate knowledge for children And create participation in order to realize the importance of environmental problems in the future

SNC SAVING DAY 2019

To make employees aware of the importance of electricity and water usage, on October 19, SNC Cooling Supply Company Limited organized the SNC Saving Day project to campaign on saving energy day. With activities consisting of Energy saving slogan contest Energy Saving Project Contest Energy Fun Games, 5 fun games using voice lines in communication about energy saving. And communication in the front row meeting every week

Social and Community Responsibilities

Labour practices and human rights

The company always realize that all employees are colleagues and be the valuable resources for driving organization to success therefore company provides care and fair treatment as following;

- Respect the right of workforce in accordance with human rights principles.
- Providing appropriate welfare and fair remuneration by taking into consideration the principle of motivating to work fully capability consistent with field of responsibility, business and being in compatible level.
- Maintaining a safe working environment for life and assets of employees.
- Appointment and relocation including reward and punishment were acted of honest and based on knowledge, ability and suitability of employees.
- Compliance with laws and regulations related with employees strictly.
- Focusing on knowledge development, capability and skill of employees by providing opportunity thoroughly and regularly.

Respect for Human Rights

The company holds the human rights principles to be the joint practicing. All employees must not do anything or support violation of human rights strictly. The policy and guidelines are as follows;

- The company takes care employee privacy information as a confidential, not sending or distribute personal information to unrelated partners. Disclosure or transfer of personal information is subjected to the consent of the owner.
- A person shall claim dignity of human being or taking rights and freedoms of their own as long as they do not violate the rights and freedoms of others
- The company treats every employee with equality and no discrimination in any matter of nationality, race, language, religion, gender, age and education.
- Employees must respectfully treat and give honour to each other. Behave properly toward role in accordance with regulations and tradition by not damage company image.

Employee Development

Year 2019, the company has a policy to focus on the development of the current employees to support changes. Respond to the organizational structure adjustment policy to the manufacturing industry with modern technology and high efficiency. While also creating an environment that fosters learning In order to encourage employees to have self-development

Human Resources Development Strategy 2019

1. Develop knowledge and skills (9K9S) of employees. Experience In order to increase work competency
2. Foundation knowledge of Automation, Robot, AI, IOT (ARAI) for employees to prepare for the industrial automation era.
3. Stimulate the culture of learning Through various projects such as skill competition, etc.
4. Develop a new generation of personnel to prepare to become a middle-level executive. To support the business expansion in the future
5. Co-operate with vocational institutes to launch bachelor's degree programs and arrange teaching-learning to develop personnel into the automation industry.

Training Statistics in 2019

Number of training courses	**319**
Average hours of training / courses	8
Expenses for training as planning	259,518
Actual expenses for training	222,392
Number of trained staff	1,697
Total employees	2,357
Percentage of trained staff	72.00%
Average hours of training per person	27.56

Compare	**2018**	**2019**
Number of the training course	176	319
Total employees	3,019	2,357
Percentage of staff attended	94.33%	72.00%
Average hours of training per person	24.18	27.56
Training Cost (Million Baht)	0.4	0.2
Training costs compared to sales volume of organizations	0.005%	0.003%
Training costs compared to profit	0.05%	0.07%

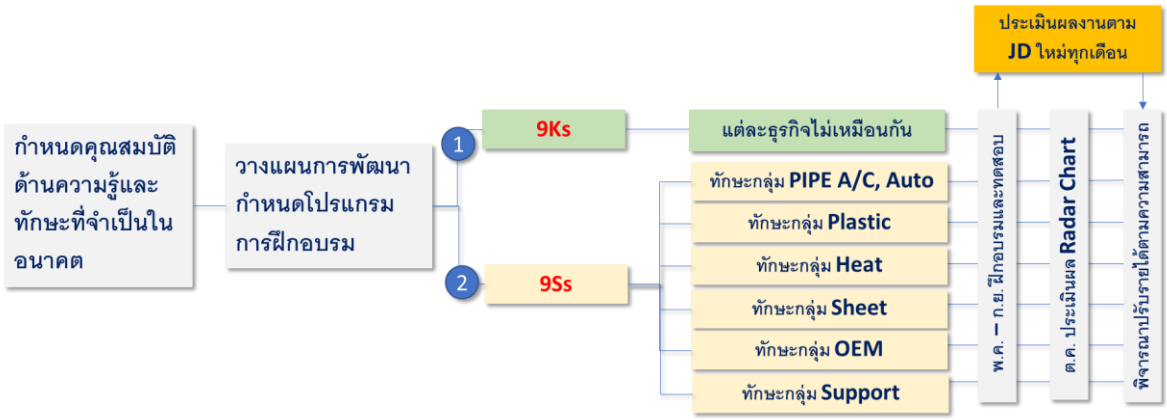
Performance assessment system by Radar Chart

To reflect the ability of employees And in order to let employees know the Gap in transparent self-development, the company has adopted the Radar Chart to assess the employees' performance. This year, the 9K, 9S, and ARAI perspectives were set up to respond to the organization reorganization policy to And still maintain the Quality and Income: Head corner to measure efficiency from knowledge and skills into action to become individual works.

9K9S Development System

The company has set up a training process in order to develop the competency of the employees in accordance with the qualifications as follows:

9K9S Development flowchart



Training Activity Picture

ARAI Online Learning

In order for all employees to have basic knowledge about Automation, Robot, AI, IOT, which will be the basis of the production system in the industry of the company in the future in 2019, the company has created online learning media to For employees to come to study and learn And conducting a knowledge test to collect. data for further development planning.

SNC SKILLS CONTEST 2019

Skill competition is one process that promotes culture in learning. Allowing employees to be enthusiastic about self-development. Which this year is the first year that the competition is opened And there are 52 employees interested in participating in the Skill Skills Competition. In the competition, employees must use their knowledge, skills, and experience in their work. In order to produce the work by ourselves from the beginning, the process is to select the raw material size Until the final process is the production of finished products that meet the requirements of the board.

Middle Management Development Program (SNC Mini MD 2019)

The company is aware of the importance of business growth in the future. It is necessary to create a new generation of technologically talented personnel to become professional managers to support the competition in the auto industry era. Therefore, the Mini MD course was set up in 2019. This time, more than 60% of the 62 new participants from the program participated in the program. By letting the knowledgeable senior management create courses and teach There is a comprehensive examination to show management competency This year, there are 5 test takers who are ready to be the next generation of executives.

Cooperation project for personnel development into the automation industry

In the year 2019, the company opened a Bachelor's degree. Bachelor of Technology Program with the Science-based Vocational College (Chon Buri) Vocational Institute of Eastern Region and Samut Songkhram Technical College Institute of Vocational Education Central Region 5 and Suranaree College of Technology The goal is to create personnel with competencies that meet the needs of the company's industry in the future. Which will be ready to open teaching and learning in the year 2020 as the first model, with personnel

from the educational institute traveling to teach at the company Which the company has given to be the Lin birth building To be the student building of the project

SNC PARK

Because of good quality of life Is the basis of learning, the company has created a large Co-Working Space with houses or meeting rooms that are like home. Among the gardens, waterfalls and streams, there are many kinds of fruit and SKY Walk to be able to see the garden. And have a corner to work at various points. Just by having a computer linked to work through the Cloud can work or order machinery to produce products There is also a stream coffee shop. And fitness center in the same area All of this to create an atmosphere of creativity. Which will create new works More powerful In addition to answering the company's objectives about improving the quality of life and working well-being Increasing green area around the factory Regarded as part of coping with climate change (Response The Global Goals no. 13 - Climate Action)

Anti-Corruption Campaign

There are training and various activities. To instill values in the fight against corruption With a random check of the operations of each department at all times There is strict action if corruption and corruption are found.

Showing the power to raise awareness against corruption with the government

On September 6, 2019, the executives and staff representatives of S.N. Former Public Company Limited participated in the Anti-Corruption Day 2019 event under the concept of "Unite for Volunteer Fight Against Cheating" at Bhiraj Hall. BITEC Building, Bangna, Phase 2, Bangkok

Transfer culture of good governance And implementing sustainability Through staff training processes or weekly morning talk activities

Health care and safety at work

Make policies and plans. In the management of occupational safety, health and the working environment, including the design of tools, equipment, regulations, as well as safety manuals. By arranging training for employees to have knowledge and understanding and to receive sufficient safety information And requiring safety To be in the new employee training course

Accident statistics at work for comparison between 2018 and 2019

หน่วยงาน	จำนวนครั้งที่เกิดอุบัติเหตุจากการทำงานและระดับความรุนแรง												รวม	
	ไม่หยุดงาน		หยุดงานไม่เกิน3 วัน		หยุดงานเกิน 3 วัน		สูญเสียอวัยวะ/ทุพพล		เสียชีวิต		ทรัพย์สินเสียหาย			
	ปี 2561	ปี 2562	ปี 2561	ปี 2562	ปี 2561	ปี 2562	ปี 2561	ปี 2562	ปี 2561	ปี 2562	ปี 2561	ปี 2562	ปี 2561	ปี 2562
สมุทรปราการ	4	5	15	6	7	7	0	0	0	0	0	0	26	18
ระยอง	29	24	7	6	4	8	1	0	0	0	3	3	44	41
รวม	**33**	**29**	**22**	**12**	**11**	**15**	**1**	**0**	**0**	**0**	**3**	**3**	**70**	**59**

In the year 2019, data from accident statistics data collection tends to decrease. As a result of the improvement of operating points that are at risk, such as the laser card update at the machine Installing cards for machines with pivot points as according to the work plan of the safety department since 2018

Fire drills and fire evacuation drills for the year 2019

The company has complied with the law to have a fire drill and fire evacuation once a year in order to prepare in case of emergency.

Improving the quality of working life

SNC Wellness Center

In the year 2019, the company established a health center as a welfare for employees. At companies in Rayong and Samut Prakan provinces in order to promote the health of employees

Annual health check

Arrange for a health examination For employees at every level on an annual basis In addition,

the company also purchased 4 defibrillators (AEDs) to be stationed at the company in case of an emergency.

Safe driving training project

Since there are some employees who use motorcycles as transportation vehicles, the company has joined with the Khlong Dan Police Station in arranging staff to train and provide knowledge. And do the test About traffic rules and safe driving By the staff who passed the exam The company has given a helmet to be used for motorcyclists.

Campaign to collect hair wearing hats

In order to prevent the risk Which may cause hair to be blown into the machine until the accident from work. The safety team and the ACC have organized a campaign to communicate the dangers that may occur to employees and reduce the risk of accidents.

SAFETY DAY 2019

On November 30, 2019, the affiliated company of SNC organized the Safety Day activities for the year 2019 in order to promote the employees to be aware of safety and to take care of the environment. Slogan for reducing global warming Various game kiosks Contests for recycling sets, etc., in which more than 1,500 people are participating in the activity as evidenced by registration.

Participation with the community, develop communities and society to live together in support

The company operates business in accordance with the community responsibility guidelines. Taking into account the effects of business operations on nearby communities, the community conducts annual surveys. In order to hear opinions, problems and impacts, and to discuss with the board and related parties to determine methods of improvement to help coexistence, in the year 2019, the company did not find any complaints from the operations that Affect in any way From the community in any way

11. Internal Control and Risk Management

11.1 Opinion o f Board of Directors with regard to internal control system

The Board of Directors realizes the importance of the effectiveness assessment of the Company' s internal control in order to ensure that the Company's financial statements including information using for decision marking are correct, complete and reliable. Three members of the Audit Committee oversee and control the Company' s internal control system to perform according to the assigned policy, code of practice and as the plan assigned by the Board of Directors as well as in line with regulations of the SET and the SEC.

In 2019, the Board of Directors assessed the adequacy of the Company's internal control system by asking the management, examining the information and document prepared by the management, and filled in the internal control system assessment form. The assessment of the internal control system comprises of 5 components which are Organization and Environment, Risk Management, Control of Management' s Operation, Information Technology and Data Communication, and Monitoring System. The Board views that the Company has an adequate internal control system for the present condition. For other components of the internal control system, the Board believes that the Company has adequate internal control as well. The Company also has an adequate and appropriate internal control system for entering into any connected transaction with major shareholders, directors, executives or other related parties and preventing the Company' s assets from misuse or using without enough authority by the executives.

In regard to the subsidiaries' internal control, the Company has ruled its subsidiaries to set up their internal control systems to comply with the Company' s system. The Company consistently monitors their operations and from the past assessments shown that the subsidiaries have adequate internal control system over 5 components, same as the Company.

The summary of the assessment of the adequacy of the Company's internal control system are as follows:

Control Environment

The Company has set clear and measurable target by considering the situation and possibility in the way that be able to achieve such target. The Company reasonably determines the staff' s remuneration annually based on each staff performance without any incentive or inappropriate remuneration that might lead the staff for any fraud or illegal action.

Besides, the Company sets its organization structure by clearly dividing authority and duty and also prepares the Code of Ethics which covering principles for business operation in writing. In setting up its policy and operation plan, the Company realizes the fair treatment for its trading partner according to the good corporate governance.

Risk Assessment

The Company shall assess its risk for both internal and external risk factors, analyze for the event that might cause such risk and present to the Board of Directors' meeting quarterly. Besides, the Company sets the measurement for monitoring the event that cause such risk and the measurement for risk reduction. The Company informs to all related staff to acknowledge and perform according to the risk management measurement. The Company also regularly monitors each business unit for its performance in relation to the determined risk management plan through the meeting of the executives and the Board of Directors.

Control Activities

The Company clearly sets the scope of authority and duty and approved credit line for each level of executives. The Company also set policy for entering into the transaction with major shareholders, directors, executives or related persons by arranging the Audit Committee to provide opinion regarding the necessity and reasonableness of the transaction as well as the legal department to audit and give recommendation for the Company's operation in relation to the related laws, internal control policy and regulations of the SET.

Information and Communication

To arrange the Board of Directors' meeting, the Company will submit relevant information with the invitation letter including the details of the issues that will be proposed at the meeting so that the Board of Directors shall have sufficient information for the decision. The Board of Directors will receive the invitation letter average 7 days prior to the meeting and the minute of the meeting will be prepared by specifying comment and resolution of the meeting so that the shareholders will be able to review the appropriateness of the Board of Directors' performance later.

Monitoring Activities

The Company set up the internal control department to audit the staff performance of each business unit according to the internal control system, and the internal control staff will report the audit result directly to the Board of Directors and the Audit Committee. Any material error discovered has to be reported for considering the correction under appropriate timeframe.

11.2 Opinion of Audit Committee with regard to internal control

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The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors. In 2019, there were 4 meetings to meet with the management, auditor and internal audit as appropriate which the summary of major matters are as follows:

1. Review the quarterly and yearly financial statements with the management and auditor to ensure that the financial statements of the Company and its subsidiaries were prepared correctly according to the generally

accepted accounting principles, disclosed sufficient and reliable information, provided notes and acknowledged the guideline to solve problem for the benefit of the Company.

2. Ensure the appropriateness and effectiveness of the Company's internal control and internal audit system and determine the independence of Internal Audit Unit as well as approve the appointment, transfer or dismissal of Internal Audit Unit.
3. Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the SET and other laws that related to the Company's business.
4. Consider selecting / nominating an independence person to be the Company's auditor and propose the remuneration of such person as well as attend non-management meeting with the auditor.
5. Review the connected transaction or transaction that might cause the conflict of interest to comply with laws and notifications of the SET to ensure the reasonableness and utmost benefit for the Company.

The Audit Committee followed up the operation of year 2019 according to the scope of duties and responsibilities as assigned and viewed that the Company prepared the financial statements correctly in all material respects according to the generally accepted accounting principles and disclosed sufficient related transactions or conflict of interest transactions. The Company possessed the proper internal control system and risk management that fit with its business situation and operated according to the laws, regulation of the SET and related laws.

11.3 Head of Internal Audit and Head of Compliance

1. Mr. Pornchai Sirikijpanichkul, a manager of Internal Audit Department (details in Attachment 3) is the head of internal audit unit. Audit Committee viewed that Mr. Pornchai Sirikijpanichkul possesses proper qualifications to perform such duty with effectiveness since he has knowledge, capability and direct experience with regard to internal audit. He is able to communicate and advise to all units to support their operations for more effectiveness. The appointment, dismissal and transfer of the head of internal audit unit have to be approved by the Audit Committee.

2. Miss. Kesrin Dechpan the company secretary is the head of compliance unit.

12. Connected Transaction

12.1 Nature of Connected Transaction

The Company entered into transactions with subsidiaries which were sales and purchase of product and raw material among each other in accordance with production line of each company. Such transactions were according to normal commercial condition and criteria as agreed on normal business. The other connected transactions were short term and long term loans among companies in the group.

Connected transactions of the Company and its subsidiaries completely disclosed in notes to consolidated financial statements every year.

12.2 Connected Transaction Approval Measurement or Procedure

The Company sets its connected transaction approval measurement or procedure according to the regulations of the SEC and the SET. If there is any connected transaction between the Company or its subsidiaries and any related parties with a conflict of interest or any transaction that might cause conflict of interest, such transaction has to be approved by the Company's Board of Directors and the Audit Committee has to consider the reasonableness to enter to that transaction by considering the utmost benefit of the Company. In case the Audit Committee has no expertise to consider such connected transaction, the Company will appoint an independent expert or auditor to provide the opinion. Such opinion will be used to support the decision of the Board of Directors or the shareholders, as the case may be. The price setting and conditions of the transaction have to be under normal course of the business as the price has to be fair or comparable to the market price. Besides, the connected persons will not be able to participate on the approval procedure of such transaction.

The Company will disclose its connected transaction in the notes of the financial statement which audited by the Company's auditor.

12.3 Policy or Trend of Future Connected Transaction

If the Company will enter into any connected transaction in the future, the Company will follow the connected transaction approval procedure as specified in clause 12.2. The future connected transactions will be business transactions which based on commercial terms and conditions as agreed under normal course of business, no benefit transferring among the Company, related parties and shareholders. The price setting policy between the Company and its related parties will be the normal price as charged to unrelated person or entity. The price of the products which have to be bought from its subsidiaries will be their selling prices, cost plus margin which is also comparable to market price.

The disclosure of its connected transaction will be in accordance with the rules and regulations of the SEC and the SET as well as the accounting standard pertaining to the disclosure of information of related persons of business as provided by the Institute of Certified Accountants and Auditors of Thailand

13. Key Financial Information

Summary Table of financial statements of the Company and its subsidiaries

Statement of Financial Position	As at December 31, 2019		As at December 31, 2018		As at December 31, 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Current Assets						
Cash and cash equivalents	836.77	15.50%	879.62	18.25%	505.39	10.40%
Trade and other accounts receivable- net	889.27	16.48%	900.18	18.67%	1,065.37	21.92%
Short-term loans to related parties	27.43	0.51%	51.70	1.07%	15.90	0.33%
Inventories	546.92	10.13%	261.97	5.43%	317.03	6.52%
Other current assets	134.28	2.49%	73.73	1.53%	164.74	3.39%
Total current assets	**2,434.67**	**45.11%**	**2,167.20**	**44.96%**	**2,068.43**	**42.57%**
Non-current assets						
Investments in associate	4.22	0.08%	36.10	0.75%	59.09	1.22%
Investments in subsidiaries	26.50	0.49%	16.50	0.34%	13.50	0.28%
Other long-term investments	210.00	3.89%	232.13	4.82%	173.61	3.57%
Investment properties	2,630.93	48.75%	2,259.13	46.86%	2,441.83	50.40%
Property, plant and equipment	52.83	0.98%	59.15	1.23%	44.75	0.77%
Intangible assets	24.84	0.46%	26.21	0.54%	27.35	0.56%
Deferred tax assets	12.89	0.24%	24.29	0.50%	30.86	0.63%
Total non-current assets	**2,962.21**	**54.89%**	**2,653.51**	**55.04%**	**2,790.99**	**57.43%**
Total assets	**5,396.88**	**100.00%**	**4,820.71**	**100.00%**	**4,859.42**	**100.00%**
Liabilities and equity						
Current liabilities						
Short-term loans from financial institutions	169.00	3.13%	123.00	2.55%	30.00	0.62%
Trade and other accounts payable	1,290.70	23.92%	1,116.36	23.16%	1,109.97	22.84%
Current portion of deferred income	10.48	0.19%	12.72	0.26%	23.42	0.48%
Accounts payable - acquisition of assets	221.30	4.10%	24.49	0.51%	13.72	0.28%
Current portion of long-term loans from financial institutions	45.07	0.83%	241.03	5.02%	247.81	5.10%
Current tax payable	84.12	1.56%	11.83	0.25%	8.16	0.17%
Other current liabilities	13.28	0.25%	23.56	0.49%	20.11	0.41%
Total current liabilities	**1,833.95**	**33.98%**	**1,552.99**	**32.21%**	**1,453.19**	**29.90%**

Statement of Financial Position	As at December 31, 2019		As at December 31, 2018		As at December 31, 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Non-current liabilities						
Deferred income	48.13	0.89%	50.32	1.04%	52.51	1.08%
Long-term loans from financial institutions	32.30	0.60%	184.01	3.82%	455.87	9.38%
Deferred tax liabilities	1.80	0.03%	4.00	0.08%	4.32	0.09%
Provisions for employee benefits	78.51	1.46%	65.26	1.35%	56.00	1.15%
Other non-current liabilities	4.43	0.08%	4.19	0.09%	3.97	0.08%
Total non-current liabilities	**165.17**	**3.06%**	**307.78**	**6.38%**	**572.66**	**11.78%**
Total liabilities	**1,999.12**	**37.04%**	**1,860.77**	**38.60%**	**2,025.85**	**41.69%**
Equity						
Issued and fully paid-up capital	287.78	5.33%	287.78	5.97%	287.78	5.92%
Premium on ordinary shares	1,213.60	22.49%	1,213.60	25.17%	1,213.60	24.97%
Retained earnings						
Appropriated						
Legal reserve	75.70	1.40%	75.82	1.57%	73.82	1.52%
Unappropriated	1,648.57	30.55%	1,211.77	25.14%	1,076.36	22.15%
Equity attributable to owner of the Company	**3,225.65**	**59.77%**	**2,788.96**	**57.85%**	**2,651.56**	**54.57%**
Non-controlling interests	172.11	3.19%	170.97	3.55%	182.01	3.75%
Total equity	**3,397.76**	**62.96%**	**2,959.94**	**61.40%**	**2,833.57**	**58.31%**
Total liabilities and equity	**5,396.88**	**100.00%**	**4,820.71**	**100.00%**	**4,859.42**	**100.00%**

Statement of comprehensive income	Year 2019		Year 2018		Year 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	6,625.58	100.00%	6,498.90	100.00%	7,526.71	100.00%
Cost of sales and services	5,936.91	89.61%	-5,628.05	-86.60%	-6,645.14	-88.29%
Gross Profit	**688.67**	**10.39%**	**870.85**	**13.40%**	**881.57**	**11.71%**
Interest income	5.72	0.09%	4.98	0.08%	3.05	0.04%
Gain on sale of assets held for sale	524.77	7.92%	-	-	-	-
Other income	89.31	1.35%	131.18	2.02%	59.31	0.79%
Distribution costs	-119.01	-1.80%	-95.34	-1.47%	-89.39	-1.19%
Administrative expenses	-1.80%	-4.33%	-313.89	-4.83%	-337.06	-4.48%
Direct expenses arising from investment properties	-20.35	-0.31%	-37.96	-0.58%	-33.45	-0.44%
Directors and management benefit expenses	-27.71	-0.42%	-23.64	-0.36%	-30.41	-0.40%
Gain (loss) on disposal of investment in subsidiary	-	-	-	-	-9.00	-0.12%
Gain (loss) on sale of investment in associate	2.31	0.03%	-	-	-	-
Finance costs	-10.63	-0.16%	-31.66	-0.49%	-35.42	-0.47%
Shares of gain (loss) of associates	-18.15	-0.27%	-22.99	-0.35%	1.25	0.02%
Profit before tax	**827.84**	**12.49%**	**481.53**	**7.41%**	**410.44**	**5.45%**
Income tax expense	-101.54	-1.53%	-44.55	-0.69%	-0.59	-0.01%
Net profit for the year	**726.30**	**10.96%**	**436.98**	**6.72%**	**409.85**	**5.45%**

Statement of comprehensive income	Year 2019		Year 2018		Year 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Discontinued operation Profit (loss) for the year from discontinued operation, - net of tax	-	-	-	-	-3.9	-0.05%
Net profit for the year	**726.30**	**10.96%**	**436.98**	**6.72%**	**405.95**	**5.39%**
Other comprehensive income						
Items that will never be reclassified						
Gains (losses) on remeasurements of defined benefit plans	10.88	0.16%	-6.75	-0.10%	-	-
Income tax relating to items that will not be reclassified	-2.18	-0.03%	1.35	0.02%	-	-
Other comprehensive income for the year, net of tax	8.70	0.13%	-5.4	-0.08%	-	-
Total comprehensive income for ther year	**735.00**	**11.09%**	**431.58**	**6.64%**	**405.95**	**5.39%**
Profit (loss) attributable to:						
Owners of the parent	722.11	10.90%	430.70	6.63%	401.31	5.33%
None controlling interests	4.19	0.06%	6.28	0.10%	4.64	0.06%
Profit for the year	**726.30**	**10.96%**	**436.98**	**6.72%**	**405.95**	**5.39%**
Totla comprehensive income attributable to:						
Owners of the parent	730.78	11.03%	425.18	6.54%	401.31	5.33%
None controlling interests	4.22	0.06%	6.39	0.10%	4.64	0.06%
Total comprehensive income for the year	**735.00**	**11.09%**	**431.58**	**6.64%**	**405.95**	**5.39%**
Basic earings per share (in Baht)	**2.51**		**1.50**		**1.39**	

Key financial ratios which reflected financial status and performance of the Company and its subsidiaries

Finacial Ratios	2019	2018	2017
Liquidity Ratio			
Current Ratio (Times)	1.33	1.40	1.42
Quick Ratio (Times)	1.03	1.23	1.21
Activity Ratio			
Accounts Receivable Turnover (Times)	7.52	6.70	7.07
Collection Period (Days)	49	55	52
Inventory Turnover (Times)	14.68	19.44	18.04
Inventory Turnover Period (Days)	25	19	20
Accounts Payable Turnover (Times)	4.93	5.06	5.41
Payment Period (Days)	74	73	68
Cash Cycle (Days)	0	1	4
Debt Ratio			
Debt to Equity Ratio (Times)	0.59	0.63	0.71
Interest-Bearing Debt to Equity Ratio (Times)	0.07	0.19	0.26
Interest Coverage Ratio (Times)	78.89	16.21	12.45
Profitability Ratio			
Gross Profit Margin (%)	10.39	13.40	11.80
Net Profit Margin (%)	10.90	6.63	5.29
Earnings per share (Baht)	2.51	1.50	1.39
Return on Assets (%)	16.41	10.60	8.75
Return on Equity (%)	24.40	14.55	15.53
Dividend Payout Ratio (%)	33.87	66.82	64.54

14. Management Discussion and Analysis

14.1 Analysis of operation result

1. **Sales** were Baht 6,626 million (2018: Baht 6,499 million), increased Baht 127 million or 2%. Sale of OEM/ODM increased due to receiving more orders, air conditioners, from new customers. Sales of automotive parts and electrical appliance parts decreased due to decline in domestic sales and exports in accordance with the automotive and electrical appliance industries resulting in a decrease in gross profit. During the year, the company had gain from the sale of the Laem Chabang factory amount of Baht 524 million (gain after tax: Baht 420 million). The selling expenses increased due to export expenses. The administrative expenses decreased and also interest expenses decreased because gradually repayment to loan. Net porfit were Baht 722 million (2018: Baht 431 million), increased Baht 291 million or 67.5% which came from the sale of the Laem Chabang factory at the amount of Baht 420 million, minus other extra expenses totaling 37 million Baht such as amortization of leasehold improvement after the termination of the factory lease, and employee retirement reserve according to the new labor law theerefore, the net operating profit was Baht 339 million, with EBITDA of Baht 650 million, excluding such extra gain from sale of Leam Chabang.

14.2 Financial status of the Company

Assets

As of 31 December 2019, the Company's assets were amount of Baht 5,397 million (2018: Baht 4,821 million) increased 576 million Baht or 12%. The major changes included the followings:

- Inventories increased Baht 285 million due to new customers and the stock policy. The inventory turnover of 2019 was equal to 25 days. (2018: 19 days).
- Investments in associates decreased Baht 32 millio due to the reduction of shareholding proportion.
- Property Plant and Equipment increased for Baht 372 million due to the expansion of factory construction and machinery in Rayong.

Liabilities

As of 31 December 2019, total liabilities were Baht 1,999 million (2018: Baht 1,861 million) increased Baht 138 million or 7%. The major changes included the followings:

- Trade accounts payable increased Baht 175 million, which varied according to the increase in purchase of raw materials and sales.
- Repayment the loan from financial institutions of Baht 302 millionn from proceeds from sales of the Laem Chabang factory.
- Accounts payable acquisition of assets increased Baht 197 million from the expansion of factory construction and machinery in Rayong.

- Tax payable increased Baht 72 million due to gain on sale of Laem Chabang factory.
- Debt/Equity Ratio (D/E) was equal to 0.59 times (0.63 times in 2018), major part of liabilities were trade payable.
- D(int) /E was equal to 0.07 times (2018: 0.19 times)

Shareholder's Equity

As of 31 December 2019, the shareholder's equity was amount of Baht 3,398 million (2018: Baht 2,960 million), increased Baht 438 million due to net profit amount of Baht 722 million in 2019 which was allocated as interim dividends for 2019 at the rate of 0.50 Baht/share for 287,777,339 ordinary shares, amounting to Baht 144 million and for the year ended at the rate of 0.35 Baht/share for 287,777,339 ordinary shares, amounting to Baht 101 million. The last dividend will be paid on 27 April 2020. Total 2019 dividends were 0.85 Baht/share or 38% of net profit (Policy: dividend payout ratio is not less than 50% of net profit) with ROE at 24.40% (2018: 14.55%).

Audit Committee Report

SNC Former Public Company Limited has appointed the audit committee which comprises of Mr. Suchat Boonbanjerdsri as the Chairman of the Audit Committee, Mr.Chaisak Ankasuwan and Mrs. Chanisa Chutipat as the member of Audit Committee.

The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors. In 2019, there were 4 meetings and every Audit Committee attended all meetings to consider and review the following major matters:

1. Review the quarterly and year 2019 financial statements with the management and auditor to ensure that the financial statements of the Company and its subsidiaries were prepared correctly according to the generally accepted accounting principles, disclosed sufficient and reliable information, provided notes and acknowledged the guideline to solve problem for the benefit of the Company.
2. Ensure the appropriateness and effectiveness of the Company's internal control and internal audit system and determine the independence of Internal Audit Unit as well as approve the appointment, transfer or dismissal of Internal Audit Unit.
3. Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the SET and other laws that related to the Company's business.
4. Consider selecting / nominating an independence person to be the Company's auditor and propose the remuneration of such person as well as attend non-management meeting with the auditor.
5. Review the connected transaction or transaction that might cause the conflict of interest to comply with laws and notifications of the SET to ensure the reasonableness and utmost benefit for the Company.
6. Reviewed the self evaluation tool for countering bribery which has been developed by the Collective Action Coalition Against Corruption Committee (CAC). The company has received the certificate of membership of the CAC since 16 October 2015. To ensure that The Company has optimal control system and adequat . To protect against fraud & corruption risks.

The Audit Committee followed up the operation of year 2019 according to the scope of duties and responsibilities as assigned and viewed that the Company prepared the financial statements correctly in all material respects according to the generally accepted accounting principles and disclosed sufficient related transactions or conflict of interest transactions. The Company possessed the proper internal control system and risk management that fit with its business situation and operated according to the laws, regulation of the SET and related laws.

(Mr. Suchat Boonbanjerdsri)

chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and financial information stated in the Annual Report. The financial statements are prepared in accordance with generally accepted accounting principles in Thailand by employing the appropriate accounting policy and performing on a regular basis with thoroughly consideration and best estimation including the disclosure of sufficient information in the notes of the financial statements to ensure the transparency and benefit to shareholders and general investors.

The Board of Directors provides, preserves the appropriateness and efficiency of the risk management system and internal control to ensure that accounting information is correct, complete and sufficient to maintain the Company's assets and protect the Company from any fraud or material improper operation.

The Board of Directors appointed the Audit Committee who are independent directors to oversee and responsible for the quality of financial statements and internal control system. The opinion of the Audit Committee regarding this issue is disclosed in this Annual Report under the section of the Audit Committee Report.

The Board of Directors views that the internal control system of the Company and its subsidiaries is at the satisfactory level and can assure the reliability of the consolidated financial statements of the Company and its subsidiaries as at December 31, 2019.

Mr. Satit Chanjavanakul
Chairman of the Board of Directors

Dr. Somchai Thaisa-nguanvorakul
Chairman of Executive Committee

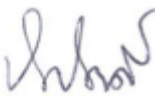
Nomination and Remuneration Committee Report

SNC Former Public Company Limited has set up Nomination and Remuneration Committee consisting of 3 independent members as follows:

1)	Mr. Chaisak Angsuwan	Chairman of the Committee
2)	Mr. Wisan Wutthisaksilp	member of the Committee
3)	Pol.Lt.Gen. Noppasak Phuwattanaset	member of the Committee

Nomination and Remuneration Committee has performed its function under the scope of duties and responsibilities assigned by the Company's Board of Directors. During 2019, Nomination and Remuneration Committee had 2 meetings all of which were attended by all members of the Committee and their subject matter can be concluded as follows:

1) Determine criteria for selecting qualified person to fill the position of the Company's director and find and propose to the Board of Directors such qualified person before nominating to the shareholders' meeting for appointment.
2) Determine amount and pattern of remuneration, both monetary and non-monetary, for the committee and subcommittee and propose to the shareholders' meeting for approval.
3) Determine criteria for selecting qualified person to take a position of executive and find such qualified person and nominate to the Board of Directors for approval.
4) Determine amount and pattern of remuneration, both monetary and non-monetary, for executive and proposed to the Board of Directors for approval.
5) Promote and allow minor shareholder to propose in advance an agenda and name of person to substitute a director whose term of office has expired between 16 September 2019 and 19 December 2019.



(Mr. Chaisak Angsuwan)

Chairman of Nomination and Remuneration Committee

Risk Management Committee Report

SNC Former Public Company Limited has set up Risk Management Committee consisting name Mr. Somboon Gurdlin, Chairman of the Committee

Risk Management Committee has performed its function under the scope of duties and responsibilities assigned by the Company's Board of Directors. During 2019, Risk Management Committee had 4 meetings all of which were attended by all members of the Committee and their subject matter can be concluded as follows:

1. Determine policy and operation framework for management of all kinds of risk possibly exposed by the Company.
2. Design the structure of risk management, determine strategies used for risk management and set forth warning system of all kinds of risk to the extent that risk is controlled in tolerable range and in accordance with the Company's risk management policy.
3. Supervise, monitor and evaluate the operation in order to review and develop efficient risk management system as well as management to have analysis and assessment of potential risk factor that may affect the Company's operation either from the external or internal source.
4. Establish communication and understanding with risk management sub-committee.
5. Evaluation situation from time to time to ensure that risk management is adequate and suitable and implemented continually to achieve the required targets and to optimize benefit for the company, shareholders and other stakeholders.

(Mr. Somboon Gurdlin)

Chairman of Risk Management Committee

ESG Committee Report

SNC Former Public Company Limited has set up CG and CSR Committee consisting Mr. Somboon Gurdlin, Chairman of the Committee

The CG and CSR Committee has performed its function under the scope of duties and responsibilities assigned by the Company's Board of Directors. During 2019, ESG Committee had 7 meetings all of which were attended by all members of the Committee and their subject matter can be concluded as follows:

1. Review the policy on corporate governance and corporate social responsibility on regular basis to ensure that they meet international standards and requirements prescribed by relevant authorities.
2. Supervise the Company's operation to ensure that it meets corporate governance guideline given by regulatory body such as the Stock Exchange of Thailand, the Office of Securities and Exchange Commission etc. with social and environmental responsibility.
3. Apply to the Company's operation corporate governance guideline for listed company given by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand which are in line with OECD Principles of Corporate Governance particularly concerning right of shareholder, impartial shareholder treatment, stakeholders' right, information disclosure and transparency and accountability of the Board of Directors.
4. Give suggestion on the code of business conduct for the Company's operation and rules for the executive.
5. Promote at all levels understanding of and organizational culture on corporate governance and participation in CSR activity for sustainable development.

(Mr. Somboon Gurdlin)

Chairman of ESG Committee

SNC Former Public Company Limited

Minutes of the Annual General Meeting of Shareholders No. 25/2019

On March 27, 2019

At Meeting Room of Head Office of SNC Former Public Company limited

The meeting started at 14.00 hrs.

Mr. Satit Chanjavanakul, Chairman of the Board of Directors, acted as the chairman of the meeting.

Mr. Anaratch Chaithanapinyo, secretary of the meeting, informed the meeting that the total number of shares and total number of voting shares were as follows:

shares registered with voting rights 287,777,339 Shares

	At the start of the meeting	At the adjournment of the meeting
Shareholders attending the meeting	87 shareholders	94 shareholders
In person	65 shareholders	69 shareholders
By proxy	22 shareholders	25 shareholders
Total no. of shares	146,705,148 shares	148,421,548 shares
% of total no. of shares sold	50.98	51.58

Number of shares registered more than 1/3 of total number, thus forming a quorum according to Section 103 of Public Company Act B.E. 2535 and the Articles of Association of the Company.

Mr. Satit Chanjavanakul, Chairman of the Board of Directors, called the meeting.

The secretary of the meeting introduced the board of directors, executives and auditor as follows:

1.	Mr. Satit	Chanjavanakul	Chairman of the Board of Directors, Independence Director
2.	Dr. Somchai	Thaisa-nguanvorakul	Chairman of Executive Committee
3.	Mr. Chaisak	Ankasuwan	Independence Director
4.	Mr. Suchart	Boonbanjerdsri	Independence Director
5.	Mr. Wisan	Wuttisaksin	Independence Director
6.	Mrs.Chanisa	Chutipat	Independence Director
7.	Pol.Lt.Gen.Nopsak	Poovatanasedj	Independence Director
8.	Mr. Somboon	Gurdlin	Director
9.	Mr. Samitt	Palitagram	Director
10.	Mr. Rattapoom	Nantapatawee	Managing Director – Accounting and Finance
11.	Miss Vilaiwan	Pholprasert	Auditor
12.	Mr. Anaratch	Chaithanapinyo	Secretary of the meeting

9 directors attended the meeting, representing 100% of all directors.

☐The secretary of the meeting informed the meeting that the Company allowed any shareholders to propose agenda or nominate any qualified candidates to be considered as the Company's board of directors via the Company's website since September 19, 2019 – December 19, 2019. However, there was no shareholder proposed agenda or nominated any qualified candidates to be considered as the Company's board of directors. Besides, The resolution of the meeting will be in accordance with the Company's Articles of Association "Section 34", a resolution of the shareholder meeting shall require the majority vote of the shareholders who attend the meeting and cast their votes, by counting one share equal to one vote. In case of a tie vote, the chairman of the meeting shall have a casting vote. To vote for each agenda, please tick the mark ✓ in ☐ for approval, disapproval or abstention in the voting card provided in advance. Timing for voting will be 1 minute, there will be officers to collect and accumulate the voting cards. The vote will be counted for disapproval and abstention, the remaining will be approval and will announce in the meeting afterward. In the following cases, the company will be considered a bad card. Marking marks on the cards is unclear or more than 1 or not marked in any box. Or the mark has been modified in the ballot But not signed the revision Or not signed in the ballot In this vote counting There is a vote counting inspector is Mr.Santhat Kongthaptham from Kongthaptham Army Law Office.

Agenda 1 Acknowledgement of minutes of the Annual General Meeting of Shareholders No. 24/2018

Objective and reason for the acknowledgment of shareholders for the minutes of Annual General Meeting of Shareholders No. 24/2018 held on March 30, 2018.

Opinion of the Board The Board found it appropriate to propose to the Annual General Meeting of Shareholders to acknowledge such minutes of the meeting.

Resolution Minutes of the Meeting of Shareholders No. 24/2018

Agenda 2 Acknowledgement of operation result of 2018

Objective and reason For the acknowledgement of shareholders for the operation result of 2018

Mr. Samitt Palitagram Vice Chairman of Executive Committee, reported the operation result of 2018.

Achievements

1. SET Sustainability Awards 2018- Outstanding by the Stock Exchange of Thailand.
2. SNC Former was selected to be categorized as Thailand Sustainability Investment (THSI) by the Stock Exchange of Thailand.
3. Outstanding Investment Relations Award for Listed Companies presented by the Stock Exchange of Thailand.

The total sales was Baht 6,499 million (2018: Baht 7,527 million) decreased Baht 1,028 million or 1% resulting from Sales of OEM/ODM business that the customer exported to the countries in Middle East which has adjusted the standards for electricity saving so the air conditioners' orders was drop.

Net profit was Baht 431 million with profit margin of 6.63% (2018: Baht 401 million) increased Baht 30 million due to the improvement in the production department and the office department.

Business concept for the organization's sustainability:

- Implementation of a matrix system into an organizational structure in order to attract employee to participate in a roll of work.
- Apply automation system to improve production process
- Invest in SAP system to centralize all data.
- Implementation of marketing strategies to maintain existing customer as well as attracting those new one.
- Revolutionization in term of finance, product, marketing, and human resource perspective.

Other operation results

Anti-corruption

SNC Former Public Company Limited has been certified by the Committee of the Collective Action Coalition of Thai private sector against corruption on October 16, 2015. In the year 2018, the company conducted a self-assessment and send information to CAC committee in consideration for renewal of the Private Sector Collective Action Coalition Against Corruption Program, which the company has joined the ceremony to have its certificate renew on October 11, 2018.

Activities in the year 2018, the company has provided training on anti-corruption knowledge at managerial and supervisory level, tested until passing the specific criteria. Including with organizing exhibition activities at an Anti-Corruption day. In 2018, the company has a plan to prepare a self-assessment on anti-corruption measures to renew the certificate. By invite various suppliers to participate in the event to demonstrate their intention toward the activity and eligibility to request the certification.

On September 6th, 2018, the executives and employees participated in the Anti-Corruption event Day of 2018 under the concept of "Thais wake up to fight cheating" at BITEC Bangna.

In 2019, the company planned to re-invite suppliers to demonstrate their intention and apply for certification renewal.

Opinion of the Board The Board found it appropriate to propose to the shareholders' meeting for the acknowledgement of operation result.

- Khun Janet Methawivinit, a decrease in long-term loans due to collecting retained earnings or not?

- Mr.Rattapoon Nuntapatawee, the company has a total net profit of 431 million baht for the year, plus 300 million baht depreciation, which is 700 million baht in cash flow that can be used in various business activities. Repay a bank loan to reduce interest expenses Resulting in increased net profit Which plans to pay back the loan again in 2019

Agenda 3 Consideration and approval of financial statements of 2018

Mr. Rattapoon Nuntapatawee Managing Director Accounting and Finance Department, was the person who explained in the meeting.

Objective and reason According to the Public Limited Company Act, the Board of Directors has to ensure the preparation of the financial statements at the end of each fiscal year which were audited by certified auditor and propose

to the annual general shareholders' meeting for the approval. The financial statements for year 2018 showed in the Annual Report which submitted to the shareholders in advance.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and meeting votes as follows:

Approval	146,771,548	Votes	100.000%
Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

Resolution The meeting unanimously approved financial statements of 2018.

Agenda 4 Consideration and approval of dividend payment for year 2018

Mr. Samitt Palitagram, Vice Chairman of Executive Committee, was the person who clarified in the meeting.

Objective and reason As there was profit from its operation, the Company found it appropriate to allocate for dividend payment. According to the Public Limited Company Act, the dividend payment has to be proposed to shareholders' meeting for an approval. The information for past dividend payment comparison is as follows:

Dividend	Year 2018	Year 2017
Net profit (Baht)	430,696,091	401,314,147
Number of shares	287,777,339	287,777,339
Dividend per share		
- Interim dividend (Baht/share)	0.40	0.40
- Final dividend (Baht/share)	0.50	0.50
Total dividend payment (Baht)	287,777,339	258,999,605
Dividend payout	66.82%	64.54%

Opinion of the Board The Board found it appropriate to propose to shareholders' meeting to consider and approve the dividend allocation for year 2018 for year-end period which was the last period at 0.50 Baht per share. The dividend will be paid on April 26, 2019. After including the interim dividend payment at 0.50 baht per share, the total dividend equal to 1.00 baht per share. The Company already allocated for legal reserve for 10% of its registered capital.

Interim dividend at the rate of 0.50 baht per share and yearend of 0.50 baht per share paid from dividends or profit sharing received Except for not having to be included in the calculation for corporate income tax. Shareholders cannot exercise the tax credit calculating personal income tax. will be deducted withholding tax of 10%.

Khun Anong Yamasatien, how will the withholding dividends be calculated for personal income tax.

Mr. Rattapoon Nantapatawee dividend that the company paid to shareholders at the end of this year at the rate of 0.50 baht per share. The company will deduct 10% withholding tax.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the

Approval	146,771,548	Votes	100.000%

Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

Resolution The meeting unanimously approved the dividend. for year 2018 as proposed.

Agenda 5 Consideration of election of directors to replace those directors who are retired from office by rotation

Pol.Lt.Gen. Nopsak Poovatatanasedj member Remuneration and Nomination Committee, was the person who explained in the meeting.

Objective and reason In order to allow the shareholders' meeting to elect directors to replace those directors who are retired from office by rotation for one third (1/3) of total directors.

According to the Company's Articles of Association, Section 16, stated that at every Annual General Meeting of shareholders, one third of total directors shall retire from the office. At present, there were 9 directors. Therefore, one third of directors who were retired from office by rotation were 3 directors which the names of 3 directors to retire from the office by rotation in 2019 were:

1. Mr. Chaisak	Ankasuwan
2. Mr.Wisan	Wuttisaksin
3. Mr. Suchat	Boonbanjerdsri

Opinion of Board The Board considered based on qualification, experience and appropriateness with the Company's business operation as well as examined independency and expertise of the directors who will retire from the office and found that those 3 directors can perform their duties as directors to support present and future of the Company and the Board. Therefore, the Board found it appropriate to propose to the shareholders' meeting to elect those 3 directors to re-elect as the Company's board for another term.

Director of Nomination Committee asked 3 directors to temporarily leave the meeting room.

Chureerat Chuensuwan Requested the details of the position of 3 independent directors who retired by rotation.

Mr. Rattapoon Nantapatawee :

1. Mr. Chaisak Ankasuwan appointment date April 3, 2014, position as a director 5 years.
2. Mr.Wisan Wuttisaksin appointment date: July 27, 2012, position as a director 7 years.
3. Mr. Suchat Boonbanjerdsri appointment date December 25, 2014, position as a director 5 years.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting to re-elect the directors who retire from the office by rotation for another term.

(1) Mr. Chaisak	Ankasuwan		
Approval	148,421,548	Votes	99.9586%
Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

(2) Mr.Wisan	Wuttisaksin		
Approval	148,421,548	Votes	1000.00%
Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000
(3) Mr. Suchat	Boonbanjerdsri		
Approval	148,421,548	Votes	1000.00%
Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

Resolution The meeting unanimously re-elected 3 directors to be the Company's Board of Directors for another term

Agenda 6 Consideration and determination of directors' remuneration

Mr. Chaisak Ankasuwan the Chairman of the Remuneration and Nomination Committee, was the person who clarified in the meeting.

Objective and reason Public Limited Company Act requires that the shareholders' meeting has to approve the directors' remuneration every year. Details of Directors' remuneration for the 2019 are as follows:

Details	Year 2019		
	Chairman of the Board	Director	Total
1. Remneration	60,000 Baht/month	30,000 Baht/ person/month	2,520,000
2. Meeting allowance of the Board of Directors	20,000 Baht/ person/month	10,000 Baht/ person/month	600,000
3. Meeting allowance of the Audit Committee	20,000 Baht/ person/month	10,000 Baht/ person/month	160,000
4. Meeting allowance of the Nomination Committee and Remuneration Committee	20,000 Baht/ person/month	10,000 Baht/ person/month	80,000
5. Meeting allowance of the CG & CSR	None	None	-
6. Meeting allowance of the Risk Management Committee	None	None	-
7. Assigned company Vehicles	40,000 Baht/month	None	480,000
8. Other remunerations	None	None	-
Total			**3,840,000**

Remark

1) Monthly remuneration Non-executive directors do not receive compensation.

2) Remuneration other –None- i.e. bonus, pension, share of a business, warrant, fuel cost, accident insurance, life insurance, health insurance, medical fee myself and family, credit card and club members.

Opinion of Board The Board considered based on opinion of the remuneration committee and found it appropriate to propose to the shareholders' meeting to authorize the Board of Directors to have power to determine the directors' remuneration for year 2019 at the amount of not more than 3,840,000 baht which is at the comparable level of other listed companies in the same industry..

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	148,421,548	Votes	1000.0000%
Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

Resolution With the majority vote, the meeting passed the resolution to authorize the Board of Directors to have power to determine the directors' remuneration as proposed.

Agenda 7 Consideration and appointment of the auditor and determination of the audit fee

Mr. Suchat Boonbanjerdsri , Chairman of the Audit Committee, was the person who explained in the meeting.

Objective and reason Public Limited Company Act requires that the shareholders' meeting has to approve the appointment of the auditor and determination of the audit fee every year

The Board considered and found it appropriate to propose to the shareholders' meeting to appoint Miss Vilaivan Pholprasert CPA No. 8420 and/or Ekkasit Chuthamsatit CPA No. 4195 and/or Miss Marisa Tharathornbunpakul CPA No. 5752 from KPMG Phoomchai Audit Company Limited to be the auditor of the Company, its subsidiaries and associates for year 2019. The auditor is independent and has no conflict of interest with the Company, its subsidiaries and its associates. The audit fee for year 2019 has set to be not more than 4,304,000 baht (Audit fee for 2018: 4,430,000 baht) The details of the audit fee are as follows:

		2019			
		Annual.	Quarter.	Grand Total	2018
1	SNC Former Public Company Limited	510,000	320,000	830,000	780,000
2	Immortal Parts Company Limited	400,000	90,000	490,000	490,000
3	SNC Cooling Supply Company Limited	350,000	80,000	430,000	420,000
4	SNC Pyongsan Evolution Company Limited	330,000	50,000	380,000	368,000
5	SSM Automation Company Limited	298,000	40,000	338,000	318,000
6	Ultimate Parts Company Limited	80,000	-	80,000	278,000
7	Infinity Parts Company Limited	238,000	40,000	278,000	278,000
8	Paradise Plastic Company Limited	210,000	30,000	240,000	230,000
9	SNC Creativity Anthology Company Limited	410,000	90,000	500,000	500,000
10	SNC Atlantic Heat Pump Company Limited	250,000	40,000	290,000	280,000
11	SNC Fukui Holy Insulation Company Limited	50,000	-	50,000	50,000
12	Meisou SNC Precision Company Limited	208,000	20,000	228,000	218,000

		2019			
		Annual.	Quarter.	Grand Total	2018
13	Odin Power Company Limited	70,000	-	70,000	70,000
14	Yala Fahsaard Company Limited	50,000	-	50,000	50,000
15	Odin Mynmar Company Limited	50,000	-	50,000	50,000
16	International Techno Pipe Company Limited	-	-	-	50,000
		3,504,000	800,000	4,304,000	4,430,000

Opinion of the Board: The Board found it appropriate to propose to the shareholders' meeting to appoint auditor from KPMG Phoomchai Audit Company Limited to be the auditor of the Company, subsidiaries and associates. The Audit fee has set to setting the audit within the limits 4,304, 000 baht for years, 2019 as mentioned above

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	148,421,548	Votes	1000.0000%
Disapproval	-	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

Resolution With the majority vote. Approval of the appointment of auditors from KPMG PHOOMCHAI Audit Limited as auditors for the year 2019 by the auditor's remuneration shall not exceed 4,304,000 Baht.

Agenda 8 Consideration of other matters

Dr. Somchai Thaisa-nguanvorakul describes the company's overall picture as follows

In 2018, what the company was happy for was (1) the company paid dividends of 10 satang per share. (2) Sales in 2018 decreased but Increased profits (3) Management receives bonuses Except for the Chairman of the Executive Committee without salary and without bonus for the 2nd year.

In the year 2019, the company focuses on (1) cost control, quality control, improved productivity Which in the past we received the Outstanding Supplier Award (2) in Internal Management On the production side, the company uses automation systems, which some machinery can be built by ourselves. And in the office part, will bring AI to replace (3) on the customer side, the company's customers are leading customers. No bad debt Collect money completely No problem with receiving money (4) on the staff side, the company trains employees to have skills, knowledge, and the company encourages employees to study at the bachelor's degree level. There are plans to return all bank loans. And plans to build a factory in Rayong, 30,000 square meters

Khun Thammarat Opasathien

1. Air conditioner sales this year Is it better than last year?

2. What kind of product is the business expansion plan in Automotive?

Dr. Somchai Thaisa-nguanvorakul

1. Air conditioners do not increase more than last year

2. The car market will not grow. The company will penetrate new customers' markets by using automation and pricing.

Ms Ratchachaya Chosawai

1. Non-controlling interests What is in the financial statements?

Mr. Rattapoom Nuntapatawee, in the case of investing in a subsidiary company, holds 74% of the shares, it is considered the majority shareholder. The other minority, which is 26%, is that we do not have controlling power and are considered a minority shareholder.

2. This year, the annual report was not received in CD format.

Mr.Rattapoom Nuntapatawee This year is the first year that the Stock Exchange of Thailand publicize the delivery of invitation letters. Meeting and annual report in QR code format for some shareholders who are not convenient. And notify the company Documents will be delivered by post.

Ms. Janenet Methawinit

1. How has the strong Baht currency affected the company.

2. When is the factory to be built in Rayong expected to occur? And what business

3. Satisfactory results for the first quarter of 2019.

Dr. Somchai Thaisa-nguanvorakul

1. The company has both imports and exports. By managing the balance of money in order not to incur foreign exchange risk

2. Plan the construction of the factory in the year 2019 with the emphasis on automation.

3.The financial results for the 1st quarter of 2019 are in the process of closing the financial statements.

Mr. Monchai Udomhiran. Other income in 2018 increased from 2017 due to what?

Mr. Rattapoom Nuntapatawee, other main income comes from 1) factory rental income in Chonburi 2) factory rental income in Rayong for associate companies 3) mold repair income

Ms Sukasem Kongphet would like to know the investment budget. And where does the source of funding come from?

Dr. Somchai Thaisa-nguanvorakul has an investment budget of 300 million baht. But if sales are not growing, they will stop investing and consider again. By using the company's cash flow and bank loans.

No further questions or comments from shareholders.

The Chairman of the Board of Directors declared the meeting closed.

The meeti

รับรองรายงานการประชุมถูกต้อง

ลงชื่อ.....ประธานที่ประชุม

(นายสาธิต ชาญชาวน์กุล)

ลงชื่อ.....ผู้บันทึกการประชุม

(นางสาวเกศริน เดชพันธุ์)

ลงชื่อ.....กรรมการ

(ดร.สมชัย ไทยสงวนวรกุล) (นายสามิตต์ ผลิตกรรม)

SNC Former Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of SNC Former Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of SNC Former Public Company Limited and its subsidiaries (the "Group") and of SNC Former Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of investments in associate and subsidiaries	
Refer to notes 3, 10 11 and 14 to the financial statements	
The key audit matter	**How the matter was addressed in the audit**
Certain associate and subsidiaries of the Group have the operating loss and deficits indicating that the investments in associate, subsidiaries and property, plant and equipment of those subsidiaries may be impaired. The management considered the impairment at the reporting period by estimating the recoverable amount from the value in use, determined by discounting future cash flows from their operations which involved a significant level of judgment in determining the key assumptions of management. As a result, this is an area focus for my audit.	My audit procedures included: • understanding the process of identifying and considering the assessment of valuation on investments in associate, subsidiaries and property, plant and equipment of those subsidiaries; • assessing the reasonableness of the key assumptions use by management in the forecast of future profit and cash flows projection of associate, subsidiaries and property, plant and equipment of those subsidiaries by considering with the internal and external sources of information and considering the operation plan approved by management by comparing to the actual and the historical operating results, also evaluating the appropriateness of financial methodologies used in the calculating the estimates and discount rate; • evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit; • evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

(Vilaivan Pholprasert)
Certified Public Accountant
Registration No. 8420

KPMG Phoomchai Audit Ltd.
Bangkok
17 February 2020

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	*Note*	2019	2018	2019	2018
			(in Baht)		
Current assets					
Cash and cash equivalents	*5*	836,767,815	879,623,198	84,764,688	97,164,647
Trade and other accounts receivable	*6*	889,276,002	900,176,314	74,568,629	128,398,963
Short-term loans to related parties	*4*	27,432,653	51,700,000	1,345,166,165	698,733,512
Inventories	*7*	546,918,129	261,970,584	9,377,108	7,762,782
Other current assets	*8*	134,278,524	73,729,785	268,098	318,482
Total current assets		**2,434,673,123**	**2,167,199,881**	**1,514,144,688**	**932,378,386**
Non-current assets					
Investments in associate	*9*	4,217,669	36,100,321	-	51,450,000
Investments in subsidiaries	*10*	-	-	1,185,309,141	1,420,309,141
Other long-term investments	*11*	26,500,000	16,500,000	26,500,000	16,500,000
Investment properties	*13*	209,999,825	232,132,590	-	68,658,205
Property, plant and equipment	*14*	2,630,924,784	2,259,132,580	188,494,274	219,213,714
Intangible assets	*15*	52,829,150	59,149,728	11,530,261	12,046,931
Deferred tax assets	*24*	24,844,246	26,207,250	5,575,003	8,237,900
Other non-current assets	*16*	12,891,952	24,285,799	8,501,500	20,503,102
Total non-current assets		**2,962,207,626**	**2,653,508,268**	**1,425,910,179**	**1,816,918,993**
Total assets		**5,396,880,749**	**4,820,708,149**	**2,940,054,867**	**2,749,297,379**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	*Note*	2019	2018	2019	2018
			(in Baht)		
Current liabilities					
Short-term loans from financial institutions	*17*	169,000,000	123,000,000	154,000,000	123,000,000
Trade and other accounts payable	*18*	1,290,696,122	1,116,358,315	90,283,750	102,956,919
Current portion of deferred income		10,480,350	12,722,392	-	-
Accounts payable - acquisition of assets		221,299,837	24,490,572	742,751	1,357,180
Current portion of long-term loans from financial institutions	*17*	45,066,667	241,032,000	-	114,780,000
Current tax payable		84,126,489	11,832,111	80,757,748	3,480,118
Other current liabilities		13,283,871	23,554,755	2,655,402	2,426,479
Total current liabilities		**1,833,953,336**	**1,552,990,145**	**328,439,651**	**348,000,696**
Non-current liabilities					
Deferred income		48,131,829	50,319,639	-	-
Long-term loans from financial institutions	*17*	32,302,442	184,009,749	-	72,344,640
Deferred tax liabilities	*24*	1,795,726	3,999,891	-	-
Provisions for employee benefits	*19*	78,510,658	65,260,294	11,019,856	15,045,915
Other non-current liabilities		4,426,452	4,190,508	-	-
Total non-current liabilities		**165,167,107**	**307,780,081**	**11,019,856**	**87,390,555**
Total liabilities		**1,999,120,443**	**1,860,770,226**	**339,459,507**	**435,391,251**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	*Note*	2019	2018	2019	2018
			(in Baht)		
Equity					
Share capital:					
Authorised share capital					
(287,777 ordinary shares, par value at Baht 1 per share)		287,777,339	287,777,339	287,777,339	287,777,339
Issued and paid-up share capital					
(287,777 ordinary shares, par value at Baht 1 per share)		287,777,339	287,777,339	287,777,339	287,777,339
Premium on ordinary shares		1,213,596,360	1,213,596,360	1,213,596,360	1,213,596,360
Retained earnings					
Appropriated					
Legal reserve	*20*	75,697,824	75,822,824	30,140,324	30,140,324
Unappropriated		1,648,576,306	1,211,767,073	1,069,081,337	782,392,105
Equity attributable to owners of the parent		**3,225,647,829**	**2,788,963,596**	**2,600,595,360**	**2,313,906,128**
Non-controlling interests	*12*	172,112,477	170,974,327	-	-
Total equity		**3,397,760,306**	**2,959,937,923**	**2,600,595,360**	**2,313,906,128**
Total liabilities and equity		**5,396,880,749**	**4,820,708,149**	**2,940,054,867**	**2,749,297,379**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements Year ended 31 December 2019	2018	Separate financial statements Year ended 31 December 2019	2018
			(in Baht)		
Continuing operations					
Revenue from sales of goods and rendering of services	*21*	6,625,584,941	6,498,897,383	437,279,817	687,335,977
Cost of sales and rendering of services	*7*	(5,936,916,627)	(5,628,046,517)	(384,862,231)	(593,027,282)
Gross profit		**688,668,314**	**870,850,866**	**52,417,586**	**94,308,695**
Interest income		5,721,248	4,984,149	36,551,923	34,871,347
Gain on sale of assets held for sale	*13*	524,774,043	-	524,774,043	-
Other income		89,313,829	131,183,986	25,988,883	69,742,480
Dividend income from subsidiaries	*10*	-	-	201,310,933	444,616,940
Distribution costs		(119,012,557)	(95,335,234)	(13,095,858)	(18,609,999)
Administrative expenses		(287,090,962)	(313,893,724)	(32,343,882)	(35,331,559)
Direct expenses arising from investment properties		(20,355,642)	(37,959,461)	(16,026,969)	(36,175,699)
Directors and management benefit expenses	*4*	(27,706,304)	(23,642,868)	(2,820,476)	(1,762,061)
Reversal of impairment (loss) on investment in subsidiarie	*10*	-	-	86,999,400	(320,000)
Impairment loss on investment in associate	*9*	-	-	(27,300,000)	-
Loss on disposal of investment in subsidiaries	*10*	-	-	(171,747,766)	-
Gain (loss) on sale of investment in associate	*9*	2,308,740	-	(8,107,155)	-
Finance costs	*25*	(10,629,025)	(31,664,469)	(4,312,494)	(20,944,985)
Share of loss of associates	*9*	(18,148,547)	(22,990,921)	-	-
Profit before income tax expense from continuing operations		**827,843,137**	**481,532,324**	**652,288,168**	**530,395,159**
Tax expense	*24*	(101,543,331)	(44,552,117)	(85,302,174)	(17,311,049)
Profit for the year		**726,299,806**	**436,980,207**	**566,985,994**	**513,084,110**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans	*19*	10,876,039	(6,756,126)	9,350,721	146,390
Income tax relating to items that will not be reclassified	*24*	(2,175,208)	1,351,225	(1,870,144)	(29,278)
Other comprehensive income for the year, net of tax		8,700,831	(5,404,901)	7,480,577	117,112
Total comprehensive income for the year		**735,000,637**	**431,575,306**	**574,466,571**	**513,201,222**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2018	2018
		(in Baht)			
Profit attributable to:					
Owners of the parent		722,110,002	430,696,091	566,985,994	513,084,110
Non-controlling interests		4,189,804	6,284,116	-	-
Profit for the year		**726,299,806**	**436,980,207**	**566,985,994**	**513,084,110**
Total comprehensive income attributable to:					
Owners of the parent		730,784,393	425,182,137	574,466,571	513,201,222
Non-controlling interests	*12*	4,216,244	6,393,169	-	-
Total comprehensive income for the year		**735,000,637**	**431,575,306**	**574,466,571**	**513,201,222**
Earnings per share	*26*				
Basic earnings per share *(in Baht)*		**2.51**	**1.50**	**1.97**	**1.78**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements						
				Retained earnings				
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					(in Baht)			
Year ended 31 December 2018								
Balance at 1 January 2018		**287,777,339**	**1,213,596,360**	**73,822,824**	**1,076,362,275**	**2,651,558,798**	**182,014,158**	**2,833,572,956**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the parent								
Dividends	*27*	-	-	-	(287,777,339)	(287,777,339)	(17,433,000)	(305,210,339)
Total contributions by and distributions to owners of the parent		**-**	**-**	**-**	**(287,777,339)**	**(287,777,339)**	**(17,433,000)**	**(305,210,339)**
Comprehensive income for the year								
Profit		-	-	-	430,696,091	430,696,091	6,284,116	436,980,207
Other comprehensive income		-	-	-	(5,513,954)	(5,513,954)	109,053	(5,404,901)
Total comprehensive income for the year		**-**	**-**	**-**	**425,182,137**	**425,182,137**	**6,393,169**	**431,575,306**
Transfer to legal reserve		-	-	2,000,000	(2,000,000)	-	-	-
Balance at 31 December 2018		**287,777,339**	**1,213,596,360**	**75,822,824**	**1,211,767,073**	**2,788,963,596**	**170,974,327**	**2,959,937,923**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements						
				Retained earnings				
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					(in Baht)			
Year ended 31 December 2019								
Balance at 1 January 2019		**287,777,339**	**1,213,596,360**	**75,822,824**	**1,211,767,073**	**2,788,963,596**	**170,974,327**	**2,959,937,923**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the parent								
Dividends	*27*	-	-	-	(287,777,339)	(287,777,339)	(7,839,184)	(295,616,523)
Total contributions by and distributions to owners of the parent		**-**	**-**	**-**	**(287,777,339)**	**(287,777,339)**	**(7,839,184)**	**(295,616,523)**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control	*10*	-	-	-	(6,322,821)	(6,322,821)	6,322,821	-
Dissolution of subsidiary	*10*	-	-	-	-	-	(1,561,731)	(1,561,731)
Total changes in ownership interests in subsidiaries		**-**	**-**	**-**	**(6,322,821)**	**(6,322,821)**	**4,761,090**	**(1,561,731)**
Total transactions with owners, recorded directly in equity		**-**	**-**	**-**	**(294,100,160)**	**(294,100,160)**	**(3,078,094)**	**(297,178,254)**
Comprehensive income for the year								
Profit		-	-	-	722,110,002	722,110,002	4,189,804	726,299,806
Other comprehensive income		-	-	-	8,674,391	8,674,391	26,440	8,700,831
Total comprehensive income for the year		**-**	**-**	**-**	**730,784,393**	**730,784,393**	**4,216,244**	**735,000,637**
Transfer to legal reserve		-	-	(125,000)	125,000	-	-	-
Balance at 31 December 2019		**287,777,339**	**1,213,596,360**	**75,697,824**	**1,648,576,306**	**3,225,647,829**	**172,112,477**	**3,397,760,306**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
				Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
				(in Baht)		
Year ended 31 December 2018						
Balance at 1 January 2018		**287,777,339**	**1,213,596,360**	**30,140,324**	**556,968,222**	**2,088,482,245**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends	*27*	-	-	-	(287,777,339)	(287,777,339)
Total contributions by and distributions to owners		**-**	**-**	**-**	**(287,777,339)**	**(287,777,339)**
Comprehensive income for the year						
Profit		-	-	-	513,084,110	513,084,110
Other comprehensive income		-	-	-	117,112	117,112
Total comprehensive income for the year		**-**	**-**	**-**	**513,201,222**	**513,201,222**
Balance at 31 December 2018		**287,777,339**	**1,213,596,360**	**30,140,324**	**782,392,105**	**2,313,906,128**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
				Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
				(in Baht)		
Year ended 31 December 2019						
Balance at 1 January 2019						
Transactions with owners, recorded directly in equity		**287,777,339**	**1,213,596,360**	**30,140,324**	**782,392,105**	**2,313,906,128**
Contributions by and distributions to owners						
Dividends	*27*	-	-	-	(287,777,339)	(287,777,339)
Total contributions by and distributions to owners		**-**	**-**	**-**	**(287,777,339)**	**(287,777,339)**
Comprehensive income for the year						
Profit		-	-	-	566,985,994	566,985,994
Other comprehensive income		-	-	-	7,480,577	7,480,577
Total comprehensive income for the year		**-**	**-**	**-**	**574,466,571**	**574,466,571**
Balance at 31 December 2019		**287,777,339**	**1,213,596,360**	**30,140,324**	**1,069,081,337**	**2,600,595,360**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements Year ended 31 December 2019	2018	Separate financial statements Year ended 31 December 2019	2018
			(in Baht)		
Cash flows from operating activities					
Profit for the year		726,299,806	436,980,207	566,985,994	513,084,110
Adjustments to reconcile profit (loss) to cash receipts (payments)					
Tax expense		101,543,331	44,552,117	85,302,174	17,311,049
Finance costs	*25*	10,629,025	31,664,469	4,312,494	20,944,985
Depreciation of property, plant and equipment	*14*	289,729,930	287,016,949	32,960,850	39,837,339
Depreciation of investment properties	*13*	3,691,850	9,950,773	1,931,357	7,910,578
Amortisation of intangible assets	*15*	9,358,643	8,772,989	1,173,640	790,374
Impairment loss on investment in associate	*9*	-	-	27,300,000	-
(Reversal of) impairment loss on investment in subsidiaries	*10*	-	-	(86,999,400)	320,000
Provision for employee benefit	*19*	24,126,403	6,266,891	5,324,662	1,212,015
Unrealised gain on exchange		(765,808)	(355,086)	-	-
Share of loss of investments in associate, net of tax	*9*	18,148,547	22,990,921	-	-
Loss on disposal of investment in subsidiaries	*10*	-	-	171,747,766	-
(Gain) loss on disposal of investment in associate	*9*	(2,308,740)	-	8,107,155	-
(Reversal of) bad and doubtful debts expenses	*4,6*	(1,861,382)	3,540,636	(3,656,587)	3,656,587
(Reversal of) losses on inventories devaluation	*7*	6,742,583	7,891,044	(69,812)	(111,699)
Loss on disposal of property, plant and equipment		1,247,877	2,144,689	156,234	2,278,300
Loss on disposal of investment properties		-	555,367	-	555,367
Gain on sale of assets held for sale	*13*	(524,774,043)	-	(524,774,043)	-
Loss on written-off of property, plant and equipment		14,648,774	7,255,316	6,708,735	4,166,549
Loss on written-off of intangible assets		281,411	-	-	-
Gain on loss of control from dissolution of subsidiary	*10*	(1,561,731)	-	-	-
Dividend income	*10*	-	-	(201,310,993)	(444,616,940)
Interest income		(5,721,248)	(4,984,149)	(36,551,923)	(34,871,347)
		669,455,228	864,243,133	58,648,303	132,467,267

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements Year ended 31 December 2019	2018	Separate financial statements Year ended 31 December 2019	2018
			(in Baht)		
Changes in operating assets and liabilities					
Trade and other receivables		9,031,443	164,865,757	53,814,416	13,452,182
Inventories		(291,690,128)	47,172,480	(1,544,514)	14,827,013
Other current assets		(60,548,739)	91,007,655	50,384	8,441,488
Other non-current assets		11,393,847	3,567,655	12,001,602	4,804,480
Trade and other payables		175,541,322	7,370,685	(12,483,041)	(29,778,120)
Employee benefits paid		-	(3,762,690)	-	(3,762,690)
Transfer employee benefit obligations to related party		-	-	-	(1,136,881)
Other current liabilities		142,116	(6,963,253)	228,923	257,591
Deferred income		(4,429,852)	(12,887,764)	-	-
Other non-current liabilities		235,944	223,368	-	-
Net cash generated from operating		509,131,181	1,154,837,026	110,716,073	139,572,330
Tax paid		(32,265,322)	(38,708,539)	(7,231,791)	(14,273,300)
Net cash from operating activities		**476,865,859**	**1,116,128,487**	**103,484,282**	**125,299,030**
Cash flows from investing activities					
Proceeds from disposal of subsidiaries	*10*	-	-	242,908,221	-
Proceeds from acquisition of a subsidiaries	*10*	-	-	(89,000,000)	(300,000,000)
Proceeds from sale of investments in associate	*10*	16,042,845	-	16,042,845	-
Acquisition of other long-term investment	*6*	(10,000,000)	-	(10,000,000)	-
Proceeds from sale of property, plant and equipment		9,465,474	5,218,592	13,157,554	37,737,908
Acquisition of property, plant and equipment		(464,708,770)	(144,317,394)	(14,806,205)	(19,775,072)
Proceeds from sale of investment properties		583,428,734	382,427	583,428,734	382,427
Acquisition of investment properties		(65,580,000)	(34,293,000)	-	-
Acquisition of intangible assets		(3,319,476)	(22,139,266)	(656,970)	(2,859,749)
Proceeds from repayment of loans to related parties		27,838,921	-	278,682,334	537,400,000
Loans to related parties		-	(39,372,540)	(925,200,000)	(285,445,540)
Dividend income	*10*	-	-	201,310,993	444,616,940
Interest received		5,715,543	4,576,399	36,652,854	34,329,337
Net cash from (used in) investing activities		**98,883,271**	**(229,944,782)**	**332,520,360**	**446,386,251**

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements Year ended 31 December 2019	2018	Separate financial statements Year ended 31 December 2019	2018
			(in Baht)		
Cash flows from financing activities					
Proceeds from loans from financial institutions		735,000,000	788,000,000	720,000,000	688,000,000
Repayment of loans from financial institutions		(1,036,672,640)	(973,627,360)	(876,124,640)	(773,975,360)
Proceeds from short-term loans from related parties		-	-	-	66,000,000
Repayment of short-term loans from related parties		-	-	-	(191,500,000)
Dividends paid to owners of the Company	*27*	(287,777,339)	(287,777,339)	(287,777,339)	(287,777,339)
Dividends paid to non-controlling interests		(18,252,184)	(7,020,000)	-	-
Interest paid		(10,902,350)	(31,521,530)	(4,502,622)	(21,807,829)
Net cash used in financing activities		**(618,604,513)**	**(511,946,229)**	**(448,404,601)**	**(521,060,528)**
Net increase (decrease) in cash and cash equivalents		**(42,855,383)**	**374,237,476**	**(12,399,959)**	**50,624,753**
Cash and cash equivalents at 1 January		879,623,198	505,385,722	97,164,647	46,539,894
Cash and cash equivalents at 31 December	*5*	**836,767,815**	**879,623,198**	**84,764,688**	**97,164,647**
Non-cash transactions					
Liabilities from construction of plant and purchase of equipment		216,741,931	18,063,853	2,621,101	885,945
Transfer property, plant and equipment to investment properties		-	35,119,901	-	-
Transfer investment properties to property, plant and equipment		17,294,067	-	-	-

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

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 17 February 2020.

1 General information

SNC Former Public Company Limited, the "Company", is incorporated in Thailand and was listed on the Stock Exchange of Thailand in October 2004. The Company's registered office at 333/3 Moo 6, Bangphriang sub district, Bang bo district, Samutprakarn. The Company has 1 branch in Samutprakarn and 1 branch in Chonburi.

The Company's major shareholder was SNC Holding Company Limited (31.62% shareholding), incorporated in Thailand.

The principal businesses of the Company and its subsidiaries (the Group) are engaged in the manufacturing of component parts for cooling machines, component parts for air conditioners for automobile, contract manufacturing and assembly of air conditioners for household use, manufacturing of heat pump for water heat pump and manufacturing of insulation copper price kit used for the installation of cooling machine and foam pipe insulation. Details of the Company's subsidiaries and associates as at 31 December 2019 and 2018 are given in notes 9 and 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(r).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 31.

(b) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 9, 10 and 14	Impairment test: key assumptions underlying recoverable amount;
Note 19	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 24	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Subsidiaries

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

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Loss of control

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

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.
Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

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

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(c) Forward exchange contracts

Forward exchange contracts are used to manage exposure to foreign exchange arising from operating activities. Forward exchange contracts are not used for trading purposes. However, forward exchange contracts that do not qualify for hedge accounting are accounted for as trading instruments.

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on the foreign currency monetary transactions being hedged.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

(e) Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and 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 work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(g) Investments

Investments in associates and subsidiaries

Investments in associates and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investment in other equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the FIFO method applied to the carrying value of the total holding of the investment.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.
Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	20 and 30 years

No depreciation is provided on freehold land.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at book value.

Subsequent costs

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

Depreciation

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5, 10, 20 and 30	years
Buildings	20 and 30	years
Building improvement	5	years
Machinery, tool and equipment	5, 10, 15, 18 and 20	years
Office equipment	5	years
Vehicles	5	years

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

(j) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Amortisation

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

Amortisation is recognised 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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5 and 10	years
Production licenses	10	years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

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

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

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.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date 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 depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Deferred income

Deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

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

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(q) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

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

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(r) Revenue

Accounting policies for revenue recognition in 2019

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

Sale of goods and services

Revenue from sales of goods is recognised 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 recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time when services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if 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 which are determined based on the price list at which the Group sells the products and services in separate transactions.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

(s) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(t) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(u) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(v) Lease payments

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(w) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised 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 recognised 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 and joint ventures entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its 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 liabilities and assets, 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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(y) Related parties

A related parties is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(z) Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

Relationships with subsidiaries and associate are described in notes 9 and 10.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales of goods	Cost and cost plus margin
Purchases of goods	Cost and cost plus margin
Rendering of services	Actual incurred cost
Receiving of services	Actual incurred cost
Rental income	Cost plus margin
Sales of property, plant and equipment	Net book value
Purchase of property, plant and equipment	Net book value
Interest income	Agreed rate based on market price
Interest expense	Agreed rate based on market price
Dividend income	Declared rate

Significant transactions for the years ended 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
Year ended 31 December	2019	2018	2019	2018
		(in thousand Baht)		
Subsidiaries				
Sales of goods	-	-	8,510	27,290
Purchases of goods	-	-	33,809	53,279
Receiving of services	-	-	1,822	2,408
Sales of machinery and equipment	-	-	3,821	61,922
Purchases of machinery and equipment	-	-	170	5,016
Interest income	-	-	34,361	33,047
Interest expense	-	-	-	2,425
Dividend income	-	-	201,311	444,617
Associate				
Sales of goods	8,464	6,390	-	-
Purchases of goods	-	28	-	-
Rendering of services	17,582	7,887	115	-
Receiving of services	1,100	953	-	-
Rental income	6,920	8,320	-	-
Sales of machinery and equipment	30	3	-	-
Interest income	1,728	1,342	1,728	1,342
Directors and management				
Directors and management benefit expenses				
Short-term benefits	23,971	22,975	1,427	1,367
Post-employment benefits	3,735	668	1,393	395
Total directors and management benefit expenses	27,706	23,643	2,820	1,762

Balances as at 31 December with related parties were as follows:

Trade accounts receivable	**Consolidated financial statements**		**Separate financial statements**	
	2019	2018	2019	2018
	(in thousand Baht)			
Subsidiaries	-	-	-	578
Associate	1,853	1,165	337	-
	1,853	**1,165**	**337**	**578**
Less allowance for doubtful accounts	-	-	-	-
Net	**1,853**	**1,165**	**337**	**578**

Other receivables	**Consolidated financial statements**		**Separate financial statements**	
	2019	2018	2019	2018
	(in thousand Baht)			
Subsidiaries	-	-	12,505	41,922
Associate	3,778	2,666	123	-
Director	-	85	-	85
	3,778	2,751	12,628	42,007
Less allowance for doubtful accounts	-	(85)	-	(85)
Net	**3,778**	**2,666**	**12,628**	**41,922**

	Interest rate	**Consolidated financial statements**			
Movement of loans to	At 31 December *(% per annum)*	At 1 January	Increase	Decrease	At 31 December
		(in thousand Baht)			
2019					
Associate	4.80	51,700	-	(24,267)	27,433
Director	4.80	3,571	-	(3,571)	-
Other related party	4.80	-	3,571(*)	(3,571)	-
Total		**55,271**			**27,433**
Less allowance for doubtful accounts		(3,571)			-
Net		**51,700**			**27,433**
2018					
Associate	4.80	12,500	39,200	-	51,700
Director	4.80	3,399	172	-	3,571
Total		**15,899**			**55,271**
Less allowance for doubtful accounts		-			(3,571)
Net		**15,899**			**51,700**

	Interest rate	Separate financial statements			
Movement of loans to	At 31 December *(% per annum)*	At 1 January	Increase	Decrease	At 31 December
			(in thousand Baht)		
2019					
Subsidiaries	4.80	666,639	925,199	(254,500)	1,337,338
Associate	4.80	51,700	-	(24,267)	27,433
Director	4.80	3,571	-	(3,571)	-
Other related party	4.80	-	3,571(*)	(3,571)	-
Total		**721,910**			**1,364,771**
Less allowance for doubtful accounts		(23,176)			(19,605)
Net		**698,734**			**1,345,166**
2018					
Subsidiaries	4.80	957,966	246,073	(537,400)	666,639
Associate	4.80	12,500	39,200	-	51,700
Director	4.80	3,399	172	-	3,571
Total		**973,865**			**721,910**
Less allowance for doubtful accounts		(19,605)			(23,176)
Net		**954,260**			**698,734**

(*) A director of a subsidiary resigned from the director which is effective from 27 March 2019 but still
remains as a shareholder of aforesaid subsidiary. Later, the director transferred shares for settlement the loan on 21 October 2019.

Trade accounts payable	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(in thousand Baht)		
Subsidiaries	-	-	1,985	4,075
Total	**-**	**-**	**1,985**	**4,075**

Other payables	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(in thousand Baht)		
Subsidiaries	-	-	185	2,322
Associate	362	142	-	-
Total	**362**	**142**	**185**	**2,322**

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Cash on hand	532	444	36	108
Cash at banks - current accounts	1,373	1,861	2,625	1,348
Cash at banks - savings accounts	670,815	712,317	82,104	95,709
Highly liquid short-term investments	164,048	165,001	-	-
Total	**836,768**	**879,623**	**84,765**	**97,165**

6 Trade and other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Trade accounts receivable					
Related parties	*4*	1,853	1,165	337	578
Other parties		848,161	866,054	59,366	72,336
Total		**850,014**	**867,219**	**59,703**	**72,914**
Less allowance for doubtful accounts		-	-	-	-
Net		**850,014**	**867,219**	**59,703**	**72,914**
Other accounts receivable					
Related parties	*4*	3,778	2,751	12,628	42,007
Other parties		37,279	30,291	2,238	13,563
Total		**41,057**	**33,042**	**14,866**	**55,570**
Less allowance for doubtful accounts		(1,795)	(85)	-	(85)
Net		**39,262**	**32,957**	**14,866**	**55,485**
Total trade and other accounts receivable		**889,276**	**900,176**	**74,569**	**128,399**
(Reversal of) bad and doubtful debts expense for the year		**1,710**	**(31)**	**(85)**	**85**

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Within credit terms*	844,284	867,070	59,703	72,914
Overdue: **				
Less than 3 months	5,730	123	-	-
3-6 months	-	26	-	-
Total	**850,014**	**867,219**	**59,703**	**72,914**
Less allowance for doubtful accounts	-	-	-	-
Net	**850,014**	**867,219**	**59,703**	**72,914**

The normal credit terms granted by the Group range from 30 days to 150 days.

* Within credit terms means that it was not over the date that the Company and the customer agreed to receive payment.

** Overdue means that the payment

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Finished goods	120,824	45,802	2,762	2,553
Work in progress	137,454	88,780	3,714	3,179
Raw materials	245,236	138,546	3,460	2,749
Factory supplies	10,667	4,864	139	49
Goods in transit	55,500	-	-	-
	569,687	277,992	10,075	8,530
Less : allowance for decline in value of inventories	(22,763)	(16,021)	(698)	(767)
Net	**546,918**	**261,971**	**9,377**	**7,763**
	(in thousand Baht)			
Inventories recognised in 'cost of sales of goods':				
- Cost	5,930,175	5,620,156	384,931	593,139
- Write-down to net realisable value	6,742	7,891	-	-
- Reversal of write-down	-	-	(69)	(112)
Net	**5,936,917**	**5,628,047**	**384,862**	**593,027**

8 Other current assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Revenue department receivable	98,992	49,622	-	-
Withholding tax	18,922	12,521	-	-
Import customs clearance receivable	5,901	7,429	-	-
Others	10,464	4,158	268	318
Total	**134,279**	**73,730**	**268**	**318**

9 Investments in associate

		Consolidated financial statements													
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Impairment		Equity - net of impairment		Dividend Income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)				*(in thousand Baht)*									
Associate															
SNC Atlantic Water Heater Asia Co., Ltd.	Manufacturing and selling of air-to-water heat pump	26.00	49.00	105,000	105,000	27,300	51,450	4,218	36,100	-	-	4,218	36,100	-	-
Total						**27,300**	**51,450**	**4,218**	**36,100**	**-**	**-**	**4,218**	**36,100**	**-**	**-**

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net of impairment		Dividend Income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)				*(in thousand Baht)*							
Associate												
SNC Atlantic Water Heater Asia Co., Ltd.	26.00	49.00	105,000	105,000	27,300	51,450	(27,300)	-	-	51,450	-	-
Total					**27,300**	**51,450**	**(27,300)**	**-**	**-**	**51,450**	**-**	**-**

Associate was incorporated and operate in Thailand.

None of the Group and the Company's associate is publicly listed and consequently do not have published price quotations.

Disposal

In May 2019, the Company sold 23% of its 49% interest of investments in Atlantic Water Heater Asia Co., Ltd., an associated company, for a consideration of Baht 16.04 million. SNC Atlantic Water Heater Asia Co., Ltd remained an associated company of the Group as at 31 December 2019. The Group and the Company recognised a gain on the sale of investment amounting to Baht 2.31 million and loss on the sale of investment amounting to Baht 8.11 million in the consolidated and separate statements of comprehensive income for the year ended 31 December 2019, respectively.

Impairment of investment in associate

Management reviewed and tested impairment in an associate in which impairment indicator existed by determining recoverable amount of investment from the value in use of the factories which are cash-generating unit. The discounted cash flow projections ("DCF") have been prepared with reference to forecasted performance results considering historical data adjusted with projected revenue growth at 8.23% discount rate.

The recoverable amount of cash-generating unit was less than carrying amount of investment in associate. The Company therefore recognised an impairment loss in the separate statements of comprehensive income for the year ended 31 December 2019 of Baht 27.30 million.

The following table summarises the financial information of the associates as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	SNC Atlantic Water Heater Asia Co., Ltd.	
	2019	2018
	(in thousand Baht)	
Revenue	251,356	104,620
Loss from continuing operations	(58,197)	(46,920)
Total comprehensive income (100%)	(58,197)	(46,920)
Group's share of total comprehensive income	**(18,149)**	**(22,991)**
Current assets	135,386	125,620
Non-current assets	198,413	202,094
Current liabilities	(285,821)	(207,636)
Non-current liabilities	(33,341)	(47,244)
Net assets (100%)	14,637	72,834
Carrying amount of interest in associate	**4,218**	**36,100**

10 Investments in subsidiaries

		Separate financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)				*(in thousand Baht)*							
Direct subsidiaries													
SNC Pyongsan Evolution Co., Ltd.	Manufacturing of cooling parts and manufacturing and assembly of cooling machines	99.99	99.99	220,000	220,000	212,010	212,010	-	-	212,010	212,010	-	-
SNC Santec Co., Ltd.	Under liquidation process	80.00	80.00	20,000	20,000	16,000	16,000	(16,000)	(16,000)	-	-	-	-
SNC Cooling Supply Co., Ltd.	Manufacturing automotive air conditioner parts	99.99	99.99	30,000	30,000	30,000	30,000	-	-	30,000	30,000	105,000	155,000
Immortal Parts Co., Ltd.	Production of cooling parts	99.99	99.99	70,000	70,000	70,000	70,000	-	-	70,000	70,000	74,000	240,000
Paradise Plastic Co., Ltd.	Manufacturing plastic parts for electric appliance and automobile	99.99	99.99	30,000	30,000	29,999	29,999	-	-	29,999	29,999	-	-
International Techno Pipe Co., Ltd.	Ceasing the operation	-	99.99	-	320	-	320	-	(320)	-	-	-	-
SNC Creativity Anthology Co., Ltd.	Manufacturing household and automotive air conditioner parts	99.99	99.99	700,000	700,000	700,000	700,000	-	-	700,000	700,000	-	-
SNC Atlantic Heat Pump Co., Ltd.	Manufacturing of heat pump for water heat pump	74.00	74.00	45,000	45,000	33,300	33,300	-	-	33,300	33,300	22,311	49,617
SNC Fukui Holy Insulation Co., Ltd.	Under liquidation process	-	70.00	-	50,000	-	35,000	-	(35,000)	-	-	-	-
Meisou SNC Precision Co., Ltd.	Manufacturing of mold used for manufacturing tools	- (*)	94.55	-	55,000	-	52,000	-	(52,000)	-	-	-	-
SSM Automation Co., Ltd.	Manufacturing of tools for Equipment	- (**)	74.37	-	316,000	-	235,000	-	-	-	235,000	-	-
Odin Power Co., Ltd.	Investing in alternative power plant	55.00	55.00	200,000	200,000	110,000	110,000	-	-	110,000	110,000	-	-
Total						**1,201,309**	**1,523,629**	**(16,000)**	**(103,320)**	**1,185,309**	**1,420,309**	**201,311**	**444,617**

		Separate financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)				*(in thousand Baht)*							
Indirect subsidiaries													
Ultimate Parts Co., Ltd.	Manufacturing of cooling parts	99.99	99.99	40,000	40,000	-	-	-	-	-	-	-	-
Infinity Parts Co., Ltd.	Manufacturing of cooling parts	99.99	99.99	20,000	20,000	-	-	-	-	-	-	-	-
Meisou SNC Precision Co., Ltd.	Manufacturing of mold used for manufacturing tools	99.99(*)	-	100,000	-	-	-	-	-	-	-	-	-
SSM Automation Co., Ltd.	Manufacturing of tools for equipment	77.50(**)	-	360,000	-	-	-	-	-	-	-	-	-
Yalafahsaard Co., Ltd.	Generating biomass electric plant garbage	55.00	55.00	150,000	150,000	-	-	-	-	-	-	-	-
Odin Myanmar Co., Ltd.	Investing in alternative power plant	33.00	33.00	1,000	1,000	-	-	-	-	-	-	-	-
Total						-	-	-	-	-	-	-	-

All subsidiaries were incorporated and operate in Thailand.

(*) Be indirect subsidiary as at 20 November 2019.

(**) Be indirect subsidiary as at 20 November 2019.

Acquisition of subsidiaries

On 2 April 2019, SSM Automation Co., Ltd. registered additional ordinary shares of 440,000 shares, with a par value of Baht 100 per share. The Company had invested in these additional shares, amounting to Baht 44 million. The proportion of ownership is increasing from 74.37% to 77.50%. The Group recognised an increase in non-controlling interest of Baht 2.30 million and a decrease in retained earnings of Baht 2.30 million.

On 10 June 2019, Meisou SNC Precision Anthology Co., Ltd. registered additional ordinary shares of 450,000 shares, with a par value of Baht 100 per share. The Company had invested in these additional shares, amounting to Baht 45 million. The proportion of ownership is increasing from 94.55% to 97%. The Group recognised an increase in non-controlling interest of Baht 1.78 million and a decrease in retained earnings of Baht 1.78 million.

On 21 October 2019, Meisou Co., Ltd. and Mr. Seiji Kinoshita had transferred all investments in Meisou SNC Precision Co., Ltd. of 30,000 shares, with a value of Baht 100 per share, amounting to Baht 3 million to the Company for settlement the loan and other payables. The proportion of ownership is increasing from 97.00% to 99.99%. The Group recognised an increase in non-controlling interest of Baht 6.26 million and a decrease in retained earnings of Baht 2.24 million.

On 22 January 2018, SNC Creativity Anthology Co., Ltd. registered additional ordinary shares of 3,000,000 shares, with a par value of Baht 100 per share. The Company had invested in these additional shares, amounting to Baht 300 million. The proportion of ownership remain unchanged.

Disposal of subsidiaries

On 20 November 2019, the Company sold all investments in SSM Automation Co., Ltd., a subsidiary to SNC Pyongsan Evolution Co., Ltd, another subsidiary, amounting to Baht 218.74 million and sold all investments in Meisou SNC Precision Co., Ltd., a subsidiary, to SNC Cooling Supply Co., Ltd., another subsidiary, amounting to Baht 23.68 million. The Company had loss on disposal of investments in the separate statements of comprehensive income net of reversal of impairment loss on investment in aforesaid subsidiaries amounting to Baht 60.26 million and Baht 24.98 million, respectively. The Company received consideration from disposal of aforesaid investments in whole amount.

Impairment loss on investments in subsidiary

International Techno Pipe Co., Ltd, the subsidiary, has ceased its operation during the year 2018. The Company recognised impairment loss on investment in subsidiary in the separate statement of comprehensive income for the year ended 31 December 2018, amounting to Baht 0.32 million.

Dissolution of subsidiaries

At the extraordinary meeting of the shareholders of International Techno Pipe Co., Ltd, the subsidiary, held on 7 December 2018, the shareholders unanimously approved the dissolution of International Techno Pipe Co., Ltd. The subsidiary registered its dissolution with the Ministry of Commerce on 7 December 2018 and the liquidation was completed on 13 February 2019.

At the extraordinary meeting of the shareholders of SNC Fukui Holy Insulation Co., Ltd, the subsidiary, held on 28 November 2019, the shareholders unanimously approved the dissolution of SNC Fukui Holy Insulation Co., Ltd. The subsidiary registered its dissolution with the Ministry of Commerce on 3 December 2019. The Company recognised gain on reversal of impairment loss on aforesaid investment amounting to Bath 0.49 million in the separate statements of comprehensive income and the Group recognised gain on loss of control from dissolution of subsidiary amounting to Bath 1.56 million in the consolidated statement of comprehensive income and recognised a decrease in non-controlling interest of Baht 1.56 million. The subsidiary is on liquidation process.

11 Other long-term investments

		Consolidated / Separate financial statements											
Company	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)				*(in thousand Baht)*							
Forth Vending Co.,Ltd.	Managing vending machines	5.00	5.00	620,000	320,000	26,000	16,000	-	-	26,000	16,000	-	-
Pracharath Rak Samakkee Sumut Prakan (Social Enterprise) Co., Ltd.	Advise business relating to commercial and industrial management	12.50	12.50	4,000	4,000	500	500	-	-	500	500	-	-
Total						**26,500**	**16,500**	**-**	**-**	**26,500**	**16,500**	**-**	**-**

12 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2019				
	SNC Atlantic Heat Pump Co., Ltd.	SSM Automation Co., Ltd.	Odin Power Co., Ltd.	Yalafahsaard Co., Ltd.	**Total**
			(in thousand Baht)		
Non-controlling interest percentage	26	22.5	45	45	
Current assets	147,457	115,486	20,856	153,197	
Non-current assets	8,392	264,358	161,890	28	
Current liabilities	(80,240)	(98,020)	(1,159)	(198)	
Non-current liabilities	(78)	(6,096)	-	-	
Net assets	**75,531**	**275,728**	**181,587**	**153,027**	
Carrying amount of non-controlling interest	19,638	62,039	81,714	68,862	**232,253**
Other individually immaterial subsidiaries					538
Intra-group eliminations					(60,679)
Total					**172,112**
Revenue	383,687	442,152	202	1,874	
Profit	32,671	(4,405)	(6,637)	1,451	
Other comprehensive income	41	70	-	-	
Total comprehensive income	**32,712**	**(4,335)**	**(6,637)**	**1,451**	
Profit allocated to non-controlling interest	8,505	(914)	(2,987)	653	**5,196**
Other individually immaterial subsidiaries					(78)
Intra-group eliminations					(902)
Total					**4,216**
Other comprehensive income allocated to non-controlling interest	11	16	-	-	**27**
Other individually immaterial subsidiaries					(1)
Total					**26**
Cash flows from operating activities	(37,208)	57,177	(1,092)	(454)	
Cash flows from investing activities	1,810	(48,616)	(37)	1,874	
Cash flows from financing activities (Dividends to non-controlling interest amounted to Baht 7.84 million)	(7,839)	(11,746)	-	-	

	31 December 2019				
	SNC Atlantic Heat Pump Co., Ltd.	SSM Automation Co., Ltd.	Odin Power Co., Ltd.	Yalafahsaard Co., Ltd.	**Total**
			(in thousand Baht)		
Net increase (decrease) in cash and cash equivalents	**(43,237)**	**(3,185)**	**(1,129)**	**1,420**	

	31 December 2018				
	SNC Atlantic Heat Pump Co., Ltd.	SSM Automation Co., Ltd.	Odin Power Co., Ltd.	Yalafahsaard Co., Ltd.	**Total**
			(in thousand Baht)		
Non-controlling interest percentage	26	25.63	45	45	
Current assets	164,809	108,907	24,595	151,763	
Non-current assets	12,387	244,805	164,755	28	
Current liabilities	(104,156)	(110,827)	(1,126)	(215)	
Non-current liabilities	(81)	(5,507)	-	-	
Net assets	**72,959**	**237,378**	**188,224**	**151,576**	
Carrying amount of non-controlling interest	18,969	60,840	84,701	68,209	**232,719**
Other individually immaterial subsidiaries					902
Intra-group eliminations					(62,647)
Total					**170,974**
Revenue	370,696	451,887	216	1,546	
Profit	23,952	14,776	(6,637)	1,111	
Other comprehensive income	20	401	-	-	
Total comprehensive income	**23,972**	**15,177**	**(6,637)**	**1,111**	
Profit allocated to non-controlling interest	6,233	3,890	(2,987)	500	**7,636**
Other individually immaterial subsidiaries					(1,001)
Intra-group eliminations					(242)
Total					**6,393**
Other comprehensive income allocated to non-controlling interest	5	103	-	-	**108**
Other individually immaterial subsidiaries					1
Total					**109**
Cash flows from operating activities	45,007	34,538	419	(679)	
Cash flows from investing activities	132	(875)	(1,548)	1,547	

	31 December 2018				
	SNC Atlantic Heat Pump Co., Ltd.	SSM Automation Co., Ltd.	Odin Power Co., Ltd.	Yalafahsaard Co., Ltd.	**Total**
	(in thousand Baht)				
Cash flows from financing activities					
(Dividends to non-controlling interest amounted to Baht 17.43 million)	(17,433)	(26,997)	-	-	
Net increase (decrease) in cash and cash equivalents	**27,706**	**6,666**	**(1,129)**	**868**	

13 Investment properties

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Cost					
At 1 January		327,508	255,230	152,196	153,724
Additions		65,580	34,293	-	-
Transfer from (to) property, plant and equipment	*14*	(21,297)	39,513	-	-
Disposals		(152,196)	(1,528)	(152,196)	(1,528)
At 31 December		**219,595**	**327,508**	**-**	**152,196**
Depreciation and impairment losses					
At 1 January		95,375	81,622	83,538	76,217
Depreciation charge for the year		3,692	9,951	1,931	7,912
Transfer from (to) property, plant and equipment	*14*	(4,003)	4,393	-	-
Disposals		(85,469)	(591)	(85,469)	(591)
At 31 December		**9,595**	**95,375**	**-**	**83,538**
Net book value					
At 31 December		**210,000**	**232,133**	**-**	**68,658**

	Consolidated financial statements		Separate financial statements	
Year ended 31 December	2019	2018	2019	2018
	(in thousand Baht)			
Amounts recognised in profit or loss for investment properties				
Rental income	25,136	77,465	18,216	69,145
Repair and maintenance expense:				
- property that generated rental income	564	33	564	33

At 31 December	2019	2018	2019	2018
	(in thousand Baht)			
Minimum lease payments under non-concellable operating lease are receivable:				
Within 1 year	6,050	79,784	-	72,864
1 - 5 years	-	151,777	-	145,727
Total	**6,050**	**231,561**	**-**	**218,591**

Investment properties comprise of land, building and factories lease out to an associate and the third party. Each of the leases contains an initial non-cancellable period of 1 year and 3 years. Renewals are negotiated with the lessee. No contingent rents are charged.

The fair value of land and factory lease out to an associate had fair value of Baht 50.50 million, which comprised of fair value of the factory of Baht 45.35 million and land of Baht 5.15 million, appraised by the independent valuer during 2018 using replacement cost approach for factory and open market values on an existing use basis.

Another investment property was land held for a currently undetermined future use which had total fair value of Baht 214.87 million. The fair value was determined by the independent valuer during 2019 and 2018 using open market value on an existing use basis.

The fair value of investment properties amount Baht 220.02 million *(2018: Baht 371.95 million)*. The fair value of investment property has been categorised as a Level 2 fair value.

At the Board of the Executive Committee meeting no. 3/2019 held on 13 March 2019, the Committee unanimously approved the disposal of building and a factory to Fujitsu General (Thailand) Co., Ltd. On 1 April 2019, the Company entered into the memorandum of agreement on transfer the ownership of building and assign the leasehold right of land totalling Baht 606.5 million. The due date of collection shall be in May and September 2019 amounting to Baht 300 million and Baht 306.5 million, respectively. Under the term of agreement, the Company is responsible for maintenance expense of the factory before transferring ownership in September 2019. Therefore, the Company has classified investment properties amounting to Baht 66.73 million and property, plant and equipment amounting to Baht 1.04 million to non-current assets classified as held for sale since that date. Then, the Company had transferred the control over aforesaid building and assign the leasehold right of land to Fujitsu General (Thailand) Co., Ltd. The Group and the Company recognised gain on sale of assets held for sale after net of related selling expenses in the consolidated and separate statements of comprehensive income for the period ended 31 December 2019, amounting to Baht 524.77 million.

14 Property, plant and equipment

		Consolidated financial statements							
	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
					(in thousand Baht)				
Cost									
At 1 January 2018		243,993	879,798	2,328,428	543,603	86,494	19,094	215,861	4,317,271
Additions		4,708	1,848	108,618	16,120	3,979	89	18,695	154,057
Transfers from (to) investment properties		847	(40,360)	-	-	-	-	-	(39,513)
Transfers		1,731	220,975	15,967	(46,628)	-	-	(192,045)	-
Disposals		-	(9,257)	(21,648)	(23,447)	(946)	-	(3,518)	(58,816)
At 31 December 2018 and 1 January 2019		**251,279**	**1,053,004**	**2,431,365**	**489,648**	**89,527**	**19,183**	**38,993**	**4,372,999**
Additions		8,173	131,469	230,456	27,852	8,506	5,854	249,944	662,254
Transfers from investment properties	*13*	11,353	9,944	-	-	-	-	-	21,297
Transfers		478	143	17,013	3,110	-	-	(20,744)	-
Disposals		-	(19,861)	(12,325)	(22,247)	(13,972)	-	(62)	(68,467)
At 31 December 2019		**271,283**	**1,174,699**	**2,666,509**	**498,363**	**84,061**	**25,037**	**268,131**	**4,988,083**

		Consolidated financial statements							
	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
					(in thousand Baht)				
Depreciation and impairment losses									
At 1 January 2018		10,305	184,958	1,243,462	357,225	67,905	11,585	-	1,875,440
Depreciation charge for the year		6,838	43,712	162,308	65,119	6,896	2,144	-	287,017
Transfer to investment properties		-	(4,393)	-	-	-	-	-	(4,393)
Transfers		-	6,017	-	(6,017)	-	-	-	-
Disposals		-	(2,046)	(18,595)	(22,900)	(657)	-	-	(44,198)
At 31 December 2018 and 1 January 2019		**17,143**	**228,248**	**1,387,175**	**393,427**	**74,144**	**13,729**	**-**	**2,113,866**
Depreciation charge for the year		8,179	45,047	183,561	44,350	5,929	2,644	-	289,730
Transfer to investment properties	*13*	-	4,003	-	-	-	-	-	4,003
Disposals		-	(5,009)	(11,234)	(22,512)	(11,686)	-	-	(50,441)
At 31 December 2019		**25,322**	**272,289**	**1,559,502**	**415,265**	**68,387**	**16,393**	**-**	**2,357,158**
Net book value									
At 31 December 2018									
Owned assets		234,136	824,756	1,044,190	96,221	15,383	5,454	38,993	2,259,133
		234,136	**824,756**	**1,044,190**	**96,221**	**15,383**	**5,454**	**38,993**	**2,259,133**
At 31 December 2019									
Owned assets		245,961	902,410	1,107,007	83,098	15,674	8,644	268,131	2,630,925
		245,961	**902,410**	**1,107,007**	**83,098**	**15,674**	**8,644**	**268,131**	**2,630,925**

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 353.81 million *(2018: Baht 264.26 million).*

Restriction under loan agreements with bank

The Group entered into loan agreements with several local banks. The agreements specified that the Group committed to the banks that the Group will make no commitment with third parties related to the Group's machineries for these aforesaid loan agreements.

	Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
				(in thousand Baht)				
Cost								
At 1 January 2018	31,103	146,116	349,935	37,945	16,035	3,859	-	584,993
Additions	-	30	14,359	4,067	1,319	-	62	19,837
Disposals	-	(15,974)	(99,070)	(13,737)	(690)	-	-	(129,471)
At 31 December 2018 and 1 January 2019	**31,103**	**130,172**	**265,224**	**28,275**	**16,664**	**3,859**	**62**	**475,359**
Additions	-	-	9,073	482	2,665	-	1,972	14,192
Disposals	-	(11,279)	(21,114)	(3,745)	(3,228)	-	(62)	(39,428)
At 31 December 2019	**31,103**	**118,893**	**253,183**	**25,012**	**16,101**	**3,859**	**1,972**	**450,123**
Depreciation and impairment losses								
At 1 January 2018	497	38,041	219,616	29,736	13,217	489	-	301,596
Depreciation charge for the year	109	5,400	29,480	3,109	1,198	541	-	39,837
Disposals	-	(4,441)	(69,724)	(10,458)	(665)	-	-	(85,288)
At 31 December 2018 and 1 January 2019	**606**	**39,000**	**179,372**	**22,387**	**13,750**	**1,030**	**-**	**256,145**
Depreciation charge for the year	110	4,931	24,173	2,121	1,085	541	-	32,961
Disposals	-	(4,206)	(16,574)	(3,533)	(3,164)	-	-	(27,477)
At 31 December 2019	**716**	**39,725**	**186,971**	**20,975**	**11,671**	**1,571**	**-**	**261,629**

	Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
				(in thousand Baht)				
Net book value								
At 31 December 2018								
Owned assets	30,497	91,172	85,852	5,888	2,914	2,829	62	219,214
	30,497	**91,172**	**85,852**	**5,888**	**2,914**	**2,829**	**62**	**219,214**
At 31 December 2019								
Owned assets	30,387	79,168	66,212	4,037	4,430	2,288	1,972	188,494
	30,387	**79,168**	**66,212**	**4,037**	**4,430**	**2,288**	**1,972**	**188,494**

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 48.62 million *(2018: Baht 23.63 million)*.

15 Intangible assets

	Consolidated financial statements			
	Software licenses	Production licenses	Software under installation	Total
	(in thousand Baht)			
Cost				
At 1 January 2018	28,309	52,887	7,230	88,426
Additions	11,561	-	11,606	23,167
Transfers	7,230	-	(7,230)	-
At 31 December 2018 and 1 January 2019	**47,100**	**52,887**	**11,606**	**111,593**
Additions	2,204	-	1,115	3,319
Transfers	1,337	-	(1,337)	-
Disposals	(441)	-	-	(441)
At 31 December 2019	**50,200**	**52,887**	**11,384**	**114,471**
Amortisation and impairment losses				
At 1 January 2018	17,664	26,007	-	43,671
Amortisation for the year	3,731	5,041	-	8,772
At 31 December 2018 and 1 January 2019	**21,395**	**31,048**	-	**52,443**
Amortisation for the year	4,205	5,154	-	9,359
Disposals	(160)	-	-	(160)
At 31 December 2019	**25,440**	**36,202**	**-**	**61,642**
Net book value				
At 31 December 2018	**25,705**	**21,839**	**11,606**	**59,150**
At 31 December 2019	**24,760**	**16,685**	**11,384**	**52,829**

	Separate financial statements		
	Software licenses	Software under installation	Total
	(in thousand Baht)		
Cost			
At 1 January 2018	3,991	7,230	11,221
Additions	539	3,350	3,889
Transfer	7,230	(7,230)	-
At 31 December 2018 and 1 January 2019	**11,760**	**3,350**	**15,110**
Additions	90	567	657
At 31 December 2019	**11,850**	**3,917**	**15,767**
Amortisation and impairment losses			
At 1 January 2018	2,272	-	2,272
Amortisation for the year	791	-	791
At 31 December 2018 and 1 January 2019	**3,063**	**-**	**3,063**
Amortisation for the year	1,174	-	1,174
At 31 December 2019	**4,237**	**-**	**4,237**
Net book value			
At 31 December 2018	**8,697**	**3,350**	**12,047**
At 31 December 2019	**7,613**	**3,917**	**11,530**

16 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Land and factory rental deposit	9,772	20,678	8,502	18,965
Prepaid corporate income tax	819	-	-	-
Advance payments for equipment	615	635	-	-
Others	1,686	2,973	-	1,538
Total	**12,892**	**24,286**	**8,502**	**20,503**

17 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	**Total**	Secured	Unsecured	**Total**
	(in thousand Baht)					
Short-term loans from financial institutions	-	169,000	169,000	-	123,000	123,000
Current portion of long-term loans from financial institutions	25,500	19,567	45,067	90,852	150,180	241,032
Long-term loans from financial institutions	-	32,302	32,302	93,765	90,245	184,010
Total interest-bearing liabilities	**25,500**	**220,869**	**246,369**	**184,617**	**363,425**	**548,042**

	Separate financial statements					
	2019			2018		
	Secured	Unsecured	**Total**	Secured	Unsecured	**Total**
	(in thousand Baht)					
Short-term loans from financial institutions	-	154,000	154,000	-	123,000	123,000
Current portion of long-term loans from financial institutions	-	-	-	-	114,780	114,780
Long-term loans from financial institutions	-	-	-	-	72,345	72,345
Total interest-bearing liabilities	**-**	**154,000**	**154,000**	**-**	**310,125**	**310,125**

Long-term loans from financial institution

Long-term loan of the Company and subsidiaries was pledged by committed to the bank that there will be no commitment made by the Company with third parties related to the Company's machineries *(see note 14)* and some long-term loans of certain subsidiaries are pledged by the Company.

In addition, the Company and subsidiaries must maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio and leverage ratio.

As at 31 December 2019, certain subsidiaries failed to maintain the financial ratio as defined in the loan agreements. Breach of the terms of these agreements may cause the bank to immediately recall all outstanding payables under such agreements. However, on 28 November 2019 and 2 December 2019, these subsidiaries received the waiver of the breach of covenant. Therefore, long-term loan of the subsidiaries as at 31 December 2019 was not classified as current liabilities.

18 Trade and other accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(in thousand Baht)		
Trade accounts payable					
Related parties	*4*	-	-	1,985	4,075
Other parties		1,111,109	957,034	57,808	73,263
Total		**1,111,109**	**957,034**	**59,793**	**77,338**
Other accounts payable					
Related parties	*4*	362	142	185	2,322
Other parties		179,225	159,182	30,306	23,297
Total		**179,587**	**159,324**	**30,491**	**25,619**
Total trade and other accounts payable		**1,290,696**	**1,116,358**	**90,284**	**102,957**

19 Provision for employee benefit

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(in thousand Baht)		
Retirement benefits	**78,511**	**65,260**	**11,020**	**15,046**

Defined benefit plan

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk

Present value of the defined benefit obligations	**Consolidated financial statements**		**Separate financial statements**	
	2019	2018	2019	2018
		(in thousand Baht)		
At 1 January	65,260	56,000	15,046	18,880
Include in profit or loss:				
Current service cost	6,562	7,586	1,513	1,344
Past service cost	15,986	-	3,482	-
Interest on obligation	1,579	1,141	330	283
Reversal	-	(2,460)	-	(415)
	24,127	**6,267**	**5,325**	**1,212**
Included in other comprehensive income				
Actuarial gain (loss)				
- Demographic assumptions	(6,989)	244	(2,107)	743
- Financial assumptions	6,616	1,370	776	429
- Experience adjustment	(10,503)	5,142	(8,020)	(1,318)
	(10,876)	**6,756**	**(9,351)**	**(146)**
Transfer obligations to related parties	-	-	-	(1,137)
Benefit paid	-	(3,763)	-	(3,763)
	-	**(3,763)**	-	**(4,900)**
At 31 December	**78,511**	**65,260**	**11,020**	**15,046**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as at 31 December 2019 as well as past service cost recognised during the year then ended in the consolidated and separate financial statements increased.

The principal actuarial assumptions	**Consolidated financial statements**		**Separate financial statements**	
	2019	2018	2019	2018
			(%)	
Discount rate	1.14 - 2.1	1.95 - 3.38	1.14 - 1.59	1.95 - 2.47
Future salary growth	4.25	4.5	4.25	4.5
Employee turnover	0 - 27	0 - 30	0 - 27	0 - 30

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 10 - 24 years *(2018: 10 - 23 years).*

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Affect to defined benefit obligation	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
	Increase	Decrease	Increase	Decrease
As 31 December 2019				
Discount rate (0.5% movement)	(3,844)	4,151	(471)	507
Future salary growth (1% movement)	7,357	(6,900)	912	(858)
Employee turnover (10% movement)	(2,718)	3,054	(302)	336
As 31 December 2018				
Discount rate (0.5% movement)	(3,143)	3,390	(608)	650
Future salary growth (1% movement)	6,192	(5,811)	1,214	(1,150)
Employee turnover (10% movement)	(1,671)	1,874	(223)	252

20 Reserve

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

21 Segment information and disaggregation of revenue

Management determined that the Group has three reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Manufacturing of component parts for automobile use.
- Segment 2 Manufacturing and assembly of electric appliances.
- Segment 3 Manufacturing of component parts of electric appliances.

None of other operations meets the quantitative thresholds for determining reportable segments in 2019 or 2018.

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	Consolidated financial statements											
	Manufacturing of component parts for automobile use		Electric appliances: Manufacturing and assembly		Electric appliances: Manufacturing of component parts		Other segments		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)											
Information about reportable segment												
Revenue from external customers	1,082,048	1,329,403	2,556,283	2,050,519	2,983,622	3,110,995	3,632	7,981	-	-	6,625,585	6,498,898
Inter-segment revenue	2,589	399	17,354	8,428	203,646	293,189	14,123	11,991	(237,712)	(314,007)	-	-
Total revenues	**1,084,637**	**1,329,802**	**2,573,637**	**2,058,947**	**3,187,268**	**3,404,184**	**17,755**	**19,972**	**(237,712)**	**(314,007)**	**6,625,585**	**6,498,898**
Segment results	**97,239**	**170,323**	**29,791**	**61,537**	**222,449**	**302,817**	**(19,941)**	**1,510**	**-**	**-**	**329,538**	**536,187**
Unallocated amounts:												
Gain on sale of assets held for sale											524,774	-
Gain on sale of investment in associate											2,309	-
Finance costs											(10,629)	(31,664)
Share of loss of investments in associate											(18,149)	(22,991)
Tax expense											(101,543)	(44,552)
Profit for the year											**726,300**	**436,980**
Disaggregation of revenue												
Primary geographical markets												
Thailand	1,002,199	1,278,695	1,063,331	1,454,162	2,978,456	3,107,073	3,632	7,981	-	-	5,047,618	5,847,910
Other countries	79,849	50,708	1,492,952	596,357	5,166	3,922	-	-	-	-	1,577,967	650,988
Total	**1,082,048**	**1,329,403**	**2,556,283**	**2,050,519**	**2,983,622**	**3,110,995**	**3,632**	**7,981**	**-**	**-**	**6,625,585**	**6,498,898**
Timing of revenue recognition												
At a point in time	**1,082,048**	**1,329,403**	**2,556,283**	**2,050,519**	**2,983,622**	**3,110,995**	**3,632**	**7,981**	**-**	**-**	**6,625,585**	**6,498,898**

	Separate financial statements											
	Manufacturing of component parts for automobile use		Electric appliances: Manufacturing and assembly		Electric appliances: Manufacturing of component parts		Other segments		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)											
Information about reportable segment												
Revenue from external customers	**37,235**	**53,483**	**-**	**-**	**399,311**	**630,228**	**734**	**3,625**	**-**	**-**	**437,280**	**687,336**
Segment results	**1,968**	**273**	**-**	**-**	**19,030**	**44,142**	**29,673**	**62,628**	**-**	**-**	**50,671**	**107,043**
Unallocated amounts:												
Gain on sale of assets held for sale											524,774	-
Dividend income											201,311	444,617
Impairment loss on investment in associate											(27,300)	-
Reversal of Impairment (loss) on investments in subsidiary											86,999	(320)
Loss on disposal of investment in subsidiary											(171,748)	-
loss on sale of investment in associate											(8,107)	-
Finance costs											(4,312)	(20,945)
Tax expense											(85,302)	(17,311)
Profit for the year											**566,986**	**513,084**
Disaggregation of revenue												
Primary geographical markets												
Thailand	**37,235**	**53,483**	**-**	**-**	**399,311**	**630,228**	**734**	**3,625**	**-**	**-**	**437,280**	**687,336**
Timing of revenue recognition												
At a point in time	**37,235**	**53,483**	**-**	**-**	**399,311**	**630,228**	**734**	**3,625**	**-**	**-**	**437,280**	**687,336**

Major customer

In 2019, revenues from 2 major customers of the Group's manufacturing and assembly of electric appliances segment and manufacturing of component parts of electric appliances segment represent approximately Baht 1,170 million and Baht 570 million, respectively *(2018: Baht 1,449 and Baht 558 million)* of the Group's total revenues.

Promotional privileges

The Group has been granted promotional certificates by the Office of the Board of Investment as the following table. The Group has been granted several privileges including exemption from payment of income tax on the net profit derived from promoted operations with certained terms and conditions prescribed in the promotional certificates.

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
SNC Pyongsan Evolution Co., Ltd.				
60-0456-1-04-1-0	Manufacturing of steel for cooling machines, plastic parts	21 April 2017	3 years	5 years
SNC Cooling Supply Co., Ltd.				
1815(5)/2553	Manufacturing of automobile air-conditioner parts	1 August 2010	8 years	5 years
1865(5)/2553	Manufacturing of automobile air-conditioner parts	1 August 2010	8 years	5 years
62-0639-1-05-1-0	Manufacturing of stamped steel parts, stamped aluminium parts and	1 July 2019	3 years	5 years
Immortal Parts Co., Ltd.				
2059(5)/2554	Manufacturing of parts for electrical appliances	25 April 2011	8 years	5 years
1993(2)/2557	Manufacturing of steel for cooling machines	2 March 2015	5 years	5 years
60-0915-0-00-1-2	Manufacturing of parts for electrical appliances	Not use privileges	5 years	5 years

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
Paradise Plastic Co., Ltd.				
1326(5)/2555	Manufacturing of plastic and plastic enamel products	1 September 2012	8 years	5 years
Ultimate Parts Co., Ltd.				
2375(5)/2553	Manufacturing of air conditioner parts for household use	1 December 2010	8 years	5 years
1570(5)/2554	Manufacturing of machinery, equipment, and parts for household use and manufacture of steel and parts for steel	23 December 2011	8 years	5 years
S S M Automation Co., Ltd.				
62-0743-0-00-1-2	Manufacturing of steel and parts for steel	3 August 2016	100% of net profit of the first 3 years and 50% of net profit of the year 4th to 8th	5 years

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
Infinity Parts Co., Ltd.				
1295(5)/2555	Manufacturing of steel and parts for steel	2 May 2012	8 years	5 years
1296(5)/2555	Manufacturing of parts for electrical appliances	6 April 2012	8 years	5 years
SNC Creativity Anthology Co., Ltd.				
2103(2)/2556	Manufacturing of electricity parts. Research and development of parts and component parts.	15 July 2014	6 years	5 years
2167(1)/2556	Research and development	Not commenced operations	8 years	5 years
2704(2)/2556	Manufacturing of liquid line of air conditioner for automobile	20 January 2015	3 years	5 years
60-0147-1-00-1-0	Manufacturing of air conditioner, refrigerator, freezer, washing machine, clothes dryers	24 February 2017	3 years	5 years
60-0046-0-00-0-2	Manufacturing of water heat pump	-	-	-

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
SNC Atlantic Heat Pump Co., Ltd.				
1719(5)/2557	Manufacturing of parts for electrical appliances	17 December 2014	6 years	5 years
Meisou SNC Precision Co., Ltd.				
58-2218-0-00-1-0	Manufacturing of machinery, equipment, and parts	12 October 2015	5 years	5 years

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2019			2018		
Year ended 31 December	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
			(in thousand Baht)			
Export sales	454,524	1,123,443	1,577,967	489,016	161,972	650,988
Local sales	2,241,140	2,806,478	5,047,618	2,963,238	2,884,672	5,847,910
Total revenues	**2,695,664**	**3,929,921**	**6,625,585**	**3,452,254**	**3,046,644**	**6,498,898**

	Separate financial statements					
	2019			2018		
Year ended 31 December	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
			(in thousand Baht)			
Local sales	-	437,280	437,280	-	687,336	687,336
Total revenues	**-**	**437,280**	**437,280**	**-**	**687,336**	**687,336**

22 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(in thousand Baht)		
Wages and salaries		476,585	445,741	45,190	65,047
Overtime		109,138	115,979	15,087	20,870
Welfare		81,461	71,657	10,851	12,040
Bonus		89,284	86,389	11,504	9,863
Defined contribution plans		9,756	14,262	1,532	2,176
Retirement benefits	*19*	24,127	6,267	5,325	1,212
Termination benefits		15,050	12,603	500	1,132
Others		12,745	15,138	1,439	1,942
Total		**818,146**	**768,036**	**91,428**	**114,282**

Defined contribution plans

The defined contribution plans comprise provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates 3% - 7% of their basic salaries and by the Group at rates 3% - 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

23 Expenses by nature

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Changes in finished goods and work in progress		56,612	59,291	32,076	11,055
Raw materials and consumables used		5,254,472	4,880,981	234,026	372,714
Employee benefit expenses	*22*	818,146	768,036	91,428	114,282
Depreciation	*13, 14*	293,422	296,968	34,892	47,749
Amortisation of intangible assets	*15*	9,359	8,772	1,174	791
Lease expense		138,599	128,831	17,480	28,256

24 Income tax

Income tax recognised in profit or loss	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Current tax expense				
Current period	103,419	42,274	84,906	17,498
Under (over) provided in prior years	1,230	103	(397)	(1,450)
Deferred tax expense				
Movements in temporary differences	(3,106)	2,175	793	1,263
Total	**101,543**	**44,552**	**85,302**	**17,311**

	Consolidated financial statements					
	2019			2018		
Income tax	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
	(in thousand Baht)					
Recognised in other comprehensive income						
Defined benefit plan actuarial gains (losses)	**10,876**	**(2,175)**	**8,701**	**(6,756)**	**1,351**	**(5,405)**

	Separate financial statements					
	2019			2018		
Income tax	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
	(in thousand Baht)					
Recognised in other comprehensive income						
Defined benefit plan actuarial gains	**9,351**	**(1,870)**	**7,481**	**146**	**(29)**	**117**

Reconciliation of effective tax rate	**Consolidated financial statements**			
	2019		2018	
	Rate (%)	*(in thousand Baht)*	*Rate (%)*	*(in thousand Baht)*
Profit before income tax expense		827,843		481,532
Income tax using the Thai corporation tax rate	20	165,569	20	96,306
Income not subject to tax		(67,828)		(40,987)
Expenses not deductible for tax purposes		10,797		1,037
Recognition of previously unrecognised tax losses		(4,217)		(4,557)
Current year losses for which no deferred tax asset was recognised		(4,008)		(7,350)
Under provided in prior years		1,230		103
Total	**12**	**101,543**	**9**	**44,552**

Reconciliation of effective tax rate	**Separate financial statements**			
	2019		2018	
	Rate (%)	*(in thousand Baht)*	*Rate (%)*	*(in thousand Baht)*
Profit before income tax expense		652,288		530,395
Income tax using the Thai corporation tax rate	20	130,458	20	106,079
Income not subject to tax		(52,577)		(88,923)
Expenses not deductible for tax purposes		7,818		1,605
Over provided in prior years		(397)		(1,450)
Total	**13**	**85,302**	**3**	**17,311**

Deferred tax	**Consolidated financial statements**				**Separate financial statements**			
	Assets		**Liabilities**		**Assets**		**Liabilities**	
At 31 December	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)				*(in thousand Baht)*			
Total	43,901	41,731	20,852	19,524	11,004	13,427	5,429	5,189
Set off of tax	(20,852)	(19,524)	(20,852)	(19,524)	(5,429)	(5,189)	(5,429)	(5,189)
Net deferred tax assets (liabilities)	**23,049**	**22,207**	**-**	**-**	**5,575**	**8,238**	**-**	**-**

	Consolidated financial statements				Consolidated financial statements			
		(Charged) / Credited to:				(Charged) / Credited to:		
Deferred tax	**At 1 January 2018**	Profit or loss	Other comprehensive income	**At 31 December 2018**	**At 1 January 2019**	Profit or loss	Other comprehensive income	**At 31 December 2019**
		(in thousand Baht)				*(in thousand Baht)*		
Deferred tax assets								
Trade and other receivables (doubtful accounts)	23	(23)	-	-	-	-	-	-
Inventories (allowance for decline in value)	1,626	1,578	-	3,204	3,204	1,328	-	4,532
Investments in subsidiaries (impairment losses)	10,200	64	-	10,264	10,264	(1,604)	-	8,660
Property, plant and equipment (impairment losses)	2,603	-	-	2,603	2,603	-	-	2,603
Provision employee benefit	11,200	501	1,351	13,052	13,052	5,507	(2,175)	16,384
Deferred income	15,186	(2,578)	-	12,608	12,608	(886)	-	11,722
Total	**40,838**	**(458)**	**1,351**	**41,731**	**41,731**	**4,345**	**(2,175)**	**43,901**
Deferred tax liabilities								
Property, plant and equipment (the difference of useful life and increase in revaluation)	(17,807)	(1,717)	-	(19,524)	(19,524)	(1,329)	-	(20,852)
Total	**(17,807)**	**(1,717)**	**-**	**(19,524)**	**(19,524)**	**(1,329)**	**-**	**(20,852)**
Net	**23,031**	**(2,175)**	**1,351**	**22,207**	**22,207**	**3,016**	**(2,175)**	**23,049**

	Separate financial statements				Separate financial statements			
		(Charged) / Credited to:				(Charged) / Credited to:		
Deferred tax	**At 1 January 2018**	Profit or loss	Other comprehensive income	**At 31 December 2018**	**At 1 January 2019**	Profit or loss	Other comprehensive income	**At 31 December 2019**
		(in thousand Baht)				*(in thousand Baht)*		
Deferred tax assets								
Inventories (allowance for decline in value)	176	(22)	-	154	154	(14)	-	140
Investments in subsidiaries (impairment losses)	10,200	64	-	10,264	10,264	(7,064)	-	3,200
Investments in associate (impairment losses)	-	-	-	-	-	5,460	-	5,460
Provision for employee benefit	3,775	(737)	(29)	3,009	3,009	1,065	(1,870)	2,204
Total	**14,151**	**(695)**	**(29)**	**13,427**	**13,427**	**(533)**	**(1,870)**	**11,004**
Deferred tax liabilities								
Property, plant and equipment (the difference of useful life)	(4,621)	(568)	-	(5,189)	(5,189)	(240)	-	(5,429)
Total	**(4,621)**	**(568)**	**-**	**(5,189)**	**(5,189)**	**(240)**	**-**	**(5,429)**
Net	**9,530**	**(1,263)**	**-**	**8,238**	**8,238**	**(793)**	**(1,870)**	**5,575**

Unrecognised deferred tax assets	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Tax losses	85,232	97,038	-	-
Total	**85,232**	**97,038**	**-**	**-**

The tax losses expire in 2020-2024. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

25 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Interest expense:					
Related parties	*4*	-	-	-	2,425
Bank loans and overdrafts		10,629	31,664	4,312	18,520
Total		**10,629**	**31,664**	**4,312**	**20,945**

26 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht / thousand shares)			
Profit attributable to ordinary shareholders for the year ended 31 December				
Profit attributable to ordinary shareholders of the Company (basic)	**722,110**	**430,696**	**566,986**	**513,084**
Number of ordinary shares outstanding	**287,777**	**287,777**	**287,777**	**287,777**
Earnings per share (basic) *(in Baht)*	**2.51**	**1.50**	**1.97**	**1.78**

27 Dividends

The dividends paid by the Group to the shareholders are as follows:

Dividend	Approved by	Dividend paid	Dividend rate per share	Dividend payment date
		(in thousand Baht)	*(in Baht)*	
SNC Former Public Company Limited				
Interim dividend paid from the profit of first six months of 2019	Board of Director's Meeting on 5 August 2019	143,889	0.50	30 August 2019
Annual dividend paid from the profit of last six months of 2018	Annual General Meeting of shareholders on 27 March 2019	143,889	0.50	26 April 2019
Interim dividend paid from the profit of first six months of 2018	Board of Director's Meeting on 1 August 2018	143,889	0.50	31 August 2018
Annual dividend paid from the profit of last six months of 2017	Annual General Meeting of shareholders on 30 March 2018	143,889	0.50	30 April 2018
SNC Atlantic Heat Pump Co., Ltd.				
Dividend paid from Retain earnings as at 31 October 2019	Board of Directors' Meeting on 31 October 2019	30,150	67.00	27 November 2019
Dividend paid from Retain earnings as at 30 November 2018	Board of Directors' Meeting on 17 December 2018	40,050	89.00	15 January 2019
Annual dividend paid from the profit of 2017	Annual General Meeting of shareholders on 21 April 2018	27,000	60.00	25 April 2018

28 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Financial assets and liabilities interest rates are mainly adjust in accordance to market rate or are fixed which is close to current market rate.

		Consolidated financial statements			
		Maturity period			
At 31 December	Effective interest rate *(% per annum)*	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in thousand Baht)		
2019					
Financial Assets					
Cash and cash equivalents	0.22-1.30	834,863	-	-	834,863
Short-term loans to related parties	4.80	27,433	-	-	27,433
Total		**862,296**	**-**	**-**	**862,296**
Financial Liabilities					
Short-term loans from financial institutions	2.95	169,000	-	-	169,000
Current portion of long-term loans from financial institution	3.85-4.78	45,067	-	-	45,067
Long-term loans from financial institution	4.50-4.78	-	32,302	-	32,302
Total		**214,067**	**32,302**	**-**	**246,369**

		Consolidated financial statements			
		Maturity period			
At 31 December	Effective interest rate *(% per annum)*	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in thousand Baht)		
2018					
Financial Assets					
Cash and cash equivalents	0.37-1.25	877,318	-	-	877,318
Short-term loans to related parties	4.80	51,700	-	-	51,700
Total		**929,018**	**-**	**-**	**929,018**

		Consolidated financial statements			
		Maturity period			
At 31 December	Effective interest rate *(% per annum)*	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in thousand Baht)		
Financial Liabilities					
Short-term loans from financial institutions	4.03	123,000	-	-	123,000
Current portion of long-term loans from financial institution	4.10-4.78	241,032	-	-	241,032
Long-term loans from financial institution	4.10-4.78	-	184,010	-	184,010
Total		**364,032**	**184,010**	-	**548,042**

		Separate financial statements			
		Maturity period			
At 31 December	Effective interest rate *(% per annum)*	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2019					
Financial Assets					
Cash and cash equivalents	0.22-0.25	82,104	-	-	82,104
Short-term loans to related parties	4.80	1,345,166	-	-	1,345,166
Total		**1,427,270**	**-**	**-**	**1,427,270**
Financial Liabilities					
Short-term loans from financial institutions	2.95	154,000	-	-	154,000
Total		**154,000**	**-**	**-**	**154,000**
2018					
Financial Assets					
Cash and cash equivalents	0.37	95,709	-	-	95,709
Short-term loans to related parties	4.80	698,734	-	-	698,734
Total		**794,443**	**-**	**-**	**794,443**
Financial Liabilities					
Short-term loans from financial institutions	4.03	123,000	-	-	123,000
Current portion of long-term loans from financial institution	4.10-4.75	114,780	-	-	114,780
Long-term loans from financial institution	4.75	-	72,345	-	72,345
Total		**237,780**	**72,345**	**-**	**310,125**

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases of raw materials and sales of finish goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

	Consolidated financial statements						
	2019				2018		
Assets and liabilities denominated in the foreign currencies as at 31 December	United States Dollars	Euro	Swedish Krona	Total	United States Dollars	Swedish Krona	Total
				(in thousand Baht)			
Cash and cash equivalents	102,770	-	-	102,770	385	-	385
Trade and other receivables	170,307	163	-	170,470	59,403	-	59,403
Trade and other payables	(236,106)	-	(225)	(236,331)	(56,141)	(261)	(56,402)
Accounts payable - acquisition of assets	-	-	-	-	(1,229)	-	(1,229)
Gross balance sheet exposure	**36,971**	**163**	**(225)**	**36,909**	**2,418**	**(261)**	**2,157**
Currency forwards purchase	7,045	-	222	7,267	20,579	259	20,838
Currency forwards sales	(41,927)	-	-	(41,927)	(33,039)	-	(33,039)
Net exposure	**2,089**	**163**	**(3)**	**(2,249)**	**(10,042)**	**(2)**	**(10,044)**

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term loans is taken to approximate the carrying amount stated in the accounts because of interest on loans approximates to market rates.

29 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Capital commitments				
Contracted but not provided for:				
Buildings and other constructions	324	-	-	-
Machinery and equipment	24,948	15,255	848	2,886
Total	**25,272**	**15,255**	**848**	**2,886**
Future minimum lease payments under non-cancellable operating lease				
Within 1 year	34,970	57,521	6,600	18,221
1 - 5 years	9,660	66,189	-	46,485
After 5 years	-	43,580	-	43,580
Total	**44,630**	**167,290**	**6,600**	**108,286**
Other commitments				
Unused letters of credit to guarantee payments due to creditors	352,650	77,200	-	-
Bank guarantees for land rental, electricity used and others	18,029	31,033	5,748	19,395
Total	**370,679**	**108,233**	**5,748**	**19,395**

30 Events after the reporting period

On 17 February 2020, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of the shareholders to be held on 27 March 2020 adopt a resolution to pay a year-end dividend of Baht 0.35 per share in respect of the operating result of 2019, or a total of Baht 100.72 million. The dividend payment is scheduled for 27 April 2020 and represented a total dividend payment of Baht 0.50 per share, inclusive of the interim dividend of Baht 0.85 per share.

31 Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

** TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 716 million and Baht 112 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

32 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the periods ended 2018, which are included in the 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2018 financial statements.

	2018					
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass.	After reclass	Before reclass	Reclass.	After reclass
	(in thousand Baht)					
Statement of financial position as at 31 December 2018						
Trade and other accounts receivable	881,703	18,473	900,176	117,606	10,793	128,399
Other current assets	92,203	(18,473)	73,730	11,111	(10,793)	318
Other long-term investments	-	16,500	16,500	-	16,500	16,500
Other non-current assets	40,786	(16,500)	24,286	37,003	(16,500)	20,503
		-			-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

SNC

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