

SAHAMITR PRESSURE CONTAINER PLC.
Annual Report 2017



*37 Years
of Trust*
Best Quality Cylinder
Since 1981

Vision

"Sustainably become
One of the World Leading
LPG Cylinder Manufacturer."

Mission

- Deliver quality products that highly satisfy the customers' needs
- Employ immediate and superior after sale services
- Establish a prudential cost management strategy to improve competitiveness
- Promote the development of employee skill and standard of living
- Conduct the business with responsibility to the society and environment
- Zero tolerance of corruption in all forms.

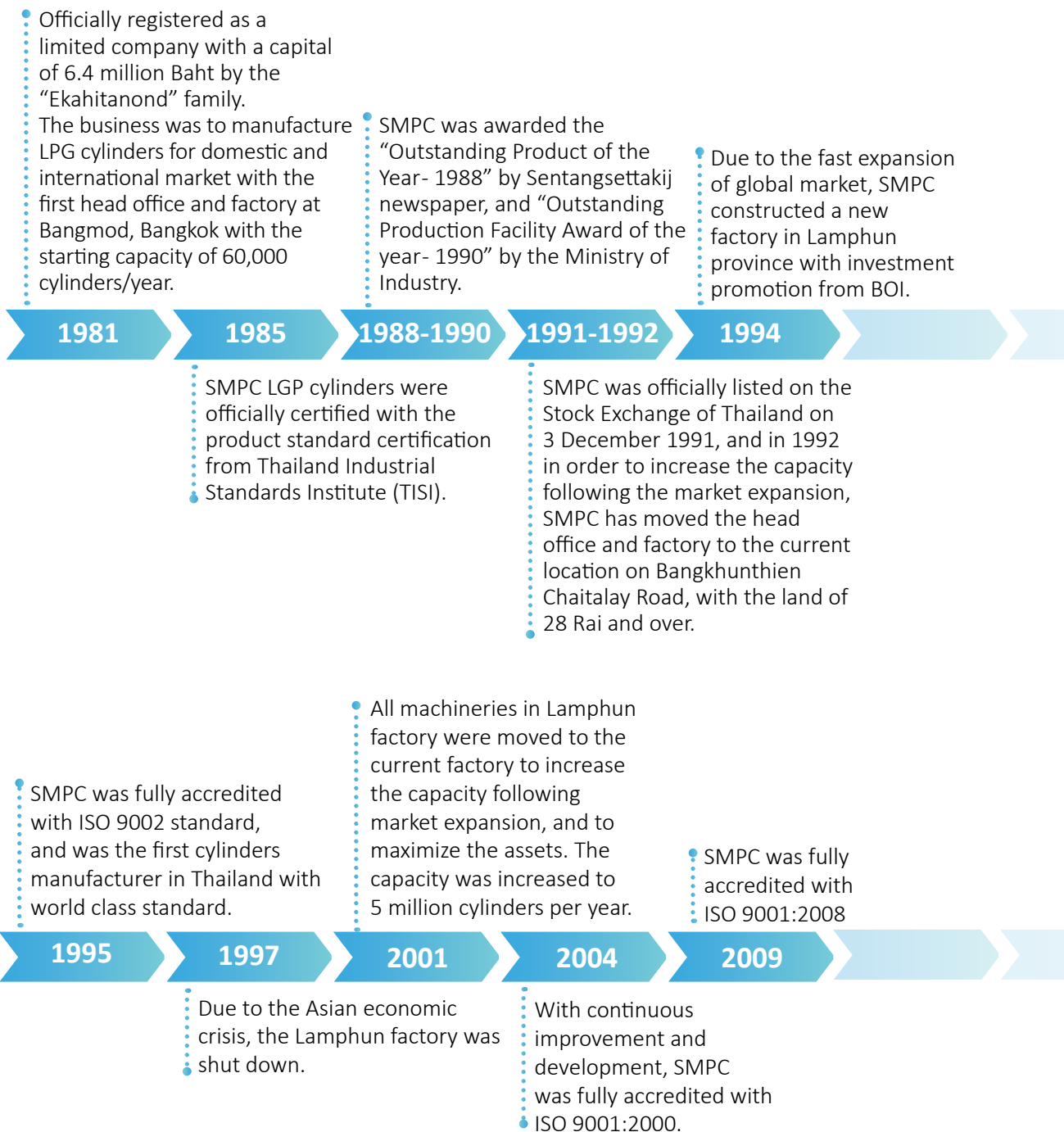
*Remark: The vision and mission of the year 2018 was reviewed in the Board of Directors meeting no.6/2017, on 22 December 2017

Company Profile

Company Name	SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
Symbol in Stock Exchange of Thailand	SMPC
Company registration Number	0-10-7-537-00160-9
Nature of Business	Manufacturing LPG cylinders and other pressure vessels
Website	http://www.smpcplc.com
Head Office and Factory Address	92 Soi Thientalay7 (4th Intersection), BangkhunthienChaitalay Road, Samaedam, Bangkhunthien, Bangkok 10150
Registered Capital	536,405,305 Baht with 536,405,305 Ordinary Shares
Issued and Paid-up Capital	531,987,443 Baht (2016: 529,127,108 Baht)
Par Value	1 Baht/share
Preferred Share	None
Accounting Period	1 January- 31 December
Other company in which the company holds shares with proportion of 10% or greater	None
Contact	
Head Office	
Telephone	(02) 895-4139-54
Fax	(02) 416-5534
E-mail	info@smpcplc.com
Investor Relations	
Miss Kanya Vipanurut	Accounting and Financial Director, and Company Secretary
Telephone	(02) 895-4139-54
E-mail	ir@smpcplc.com

Company History

1. History, Changes and Significant Development



- SMPC was accredited with TIS 370-2552 (2009) for LPG cylinders for automobile in cylindrical and toroidal shape- the first manufacturer in Thailand.

2010

2012

- SMPC launched new product- cylinders for automotive parts.

2013

- SMPC started construction of Factory 3, to increase the capacity from 5 million to 5.5 million cylinders per year in 2014.
- SMPC was allowed to resume trading in the SET on 11 November 2013.
- SMPC received certifications for two new products:
 - 1) 1-lb bottles with certification from Standards of USA (DOT) as refillable bottles replacing the disposable ones,
 - 2) Light Weight Cylinders which SMPC was accredited with European standard (EN) as the first manufacturer in Asia and the third in the world. The Light Weight Cylinders are manufactured from special steel with lighter weight but as durable as normal steel.

2014

- Capacity was increased to 5.5 million cylinders per year.
- SMPC invested further in Factory 3, and in expansion of the factory buildings and improving the machineries' efficiencies in Factory 1 and 2. The construction was finished in 2015.

- SMPC was awarded with the Outstanding Performance of Environmental, Social and Governance (ESG 100) of the year 2016 by Thaipat Institute.
- On 22 April 2016, SMPC was certified as a practice alliance member of Thai private sector for Anti-corruption.
- SMPC launched new product – 420 lb. cylinder, the largest cylinder type which can be moveable.
- SMPC was in the process of construction to expand factory to improve machineries' efficiency and capacity. The capacity is expected to increase by 1 million cylinders per year, from 6.2 million to be 7.2 million cylinders per year in 2017.

2015

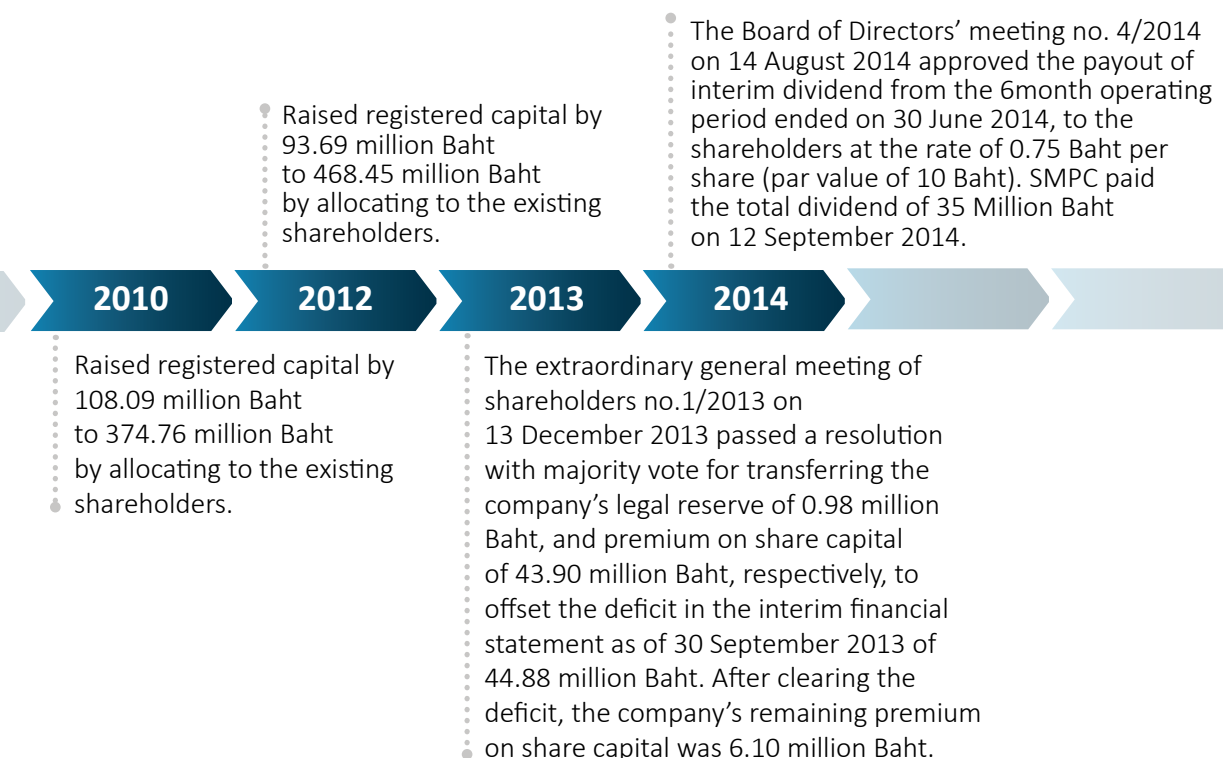
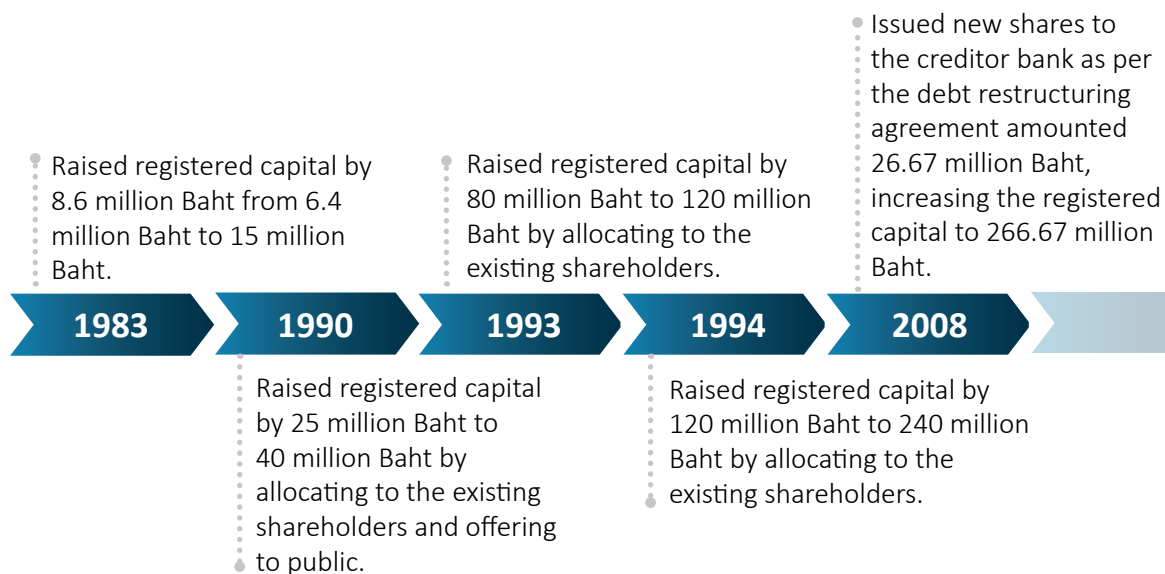
2016

- Capacity was increased to 6.2 million cylinders per year.
- SMPC won the Best Company Performance Awards for publicly listed companies with market capitalization of 3-10 billion Baht in SET Awards 2015.

2017

- As per the research and study together with USA customers, our product, 1.05 lb. Refillable Propane Cylinder, under brand of "Flame King" received the awards as follows
 - Environment Excellence Award of 2016 by California Manufacturers and Technology Association.
 - Outdoor Room Equipment of 2017 and Best in Show Outdoor Room Product of 2017 by Hearth & Home Magazine.
 - Green Arrow Award of 2016 for System and Design Innovation by California Product Stewardship Council.
- Received the "Certificate of ESG100 Company of the Year 2017" from the Thaipat Institute. SMPC was awarded with the outstanding performance in terms of Environmental, Social and Governance (ESG) for the second consecutive year.
- Received The Best Listed Company Performance with market capitalization of 3,000-10,000 Million Baht in the SET Awards 2017. The company also was nominated for the Best CEO Award.
- On 26 December 2017, SMPC was certified by the ISO 14001:2015 by BUREAU VERITAS.
- Improved the factory's efficiency and increased machinery. Therefore, the capacity was increased by 1 million cylinders per year, from 7.2 million to be 8.2 million cylinders per year at the end of second quarter 2017.

2 Records of Capital Increases and Changes in Shareholders' Equity



2015

- On 31 March 2015, the annual general meeting of shareholders passed the following resolutions:
 - Change the par value of share: from registered share capital 46.84 million shares at the par value of 10 Baht to 468.45 million shares at the par value of 1 Baht.
 - Raise registered capital: from 468.45 million Baht (468.45 million shares at 1 Baht per share) to 536.41 million Baht (536.41 million shares at 1 Baht per share) by issuing new ordinary shares valued 67.96 million Baht (67.96 million shares at 1 Baht per share), to support stock dividend payment of 58.56 million shares, and to support exercising of warrant for 9.40 million shares that had been issued and offered to the Board, Management and employees of the company.
 - Issue warrant (project ESOP): amounted 9.40 million warrants to the Board, Management and employees of the company free of charge with the term of 3 years starting from 15 June 2015.
 - Dividend payout: from the annual profit ended on 31 December 2014 totaled 128.80 million Baht. The dividend was paid on 29 April 2015 in 2 types as follows:
 - Cash dividend at the rate of 0.15 Baht/share totaled 70.26 million Baht.
 - Stock dividend at the rate of 8 existing stock to 1 stock dividend totaled 58.54 million Baht. The fraction shares to be paid in cash at the rate of 0.125 per share.
- On 7 August 2015, the Board of Directors' meeting no. 4/2015 passed a resolution to pay interim dividend from the company's operating period of 6month ended on 30 June 2015 at the rate of 0.12 Baht per share totaled 63.23 million Baht. The dividend was paid on 4 September 2015.

2016

- On 30 March 2016, the annual general meeting of shareholders passed a resolution to pay the dividend from the company's operating period ended 31 December 2015 at the rate of 0.44 Baht/share. The company already paid the interim dividend from the company's operating period during 1 January 2015 to 30 June 2015 at the rate of 0.12 Baht/share on 4 September 2015. On 29 April 2016, the company paid the remaining dividend from the operating period during July 1 2015 to 31 December 2015 at the rate of 0.32 Baht/share, totaled 169 million baht.
- On 15 June 2016 was the first day that the Board, Management, and employees of the company were entitled to purchase the ordinary shares which were newly issued according to the ESOP project at the rate of 5.80 Baht/share. The warrants of 2,130,595 units were used which accounts for the increase of 2,130,595 ordinary shares. The company received the payment of share and the increase of premium on share capital of 2.13 million Baht and 12.23 million Baht, respectively. The company registered the changed capital with the Ministry of Commerce on 23 June 2016.
- The Board of Directors' meeting no. 4/2016 held on 10 August 2016 approved to pay interim dividend from the company's operating period of 6-month ended 30 June 2016 to the shareholders at the rate of 0.30 Baht/share, with the amount of 529,127,108 shares, totaled 159 million Baht. The total dividend was paid on 9 September 2016.

2017

- On 30 March 2017, the annual general meeting of shareholders passed a resolution to pay the dividend from the company's operating period ended 31 December 2016 at the rate of 0.64 Baht/share. The company already paid the interim dividend from the company's operating period during 1 January 2016 to 30 June 2016 at the rate of 0.30 Baht/share. The total dividend was 159 Million baht. On 9 September 2016, the company paid the remaining dividend from the operating period during 1 July 2016 to 31 December 2016 at the rate of 0.34 Baht/share, totaled 180 million baht. The dividend was paid on 28 April 2017.
- 15 June 2017 was the second year that the Board, Management, and employees of the company were entitled to purchase the ordinary shares which were newly issued according to the ESOP project at the rate of 5.80 Baht/share. The warrants of 2,860,335 units were used which accounts for the increase of 2,860,335 ordinary shares. The company registered the changed capital with the Ministry of Commerce on 20 June 2017.
- The Board of Directors' meeting no. 3/2017 held on 10 August 2017 approved to pay interim dividend from the company's operating period of 6-month ended 30 June 2017 to the shareholders at the rate of 0.25 Baht/share, with the amount of 531,987,443 shares, totaled 133 Million Baht. The total dividend was paid on 8 September 2017.

Message from the Chairman



Dear Shareholders,

2017 was another milestone for Sahamitr Pressure Container Public Company Limited (SMPC) as it was a year of company transformation which was essential for sustainable growth of the company, in order to keep up its pace with the Industrial Revolution 4.0


For the company turnover in 2017, global sales contributed approximately 94% out of total sales. Major markets were still from Asia and Africa. Overall market has potential for continuous high growth. With the management and dedication of executive management and all staffs, sales revenue has increased by 857.80 Million Baht (25%) from the prior year to 4,326.80 Million Baht in 2017, and cylinder sales volume has increased by 22%, hence the company delivered the net profit of 531.75 Million Baht (12%).

Besides the successful operation, on 28 November 2017, SMPC received The Best Company Performance, from the listed company with market capitalization of 3,000-10,000 Million Baht. As well as Khun Surasak Urbsirisuk, Managing Director of the company was nominated for Best CEO in the SET Awards 2017. SMPC met the business criteria of the SET. The company continuously grows in business performance, maintaining the good corporate governance, and complying with the SET regulations in terms of transparent information disclosure. We are honored.

Apart from the business competitiveness, SMPC believes that, to grow sustainably in long-run, the company must run the business with ethic, transparency, without corruption. Therefore, SMPC declared the intent and dedication with the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The company was approved and certified to be the member of the organization. SMPC continues working with good cooperate governance and being responsible for society and environment.

We also look forward to competing in the market with the products that are in good quality and match with the standard requirements, hence gaining acceptance and trust from customers. Besides, SMPC focuses on personal development and up-to-date business operation. The company always improves production process to maintain competitive advantage by optimizing and integrating our effective production, internal control, and risk management, for the best interest of shareholders.

On behalf of SMPC Board of Directors, Management and staffs, we would like to express our sincere appreciation to each and every one of you for ongoing support. The company would not have achieved our targets without cooperation from stakeholders, customers, shareholders, manufacturers, financial partners, and business alliances. With the company vision and strategies, Board of Directors, Executive management, and all staffs will devote and continue working with our utmost capability to generate sustainable growth.



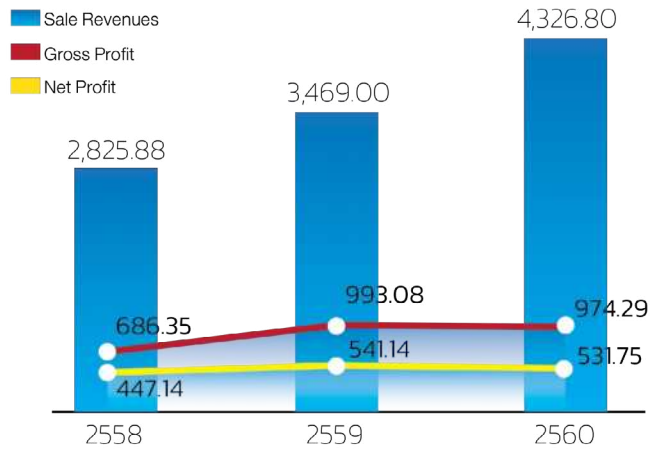
(Mr. Vinai Vittavasarnvej)
Chairman

Financial Summary (3 Years Comparison)

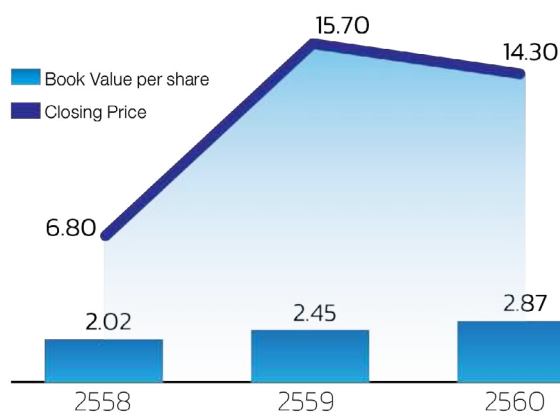
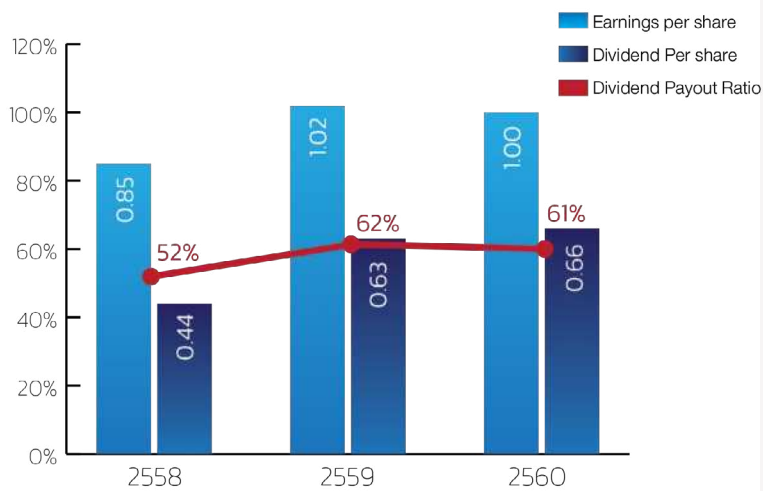
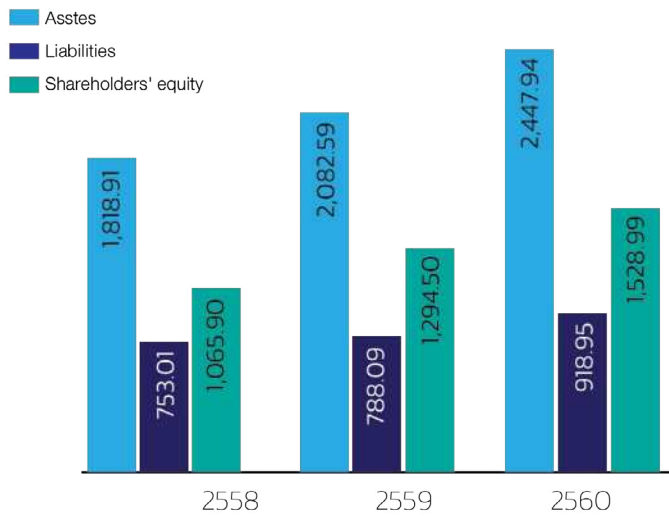
	Unit	2015	2016	2017
Financial Position as at 31 December				
Total Assets	Million Baht	1,818.91	2,082.59	2,447.94
Total Liabilities	Million Baht	753.01	788.09	918.95
Shareholder's Equity	Million Baht	1,065.90	1,294.50	1,528.99
Operating Results				
Net sale	Million Baht	2,825.88	3,469.00	4,326.80
Costs of sales	Million Baht	(2,139.53)	(2,475.92)	(3,352.51)
Gross profit	Million Baht	686.35	993.08	974.29
Other income	Million Baht	107.83	140.99	184.82
Selling expenses	Million Baht	(188.89)	(263.92)	(304.29)
Administrative expenses	Million Baht	(174.28)	(190.03)	(189.58)
Financial costs	Million Baht	(16.77)	(9.93)	(7.75)
Income tax benefit (income tax)	Million Baht	32.90	(129.05)	(125.74)
Income for the year	Million Baht	447.14	541.14	531.75
Actuarial loss – Net of tax	Million Baht	-	-	4.02
Comprehensive income for the year	Million Baht	447.14	541.14	527.73
Basic earnings per share	Baht/Share	0.85	1.02	1.00
Book Value Per Share	Baht/Share	2.02	2.45	2.87
Dividend Payout Per Share	Baht/Share	0.44	0.63	0.60
Financial Ratios				
Sales Growth	%	(1.76)	22.76	24.73
Gross Profit Margin	%	24.29	28.63	22.52
Net Profit Margin (By total revenue)	%	15.24	14.99	11.79
EBITDA margin	%	15.54	19.79	15.73
Return on Equity	%	49.24	45.85	37.67
Return on Assets	%	24.21	34.36	29.02
Current Ratio	Times	1.28	1.49	1.61
Quick Ratio	Times	0.67	0.68	0.77
Debt to Equity Ratio*	Times	0.34	0.24	0.20
Interest Coverage Ratio	Times	28.18	72.93	92.53
Stock Company				
Closing Price	Baht/Share	6.80	15.70	14.30
Market Cap	Million Baht	3,583.58	8,677.68	7,607.42

Note: 1. Debt to equity ratio is calculated only from interest bearing debt
2. Please refer to "Securities and Shareholders" for dividend payment.
(Please also refer to "Management Discussion and Analysis"(MD&A))

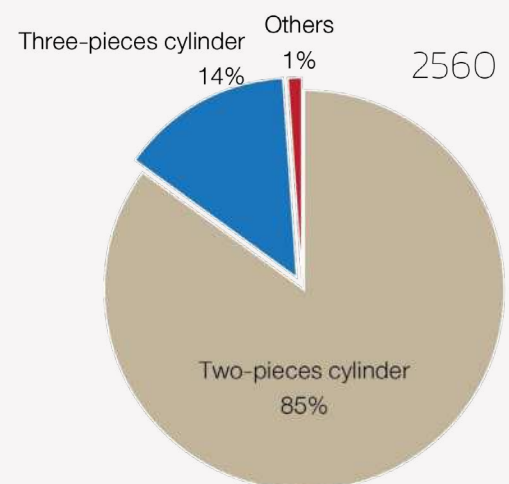
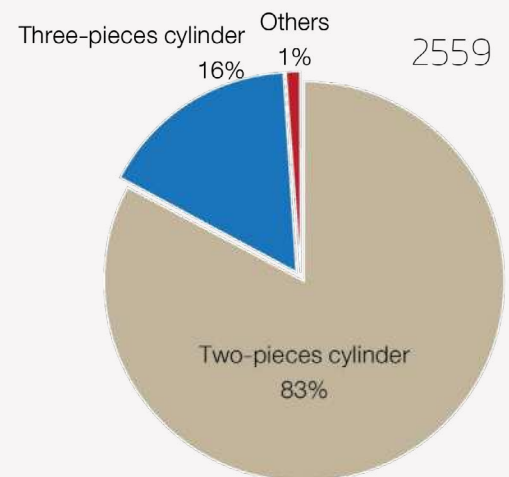
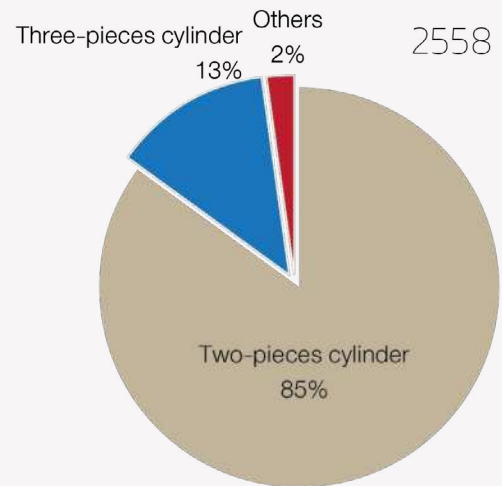
Profitability (Million Baht)



Financial Position (Million Baht)



Segmentation by Sale type



Company Activities and Corporate Social Responsibilities

1 Analyst Meeting

The external analyst participated the SMPC Analyst Meeting. The meeting were held quarterly on 30 January, 12 May, 11 August, and 13 November 2017 in order to update on company's performances and directions.



2 Sahamitr Pressure Container Public Co.,Ltd (SMPC) welcomed the faculty and students from Chulalongkorn Business School, Chulalongkorn University.

On 2 February and 12 October 2017, the faculty and students from Chulalongkorn Business School, Chulalongkorn University visited SMPC as part of the seminar course, in order for students to learn from the experienced businessman. Khun Surasak Urpsirisuk, Managing Director, Khun Patama Laowong, Senior



Vice President, as well as the Executive Management Team hosted the students and provided them with the company background, knowledge and general information of the industry, as well as the vision and experiences in the field. The students were divided into groups. Each group showed their opinions and answered the questions of the company's case studies. The executive team wrapped up the session by exchanging the perspective and giving recommendations to the students. SMPC praised the students for their talent and ability. The proposed opinion of the students were greatly appreciated. SMPC hoped that the seminar will be beneficial to all students for their career path in the future.

3 Set Opportunity Day

SMPC Executive Team presented the company's performance for 2016, and Q2 2017, business direction to investors, analysis, and the media in "Set Opportunity Day" held at the meeting room, Stock Exchange of Thailand Building (SET), on 22 February and 15 August 2016.



4 The 4th Asia LPG Summit

Sahamitr Pressure Container Public Company Limited attended the 4th Asia LP Gas Summit held at Dhaka, Bangladesh during 26-28 February 2017, to promote SMPC, meet the customers, representatives from many countries, organizations who related to LPG policy and business direction, medias, and the leaders in LPG business over the world.



5 2017 Annual General Meeting of Shareholders on 30 March 2017

on 5th floor, Ratchaphruek B Conference Room, Park Village Rama II

6 2017 Scholarship Program Offered to Children of SMPC Employees

SMPC rolled out the program to support and give educational opportunity to employees' children, also to keep morale among employees. This is the first milestone for people and country development. The non-continuous scholarships were given to the children, who were qualified by the selection criterion, on 29 April 2017.



7 SMPC received "Certificate of ESG100 Company" of the year 2017

On 30 May 2017, SMPC received the "Certificate of ESG100 Company" from the Thaipat Institute for the second consecutive year. SMPC met the requirement criterion of the listed company with the outstanding performance in terms of Environmental, Social and Governance (ESG).

8 SMPC co-hosted the Royal Funeral Rites of the King Bhumibol Adulyadej

SMPC, represented by Board of Directors together with the Management team and staffs, had been granted permission to co-host the Royal Funeral of His Majesty the King Bhumibol Adulyadej, on 31 May 2017.



9 Sandalwood Flowers Making for the Royal Cremation of the King Bhumibol Adulyadej

On 2 June 2017, SMPC staffs all joined together to make Sandalwood flowers as part of the “1999 Sandalwood flowers wholeheartedly presented to the King Bhumibol Adulyadej project” to pay great respect and admiration in remembrance of his boundless and gracious kindness.



10 2017 Annual Medical Check-up

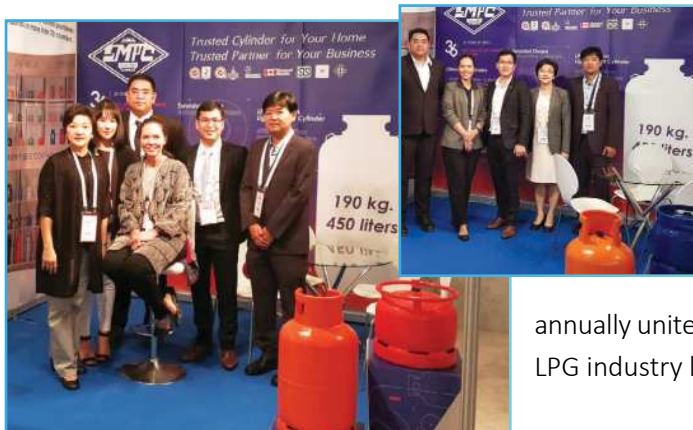
For the health and wellbeing of company personnel, SMPC organized medical check-ups for all the executives and employees by the medical team from Bangpakok Hospital 8 on 16 and 23 August 2017.



11 Reforestation as per the Royal Initiative Project

Damage from strong current causes the landscape erosion sinking into the sea. The disaster affects the ecosystem, brackish aquaculture, and aquatic animals living in a mangrove forest. Therefore, SMPC organized the “Reforestation as per the Royal Initiative Project” at Bang Khun Thien on 26 August, 2017 in order to improve and restore the mangrove forest. The activity also helped create food sources and ecotourism.





12 30th World LPG Forum

SMPC represented by Ms Patama Laowong, Senior Vice President, together with Sales & Marketing team, attended 30th the World LPG Forum held at Marrakesh, Morocco during 3-5 October 2017, to globally promote SMPC, products and services to customers. This is the remarkable event for LPG business worldwide which is annually united by key international agencies, policy makers, media and LPG industry leader to discuss and build their business relationships.

13 89-Second Observation of Silence to Pay Homage for the Late King Bhumibol Adulyadej

On 13 October, 2017, 15:52 PM, Board of Directors, Management Team, Supervisors, and all staffs observed 89 seconds of silence to show respect for the late King Bhumibol Adulyadej in remembrance of His Majesty's great benevolence. The activity was to mark the first Anniversary of the passing of the late King Bhumibol Adulyadej before the portrait of His Majesty installed at the Head Office Building.



14 Donation of Bottled Water for the Royal Cremation Ceremony of His Majesty the Late King Bhumibol Adulyadej

SMPC donated bottled water to the people who came to pay tribute to His Majesty for the Royal Cremation Ceremony on 25 October 2017.



15 2017 Annual Merit-Making Event and the Ceremony of the Enshrined Image of Khun Sutham Ekahitanond (SMPC Founder)

On 12 November, 2017, SMPC staff joined the merit-making event, offered food, gave the offering dedicated to the 15 buddhist monks. SMPC also organized the ceremony of the enshrined image of Khun Sutham Ekahitanond in memory of the company founder.



16 Building Playground, Building Intellectual Children

SMPC staffs travelled to Banpongwai School, Danmaechalab, Srisawad, Kanchanaburi, in order to build playground for the students of the school. The activity was to follow the footsteps of the late King Bhumibol Adulyadej, which was to play with the soil, sand, water, and trees, surrounded by natural resources. The students were to learn by playing, and doing to enhance their life skills. The project also helped conserve natural resources and environment of the country as well.





17 2017 SET Awards

On 28 November 2017, at the Suparee Kaewcharoen Conference Room, SET building, SMPC received The Best Company Performance, and was nominated for Outstanding CEO in SET Awards 2017. Khun Chaiyawat Wibulswadi, Chairman of Stock Exchange of Thailand presented the award to Khun Surasak Urbsirisuk, Managing Director of SMPC as the best listed company performance from the listed company with market capitalization of 3,000-10,000 Million Baht. SMPC met the

business criteria of the SET. The company continuously grows business performance, maintains good corporate governance, and complies with the SET regulations in terms of transparent information disclosure.



18 2017 Company's Annual Ceremony

To strengthen good relationship and moral of employees to the company, SMPC organized lunch feast, lucky draw, giving gift between employees and management team. The company also presented 2017 certificates to employees on 29 November, 2017.



19 2017 Annual Fire Drill

To educate employees and create awareness about safety, the company executives together with employees participated the 2017 annual fire drill at the company premise by the fire team from Dao Khanong fire station on 1 December 2017.



20 10th Nakornthon Charity Mini Marathon

To encourage employees to stay healthy, SMPC Running Club joined the 10th Nakornthon Charity Mini Marathon on 10 December 2017.



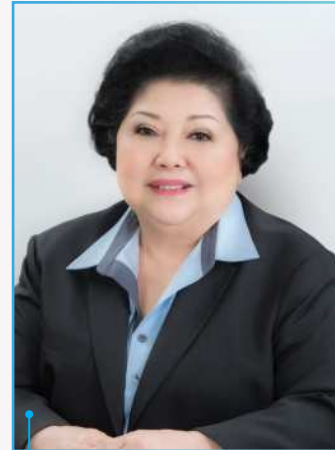
Board of Directors



Mr. Vinai
Vittavasgarnvej



Mrs. Ubol
Ekahitanond



Mrs. Supha Phromsaka
Na Sakolnakorn



Mr. Surasak
Urpsirisuk



Mr. Taidee
Visavaveja



Mrs. Patama
Laowong



Mr. Komin
Linphrachaya



Mrs. Werawan
Boonkwan



Associate Professor
Dr. Jade Donovanik

Management Team



Mrs. Ubol
Ekahitanond



Mrs. Supha Phromsaka
Na Sakolnakorn



Mr. Surasak
Urpsirisuk



Mr. Taidee
Visavaveja



Mrs. Patama
Laowong



Mr. Thamik
Ekahitanond



Mr. Jerawut
Laowong



Mr. Jirasak Phromsaka
Na Sakolnakorn



Miss Kanya
Vipaturut

Mr. Vinai Vittavasgarnvej

67 years

Chairman and Independent Director

Education

- Master of Public Administration, Thammasat University
- Bachelor of Accounting, Thammasat University

Training

- DCP by IOD
- Clean Business by IOD
- ACP by IOD

Percentages of Shareholding (%)

0.01

Family Relationships with Management

(None)

Professional Background (Past 5 years)

- (2016-Present) : Independent Director, Audit Committee and Risk Management Committee, Syn Mun Kong Insurance Public Company Limited.,
- (2015-Present) : Independent Director and Chairman of Audit Committee, Srisawad Power 1979 Public Company Limited
- (2015-Present) : Deputy Chairman, Srisawad Power 1979 Public Company Limited
- (2012-Present) : Chairman and Independent Director, Sahamitr Pressure Container Public Company Limited.,
- (2012-Present) : Independent Director and Chairman of Audit Committee, Ekarat Engineering Public Company Limited.
- (2014-2015) : Director, Srisawad Power 1979 Public Company Limited.
- (2011-2015) : Chairman, Bangkok Dec-Con Public Company Limited

Director Positions in other companies (at present)

Listed Companies

- Independent Director and Chairman of Audit Committee, Deputy Chairman, Srisawad power 1979 Public Company Limited
- Independent Director and Chairman of Audit Committee, Ekarat Engineering Public Company Limited
- Independent Director, Audit Committee and Risk Management Committee, Syn Mun Kong Insurance Public Company Limited

Non-Listed Companies

(None)



Mrs. Ubol Ekahitanond

76 years

Deputy Chairman and Chairman of the Executive Board

Education

- Bachelor of Arts- Madison Vocational and Technical School, Wisconsin, USA

Training

Accounting for Non-Account

Percentages of Shareholding(%)

3.26

Family Relationships with Management

Sister in law of Mrs. Supha
Mother of Mrs. Patama and Mr. Thamik

Professional Background (Past 5 years)

- (2012-Present) : Deputy Chairman and Chairman of the Executive Board, Sahamitr Pressure Container Public Company Limited

Director Positions in other companies (at present)

Listed Companies

(None)

Non-Listed Companies

(None)



Mrs. Supha Phromsaka Na Sakolnakorn

78 years

Director and
Authorized Director to sign for and bind the company.



Education

- Higher Vocational Diploma- Accounting, United Kingdom

Training

DAP by IOD
Accounting for Non-Accountant

Percentages of Shareholding (%)

0.01

Family Relationships with Management

Aunt of Mrs. Patama and Mr. Thamik

Professional Background (Past 5 years)

(2013-Present) : Director, Sahamitr Pressure Container Public Company Limited

Director Positions in other companies (at present)

Listed Companies
(None)

Non-Listed Companies
(None)

Mr. Surasak Urpsirisuk

65 years

Director, Managing Director and
Authorized Director to sign for and bind the company.



Education

- Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang

Training

DCP and DAP by IOD
Accounting for Non-Accountant

Percentages of Shareholding (%)

0.09

Family Relationships with Management

(None)

Professional Background (Past 5 years)

(2013-Present) : Director and Managing Director, Sahamitr Pressure Container Public Company Limited

Director Positions in other companies (at present)

Listed Companies
(None)

Non-Listed Companies
(None)

Mr. Taidee Visaveja

78 years

Director

Education

- Bachelor of Engineering-Mining Engineering, Chulalongkorn University

Training

DCP and DAP by IOD

Accounting for Non-Accountant

Percentages of Shareholding (%)

5.17

Family Relationships with Management

(None)

Professional Background (Past 5 years)

(1992-Present) : Director and Senior Vice President (factory), Sahamitr Pressure Container Public Company Limited

Professional Background (Past 5 years)

Listed Companies

(None)

Non-Listed Companies

(None)



Mrs. Patama Laowong

49 years

Director and Senior Vice President (Office),
Authorized Director to sign for and bind the company

Education

- MBA (Finance) ,University of Wisconsin, USA

- Bachelor of Accounting, Chulalongkorn University

Training

DAP and DCP by IOD

CFO by Federation of Accounting Professions

SDP by the SET

Anti-Corruption by IOD

CMA by Capital Market Academy

Percentages of Shareholding (%)

24.21

Family Relationships with Management

Daughter of Mrs. Ubol Ekahitanond and Niece of Mrs. Supha Phromsaka Na Sakolnakorn

Professional Background (Past 5 years)

(2009-Present) : Director and Senior Vice President (Office), Sahamitr Pressure Container Public Company Limited

(2008-2014) : Company Secretary, Sahamitr Pressure Container Public Company Limited

Professional Background (Past 5 years)

Listed Companies

(None)

Non-Listed Companies

(None)



Mr. Komin Linphrachaya

53 years

Independent Director and Chairman of Audit Committee
(with Accounting & Financial Expertise)



Education

- Bachelor of Accounting, Thammasat University

Training

DAP by IOD

Percentages of Shareholding (%)

0.00

Family Relationships with Management

(None)

Professional Background (Past 5 years)

- (2015-Present) : Independent Director and Chairman of Audit Committee, Sahamitr Pressure Container Public Company Limited.
- (2015-Present) : Nomination and Compensation Director, Thanasiri Group Public Company Limited.
- (2008-Present) : Director, L Medical Solutions Company Limited.
- (2008-Present) : Independent Director and Audit Committee, Thanasiri Group Public Company Limited.
- (2006-Present) : Chief Finance Officer, Loxley GTECH Technology Co., Ltd.
- (2009-2014) : Independent Director and Audit Committee, Sahamitr Pressure Container Public Company Limited.

Director Positions in other companies (at present)

Listed Companies

- Independent Director and Audit Committee, Thanasiri Group Public Company Limited.
- Nomination and Compensation Director, Thanasiri Group Public Company Limited.

Non-Listed

- Companies Director, L Medical Solutions Company Limited

Mrs. Werawan Boonkwan

48 years

Independent Director and Audit Committee
(with Accounting & Financial Expertise)



Education

- MBA (Finance & International Business), University of Wisconsin, USA
- Bachelor of Accounting, Chulalongkorn University

Training

DCP and DAP by IOD

Percentages of Shareholding (%)

0.00

Family Relationships with Management

(None)

Professional Background (Past 5 years)

- (2013-Present) : Independent Director and Audit Committee, Sahamitr Pressure Container Public Company Limited
- (2013-Present) : Director and Financial Manager, BBB & V Company Limited
- (2006-Present) : Independent Director and Audit Committee, Chukai Public Company Limited

Director Positions in other companies (at present)

Listed Companies

- Independent Director and Audit Committee, Chukai Public Company Limited

Non-Listed Companies

- Director and Financial Manager, BBB & V Company Limited

Associate Professor Dr. Jade Donovanik

45 years

Independent Director and Audit Committee



Education

- Doctor of the Science of Law (JSD) Stanford University, USA

Training

DAP by IOD

Percentages of Shareholding (%)

0.00

Family Relationships with Management

(None)

Professional Background (Past 5 years)

(March 2015-Present) : Independent Director and Audit Committee, Sahamitr Pressure Container Public Company Ltd.
(2014-Present) : Adjunct professor, Department of Law, Faculty of Social Science, Kasetsart University
(2014-Present) : Counselor, Rouse and Co. Law Office.
(2014-Present) : Director, Esneuva Company Ltd.
(2014-Present) : Director, Research X Company Ltd.
(2008-Present) : Director, Jeerada Company Ltd.
(2007-Present) : Counselor, Kamthorn Surachet&Somsak Law Officet
(2002-Present) : Intellectual Property Consultant, Department of Agriculture, Ministry of Agriculture
(2002-Present) : President, Law Office Management Co., Ltd.
(2000-Present) : Lecturer at Mahidol University International College, Thammasat University, Chulalongkorn University, Siam University, Krirk University, College of Asian Scholars, etc.

Professional Background (Past 5 years)

Listed Companies

(None)

Non-Listed Companies

- Director, Esneuva Company Ltd,
- Director, Research X Company Ltd.
- Director, Jeerada Company Ltd.
- President, Law Office Management Co., Ltd.

Mr. Thamik Ekahitanond

48 years

Assistant Managing Director (Factory)



Education

- Bachelor of Communications, Bangkok University

Training

EDP by Thai Listed Companies Association

Percentages of Shareholding (%)

10.20

Family Relationships with Management

Son of Mrs. Ubol Ekahitanond and Nephew of Mrs. Supha Phromsaka Na Sakolnakorn

Professional Background (Past 5 years)

(2010-Present) : Assistant Managing Director (Factory), Sahamitr Pressure Container Public Company Ltd.

Professional Background (Past 5 years)

Listed Companies

(None)

Non-Listed Companies

(None)

Mr. Jerawut Laowong

41 years

Assistant Managing Director (Factory)

Education

- Master of Arts, Energy and Mineral Resources- The University of Texas at Austin, USA
- Bachelor of Engineering, Petroleum Engineering- Chulalongkorn University

Training

EDP by Thai Listed Companies Association

Percentages of Shareholding (%)

0.02

Family Relationships with Management

Brother of Mrs. Patama Laowong's spouse

Professional Background (Past 5 years)

(2010-Present) : Assistant Managing Director (Factory), Sahamitr Pressure Container Public Company Ltd.

Director Positions in other companies (at present)

Listed Companies

(None)

Non-Listed Companies

(None)



Mr. Jirasak Phromsaka Na Sakolnakorn

51 years

Assistant Managing Director (Factory)

Education

- Bachelor of Science in Marketing, University of Wisconsin-La Crosse, USA

Training

EDP by Thai Listed Companies Association

Percentages of Shareholding (%)

6.71

Family Relationships with Management

Son of Mrs. Supha Phromsaka Na Sakolnakorn and Nephew of Mrs. Ubol Ekahitanond

Professional Background (Past 5 years)

- (2013-Present) : Assistant Managing Director (Factory), Sahamitr Pressure Container Public Company Ltd.
- (1995-2013) : Purchasing Manager, Sahamitr Pressure Container Public Company Limited

Director Positions in other companies (at present)

Listed Companies

(None)

Non-Listed Companies

(None)



Miss Kanya Viphanurut

48 years

Accounting & Financial Director and Company Secretary



Education

- Master of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University
- The Certified Public Accountant, Thailand.

Training

Anti-Corruption by IOD
CFO by Federation of Accounting professions
SDP by the SET
MMP by Chulalongkorn Business School

Percentages of Shareholding (%)

0.02

Family Relationships with Management

(None)

Professional Background (Past 5 years)

(December 2014-Present) : Accounting & Financial Director and Company Secretary, Sahamitr Pressure Container Public Company Ltd.
(February 2014 – November 2017) : Accounting & Financial Director, Sahamitr Pressure Container Public Company Ltd.
(2000-2014) : Accounting Manager, Sahamitr Pressure Container Public Company Ltd.

Director Positions in other companies (at present)

Listed Companies

(None)

Non-Listed Companies

(None)

Note:

Shareholding information is the latest one as of 25 August 2017 including that of spouse and minor child.

As most of the company's management are the cofounders of the company in starting the LPG cylinder manufacturing business, and there are also limited number of manufacturers in the industry in Thailand, the management's experience related to the company's business with any other organization is none.

None of Board of director is holding the directorship in any other company with similar business to the company.

SMPC Executive Directors or Controlling Persons in Related Company

	SMPC			
	Position	Director (as per company affidavit)	Executive Director	Authorized Director*
Mrs. Ubol Ekahitanond	Director	/	Chairman	
Mrs. Supha Phromsaka Na Sakolnakorn	Director	/		/
Mr. Surasak Urpsirisuk	Managing Director	/	/	/
Mr. Taidee Visavaveja	Director	/		
Mrs. Patama Laowong	Senior Vice President (Office)	/	/	/
Mr. Thamik Ekahitanond	Assistant Managing Director (Factory)		/	
Mr. Jerawut Laowong	Assistant Managing Director (Factory)		/	
Mr. Jirasak Phromsaka Na Sakolnakorn	Assistant Managing Director (Factory)		/	
Mr. Yuan Riyatanon	Engineering Advisor			

Note: * Authorized Director (any two of the three sign jointly)



Business Operations

Overview

The business of Sahamitr Pressure Container Public Company Limited is manufacturing pressure vessels under our customers' trademarks and "SMPC" trademark for the domestic and global markets. The company also provides relating services of reconditioning and quality inspection of the cylinders in accordance with each country's specified standards.

1. Products and Services

The products and services can be categorized according to their applications as follows:

1. LPG Cylinders, which can be further separated into:

1.1 Two-Piece Cylinders with sizes in the range of 0.45-16 kg. (0.9-36 liters of water capacity)

The two-piece cylinder consists of top and bottom ends. Each end is manufactured from a single steel piece, and then welded together with a single circumferential seam.

1.2 Three-Piece Cylinders with sizes in the range of 18-190 kg. (43-450 liters of water capacity)

The three-piece cylinder consists (assembles) of top and bottom ends, similar to the two-piece one. The middle section is a cylindrical shell manufactured from steel sheet rolled into a tube and welded with a single longitudinal seam. The three-piece cylinders can be customized to the required capacity.

The company's LPG cylinders are manufactured from high quality steel with strength and durability, and have different thickness in accordance with each country's specification. At the same time, the company focuses on research and development to continuously launch new products to the market. For example, in 2013, the company has developed a new product which is LightWight Cylinder, and has been accredited with European standard (EN) already. SMPC's factory is the first one in Asia and the third one in the world to be accredited for manufacturing this particular cylinder which requires specialized expertise in manufacturing process. The Light-Weight Cylinders are manufactured from special steel that is thinner than conventional steel, but with comparable strength, thus enable the cylinders to be 40% lighter in weight and more suitable for transportation. In the same year, SMPC launched the refillable 1.05 lb. cylinder, which was jointly developed by the customers in USA. In 2016, SMPC has launched the new product of 420 lb. (maximum 450 liters of water capacity) cylinder, the largest cylinder type which is moveable. With this new product, the company can penetrate to the consumer market in the remote area. Those consumers now are be able to use gas. Besides, this large cylinder can also be used in the industrial market, which is safer. It replaces many small cylinders, hence reduces space for storage. It can reduce maintenance cost for the users as well.

2. Automotive LPG Cylinders, which can be further separated into:

2.1 Cylindrical shape, can be two-piece and three-piece, similar to LPG cylinders for cooking, with sizes in the range of 25-133 liters. They are equipped with either separated valves or multi-valve.

2.2 Toroidal shape, with sizes in the range of 33-72 liters. There are two types:

2.2.1 With internal flange for connecting the components

The cylinder consists of top and bottom domes with more than one circumferential weld seam. The flange for connecting the components is on the inner radius of the tank.

2.2.2 With external flange for connecting the components

The cylinder consists of top and bottom domes with more than one circumferential weld seam. The flange for connecting the components is on the outer radius of the tank.

3. Other Pressure Vessels, which are mainly for the industrial customers and niche market, for example, vessels as automotive parts, Methyl Bromide cylinders, refrigerant cylinders, Chlorine/Ammonia cylinders, LPG cylinders for forklifts, lubricant cylinders, with sizes in the range of 7-133 liters.

4. Reconditioning and Quality Inspection Services

The company also provides inspection services for the LPG cylinders every 5 years in compliance with the law, and reconditioning services of the damaged cylinders such as coating, handles, footings. The main customers are the oil traders under section 7 of the Fuel Trade Act, B.E. 2543. The company also provides inspection services customized by the specification of customers.

For Thailand, the company's pressure vessels are designed and certified with Thai Industrial Standard (TIS).

In addition, SMPC as the leading manufacturer with excellent quality and the effectiveness of internal operations has been accredited with international standards that are well recognized by global business organizations, including the standards of various countries around the world. These standards can be categorized by continents as follows:

Continents	Standards
Global	<ul style="list-style-type: none">• International Standards (ISO)
America	<ul style="list-style-type: none">• Standards of USA (DOT)• Standards of Canada (TC)• Standards of Venezuela (MPETRO)• Standards of Peru (TIPO)
Asia	<ul style="list-style-type: none">• Standards of Singapore (SS)• Standards of Indonesia (SNI)• Standards of Taiwan (NFA)• Standards of Philippines (PNS)• Standards of Israel (SI)• Standards of Sri Lanka (SLS)• Standards of Korea (KSB)• Standards of Philippines (PS)
Australia	<ul style="list-style-type: none">• Standards of Australia (AS)
Europe	<ul style="list-style-type: none">• Standards of European Union (EN)• Standards of United Kingdom (BS)• Standard as per EU Directives (TPED)
Africa	<ul style="list-style-type: none">• Standards of Kenya (KSISO)• Standards of Cameroon (NC)• Standards of South Africa (SABS)• Standards of Nigeria (NIS)

2. Manufacturing Policies

As reported in the company overview, the company's pressure vessels can be separated into those manufactured under the customers' trademarks, and those manufactured under "SMPC" trademark. For the vessels manufactured under customers' trademark, which are the majority of company's sales, they are manufactured for the large oil and gas traders, and have different characteristics according to specifications, qualifications, and the designs of each company. This is also applicable to the other vessels for the industrial customers such as Chlorine cylinders and Ammonia cylinders. Therefore, the manufacturing of these vessels is customized by each job order from the customer.

3. Production Capacities

SMPC's manufacturing capacity and utilization rate for the past 3 years are as follows:

Item	Unit	Year 2015*	Year 2016	Year 2017**
Manufacturing Capacity	Million cylinders	6.2	6.2	7.7
Utilization Rate	%	74%	93%	89%

*In 2015, the company's manufacturing capacity increased to 6.2 million cylinders per year from refurbishing factory building, and improving machineries' efficiency in 2014.

** In the first half of the year 2017, the company's manufacturing capacity increased to 7.2 million cylinders per year. In the second half of the year, the company's manufacturing capacity increased to 8.2 million cylinders per year. Therefore, the capacity was at 7.7 million cylinders per year on average.

4. Revenue Structure

SMPC product line is pressure vessels of various sizes in the range of 0.45-190 kg. (0.9-450 liters). The revenue structure can be segmented by geographic as follows:

Market	Year 2015		Year 2016		Year 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic Market	168.24	6	193.47	6	239.98	6
International Market	2,657.64	94	3,275.53	94	4,086.82	94
Total	2,825.88	100	3,469.00	100	4,326.80	100

There is 1 customer, the private enterprise, whose its sales proportion is greater than 10% of total sales revenue of products and services.

5 Marketing and Competition

5.1 Target Group

The company's target group is the oil traders both at the national and global levels, large private companies, and customers who import cylinders for reselling to the small companies in each country.

The sales can be categorized into 2 types.

- 1) Bidding sales, regular customers, and long-term contracted customers who normally have precise delivery schedules. Such customers would initially set qualifications for recruiting their trade partners or the company that can join their bidding process, by considering the manufacturers' potential and experiences as key factors.
- 2) Nonregular customers who normally are the new customers contacting the company, or customers in new areas to whom the sales department has contacted and submitted quotation.

5.2 Market Situations and Competitions in the Past Year

Domestic Market

The domestic market for LPG cylinders is mostly through bidding. The LPG cylinders used in Thailand, are the size of 4-kg, 7-kg, and 15-kg for two-piece cylinders, and 48-kg for three-piece cylinders. The demand for two-piece 15 kg cylinders is the largest as it is the size normally used in the households. This year, the growth of domestic market for LPG cylinders was in line with last year.

The market growth of automotive LPG cylinders was about the same as that of last year. As the oil price was stable, so the customers need the LPG cylinders for replacing the expired ones.

For the market of other cylinders such as the cylinders for Ammonia, refrigerant, etc., the company received purchase order continuously. However, this segment has not grown significantly as it is the niche market.

At the present, the major domestic customers are PTT Plc., World Gas, and other gas traders under section 7, the automotive LPG installation services, and niche industrial customers. The company sells directly to these customers.

International Market

The international market, especially the developing countries, their growth are still continuously increasing each year, due to the higher demand of LPG cylinders, according to the world population growth and economic situation. At the present, these countries' LPG consumption per capita is still very low, comparing to the developed countries in Europe and America. Because of the inadequate infrastructure such as roads which are the main transportation for transporting LPG from sea ports to storage plants and filling plants, or transporting filled LPG cylinders to remote areas, so the LPG filling plants and storage plants are limited to the areas with good infrastructure.

However, according to the information on the economy and investment of the target group, in order to support the huge expansion of economy, their governments have focused on continuous investment of infrastructure system for their countries. In addition, many independent agencies worldwide that are raising awareness on global warming and supporting the use of environmental friendly energies, are providing financial supports to the poor-energy developing countries to use LPG instead of the traditional fuel, and being more strict about forbidding firewood cutting. Government policies which supporting investment from private sector, as well as benefitting consumers, are the factors that encourage the world-class oil traders to expand their investment on the LPG storage plants, filling plants, and gas carriers in such developing countries. Furthermore, there are significantly additional investments in the infrastructures in many countries. These investments resulted directly to the demand and supply of the market in Asia and Africa, especially those developing countries with low consumption rate of LPG. LPG market is expected to grow tremendously in many countries. Definitely, this opportunities will benefit the company's sale volume in the near future.

As derived demand for LPG cylinder is the price of LPG. LPG price which is one of the petroleum products has decreased for the past few years, following the continuously dropping of the world oil price. Therefore, consumers now can afford to use LPG. Though, LPG price has increased from the prior year, demand for LPG has not dropped, due to the changes of consumer behavior. Using LPG is more convenient, and safer for health than that of firewood. As a result, there is continuing LPG demand. Besides, the

government policy from some countries in South of Asia, changes the usage of NGV from pipeline, which has high maintenance cost, to be the LPG in cylinder. LPG in cylinder has a lot lower of maintenance cost, hence the demand of LPG cylinder has grown rapidly for the past 1-2 years. It is also expected to continuously grow in the future. Absolutely this has a good impact on our company. Government policy from many countries, enhances and encourages people to use gas by implementing law and rolling out campaign to utilize resources appropriately, e.g., giving away gas cylinder or price subsidies. As such, the low-income consumers have more access to LPG, which directly grow the LPG consumption for the past year and in the future.

The other factors affecting the market situation of the target countries are political stability. Since most of the investors are world-class oil and gas traders which are global companies from such countries as European Union, therefore any changes in these factors could result in decrease of the customer's orders.

Nevertheless, SMPC still maintains the strategy that help the company to operate business efficiently, hence retains the existing customer base while expands market by targeting new target customers in the same regions. The main target group is still the customers in Asia, Africa, America, Australia, and Europe.

The sales in international market cover bidding, direct with the customers, and through distributors. Since the LPG traders in each country, which mostly are multinational companies, would require local agencies for coordinating which help reducing the paperwork and make it easier for sales planning and inventory control.

6. Industry Situations and Competitions

Key Success Factors

Among factors that enable the company to operate the business strongly for longer than 37 years, the followings are the strengths of the company:

1. The manufacturing products are up to the customers' specified standards, with good qualities, reasonable prices, and timely delivery. As there may be high demand of LPG differently in each country, such as during winter or some festivals, the on time in production and delivery prevents the company to lose the sales opportunity in such timing.
2. The flexibility in manufacturing that enable the company to produce various types and sizes of product. Since the company's manufacturing process is semi-automatic, the company can serve customers' need with one-stop service. SMPC is able to produce from small to large cylinders, customers do not need to purchase cylinders from various suppliers. Therefore, customers find it convenient for them, which turn the company to be one of their first choice. Furthermore, SMPC has improved the efficiency and increased more machines in order to expand production capacity, hence can accommodate demand which is expected to grow continuously in the future.
3. The company has improved, researched, and developed the manufacturing process, by inventing and implementing new technologies in manufacturing continuously and consistently in order to improve productivity, quality control, effective cost management, energy conservation, and mitigate the risks of industrial labor shortage in the future, and also being environmentally conscious.

4. The company has been continuously monitoring and assessing the customers' satisfactory after sales. By using the customers' opinions and suggestions to improve and develop the products and services consistently in order to satisfy customer needs, the company can maintain the existing customers' trusts and continuously receive their repeated orders. In addition, this also raises the company's recognition in the international level and expands the market for new customers.

Competitions in the Industry

The international market for LPG cylinders is the marketing under the trademarks of the customers, world-class oil and gas traders such as Total, Shell, Exxon Mobil and local LPG traders in each country which have high bargaining power, making the competitions intense. There are a lot of manufacturers including major ones with enough manufacturing capacities to export to other countries, and minor ones with just enough capacities for their home countries. Therefore it drives the competitions towards pricing as key, and the main obstacles to the competitions are the transportation cost, tariff barriers from the importing countries, and also some technical specifications requirement to protect the local manufacturers.

Nevertheless, from the prior year until the present, governments from many countries has rolled out campaign and policy to support the investment from private sectors. That policies also are beneficial to consumers, e.g. reducing tariff barriers for importing gas cylinder, especially developing countries that cannot fulfill the rising demand. These countries encourage private sectors to do gas business, so there are more new local gas company. This gives SMPC the opportunities to approach those new companies to be customer. Sometimes, they even directly contact the company to purchase product.

As for the domestic competitions, at the present, there are only four major manufacturers who can meet the Ministry of Industry's standards for LPG cylinders, and SMPC is the largest one with capacity of 8.2 million cylinders/year.

Threat of New Competitors

Even though the market of LPG cylinders manufacturing industry are quite competitive, but it is difficult for new entrants. This is because the LPG cylinders are safety-related products and must be manufactured under the standards required by each country. These standard requirements are taken time for the examination to be certified in each country. Together with the fact that the customers are the world-class oil companies. They consider on the reputation, experiences, along with the preliminary qualification about the standard, production capacity, operating performance, and financial status, to ensure that the manufacturer is able to produce and deliver products as per requirement.

Buyers' Power

The key raw material for the manufacturing is hotroll steel, which has many manufacturers both domestic and international such as China, India, Korea, and Japan. The prices can be benchmarked with Steel Price Index, therefore the company has not had any problem with limited number of suppliers or shortage of raw materials. In addition, for other raw materials, the company has the list of qualified suppliers for comparison of costs, qualities and other conditions; therefore the company is able to procure raw materials at the fair prices according to the market.

7. Business Direction

From the company's vision: "Become One of the World Leading LPG Cylinder Manufacturer." together with the operations and expertise in the LPG cylinders business for longer than 37 year, currently, the company is ranked among the top 3 world LPG cylinders manufacturers, and number one in Asia. The company is able to maintain the creditability and reputations in the LPG cylinders manufacturing industry consistently. The company's top management has set out strategies for the management to develop into business plans, both short-term and long-term, to enhance the business competitive capabilities for the sustainable growth.

Competitive Strategies

- **Products Strategy**

The company's products must be of good quality in accordance with the customer's specifications, from the qualified manufacturing process with controls and testing in every step by staff with well-versed skills, knowledge and expertise. In addition, the company is able to manufacture products of various sizes to meet the customers' need, with the prices that are fair, reasonable, and in line with market prices. Therefore, the customers are satisfied when doing price comparison with similar competitors, hence the company continuously receive repeated purchase order in long-term.

- **Customer Services Strategy to build long-term customer base**

The company has a policy to operate with honesty, providing information that is useful and truthful to every customers. The company also takes into account the business cultures and characteristics of different customers from different regions to ensure all customers' satisfaction and good relationships in both short-term and long-term. The company has organized the sales and marketing teams who have experience with customers in each region to take care of those customers. The company also organizes customer visit/company visit along with the routing plan to regularly visit all customer groups, or invites those customers to visit the company to provide valuable suggestions, and opinions for improvement. The company can also learn and become familiar with the customers to build and strengthen the creditability, hence good coordination.

- **After-sales Strategy**

One factor that allows the company to maintain the leading manufacturer status is an after-sales service that is good, timely, responsible, and fair for the customers' maximum satisfaction. In addition, the company also conducts the customers' satisfaction survey regularly to correct and improve the work system to be even more effective.

- **Diversification Strategy**

The company emphasizes on diversifying the customer base to mitigate the risk from seasonality and the world economy fluctuation in case of slow-down of orders from any particular countries or regions, the company would still have orders from other countries or regions to compensate.

- **Research and Development Strategy**

One of the key strategy to drive the company's sustainable growth that the management has set out in the long-term plan to be in line with the customers' needs and behaviors that are ever changing, is that the company supports the personnel who has knowledge and expertise. The company set up working teams who are knowledgeable, capable and expert to carry out product research and development, both to improve the existing products and to develop new products with better quality and more variety, while also take into account the environmental friendly aspect.

- **Strategy of sustainability.**

To achieve the company's vision, "Sustainably become one of the world leading LPG cylinder manufacturer", SMPC continuously develops technology, innovation, and body of knowledge, including management, process, production, logistics, and after sales service. The company also puts across all of the knowledge to employee through training, emphasizing on the good cooperate governance, with transparent, verifiable, and fair operations. SMPC strictly complies with the rules and regulation. Besides, the company focuses on environmental management, development of quality of life and community in order to grow sustainably. The sustainable growth is in line with the green strategy, by managing the process for energy efficiency, and friendly environment. The research, production innovation, and environment conservation in community are executed for the best interest of all stakeholders.

Moreover, the company also implements Supply Chain Management technique that enable work management with good quality, and to help setting out operation policy to improve cost effectiveness and efficiency of overall system as follows:

- **Gross Profit Increase Policy**

The company has the procurement management policy to procure raw materials with good quality from low-cost sources, and in quantity that is sufficient for the requirement to ensure cost competitiveness. The company also has policy to increase sales or product lines that make good profit.

- **Inventory Management Policy**

The company has a policy to control order quantity and have sufficient raw materials stock for the manufacturing plans, in accordance with the sale plans and market demand, to reduce the opportunity cost in case of raw materials shortage, and also to reduce the cost of carrying inventories, and to mitigate the risk of steel price fluctuation in the future.

- **Policy of controlling and improving manufacturing process.**

The company's policy is to maintain the standard and to manage manufacturing cost with efficiency by increasing productivity, and reducing the losses from reworking and scrap to the minimum. The company has workforce plans that are effective and sufficient for the requirement. The company also cuts down the inefficient use of energy, and improves production process to be eco-friendly.

- **Delivery System Policy**

The company has put continuous effort on improving the efficiency of the delivery system to deliver products to customers in time with minimum mistake by implementing e-document system in corresponding, following, and controlling internal documents between departments to make delivery plan with cost efficiency.

- **Personnel Development Policy**

The company believes that personnel development is the key factor to the organization success in the long-term. The principle of organization personnel development has been planned in accordance with the competencies that are key to the target deliverable, and related to the career path and development, which enables the personnel development plan to be efficient and practically affecting the performance. In addition, the company also recognize the importance of developing the technical skills, and soft skills according to the job level, to improve the employees' knowledge, capabilities, and potentiality.

- **General Administration Policy**

The company links up all activities inside the organization to reduce the losses of both resources and times, by streamlining the process and unnecessary steps.

Competitions in the Future

- The overall market situation is expected to continue to grow, following the increase of populations and households in all regions, and the decrease of oil price for the past 2-3 years. Though the oil price has increased in this year comparing to the prior year, consumer behavior has already changed from using the firewood to gas, which is more convenient. Therefore, there will continuously be demand for gas. In addition, the company also expects the sales to grow further when the investment on infrastructures and constructions of LPG storage plants and filling plants in those countries are completed. As we can see clearly from the growth of demand and supply in Asia and Africa, while the domestic market is expected to be the same as prior year. In addition, the cooperation of the ASEAN Economic Community (AEC) shall give more trade opportunities and the competitive capability of the company. Nevertheless, the customers will still have needs for new products, therefore the company always research and develop new products to meet the changing of customer behavior by conducting market survey or joint-develop the products with the customers. In 2013, the company succeeded in manufacturing the Light-Weight Cylinders as the first in Asia, and the third in the world. This product has already been accredited by European standard (EN). As such, the company has launched the 1.05-lb Cylinder which is refillable to replace the old disposable one, to reduce the waste problem and support environmental protection. The company have repeated order from this product ever since. In 2017, the company received the Innovation Award for developing the Green product which is eco-friendly, from the 1.05 cylinder. Besides, in 2016, the company recently launched the 420-lb which is the largest movable LPG cylinder. This new product has a good potential and is expected to have good response from the market in the future.

With the mentioned competitive strategies, philosophies and management policies, the company as a world leading manufacturer of the LPG cylinders has been regularly selected and invited for the bidding. It can be assured that the company will still maintain the existing customer base and be able to expand the new customer base continuously. The short-term goal is to increase the market expansion to the new customers, including market and customer base expansion to new regions for sustainable growth.



Risk Factors

For the organization's sustainable growth, the Board of Directors and management team have practiced an integrated risks management that unite together right from the beginning by joint planning, developing common strategy, sharing roles and responsibilities, together with working in harmony, and also in accordance with the principle of COSO Enterprise Risk Management, taking into account the possible risk of corruption. The main objective is to effectively manage and control the risk from internal and external to be at an acceptable level. For this, the management team has regularly followed up, closely monitored the risk management, and then reported the results for the Executive Committee's information and to convey to the Board of Directors on an annual basis. As such, the Board of Directors are able to analyze the risks and their possible consequences covering the whole organization. If there is any significant indicator, the Board of Directors are to assess and monitor the results of risk management, and then adjust the mitigation plans to be up-to-date in anticipation of the changes, problems, obstacles that may follow in a timely manner.

1. Risk of Bad Debt from Legal Dispute

According to the debt restructuring agreement that the company has to pay the guaranteed debt to Sahamitr Steel Co., Ltd. (related company) and the two co-guarantors, as mentioned in the section "Connected Transactions" item 1.1.1, the Board of Directors' meeting no. 2/2013 on 4 March 2013 has resolved to file for bankruptcy against the debtor (related company), and to file a civil case against the two co-guarantors who are Mrs. Supha Phromsaka Na Sakolnakorn, and the estate of Mr. Sutham. The details of each case are as follows:

- 1) The bankruptcy case against the debtor: Sahamitr Steel Co., Ltd. The company has filed the case on 8 March 2013 amounted 583.03 million Baht comprising of principal and interest until the date of the court ordered receivership on 17 May 2013. On 20 March 2014, the Central Bankruptcy Court judged Sahamitr Steel Co., Ltd. to be a bankrupt. On 24 June 2015, the court ordered the company to receive the debt from Sahamitr Steel Co., Ltd. amounted 583.03 million Baht as claimed, and the Official Receiver to receive 0.13 million Baht, and the case to be closed. The total duration is 2 years 4 months.
- 2) The civil case against the two co-guarantors. The company has filed the case on 19 March 2013 same amounted 196.05 million Baht each, comprising of principal and interest until the filing date on 19 March 2013, for the total of 392.10 million Baht. On 11 June 2014, the Civil Court ordered the debtors by coguaranty obligation to pay partly of the claim to the company. Nevertheless, the company considered that it should receive the full amount as claimed. The company, therefore, appealed the judgement of the Civil Court. On 5 August 2015, the Court of Appeal judged for the company to receive the full amount of debt as claimed from the two defendants. On 23 October 2015, the company received a copy of appeal to the Supreme Court and a copy of petition for a stay of execution dated 6 October 2015 that the two defendants have filed with the court. The company's

lawyer has submitted the answer to the appeal and the objection to the request for stay of execution to the Civil Court. The court has accepted the answer and the objection on 19 November 2015. On 15 November, 2017, the Supreme Court gave the judgment according to the Appeal court, that the company to receive the full amount of debt as claimed from the two defendants. At the moment, it is during the investigation of the two debtors' property for legal execution, thus paying debt to the company.

Company Direction

There is high uncertainty about the debt recovery, the company has already set aside allowance for doubtful account in full value in the financial statements. Once the process of property investigation, legal execution and debt payment is completed, the company will record the asset repaid on the other income, and reveal it in the company financial statement.

2. Risk of Compensation Payment due to Environmental Legal Dispute

On 3 April 2015, a company who owns land nearby the company has filed a case against the company as joint defendant with other 4 parties claiming compensation due the impact from the manufacturing process in the company's factory amounted to 130.94 million Baht from the total claim of 201.88 million Baht, including the interest of 7.5% per annum from 1 April 2015 until the end of payment. On 30 January 2017, the civil court concluded that this case is the environmental lawsuit. There was the dispose of the case for the defendant 3, 4, and 5. The company case is still under the court proceedings.

Company Direction

SMPC has operated the business in compliance with all related laws. However, the company has improved the factory conditions to be better than the normal standard, as per the requisition of the plaintiff. On 29 January 2018, the attorney of the plaintiff gave the pronouncement that the level of the noise, by the investigation of the independent expert, was as per agreement. However, the plaintiff still needed to record the additional agreement, so the trial was postponed to be on 23 April 2018. Nevertheless, SMPC believes that there will be no impact from the case, so the company do not set up any provision in the account for the compensation payment from the lawsuit.

3. Risk of Waste Disposal from the Manufacturing Process and the Environmental Lawsuit in the future

From the manufacturing process, the company produces the waste which may have an impact on environment, such as industrial waste, waste water, and noise pollution. If not properly managed, it may lead to the risk of environmental case in the future.

Company Direction

SMPC sets the division of Occupational Health, Safety, Environment, and Energy. The division is directly responsible for the efficiency of controlling and managing the environment. As well as the system management division is to consolidate the related law, and follow up the operation status. For the industrial waste disposal, which cannot be disposed during the production process by the company,

we hires the certified company, specifically running the waste disposal, to manage it. In addition, to express the intention and determination in developing and caring for the environment with consistency and tangibility, the company received the certification approval for ISO 14001:2015, the Environmental Management Standard, on 26 December 2017. (Please see details in “Social Responsibility”)

4. Exchange Rate Fluctuation Risk

The company is mostly an exporter (approximately 94% of total sales of the past 3 years) with the incomes from selling transactions in foreign currencies; mostly in USD, Euro and GBP. Therefore, the exchange rate fluctuation will impact the company’s revenue and profit.

Company Direction

Most of the company’s income is in USD, and the company also imports main raw materials: hot rolled steel, and other raw materials from abroad in USD. In 2017, the company has imported raw materials amounting to 61% of the total demand for raw materials. Therefore, the company has mitigated the risk with natural hedge by using sales revenue in USD to pay for raw materials in the same currency, in order to reduce impact from the exchange rate. As for the sales revenue in other currencies, Euro and GBP, which contributes a few, the company is closely monitoring the exchange rate, and also considering other related factors, so that the company can make financial plan and also use the financial tools such as forward contract to efficiently mitigate the risk. There is also report on the situation and trend of the exchange rate in the Executive Directors’ meeting every month.

5. Raw Material Shortages and Price Fluctuation Risk

Hot rolled steel is the main raw material in manufacturing LPG cylinders, and accounts for about 50% of the total cost. As there are many suppliers worldwide, so there is no problem of shortage. The steel price fluctuation directly impacts sales price, cost, and profit of the company. Normally for the industry, the sales price is determined based on the global steel price index which varied according to the economy and oil price. Therefore, the company has the risk of not being able to reach the sales and profit targets as planned estimate. In addition, the company product is made to the customers’ specification which has the lead time of 2-3 months from production until delivery to the destination country. This sometimes results in difference between the cost of raw material and determined sales price. Therefore, the company must have good manufacturing plan, sales plan, and inventory management to mitigate the impact from the raw material price fluctuation which is the nature of the industry.

Company Direction

Normally, the company purchases the steel at the same price as when submit the quotation in order to reduce the impact of the price fluctuation. Nevertheless, for the efficient sales, and production, the company would order steel of particular size that is routinely used for inventory stock. The appropriate stock purchase is determined from the sales forecast plus the prediction of the customers’ demand based on their past orders and the corresponding economy. In addition, the company also closely monitors any change of the raw material price by relying on the long experience in the industry to forecast the steel price situation before placing order. Before any purchase, the company will benchmark price among

several steel suppliers with similar potentials to ensure raw materials with desired quality at the best prices and conditions. These managements also help mitigate the risk of late delivery to the customers, enhance competitiveness, and reduce the holding cost and reordering cost.

For the long-term contracted sales, normally the contract will allow the company to adjust the sales price to be in line with the present steel price (Formula price). Therefore, the impact of steel price changes will not be high. For the long-term sales, which takes several months in delivery, the order is usually in huge quantity, the company normally makes contract with the steel manufacturer in advance in order to reduce the price fluctuation of raw materials.

Besides, the management is regularly monitoring the steel price trend in the monthly meetings to be able to revise the sales strategy, and raw material purchase in a timely manner, or mitigate any impact.

6. The Risk from Major Customer

Sales from major customers contribute more than 10% of total sales. These customers are from countries in South of Asia, which have tremendously high growth rate for the past 1-2 years. Their government stopped using the gas from pipeline, which has high maintenance cost, to be gas in cylinder. The filling plants and storage plants were completely built, hence there is high demand of new gas cylinders from these countries. In 2017, the company has sales value of 663 Million Baht (15% out of total sales) from these major customers. In 2016, sales value from major customers were 485 Million Baht or 14% of total sales. If the major customers cancel orders or have less demand of cylinders, it will have an impact on the company sales, in case no replacement of other customers.

Company Direction

SMPC has good relationship with major customers, as we can see from continuous purchase orders. The company is able to satisfy customer by good quality of products, timely delivery, and fair price, hence customers can compete in the market. Therefore, the major customers trust our company as the preferred manufacturer. In order to strengthen our good relationship with customers, the company arranges the customer satisfaction survey for continuously improving product, service, and effective after sales service. Besides, SMPC manages the risks by increasing sales from the high potential market, both the existing and new market. The company also increase sales distribution in other regions to reduce the risk from relying on major customers.

7. Substitute Products Risk

At the present, the product that can substitute for the steel LPG cylinders is aluminum cylinder, and cylinder manufactured from composite-material or composite cylinder which are lighter than normal steel cylinders.

Company Direction

After monitoring the market situation of these 2 types of cylinders, they are not very successful in the market because their durability and service life are shorter than those of the steel ones, and the sales price is also much higher. Therefore, they are mainly used in some countries with labor laws limiting the heavy lifting. In addition, the fact that many countries are active in promoting the use of environmental friendly products, makes the steel an attractive choice as the steel cylinders are reparable and recyclable

which help save the energy and natural resources. Therefore, in the short-term, the company is confident that the risk from substitute products to steel cylinders will not truly affect the company. Nevertheless, to expand the customer base and to meet the market demand, in 2013 the company has been accredited with European standard (EN) for the manufacturing of Light-Weight Cylinders which have the prominent properties of almost as light as composite cylinders and as durable as normal steel cylinders, and also with lower price than composite cylinders. The company expects this cylinder to be in market demand in the future. Moreover, the fact that the company has been in the LPG cylinders industry for a long time, means that the company has many business alliances that are the great sources of information on market trend. Therefore, the company would be able to adjust the strategy to meet any future change well in advance.

8. The Risk from New Competitors in International Market, and the Trade Barriers.

The company's customers are mainly from the developing countries, which is now has low consumption rate of cylinders because the countries just started to invest in storage plants and filling plants. The manufacturers in these countries just entered into the gas cylinder industry. They are not able to produce the cylinders that meet the standard requirements, hence not enough for the gas demand of the countries. Therefore, their governments encourage the imported cylinder. Nevertheless, if the local manufacturers can develop technology in production and increase capacity to serve the demand in their countries, then it may have an impact on the company sales in the future.

Company Direction

SMPC is always monitoring market situation, and studying the possibility to invest in the countries with high potentiality.

9. The Risk of Labor Force Shortages.

The manufacturing process of SMPC is the Semi-Automatic which is one of the strengths of the company, i.e. flexibility of the production allowing the company to produce cylinders in various types and sizes. The Semi-Automatic needs workers in many steps of production process. Delivery process also needs workers to convey, pack, and load cylinders into the container. Therefore, the number of workforce and their efficiency and expertise are the factors that have an impact on our business.

Company Direction

SMPC is hiring the outside contractor to manage the labor supply for the company, in order to assure the availability, promptness of labor force. This outsourcing is convenient and reduce the burden of recruiting the daily worker. The outsourcing is under the supervision of SMPC, starting from the quality of work to the welfare of the workers. The company treated the workers well and in compliance with the law. The company have the reasonable package and compensation according to the competency and skills of the employee. The wage levels and benefits are competitive, and attractive. The company set up the Benefit and Welfare Committee to represent the employees to contact with the company for any suggestion and good environment in workplace. The company aims to support the good quality of life of employees and be able to keep the skilled and experienced labors. Nevertheless, in order to control product quality in long-term, and mitigate the risk of labor intensive, the company has developed the production technology, by changing some machines to be more automatic.

10. Trade Credit Risk

The company has the risk of late payment, or bad debt that could result in the loss of benefits.

Company Direction

In general, the company has financial policy on selling by requesting the L/C, in fully or partly advance payment before delivery. The company has procedures in considering the appropriate credit limit with clear authority level. In addition, the company also reviews the credit policy and credit limit of all customers together with credit risk assessment regularly, by reviewing financial statement of customers in order to assess the reliability of financial status. However, most of the company's customers are world-class oil and gas traders with strong financial position. Therefore, in all history, the company has never had any credit problem with customers.

11. The Risk from Vacancy of the Successor in Executive Positions

The risk of vacancies in senior positions, may have an impact on the effective operation. The company performance may not be achieved as per the target. The development and business growth could be disrupted.

Company Direction

SMPC realizes the impact from the issue, therefore the structure of delegation authority is well prepared. The company arranges decentralization to middle and top management, and necessary training courses in order to prepare and develop the potential of the successors.

12. Flood Risk

The company realize that the emergency can happen at any time such as the great flooding crisis in 2011, the company whose factories and offices are situated in Bangkhunthian district, Bangkok has flood risk that could interrupt the manufacturing or the transportation routes resulting in late delivery. The company recognizes the importance of this issue, and therefore has established the mitigation plans for both short-term and long-term.

Company Direction

Even though the company was not affected or damaged from the flood in 2011, the company had prepared the flood emergency plans for both short-term and long-term to handle the possible situations by continuously following the news, monitoring the water level around the factories, maintaining the flood prevention equipment to be ready for use, preparing adequate equipment for the predicted situations, closely reviewing the impact from the government action plans, and also buying appropriate insurance policy to mitigate the possible damages.

13. Risk of Increasing Cost due to Government Policy on Anti-Dumping

Hot rolled steel is the main raw material, and the major cost for the manufacturing of the LPG cylinders of the company. Therefore, the company has been purchasing steel mainly from foreign countries because its price is lower than that from local producers. Besides, the company can claim tax refund when exporting, hence lower production cost. This steel importation is one key factor that enables the

company's cost to be competitive in the world market apart from the company's reputations and product quality. However, since the end of 2012, the government has passed temporary measures (safeguard) for the hot rolled steel, which is the same steel that the company uses, to protect the steel industry in Thailand by imposing additional duties resulting in the company's higher financial cost.

Company Direction

As the majority of the sales are export, the company can get the refund for the additional duties; therefore the impact is mainly the increase of financial cost and working capital. Nevertheless the company has promptly well prepared the completed documents to expedite the refund process, hence be able to reduce the Bank fee for the guarantee as per the safeguard measures. The company also considers requesting the credit limit increase and negotiating the fee regularly with the banks in order to reduce the higher cost from the government policy. The company also closely monitors news, and related regulations, so that the company will be able to adjust the operation plan to suit with the situations.



Securities and Shareholders

1. Registered Capital and Paid-up Capital

	As of 31 December 2016	As of December 2017	Increase (Decrease)
Registered Capital (Baht)	536,405,305	536,405,305	-
Ordinary Share (share)	536,405,305	536,405,305	-
Par value (Baht/share)	1.00	1.00	-
Paid-up Capital (Baht)	529,127,108	531,987,443	2,860,335
Ordinary Share (share)	529,127,108	531,987,443	2,860,335
Par Value (Baht/share)	1.00	1.00	-

Change in Paid-Up Capital

On 15 June 2017 was the second consecutive year (from the period of 3 years as per the ESOP project) that the Board, Management, and employees of the company were entitled to purchase the ordinary shares which are newly issued according to the ESOP project at the rate of 5.80 Baht/share. The warrants of 2,860,335 units were exercised which accounts for the increase of 2,860,335 ordinary shares. The payment of share and premium on share capital increased by 2.86 million Baht and 16.42 million Baht, respectively. The company registered the changed capital with the Ministry of Commerce on 20 June 2017.

2. Shareholders

(A) Top 10 major shareholders

The list of top 10 major shareholders as of 25 August 2017 (information from last book closing date), including related shareholders under Section 258 and shareholders under common control.

Shareholders	Number of Shares	% of Total Shares
1. Family group of Ekahitanond and Laowong		
- Mrs. Patama Laowong	128,777,412	24.21
- Mr. Thamik Ekahitanond	54,243,281	10.20
- Mrs. Ubol Ekahitanond	17,358,315	3.26
Total of Group of Ekahitanond and Laowong	200,379,008	37.67
2. Mrs. Benjawan Tharincharoen	46,714,416	8.78
3. Mr. Jirasak Phromsaka Na Sakolnakorn	35,685,000	6.71
4. Mr. Taidee Visavaveja	27,504,711	5.17
5. Mr. Bophit Phattrararangrong	23,244,000	4.37
6. Mr. Bongkarn Karnchanaharn	15,666,025	2.94
7. Mr. Samphan Wachirasakulchai	15,620,052	2.94
8. Bangkok Bank (Public Co., Ltd.)	15,200,516	2.86
9. Mr. Thavat Triwankul	9,702,200	1.82
10. Ms.Thanthida Euwongpravit	9,134,570	1.72
Total of top 10 major shareholders	398,850,498	74.98
Other shareholders	133,136,945	25.02
Grand Total	531,987,443	100.00

The investors can view the updated information about the top 10 major shareholders on the company website before the annual general meeting of shareholders.

(B) The major shareholders with more than 10% shares who have significant influences on the company's management policy or operation are as follows:

1. Mrs. Patama Laowong, current position is Director and Senior Vice President (Office)
2. Mr. Thamik Ekahitanond, current position is Assistant Managing Director (Factory)

(C) Shareholding Structure by Types of Shareholders

Shareholding Structure as of 25 August 2017 (information from last book closing date) is as follows:

Shareholders	Shareholding Structure						Total		
	Individuals			Juristic Persons			Number of Shareholders	Number of Shares	%
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%			
Thai	2,482	471,536,136	89.64	60	34,104,795	6.41	2,542	505,640,931	95.05
Foreigner	4	228,812	0.04	5	26,117,700	4.91	9	26,346,512	4.95
Total	2,486	471,764,948	88.68	65	60,222,495	11.32	2,551	531,987,443	100.00

(D) Limitation of foreign shareholders

Foreign shareholders all together can hold no more than 49% of the issued and paid shares.

As of 25 August 2017 (information from last book closing date), there were 4.95% of share which owned by foreign shareholders.

3. ESOP Warrant (A certificate to buy ordinary shares)

On 31 March 2015, the Annual General Meeting of Shareholders passed the resolutions to SMPC to allocate and issue 9,400,000 warrants (free of charge) to the Board of Directors, Management Team, and employees of the company. The term of warrant is 3 years, starting from 15 June 2015. The ESOP warrant holders are entitled to purchase the newly issued ordinary shares of up to 3 times. The warrants can be exercised to purchase the ordinary shares after 1 year of the issuing date, which make the first exercise date to be on 15 June 2016. The subsequent exercise dates are 15 June 2017, and 15 June 2018 respectively. The warrants are to purchase the newly issued ordinary shares with the ratio of 1 unit of warrant to 1 ordinary share at the rate of 5.80 baht per share. The holders shall not exercise the warrants exceeding the following percentages:

Exercise Date	% of Number of Allotted Warrants
15 June 2016	30
15 June 2017	30
15 June 2018	40

During the year 2015, some employees who received the ESOP warrants, resigned from the company. So those warrants were not disclaimed. By right, the number of warrants were decreased to be 9,122,700 units. During 1 Jan to 15 June 2016, i.e., the first period of exercising, there were no resigned employees.

During 2016-2017, there were the changes of number of ESOP warrants as follows:

	Number of ESOP Warrants (Units)
As of 1 January 2016	9,122,700
Number of exercised warrants as of 15 June 2016	(2,130,595)
Number of exercised warrants as of 15 June 2017	(2,860,335)
Balance as of 31 December 2017	4,131,770

4. Dividends

(A) Dividend Policy

- The company has a dividend payout policy to shareholders at not less than 60% of the net profit. However, the decision will take into account the performance, liquidity, future investment plan, and the overall economic situation.
- After the Board of Directors has approved the annual dividend payout, it shall be submitted to the meeting of shareholders for final approval, except for the interim dividend which the Board of Directors has an authority to approve, and then submit to the subsequent meeting of shareholders for acknowledgement.

(B) Dividend Payout

The company paid dividend in cash and stock with the following records:

	2015	2016	2017
Net Profit per share	0.85	1.02	1.00
Interim Dividend (Baht/share)	0.12	0.30	0.25
Final Dividend (Baht/share) ²	0.32	0.34	0.35
Total Dividend (Baht/share)	0.44	0.64	0.66
Par Value ²	1.00	1.00	1.00
Payout Ratio	52%	63%	61%

Note: 1. The company has been paying dividend since 2014.
2. 2017 dividend is as per the resolution of the Board of Directors meeting no. 1/2018 on 14 February 2018, proposing to the 2018 annual general meeting of shareholders for approval.



Management Structure

1. The Board Structure, Roles, Duties and Responsibilities of the Board

The Structure of the Board of Directors can be separated according to their authorities as follows:

(A) The Board of Directors

The Board possesses leadership, vision, and independence in making decisions for the best interests of the company and all shareholders. The Board is involved in determining and approving the company's vision, strategies, goals, business plans, and budgets. The Board also supervises and oversees the performance of management to be in line with the defined business plans and budgets with effectiveness and efficiency. The Board and management are accountable to the shareholders.

The Board of Directors consists of 9 directors as follows:

Name	Position	Type of Directors	Term of Directorship
1. Mr. Vinai Vittavasgarvej	Chairman	Independent Director	11 April 2012- Present
2. Mrs. Ubol Ekahitanond	Deputy Chairman	Director representing major shareholder	27 April 2007- Present
3. Mrs. Supha Phromsaka Na Sakolnakorn	Director	Director who is related party Authorized Director	27 April 2001- Present
4. Mr. Surasak Urpsirisuk	Director	Executive Director Authorized Director	4 April 1995- Present
5. Mr. Taidee Visavaveja	Director	Director representing major shareholder Executive Director	8 April 1997- Present
6. Mrs. Patama Laowong	Director	Director representing major shareholder Executive Director Authorized Director	10 September 1999- Present
7. Mr. Komin Linphrachaya	Director Chairman of Audit Committee	Independent Director Audit Committee Director expertise in Accounting and Finance	30 April 2009- Present
8. Mrs. Werawan Boonkwan	Director Audit Committee	Independent Director Audit Committee Director expertise in Accounting and Finance	9 August 2013- Present
9. Associate Prof. Dr. Jade Donavanik	Director Audit Committee	Independent Director Audit Committee	31 March 2015- Present

Directors' shareholding in the company for the year 2017 and 2016 (as of last book closing date) as listed separately for the director, spouse, minor child, and the shareholders under Section 258 of the Securities and Exchange Act, B.E. 2535 are as follows:

Name	Number of Shares						
	2016 (as of 11 November 2016)			2017 (as of 25 August 2017)			Increase (Decrease) during the year
	Director	Spouse and Child (Sec.258)	Total	Director	Spouse and Child (Sec.258)	Total	
1. Mr. Vinai Vittavasarnvej	28,200	-	28,200	56,400	-	56,400	28,200
2. Mrs. Ubol Ekahitanond	17,330,115	-	17,330,115	17,358,315	-	17,358,315	28,200
3. Mrs. Supha Phromsaka Na Sakolnakorn	28,200	-	28,200	56,400	-	56,400	28,200
4. Mr. Surasak Urpsirisuk	458,883	-	458,883	487,083	-	487,083	28,200
5. Mr. Taidee Visavaveja	19,566,153	7,910,358	27,476,511	19,594,353	7,910,358	27,504,711	28,200
6. Mrs. Patama Laowong	104,912,501	23,836,711	128,749,212	104,940,701	23,836,711	128,777,412	28,200
7. Mr. Komin Linphrachaya	-	-	-	-	-	-	-
8. Mrs. Werawan Boonkwan	-	-	-	-	-	-	-
9. Associate Prof. Dr. Jade Donavanik	-	-	-	-	-	-	-

Note: The increases of 28,200 share of each director were from exercising the ESOP Warrants. (See details of the allocated shares to directors from section 8 “Remuneration of Directors and Management”)

Composition of the Board of Directors

1. The Board of Directors defines the number of directors that is appropriate for the company's business size with at least 5 and no more than 12 directors in accordance with the principle of good corporate governance. The Board of Directors consists of personnel with various qualifications such as skills, experience, and expertise that are useful to the company.
2. The Board of Directors includes independent directors with the proportion of at least one third of the total existing directors, and not fewer than three independent directors.
3. The Board of Directors establishes the position of the Company Secretary whose duty is to advise the Board of Directors on the laws, rules, and regulations that the Board must be aware of and comply with, organize the Boards' activities, and also coordinate to ensure the compliance with the resolutions of the Board of Directors and shareholders.

Qualifications of the Board of Directors

1. Being qualified, and not being under any of the prohibitions under the Public Limited Companies Act, B.E.2535 or other pertinent laws, and also the regulations of the SET, SEC, and the company.
2. Possessing qualifications, knowledge, competencies, and experiences beneficial to the company's business.
3. Possessing leadership, vision, and independence in making decisions for the best interests of the company and shareholders.
4. Being responsible to serve as the Board, and being able to commit to the duty of the Board of Directors, and also assuming accountability to shareholders and duty of care to protect the benefit of the company.
5. Performing the duties with honesty, ethics, adherence to laws, and also good corporate governance and business ethics.

Roles and Responsibilities of the Chairman of the Board of Directors

1. To call for Board meetings and oversee the distribution of the notice of the meeting and related documents to ensure the Board has adequate and timely information.
2. To chair meetings of the Board
3. To promote the enhancement of the good corporate governance standards of the Board.
4. To chair meetings of shareholders according to the agendas.
5. To ensure the effective communication between the Board and shareholders.
6. To perform duties required by laws as the specific duties of the Chairman of the Boards.

Roles and Responsibilities of the Board of Directors

1. To review and approve key business matters, such as vision and mission, strategy, financial targets, risks, anti-corruption measures, including business plans, and budgets on an annual basis by considering the best interests of all stakeholders, and to monitor and follow up the performance of the management to be in line with the approved policies and plans with effectiveness and efficiency.
2. To ensure compliance with regulations and laws relevant to the company business, and also the resolution of the company's shareholders meeting for the best interests of the company, including that the transactions with possible conflict of interests shall be for the best interests of the company and shareholders, and that the Director with a vested interest shall not take part in the decision, and to disclose the complete information for all transactions in the Annual Registration Statement (Form 5-61), and the annual report.
3. To delegate authority to the management to approve the transactions or the payment for all expenditures approved in the business plans in accordance with the regulations and list of authorities. The Board of Directors shall review and approve the expenditures over the management authority. The Boards also approve in principle of any actions relating to the company's interests as proposed by the management.
4. To ensure the company has risk management and internal control system that are appropriate, adequate, and reliable, including process on receiving complaints and responding in case of fraud reporting.
5. To put in place the financial and accounting reporting system, and to ensure that the information disclosed to public and investors are correct, transparent, adequate for making decision, and in compliance with the pertinent laws.
6. To ensure the compliance with the company's policies on corporate governance policy and business code of conduct, and to review those policies on an annual basis.
7. To ensure appropriate channels to communicate with the shareholders and stakeholders.
8. To appoint the Company Secretary to take care of the activities on behalf of the company or the Board.

Except the following conducts where the Board of Directors must seek the approval from the shareholders' meeting before proceeding:

1. Issues required by laws to be approved by the shareholders' meeting.
2. Connected transactions with value exceeding the limit requiring the approval from the shareholder's meeting according to the SET regulations or notifications.

3. Purchase and sale of importance asset with value exceeding the limit requiring the approval from the shareholder's meeting according to the SET regulations or notifications.

Segregation of Duties between the Board and Management

The Chairman of the Board is not the same person as the Managing Director to separate the duties of making policies and overseeing from the management of operations. The duties can be summarized as follows:

The Board of Directors	Management
Overseeing and ensuring that the business has long-term continuity and sustainable growth.	Managing the company's business and determining the business strategies according to the authority delegated by the Board.
Approving the company's policies, major investment projects, and critical transactions.	Having authority to approve the general operating expenditures, and also investment, trade agreement, and other matters within the authority limit approved by the Board.
Monitoring and following up the performance of the management to be in line with the approved policies with effectiveness and efficiency.	Reporting the operations to the Board.

Authorized Directors according to the Company Affidavit

Authorized Directors of the company are Mrs. Supha Phromsaka Na Sakolnakorn, Mr. Surasak Urpsirisuk, and Mrs. Patama Laowong, with any two of the three sign jointly with the company's seal affixed.

Nomination of the Board of Directors

The Board of Directors shall be proposed and approved by the shareholders in the annual general meeting of shareholders which is held around March- April of each year, following these practices:

1. A shareholder shall have one vote for each shareholding.
2. At the election of Directors, the shareholders may vote for each individual director per each voting round, or for several directors per round as agreed in the shareholders' meeting. However, for each voting round, the shareholders must vote with the total vote as per 1. The vote cannot be split among the candidates.
3. The voting for the Directors shall use the majority voting. In the event of a tie, the Chairman of the meeting shall have the casting vote.
4. At every annual general meeting, one third of the existing Directors shall retire from office. If the number of directors is not divisible by 3, then the nearest number to the one third shall retire. The directors who vacate office under this section may be re-elected.

To comply with the good corporate governance, and to ensure effectiveness of the Board of Directors for the best interests of shareholders and stakeholders, the Board of Directors has defined the policy on the positions of the Directors and top management clearly in the company's Business Code of Conduct as follows:

- All directors should not hold the board position in more than 5 listed companies simultaneously.
- The independent directors' consecutive term of services is not more than 9 years from the date of their first appointment.
- The Managing Director shall hold the position for a single listed company to ensure the commitment to business management.

- All the Directors shall not operate business, be a partner, or be a director in other juristic persons with the same business operations, and as competition with the company.

As of 31 December 2017, all of the Board of Directors has strictly complied with the code. The company has disclosed the Directors' directorship with other companies in the section "Summary Profile of the Board of Directors and Management".

Board of Directors' Meeting

To comply with the good corporate governance, and to allow the Board of Directors to supervise, control, and oversee the management operation in a continuing and timely manner, during the 2017 term (April 2017- March 2018) the Board has called for a total of 6 meetings which are 4 meetings to review and approve the quarterly and annual financial statements, 1 meeting to follow up the management mid-year operations, 1 meeting to review and approve vision, mission, strategic plans, budgets, and the company's risks management and internal control system including anti-corruption.

Company's Policy on the Board of Directors' Meetings

1. For all meetings, at least two third of the total number of directors must attend to meet the quorum. Especially when reaching the resolution, at least two third of the total number of directors must be presented in the meeting.
2. Each director shall attend at least 75% of the total number of the Board of Directors' meetings held in each year.
3. Any director with a vested interest in any agenda item shall abstain from voting, and leave the meeting during the consideration of that particular item.
4. Generally, the Chairman of the Board and the Managing Direct jointly consider the important issues for the meeting, and set a clear agenda in advance, including regular agenda item for operations performance review. Each individual director is also entitled to propose agenda items that are in the company interests. The secretary of each committee group shall plan the meeting dates and agendas at least 1 year in advance, and confirm the meeting dates each time of the meeting.
5. The meeting invitation with agenda and supporting documents must be delivered at least 7 days prior to the meeting date to allow the Board adequate time for preparation.
6. During each meeting, appropriate time shall be allocated for each agenda to allow comprehensive discussion by the Directors. The meetings usually last 1-2 hours and minutes are recorded, and written within 7 days after the meeting. The past minutes that have been approved by the Board are securely kept by the Company Secretary, ready for inspection by the Board and related parties.
7. Set the meeting of the Board of Directors who are not the executives, without the management at least once a year.

The attendance of the Board of Directors' meeting can be summarized as follows:

Name	Meeting Attendance					
	Board of Directors (times)	%	Audit Committee (times)	%	General Shareholders	%
Number of Meetings per year	6		4		1	
1. Mr. Vinai Vittavasgarnvej	6/6	100	N/A	N/A	1/1	100
2. Mrs. Ubol Ekahitanond	5/6	83	N/A	N/A	1/1	100
3. Mrs. Supha Phromsaka Na Sakolnakorn	6/6	100	N/A	N/A	-	-
4. Mr. Surasak Urpsirisuk	6/6	100	N/A	N/A	1/1	100
5. Mr. Taidee Visavaveja	6/6	100	N/A	N/A	1/1	100
6. Mrs. Patama Laowong	6/6	100	N/A	N/A	1/1	100
7. Mr. Komin Linphrachaya	6/6	100	4/4	100	1/1	100
8. Mrs. Werawan Boonkwan	6/6	100	4/4	100	1/1	100
9. Associate Prof. Dr. Jade Donovanik1	5/6	83	3/4	75	1/1	100

Remark: Mrs. Supha Phromsaka Na Sakolnakorn did not attend the 2017 annual general Meeting of shareholders because she was still in recovery period after the spine surgery.

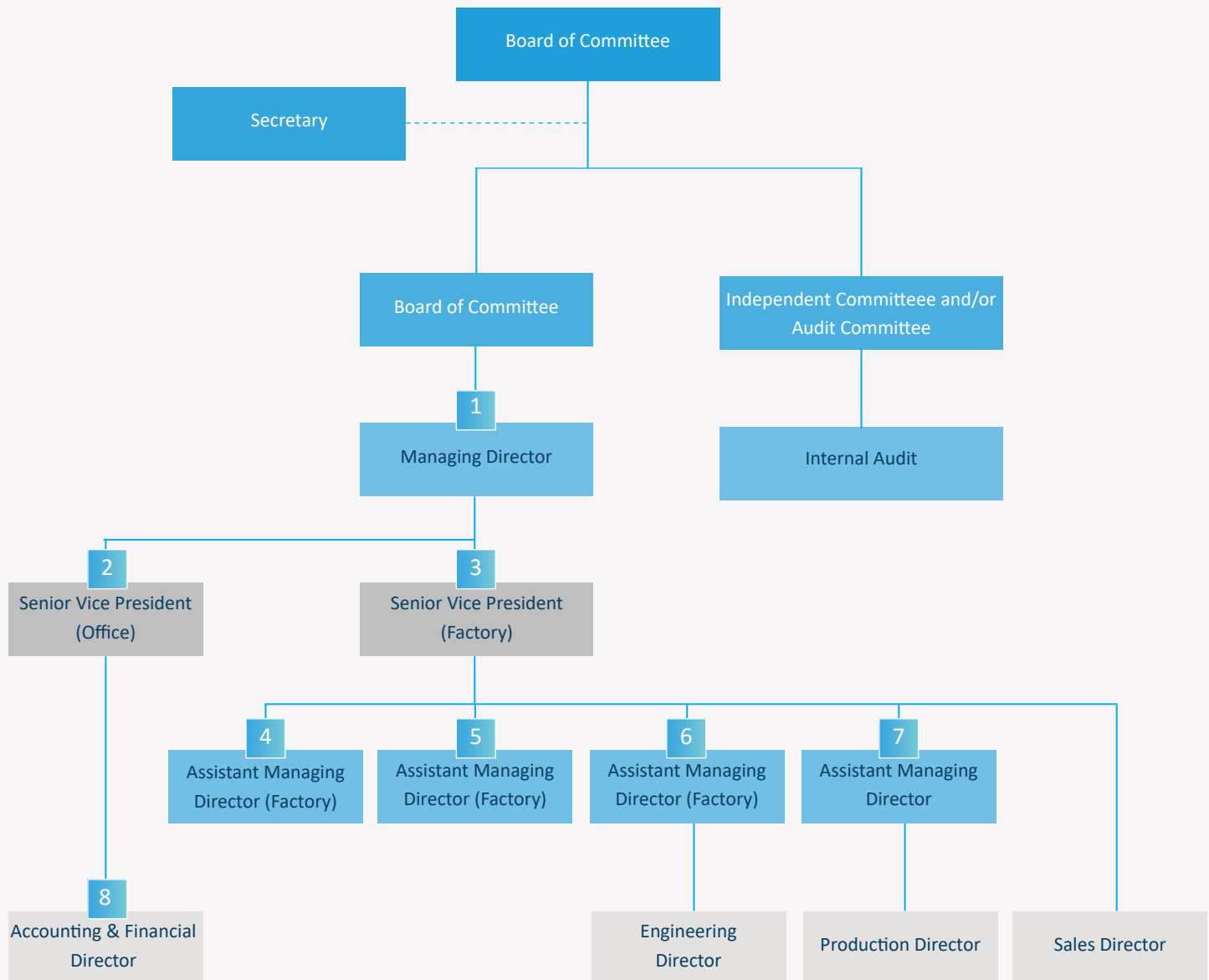
During all the meetings in year 2017, the company and all of the Board of Directors have followed the company's policy on the meeting strictly and completely. On 30 March 2017, there were 8 directors, which accounted for 89% of total number of Board of Directors, attending the Annual General Meeting of Shareholders of the year 2017

On 22 December 2017, in the Board of Directors' Meeting no 6/2017, the Board of Directors revised the vision, mission, corporate governance, and code of conduct, by adding the content of setting up the meeting of the Board of Directors who are not the executives, without the management at least once a year, in the agenda of the Board of Directors' meeting. This will be effective from 2018 onwards.



(B) The Executive Committee and the Management

The company organization chart is as follows:



Items 1 to 8 By definition, the management of the exchange

The Executive Committee shall be proposed and approved by the Board of Directors from the persons with knowledge, competencies, experiences, and qualifications appropriate for managing company business. Most are the management who have been working for the company for a long time, having high business skills and expertise, therefore the term of services has not been determined.

The Executive Committee consists of Directors and management, and has the duty to oversee and manage the company's activities for the best interests of the company, by getting involved in determining the company's vision, mission, strategies, targets, business plans, and budgets. The Executive Committee also oversees the performance of management to be in line with the defined business plans and budgets with effectiveness and efficiency to maximize the economic value of the company and wealth of the shareholders.

The Executive Committee consists of 5 directors as follows:

Name	Position
1. Mrs. Ubol Ekahitanond	Chairman of the Executive Board
2. Mrs. Supha Phromsaka Na Sakolnakorn	Authorized Director
3. Mr. Surasak Urpsirisuk	Managing Director
4. Mr. Taidee Visavaveja	Director
5. Mrs. Patama Laowong	Senior Vice President (Office)

As of 31 December 2017, the company's management according to the definitions in the notification of the Securities and Exchange Commission (SEC) consists of 6 members as follows:

Name	Position
1. Mr. Surasak Urpsirisuk	Managing Director
2. Mrs. Patama Laowong	Senior Vice President (Office)
3. Mr. Thamik Ekahitanond	Assistant Managing Director (Factory)
4. Mr. Jerawut Laowong	Assistant Managing Director (Factory)
5. Mr. Jirasak Phromsaka Na Sakolnakorn	Assistant Managing Director (Factory)
6. Miss Kanya Vipaturut	Accounting & Financial Director, and Company Secretary

The shareholding of the Executive Committee and Management for the year 2016 and 2017(as of last book closing date) as listed separately for the executive management, spouse, minor child, and shareholders under Section 258 of the Securities and Exchange Act, B.E. 2535 are as follows:

Name	Number of Shares						
	2016 (as of 11 November 2016)			2017 (as of 25 August 2017)			Net Increase (decrease) during year
	Management	Spouse and Child (Sec.258)	Total	Management	Spouse and Child (Sec.258)	Total	
1. Mrs. Ubol Ekahitanond	17,330,115	-	17,330,115	17,358,315	-	17,358,315	28,200
2. Mrs. Supha Phromsaka Na Sakolnakorn	28,200	-	28,200	56,400	-	56,400	28,200
3. Mr. Surasak Urpsirisuk	458,883	-	458,883	487,083	-	487,083	28,200
4. Mr. Taidee Visavaveja	19,566,153	7,910,358	27,476,511	19,594,353	7,910,358	27,504,711	28,200
5. Mrs. Patama Laowong	104,912,501	23,836,711	128,749,212	104,940,701	23,836,711	128,777,412	28,200
6. Mr. Thamik Ekahitanond	54,243,281	-	54,243,281	54,243,281	-	54,243,281	-
7. Mr. Jerawut Laowong	56,400	-	56,400	112,800	-	112,800	56,400
8. Mr. Jirasak Phromsaka Na Sakolnakorn	35,685,000	-	35,685,000	35,685,000	-	35,685,000	-
9. Ms. Kanva Vipanut	56,400	-	56,400	112,800	-	112,800	56,400

Note: The increases of 28,200 share and 56,400 share of each director were from the exercise of ESOP Warrants. (See details of the allocated shares to directors from section 8 “Remuneration of Directors and Management”)

Scope of Duties and Authorities of the Managing Director

The company’s Managing Director has the authority to conduct the business on behalf of the Board of Directors as follows:

1. To manage the company’s business in accordance with the objectives, regulations, or the meeting resolutions of the Board of Directors, with the authorities in accordance with the company’s list of authorities, and to have the power to control the company’s officers and employees, and to report the operations to the Board of Directors, or Executive Committee.
2. To hire, recruit, appoint, impose disciplinary punishment on officers and employees, and terminate employment of officers and employees, including promotion or salary adjustment, except for the officers and employers that the Board or regulations required the Board to hire, recruit, appoint, impose disciplinary punishment, or terminate employment in compliance with the labor laws or other pertinent laws.
3. To attend the annual budgets allocation review with the Executive Committee, and to propose for the Board of Director’s approval, and also to control the expenditures according to each function’s budget.
4. To review the company performances regularly to manage all the risk factors, either internal or external.
5. To review the company’s gains and losses, and to propose interim or annual dividend payment for the approval of the Board of Directors.
6. For transactions involving external parties, the Managing Director and Authorized Directors have the authority to act and commit on behalf of company within the authority specified in 1. Approval of the transaction beyond the authority set by the Board of Directors shall be proposed to the Board of Directors’ meeting for review and approved in accordance with company’s regulations, or the pertinent laws. In the event that the Authorized Directors are in disagreement, having a vested interest, or having a conflict of interests with the company, the transactions can only proceed after the approval from the Board of Directors meeting with the attendance of the Independent Directors. For this, the Managing Director and the Authorized Director may assign any person as a representative for the particular activity.

7. To perform any activities in support of the operations with compliance to the company's regulations, the Board of Directors' policies, and anti-corruption policies and measures, and to assign duties to all levels of the company's officers and employees.

The company's Executive Committee and management are completely qualified with the section 68 under the Public Limited Companies Act, B.E.2535, and not being under any of the prohibitions according to the notifications of the Securities and Exchange Commission (SEC). In addition, there is no criminal record.

Nomination of the Executive Committee

As the company has not appointed the Nomination Committee. The nomination of the executive committee and management are conducted by the Executive Committee by considering the persons with appropriate qualifications, and supporting the company strategies for goal achievement, then proposing to the Board of Directors. However, the hiring of internal audit function must first be approved by the Audit Committee.

(C) The Independent Directors

The list of Independent Directors consisting of 4 directors, is as follows:

Name	Position	
1. Mr. Vinai Vittavasgarnvej	Chairman	
2. Mr. Komin Linphrachaya	Director Chairman of the Audit Committee	Accounting and Finance Expert
3. Mrs. Werawan Boonkwan	Director Audit Committee	Accounting and Finance Expert
4. Associate Prof. Dr. Jade Donavanik	Director Audit Committee	Law expert

Definition of Independent Directors

The Independent Directors are part of the Board of Directors which must consist of Independent Directors with the proportion of at least one third of the total existing Directors, and not fewer than 3. The good corporate governance also requires that the proportion of the Independent Directors must be more than half of the total Directors in the following cases:

- The Chairman of the Board and the Managing Director is the same person.
- The Chairman of the Board is not an Independent Director.
- The Chairman of the Board and the Managing Director are immediate family members.
- The Chairman of the Board is part of the Executive Committee, or management team, or assigned with the management responsibility.

Currently, the company has 4 Independent Directors. Among these, 3 are Audit Committee. The Chairman of the Board of the Directors is an Independent Director, and does not meet the criteria set by the Securities and Exchange Commission (SEC). The company therefore is not required to have the Independent Directors more than half of the total Directors. However, to be in line with the referenced principles of good corporate governance, the company has a policy to increase the proportion of the Independent Directors to be half of the total existing Board of Directors.

The Independent Directors composition and qualifications are in accordance with the criteria specified in the SEC notifications as follows:

1. Holding shares not exceeding 1% of the total shares with voting right of the company, affiliates, associates, or persons with possible conflict (including related persons under Section 258 of the securities laws).
2. Not being involved with business management, including not being employees, officers, advisors who receive salary, nor having the control of the company, affiliates, associates, nor being persons with possible conflict. Such benefits and interests as mentioned must have ended for at least 2 years before the appointment.
3. Not in business relationships, having neither benefits nor interests, whether direct or indirect, both on the financial and the management of the company, affiliates, associates, or persons with possible conflict, in a manner causing the lack of independence.
4. Not being close relatives of the management or the major shareholders of the company, affiliates, associates, or persons with possible conflict, and not being appointed as the representative for the interest of the Directors and major shareholders.

To comply with the principles of good corporate governance, the company has set the consecutive term of services for the Independent Directors to be not more than 9 years from the date of the first appointment as the Independent Directors. In the event of re-appointment of the particular independent director, the Board shall rigorously review the necessity.

(D) The Audit Committee

The Audit Committee consists of 3 directors as follows:

Name	Position	
1. Mr. Komin Linphrachaya	Chairman of the Audit Committee	Accounting and Finance Expert
2. Mrs. Werawan Boonkwan	Audit Committee	Accounting and Finance Expert
3. Associate Prof. Dr. Jade Donavanik	Audit Committee	Law expert

With Miss Thanaporn Urpsirisuk, Accounting Manager as the secretary to the Audit Committee

Qualifications of the Audit Committee

The company's Audit Committee is established on 14 December 1999 with the composition and qualifications in accordance with the criteria specified in the SEC notifications as follows:

1. The audit committee shall consist of at least 3 members, and shall be appointed by the Board of Directors or shareholders.
2. Every member of the audit committee must be an independent director. The qualifications of the independent director shall be in compliance with SEC regulations.
3. Must not be the Director who is assigned by the Board of Directors to make decision on the operations of the company, or related companies, or juristic persons with possible conflict.
4. Must not be the Directors of the associated and related companies.
5. Having duties as specified by the SET.
6. At least one committee member must have adequate knowledge and experience in accounting and finance to perform duty of reviewing the creditability of the financial statements. The company shall disclose in the Form 561 and the annual report that the Audit Committee members who meet the

mentioned qualifications, the particular Audit Committee members shall include such qualifications in the representation letters and curriculum vitae of the Audit Committee member to be submitted to the SET.

Scope of Duties of the Audit Committee

1. To review the company's financial reporting process to ensure accuracy and adequacy.
2. To review the Internal Control system, the Internal Audit system, the Risk Management, and the Anti-Corruption measures to ensure their appropriateness and effectiveness. To consider the independence of the internal audit function, and to provide recommendations on the appointment, transfer, and dismissal of the head of the internal audit team or any other unit responsible for internal audit.
3. To review the company performances to ensure compliance with the securities and exchange law, the SET regulations, and other laws relevant to the company business.
4. To consider, select, propose the appointment and dismissal of an independent person to perform the duties of the company's external auditor, and also to recommend the remuneration of the auditor, and to meet with the auditor, without the presence of the management, at least once a year.
5. To consider connected transactions or those with possible conflict of interest to ensure compliance with all pertinent laws, and the SET regulations, and to ensure their rationality and optimal benefits for the company.
6. To prepare the audit committee's report and to disclose it in the company's annual report. The report must be signed by the Chairman of the Audit Committee, and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness, and creditability of the company's financial reports,
 - (b) an opinion on the adequacy of the company's internal control system and anti-corruption measures,
 - (c) an opinion on the compliance with the laws on securities and exchange, the regulations of SET, or the laws relating to the company's business,
 - (d) an opinion on the suitability of the auditor,
 - (e) an opinion on the transactions with possible conflict of interests,
 - (f) the number of the Audit Committee meetings, and the attendance of the meetings by each Audit Committee member,
 - (g) any opinions or overview observations that the Audit Committee received during the performance of duties in accordance with the charter,
 - (h) other transactions which the Audit Committee deemed should be known to the shareholders and general investors, according to the scope of duties and responsibilities assigned by the company's Board of Directors
7. To perform any other actions as delegated by the Board of Directors and approved by the Audit Committee.

Nomination, Appointment, and Term of the Audit Committee

The Audit Committee is nominated and appointed by the Board of Directors with the term of services as follows:

1. The Chairman of the Audit Committee's term is for 2 years, and can be re-elected.
2. The Audit Committee member's term is for 1 year, and can be re-elected.

Audit Committee's Meeting

The Audit Committee holds meeting regularly once every quarter (total of 4 meetings per year) with the accounting department, the internal auditors, and the external auditors. To be transparent and auditable, every meeting shall be held without the presence of the Executive Directors, but with their acknowledgement. In addition, the Board of Directors includes the reporting of the Audit Committee in the Board of Directors' meeting agenda held quarterly.

The summary of the Audit Committee's meeting attendance is included under the summary of the Board of Directors' meeting attendance.

(E) The Company Secretary

The Company Secretary is as follows:

Name	Position	Term of Services
Miss Kanya Vipanut	Accounting and Financial Director, and Company Secretary	11 December- 2014 Present

The qualifications of the Company Secretary are set as follows:

1. Having knowledge and understanding of the business, who understands the roles and duties of the Company Secretary.
2. Having knowledge and understanding of the laws, rules and regulations of SEC and SET.
3. Performing the duties in accordance with the laws, and company's rules and regulations with responsibility, carefulness, honesty, diligence, and supporting company's operations to reach the objectives under the principles of good corporate governance, and business code of conduct.
4. Keeping the company's confidential information, and not abusing company's insider information for their own or external parties' interest
5. Having pleasant personality and ability to coordinate with other parties, both inside and outside of the company.
6. Having experience in the position of the Company Secretary of a listed company for at least 3 year.

Scope of duties of the Company Secretary

1. To provide basic advices regarding the laws, rules and regulations of the company that the Board must know, and to monitor to ensure correct and consistent compliance, including reporting any significant change on the laws to the Board.
2. To organize the shareholders and the Board's meetings in accordance with the laws, the company's regulations, and best practices.
3. To prepare the minutes of the shareholders' meetings, and of the Board of Directors' meetings, including following up to ensure compliance with the resolutions of the shareholders' meetings, and of the Board of Directors' meetings.

4. To prepare and to keep the following company's documents:
 - (a) Register of Directors
 - (b) Notices calling the Board's meetings, minutes of the Board's meeting, and the annual reports
 - (c) Notices calling the shareholders' meetings, and minutes of the shareholders' meetings
5. To keep the reports on vested interests filed by the Directors, or management.
6. To ensure that the disclosure of the information to the regulatory agencies governing the company is in accordance to the rules and regulations.
7. To ensure that there is an orientation program for the new Director.
8. To organize the Board of Directors' activities.
9. To perform other duties as specified by the notifications of the Capital Market Supervisory Board.

In the event that the Company Secretary vacate the position or is incapable of performing the duty, the Board shall appoint a new Company Secretary within ninety days from the date on which the Company Secretary has vacated the position or has been incapable of performing the duty, and the Board is authorized to assign any director to perform the duty as a substitute during such period.

In addition, the company emphasizes on supporting and enhancing the knowledge of the personnel involving with the operations under good corporate governance. In 2017, the Company Secretary has completed the training courses organized by various institutes as reported in the section "Development of Directors and Management".

2. The Sub-Committees

2.1 Remuneration Committee

The company has not appointed the Remuneration Committee, but is using appropriate remuneration review process by taking into account the remuneration data comparable to other companies of similar size, and the company performance as deciding criteria to propose to the shareholders. The employee and management's remuneration will be under the consideration of the Executive Committee.

2.2 Nomination Committee

The company has not appointed the Nomination Committee as the current manpower is at an appropriate level, and the turnovers of the employees and management are low. Currently the human resource department is responsible for operational staff recruitment as required by each department. The Board of Directors recruits directors and management team. The directors will be recruited according to their qualifications which are consistent and supportive with company strategies.

3. Self-assessment of the Board and the CEO

In the Board of Directors' meeting no. 6/2017, on 22 December 2017, SMPC executed the performance evaluation of the whole team of the Board of Directors, the Sub-committees, and the CEO by using the self-assessment form prepared by the SET. The process of self-assessment will be annually organized once a year. The company will report the assessment result to the Board of Directors' meeting in order to adjust and improve the effectiveness and efficiency of the company performance.

The company sets the evaluation criteria as follows

Mark	Scale
4	Excellent operation
3	Good operation
2	Standard operation
1	Slightly operation
0	No operation

3.1 The evaluation of the committee performance

3.1.1 The performance evaluation of the individual committee are considered by

1. The organization and qualification of the committee.
2. The Board of Directors' meeting.
3. Roles and responsibilities of the committee.

The average performance evaluation of the individual committee was marked at 3.81 out of 4, which was in good scale.

3.1.2 The performance evaluation of the committees as team are considered by

1. The organization and qualification of the committees.
2. The Board of Directors' meeting.
3. Roles and responsibilities of the committees
4. Others such as the relation between committees and management, and the self-development of the committees.

The average performance evaluation of the committee as team was marked at 3.74 out of 4, which was in good scale.

3.1.3 The performance evaluation of the sub-committee. The company has only 1 sub-committee which is the audit committee. The evaluations are considered by

1. The organization and qualification of the committees.
2. The Board of Directors' meeting.
3. Roles and responsibilities of the committees.

The average performance evaluation of the sub-committees was marked at 4 out of 4, which was in excellent scale.

3.2 The evaluation of the CEO performance are jointly evaluated by the Board of Directors (except the Chairman) with the followings

1. Leadership.
2. Strategy set.
3. Execution of the strategies.
4. Planning and financial performance.
5. Relation with the committees
6. Relation with the external parties.
7. Management and relation with employees
8. Succession plan
9. Knowledge of product and service
10. Personal character.

The average performance evaluation of the CEO was marked at 3.91 out of 4, which was in good scale.

4. Orientation of New Directors

The orientation of new Directors is organized and managed by the Company Secretary by presenting the documents and information that are beneficial to the duties of the new Directors, such as director's handbook, the company's corporate governance and business code of conduct, company charter, capital structure, shareholders structure, laws, best practices, related rules and regulations, annual reports, form 56-1, including the past financial statements to enable the Directors to understand the overall picture of the performance and the company's business, and also presenting the training courses for the directors that are essential to the duties and the corporate governance. In addition, there is also presentation of important information relating to the company's business to enhance the knowledge and understanding about the business and company's operations of the first time Directors.

During 2017, there was no newly appointed director.

5. Succession Plan

The Board of the Directors realizes that vacancies in senior positions, i.e., Chairman of Executive Committee, Managing Director, Senior Vice President, and other top management, are ones of the risks that company have to be well prepared, because it will disrupt the continuity of the operations. To ensure the smooth transition and internal operation, in the Board of Directors' Meeting, the Directors annually review the succession plan, by having preparation in place, such as the structure of delegation authority, decentralization to middle and top management, and necessary training courses in order to prepare and develop the potential of the successors.

6. Anti-Corruption

The company has disclosed the policies on Anti-Corruption, monitoring and assessment, and reporting of fraud (Whistle Blowing) under the section "Corporate Social Responsibilities", sub-section 2.2 "Anti-Corruption".

7. Development of Directors and Management

The company requires that all newly appointed Directors shall complete at least one IOD training course and are also regularly trained by related organizations to develop their potential by assigning the Company Secretary to notify about the available training courses. In addition to the training with external organizations, the company also organizes management development project every year to enable all management to continuously develop and improve their work efficiency, and also to be able to implement the knowledge appropriately and beneficially for the company. The top management will select the training topics to suit the company's situation each year.

In 2017, all the Board and management have attended the courses to develop and review the knowledge which are beneficial to the performance of the Board and management as follows:

Name	Position	Courses in 2017
1. Mr. Vinai Vittavasgarvej	Chairman of the Board	-
2. Mrs. Ubol Ekahitanond	Deputy Chairman Chairman of the Executive Board	-
3. Mr. Surasak Urpsirisuk	Director Managing Director	- Integrating Sustainability into Business Strategy 2017
4. Mrs. Supha Phromsaka Na Sakolnakorn	Director	-
5. Mr. Taidee Visavaveja	Director	-
6. Mrs. Patama Laowong	Director Senior Vice President (Office)	- Capital Market Research Forum: The Studies of relativity of committee remuneration, level of good corporate governance, and listed company performance in SET and mai. - Integrating Sustainability into Business Strategy 2017 - Capital Market Research Forum: What will Thai economy gain from the foreign investment in private sector? - OUTBOUND INVESTMENT LEGAL & TAXIIHQ, ITC & ROH
7. Mr. Komin Linphrachaya	Director Chairman of the Audit Committee	-
8. Mrs. Werawan Boonkwan	Director Audit Committee	-
9. Associate Prof. Dr. Jade Donovanik	Director Audit Committee	-
10. Mr. Thamik Ekahitanond	Assistant Managing Director (Factory)	-
11. Mr. Jerawut Laowong	Assistant Managing Director (Factory)	- Integrating Sustainability into Business Strategy 2017 - Capital Market Research Forum: What will Thai economy gain from the foreign investment in private sector? - OUTBOUND INVESTMENT LEGAL & TAXIIHQ, ITC & ROH - EEC and Thailand 4.0 - Overseas Assignment international HRM & Outbound Investment.
12. Mr. Jirasak Phromsaka Na Sakolnakorn	Assistant Managing Director (Factory)	- Visited the Steel Rolling Mill at Sahaviriya Steel Industries PLC, Bangsapan, Pranburi.
13. Miss Kanya Vipnanurut	Accounting & Financial Director Company Secretary	- Global Research Briefing 2017 - Capital Market Research Forum: The Studies of relativity of committee remuneration, level of good corporate governance, and listed company performance in SET and mai. - Integrating Sustainability into Business Strategy 2017 - Basic Stock Valuation for IR - Capital Market Research Forum: What will Thai economy gain from the foreign investment in private sector? - 2017 Modern Managers Program (MMP) - Self-study CPD no 3/2017 (Package A) - Overseas Assignment International HRM & Outbound Investment.

Please see the past training records of the Directors and management in “Summary Profile of the Board of Directors and Management”.

8. Remuneration of Directors and Management

1. Remuneration

- 1.1 The company has clearly and transparently determined the remuneration of the Board by considering the appropriateness and in consistency with the Board's responsibility, and company's performance, which is the rate that were comparable to the other listed companies of similar size, or in the same industrial group as the company, as collected by Thai Listed Companies Association. The Board's annual remuneration was determined and reviewed by the management, and to be in line with the principles of good corporate governance, such remuneration of the Board must be approved by the annual general meeting of shareholders.

The Board's monetary remuneration is comprised of monthly allowance and meeting attendance allowance. On 30 March 2017, the annual general meeting of shareholders passed a resolution to approve the budget of 6 million baht/year for 9 directors, and the increase of some remuneration lists as shown in the below table (which was effective from April 2017).

Positions	2016 (Rate from 2012-2016)		2017		Increase	
	Monthly allowance (Baht/person/ month)	Meeting allowance (Baht/person/ time)	Monthly allowance (Baht/person/ month)	Meeting allowance (Baht/person/ time)	Monthly allowance (Baht/person/ month)	Meeting allowance (Baht/person/ time)
1. Board of Directors						
Chairman	60,000	5,000	60,000	10,000	-	5,000
Director	10,000	5,000	10,000	10,000	-	5,000
2. Executive Management						
Chairman	50,000	-	50,000	-	-	-
Director	30,000	-	30,000	-	-	-
3. Audit Committees						
Chairman	15,000	5,000	20,000	10,000	5,000	5,000
Committee	10,000	5,000	15,000	10,000	5,000	5,000

The 2017 term (posted during April 2017-March 2018), the company has paid the directors with total of 4.89 million baht, which was in the budget, approved from the 2017 general meeting of shareholders. The details of remuneration of each director are as follows

Name	Position	Position Allowance			Meeting Allowance		Total
		Board of Directors	Executive Management	Audit Committees	Board of Directors	Audit Committees	
1. Mr. Vinai Vittavasgarvej	Chairman Independent Director	720,000	-	-	60,000	-	780,000
2. Mrs. Ubol Ekahitanond	Deputy Chairman	120,000	600,000	-	50,000	-	770,000
3. Mr. Surasak Urpsirisuk	Director	120,000	360,000	-	60,000	-	540,000
4 Mrs. Supha Phromsaka Na Sakolnakorn	Director	120,000	360,000	-	60,000	-	540,000
5. Mr. Taidee Visavaveja	Director	120,000	360,000	-	60,000	-	540,000
6. Mrs. Patama Laowong	Director	120,000	360,000	-	60,000	-	540,000
7 Mr. Komin Linphrachaya	Independent Director Chairman of the Audit Committee	120,000	-	240,000	60,000	40,000	460,000
8. Mrs. Werawan Boonkwan	Independent Director Audit Committee	120,000	-	180,000	60,000	40,000	400,000
9. Associate Prof. Dr. Jade Donavanik	Independent Director Audit Committee	120,000	-	180,000	50,000	30,000	380,000
Total		1,680,000	2,040,000	600,000	520,000	110,000	4,950,000

1.2 The benefits from the allocated ESOP Warrants, which was approved by the 2015 Annual General Meeting of Shareholders as of 31 March 2015. The shareholders has resolved for the company to allot and issue the warrant of the company (project ESOP) in the amount of 9.40 million units with free of charge to the Directors, the management and/or employees of the company. The term of warrants does not exceed 3 years from 15 June 2015 onwards. The Directors and executive management who received warrant allotment are as follows:

Name	Position	Allotted Amount for the Project (units)	% of the Issued and Offered Amount	Year 1 Exercise (15 June 2016)	Year 2 Exercise (15 June 2017)	Balance as of 31 December 2017
1. Mr. Vinai Vittavasgarvej	Chairman	94,000	1.0%	28,200	28,200	37,600
2. Mrs. Ubol Ekahitanond	Director	94,000	1.0%	28,200	28,200	37,600
3. Mrs. Supha Phromsaka Na Sakolnakorn	Director	94,000	1.0%	28,200	28,200	37,600
4. Mr. Surasak Urpsirisuk	Director and Managing Director	94,000	1.0%	28,200	28,200	37,600
5. Mrs. Patama Laowong	Director and Senior Vice President	94,000	1.0%	28,200	28,200	37,600
6. Mr. Taidee Visavaveja	Director	94,000	1.0%	28,200	28,200	37,600
7. Mr. Komin Linphrachaya	Director and Chairman of the Audit Committee	-	-	-	-	-
8. Mrs. Werawan Boonkwan	Director and Audit Committee	-	-	-	-	-
9. Associate Prof. Dr. Jade Donavanik	Director and Audit Committee	-	-	-	-	-
10. Mr. Thamik Ekahitanond	Assistant Managing Director (Factory)	94,000	1.0%	-	-	94,000
11. Mr. Jerawut Laowong	Assistant Managing Director (Factory)	188,000	2.0%	56,400	56,400	75,200
12. Mr. Jirasak Phromsaka Na Sakolnakorn	Assistant Managing Director (Factory)	94,000	1.0%	28,200	28,200	37,600
13. Miss Kanya Vipaturut	Accounting & Financial Director Company Secretary	188,000	2.0%	56,400	56,400	75,200
Total		1,128,000	12.0%	310,200	310,200	507,600

However, to preserve the independence of the Audit Committee, the company has not allotted any warrant to the Audit Committee.

The warrant holders are entitled to exercise the warrant to purchase the newly issued ordinary share of the company altogether 3 times with the ratio of 1 unit of warrant to 1 ordinary share at the price of 5.80 Baht/share. The first exercise date is 1 year after the company's issuing of the warrants, which makes the first exercise date to be 15 June 2016, while the subsequent exercise dates are 15 June 2017 and 2018. The warrant holders shall not exercise the warrants exceeding the following percentages:

Exercise Date	Percentage of Allotted Warrant
15 June 2016	30
15 June 2017	30
15 June 2018	40

2. Management (as defined by SET, amended by SEC's notification no. KorChor 15/2011 titled Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities (no. 3) dated 21 July 2011), consists of 6 persons.

The remuneration of the executive management, including the Managing Director, is in accordance with the principles and policies set out by the Board of Directors, which is specified as short-term benefits such as salaries, and bonuses, relating to the company's performance and individual performance of each executive, and adequately attractive to retain the professional management with qualifications, experiences, and competencies as per company's requirement. Other remuneration are provident fund contribution and social security fund contribution. Long-term benefits are post-employment benefits and warrant of the company (project ESOP).

In 2017, the total monetary remuneration of the 6 executive management, both short-term and long-term, amounted to 50.82 million Baht with the following details:

Management Remuneration	Total Remuneration	
	2016	2017
Number of management (persons)	6	6
Monetary Remuneration (million Baht)		
- Salary and Bonus	48.78	49.38
- Provident Fund Contribution, Social Security Fund Contribution, and Post-Employment Benefit	1.29	1.44
Total (million Baht)	50.07	50.82
Non-monetary Remuneration		
Allotted ESOP Warrants (units)	752,000	752,000
Yearly exercise (units)	197,400	197,400

In addition, there is other remuneration (only for the Board of Directors and top management) i.e. company cars and related expenditures.

9. Staff

As of 31 December, 2017, company staffs (exclude the contractors) were grouped as follows

	2015	2016	2017
Factory staffs	336	354	371
Office staffs	80	78	81
Total	416	432	452
Remuneration (Million Baht)	291.63	329.72	349.56

The Remuneration of staffs are comprised of short term benefits and long-term benefits. Short term benefits are salaries, wages, overtime pay, bonuses, and other fringe benefits. Long-term benefits are provident fund, post-employment benefits and warrants from ESOP project.

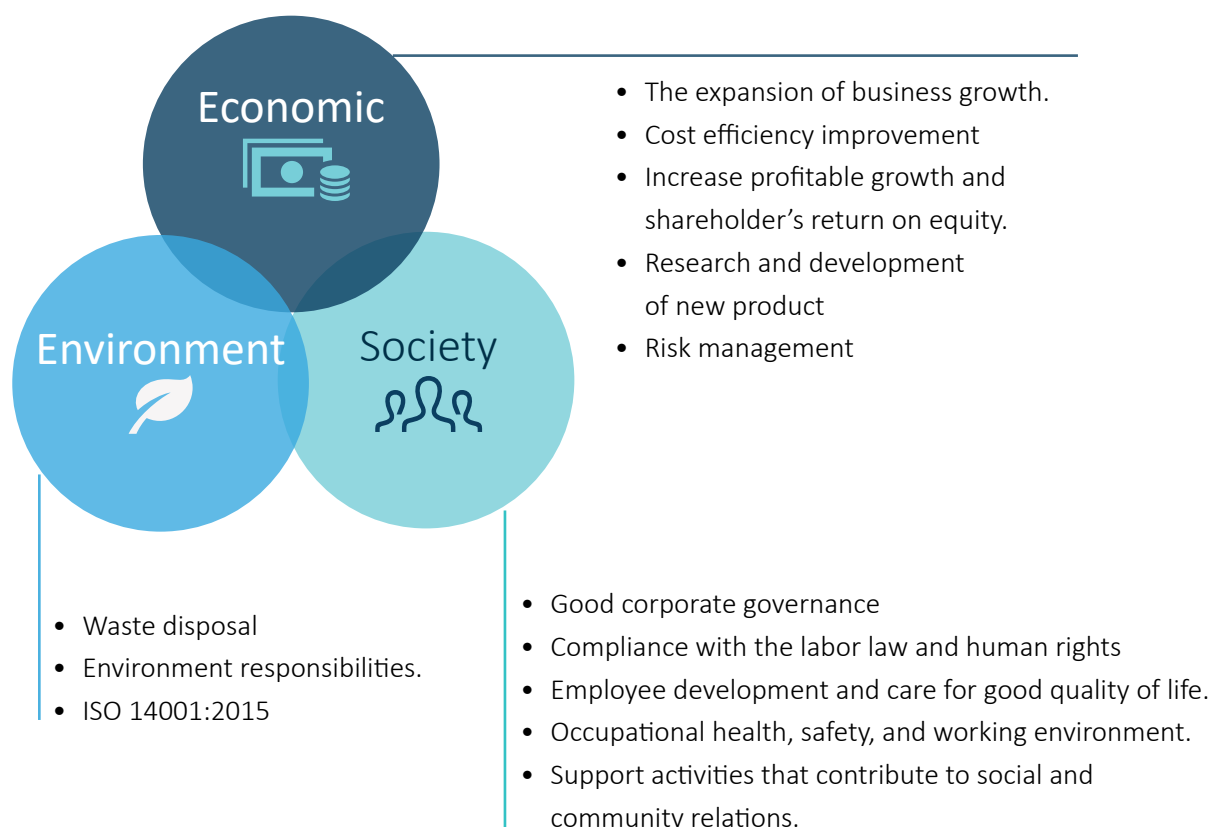
Apart from normal benefits, SMPC usually enhances potential of employees and rolls out policy of human development. The company invites external lecturers to train our staffs in the company and also arranges external seminar for our staffs which relating to their field of work.

Please see the business code of conduct which relating to employee treatment in “Corporate Social Responsibilities”, under section “stakeholders”

Corporate Social Responsibilities (CSR)

The Board of Directors realizes and has a vision that for the company to enhance value, grow, and achieve sustainable successes, the company shall operate the business together with the social and environmental responsibilities under the principles of ethics and good corporate governance. By adopting Sufficiency Economy which was the philosophy that His Majesty the Late King Bhumibol Adulyadej had taught Thai people since 1974, which was living with moderation, prudence, reasonableness, and integrate it with the business code of conduct, and company's operational policies through the activities that had been organized with maximum effectiveness and efficiency.

Framework for sustainable development



1. Stakeholders

The Board of Directors emphasizes on the importance of all stakeholders, and has set out guidelines on stakeholder engagement in the business code of conduct distributed to all employees since start working for the company. The company also takes care of stakeholders' rights according to related laws, and shall not perform any activity that would violate the stakeholders' rights. These codes can be summarized as follows:

Stakeholders	Summary of Stakeholder Code of Conduct
Shareholders	The company strives to operate the business with dedication, honesty, and transparency for the company's best interest, and also to be fair to all shareholders, to create company's stability and long-term progress, and to generate return and continuous growth for the company.
Business Partners and Creditors	The company shall treat all business partners and creditors with strict abiding to the contracts and agreed conditions, and shall treat all parties with equality and fairness on the basis of mutual benefit for both parties. The company shall set up the rules for sourcing and organize all operations with transparency, without requesting nor receiving any benefits from business partners. The sourcing shall be environmental friendly as well.
Competitors	The company shall compete for trade under a fair framework, not destroy or defame competitors' reputation, and not seek confidential information through unethical means. The company shall cooperate to develop and grow the industry.
Customers	The company shall manufacture products that are safe, environmental friendly and qualified according to the defined standards with accurate and complete product information. The company shall deliver products in a timely manner, and response to the customers' request with promptness and flexibility, in order to best serve customer satisfaction.
Employees*	The company shall respect human rights, and regularly promote the development of potential and competencies of the employees according to the individual capabilities and skills with fairness and equality, so that the employees are able to grow professionally with the company. The company shall strictly comply with the laws and regulations relating to labor laws, and employee welfare, and also take care of the quality of life, safety, health, environment, and security in workplace for the employees.
Society and Environment	The company shall efficiently utilize resources, and reduce the impact on environment. The company shall manage wastes and air pollutions, be consistently responsible for the society, community, environments, and to strictly abide by the laws.

Note: *Employees mean permanent staffs, daily staffs, temporary staffs, and contractual staffs.

2. Company's Corporate Social Responsibilities Policy

As per notifications of the Capital Market Supervisory Board, the policy can be classified into following principles:

2.1 Fair Trade Business

The company's policy on fair trade business for all parties is as follows:

- The company shall treat all business partners and creditors with equality and fairness on the basis of mutual benefit for both parties.
- The company shall strictly abide by the contracts and agreed conditions with the business partners and creditors. In the event of non-compliance, the company shall promptly discuss with the business partners and creditors in advance to jointly seek for means to remedy and prevent the problems and possible losses.
- The company shall provide financial information that is accurate, complete, and truthful.

- The company shall not demand, accept, or provide any illicit benefits from/to the business partners or creditors, and shall also make every effort to prevent bribery from happening and causing damage to the company.
- The company shall compete for trade under a fair framework.
- The company shall not destroy or defame competitors' reputation, or perform any activity that is untrue and unfair.
- The company shall not seek competitors' confidential information through dishonest or illegal means.
- The company shall support the policy on Anti-Corruption in all forms.
- The company's employees shall not violate any intellectual properties or copyrights by any means such as copying, duplicating, modifying, distributing any materials including computer software. Any intellectual properties or copyrights violation is cause for disciplinary actions and punishable by laws.

In addition, the company shall avoid any activity that may cause conflict of interests except those that are for company's best interest, and the company has disclosed such transactions with possible conflict of interests in their entirety in the section "Connected Transactions".

2.2 Anti-Corruption

Anti-Corruption Policy

The company does not tolerate any and all corruption including all business and all transactions in all countries and all related organizations. At the same time, the company has established the anti-corruption practices in accordance with this policy. The company shall regularly review the practices to ensure compliance with any change of the business laws, and to uphold the company's reputation. All Directors, Management, and Staffs shall comply with this policy.

Definitions in Anti-Corruption Policy

Corruption means any wrongful or unlawful exploitation to benefit oneself, one's college and/or others by offering, promising, requesting, demanding, giving or taking bribe, inducing an illegal action, directly or indirectly, falsifying evidences, taking company's property for personal use, acting with conflict of interest.

A political contribution is a contribution, financial or in-kind, to support a political cause. Financial contributions can include loans, donations. In-kind contributions can include gifts of property or services, advertising promoting or endorsing a political party, purchasing of tickets to fundraising events, allowing leave to staffs to join a political campaigning as company representative (number 17).

Local cultures and norms, or business practices mean festival or special days in each locality where there may be gift giving, and also including the occasions for congratulations, gratitude, welcomes, condolences, or giving any supports as socially accepted.

Staff means permanent staff, daily staff, temporary staff, and contractual staff.

Guidelines for compliance with Anti-Corruption Policy

1. The company's Directors, Management and Staff shall not tolerate nor support any forms of corruption, whether directly or indirectly.
2. The company sets up the guidelines for the activities which are prone to corruption for all Directors, Management and Staffs to comply as follows:

2.1 Political Contributions

- Shall be transparent, legal, and not to be used for corruption.
- Shall prepare documents identifying the recipients, the objectives of the contributions, the details of campaigns and expenditures, and attach supporting documents to be submitted for the Board of Directors' approval.
- The company respects the staffs' right to personally participate in or support any political campaigns. It shall be outside the working hours, and shall not exploit the company's name and properties for such activities.
- All line supervisors at every level is forbidden from ordering or influencing, by any means, the staffs and subordinates to participate in any political campaigns, and shall refrain from voicing political opinions which may cause ideological conflict in the workspace or inside working hours.
- Charity Donations
- The company provides charity donations for the objectives of improving society, economics, cultures, and educations. The donations shall be transparent, legal, and not to be used for corruption.
- To apply for donations, the applicant shall prepare documents identifying the recipients, the donations amount, the objectives of the donations, and attach supporting documents to be submitted for approval as per level of authority.
- The applicant shall acquire the receipts for the donations to ensure that the donations were rightfully made in full, and shall submit the complete receipts to the accounting department for verification as per specified in the list of documents for donations.

2.2 Sponsorship

- The company provides sponsorship for the objectives of publicity, and strengthening business relationship. The sponsorship shall be transparent, legal, and not to be used for corruption.
- To apply for sponsorship, the applicant shall prepare documents identifying the recipients, the sponsorship amount, the business objectives, and attach supporting documents to be submitted for approval as per level of authority.
- The applicant shall acquire the receipts for the sponsorship to ensure that the sponsorship were rightfully made in full, and that it was used in accordance with the objectives, and shall submit the complete receipts to the accounting department for verification as per specified in the list of documents for sponsorship.

2.3 Giving and Receiving Gifts, and Business Receptions

- The Directors, Management, and Staffs shall not request, demand, or giving property or other benefits from and to any persons with business relationship with the company, except for local cultures and norms, or business practices.
- The gifts value should not exceed 5,000 Baht. The gifts shall not be money or with monetary value, shall not be illegal, and shall not lead to corruption.

- In the event that any staff is not able to decline gifts with value exceeding the limit, the staff shall prepare the gift receiving form, inform the line supervisor, and deliver the gift together with the form to the human resource department for appropriate processing.
- The company provides reception for the business objectives, and strengthening good relationship between the company and the business related parties.
- To claim the reception expense, the staff shall prepare documents identifying the recipients, the expense amount, the business objectives, and attach supporting documents to be submitted for approval as per level of authority. The submitter shall also submit the receipts of the expense to the accounting department for verification as per claim procedures.

2.4 Facilitation Payment and Bribery

- The company does not give nor receive facilitation payment or bribery in the business process, whether directly, or through company representatives, advisors, agents, contractual partners, business partners, or intermediaries under the company's direct control.
- The staff shall avoid any activities which may lead to, or imply that the company giving or receiving the facilitation payment or bribery.
- If the staff has been asked to make payment in the name of the company, the staff should request for a receipt with the details and reasons for the payment. If the staff has any doubts, concerns, or questions about such payment, the staff should report to the line supervisors and/or the Managing Director.

2.5 Procurement

- Shall clearly specify the purpose of the procurement for the line supervisor's review as appropriate, and the approval must be as per company's level of authority.
- Have the price comparisons between the suppliers/services providers that are transparent and fair to all parties.
- The company has no policy to demand nor receive, offer or give any monetary or other benefits from/to suppliers/services providers in order to accept materials/services that are not qualified as per order or agreement. In case that any staff becomes aware of such event, the staff shall report to the supervisor and the purchasing section immediately to find solution together.
- Shall provide for measures to report the financial position with transparency and accuracy, and also establishes an appropriate and effective internal control system to prevent any improper activity.
- All accounting records shall have details that are appropriate and accurate, and shall identify payment, purchase and sales, asset management, clear transaction purpose. There shall be no falsification of the records and related documents to conceal the real transactions.
- There shall be verification process to validate the accounting records or the data in the information system by more than one department to establish check and balance, and to prevent any improper activity.

3. There shall be process for personnel recruitment, promotion, training, performance appraisal that reflect the company's commitment on anti-corruption measures.

- There shall be criminal record check and some appraisal with psychological tests and/or reference check to preliminarily ensure that the candidates considered by the company are of good character and possess positive attitudes.

- Thoroughly support and promote the knowledge sharing on the anti-corruption to the Directors, Management and Staff to encourage honesty and responsibility in performing duties by showing company's commitment that corruption is wrong and unacceptable and building the concept into corporate culture.
 - The performance appraisal shall be appropriate and fair in accordance with the company's policy on quality.
 - No demotion, penalty, nor other adverse consequences for any staff that refuses bribe and corruption, even if such refusal causes the company to lose business opportunity.
4. The company shall communicate the policy and guidelines on anti-corruption to the Directors, Management, staffs, company representatives, advisors, agents, contractual partners, business partners for implementation as follows:

Internal Communication

- For the staff to acknowledge the policy and guidelines on anti-corruption and to pass training sessions. To post sign, to distribute and to file in the e-document system.
- For the Directors, Management and Staffs to sign and accept the implementation of the anti-corruption policy into practices.

External Communication

- Prepare anti-corruption policy documents as attachments in the contracts between the company and company representatives, advisors, agents, contractual partners, business partners.
 - To publish on the company's website, both in Thai and English.
5. Anyone committing corruption is in violation of company code of conduct and shall be considered for disciplinary punishment according to the company's regulations. In addition, a legal punishment may be applicable, if such violation is illegal. The company shall provide for safe and accessible channel of communication for the employees and related personnel to request advices on implementing the anti-corruption policy, and to inform on any suspicious activities or lodge any complaints with confidence that the informant shall be suitably protected, and shall also appoint person to investigate every reported case as follows:

Requesting for Advices

Anyone who has question or require advices on implementing the anti-corruption policy can do as follows:

1. Consult with "Human Resources Manager"
 - by telephone 02-895-4139
 - by post to the company address 92 Soi Thientalay7 (4th Intersection), Bangkhunthien Chaitalay Road, Samaedam, Bangkhunthien, Bangkok 10150
 - by putting notes in the suggestion boxes
2. The requester can choose to remain anonymous. However, by providing the name, advices can be sent to the requestor directly and promptly.

Informing of Misconduct or Lodging of Complaints

In the event that anyone has information related to corruption, illegal activities or misconduct, or come across flaws in the internal control system of the company that represents the risk or causing damage to business, they can inform the company directly to the Chairman of the Board, the Chairman of the Audit Committee, Independent Directors, and/or Audit Committee in one of the following channels

1. by post to the company address 92 Soi Thientalay7 (4th Intersection), Bangkhunthien Chaitalay Road, Samaedam, Bangkhunthien, Bangkok 10150
2. by email to the Company Secretary at Email: cs@smpcplc.com

The informing letters or complaints shall be polite, and should include the following information:

- First name and family name of the alleged person
- The facts of the offense, evidences, related details, with evidences attached (if any)
- First name and family name of the submitter.

The company has established measures to protect the informants or complaint lodgers as follows:

1. The company shall treat all information about the informants or complaint lodgers as confidential, and only disclose as necessary by considering the safety of and preventing any damages to the informants or complaint lodgers (in case that the informants or complaint lodgers do not provide their name, they must provide the facts or evidences that are clear enough to identify the alleged corruption or offense).
2. The informants or complaints lodgers may request for protection as necessary and appropriate.
3. The affected parties shall be compensated for their damages under the fair and appropriate process.

Nevertheless, the company does not accept the complaints on the following cases:

1. The case that the inquiry panel has already accepted, or has already issued the final decision, and that there is no new and material evidence.
2. The case that the alleged person employment with the company has been terminated for more than five years.
3. The case that does not provide evidences or the wrongful behavior in clear enough details to allow for investigation.

Handling of the Informed Offense or Complaints

The Company Secretary shall be responsible for collecting all the submitted documents from such channels to summarize the recommendations and all topics to present to the Board of Directors for consideration and action. The company has standard in setting up an inquiry panel to ensure fairness in the inquiry and in penalizing the offender. However, in case that there are sufficient evidences that the complaints lodgers has done so in bad faith, there may be repercussion for each case as follows:

1. In case of staffs, they shall be considered for disciplinary punishment according to the company's regulations.
2. In case of external parties and causing the company damages, the company may proceed with legal action against the complaint lodgers.

Confidentiality

The company shall treat all the information provided by the informants or complaint lodgers as confidential, and shall not disclose anything to unauthorized parties, except in case of necessity in investigation, inquiry, legal action, as witness, in testimony, or any cooperation with the courts or authorized government agencies.

2.3 Responsibilities towards Employees

The company conducts the business in accordance with the laws, supports and promotes the fundamental human rights without discrimination based on race, religion, gender, society, or political opinion, by defining in the business code of conduct as follows:

- To provide fair remuneration according to the knowledge, competencies, responsibilities, and performances of individual employee.
- To evenly and regularly support, develop, and enhance knowledge, competencies, and skills of the employees for the progress and stability in their career path.
- To support employees to take part in setting directions and solving problems for the company.
- To provide good working environment, which is safe for life, health and properties of the employees.
- To ensure that the employees' appointment, transfer, and also reward and punishment shall be considered in good faith based on the knowledge, competencies, suitability, righteousness, fairness, and equality.
- To strictly comply with the laws and regulations relating to labor laws, and employee welfare.
- To establish an appropriate human resources management system. To avoid causing any unfairness and unrighteousness that will affect the progress and stability in the employees' career.
- To treat the employees on the basis of human rights, and also respect their personal rights and duties.

2.4 Responsibilities towards Customer

The company operates business on the principles of quality and to meet customers' satisfactory as follows:

- To disclose the information about the products and services that is complete, correct, fair, and up-to-date to the customers in order for the customers to have adequate information to make decision without covering up or misrepresenting the facts.
- To provide warrantee on the products and services with appropriate terms.
- To deliver products with quality as per or higher than customers' expectation in their entirety, accurately and timely with fair conditions.
- To not deliver products or services that are substandard to the customers.
- To establish system and measures to respond to and remedy the customers' complaints promptly and to prevent the same problems from reoccurring.
- To continuously search for and develop means to reduce the manufacturing cost while maintaining the quality of the products and services as per the standards.
- To continuously search for means to improve the quality of the products to benefit the customers.
- In the event of not being able to fulfill the agreement with the customers, to immediately notify the customers in advance to jointly seek for means to remedy and prevent the problems and possible losses.
- To safeguard the customer confidential information, and to not abuse it for own or related parties' benefit.

2.5 Environmental Conservation

The policies are as follows:

- To ensure that all functions relating to the operations/manufacturing are environmental friendly.
- To prevent accidents and to control waste discharge to be below the acceptable level.
- To be responsible and uphold the protection of environment and also the local culture and tradition where the company operate.
- To promptly and effectively respond to any incident impacting the environment and community from the company's operations by providing full cooperation to the government officers and related organizations.
- To not perform any activity that would harm the overall natural resources and environment.

2.6 Community and Society Responsibilities.

The policies are as follows:

- To continuously foster awareness of responsibilities towards communities and society on the company and employees at all levels.
- To regularly organize or support activities to develop society, communities, and environment to improve the quality of life of the community where the company operates, whether by our own or jointly with the government and communities.
- To not cooperate or support any parties who conduct illegal business or pose a threat to the society and national security.
- To strictly conduct and control to ensure compliance with laws.
- To not perform any act that would damage the reputation of the country.

The company has regularly organized activities to support society and communities. Please see the company's efforts in the development of communities and society in the section "Company Activities and Corporate Social Responsibility Activities".

3. Material Aspects of the Company's CSR Principles

The company has performed materiality analysis and has identified issues about CSR that have impacts to business both in short-term and also a material aspect of the company. To set up the direction in accordance with the business strategies and business plans of operating business with social responsibility, and to earn solid support from all stakeholders, the company has studied the nature of business, and contexts such as concerns and interests of the business stakeholders, and then consider all the issues to be in line with the business goals that have been defined which shall create a balance between business and society.

As mentioned in the analysis of "Key Success Factors" of the company in the section "Business Operations"

Key Issue that is the Core and Material Aspect: Good quality of products with fair price.

which means the products that are manufactured in accordance with each country's specified standards, and that the consumers can be confident that every LPG cylinder that is manufactured by the company and is being used has passed through all the tests at every manufacturing step. The company

has strived to improve the manufacturing process, the quality control of raw material, and the quality control of the products to strictly adhere and support all the requirements in each standard that the company's business partners recognize.

The company is aware of this material aspect, and therefore strives to maintain the quality product manufacturing under the global recognized standards. Concurrently, to prevent the risk of the product safety concerns in the future, the company has also continuously improved the manufacturing process and the product quality to support the consumers' demand for higher quality products following new standards that are regularly established and revised by the standard-setting bodies. The company has improved the testing process, and has increased the strictness of the manufacturing-line tests by setting the acceptance level more stringent than that required in the standards for the two internal pressure testing processes as follows:

1. Hydrostatic Test at the pressure 2 times design pressure (or about 4 times working pressure). The cylinder must not leak or deform according to the criteria in the standard. This test is performed after the cylinder has passed the heat treatment process.
2. Air Leak Test, after the coating and fitting of the valve, by pressuring up inside the cylinder with air to the required pressure according to the standard which shall not be lower than working pressure. Then the cylinder is put underwater for the period of time specified in the standard. For the cylinder to pass the test there must not be any leaking air bubble which indicate leakage at the weld seam or valve fitting.

4. Operations to follow the policy

4.1 Operations to get accreditation from ISO 14001:2015

SMPC has the policy to encourage employees to efficiently utilize resources such as electric, water, oil, and appropriately control the amount of their usage. The company is fully aware that operating the business with environmental friendly is one of that sustainable factor. In order to meet international standards, and be globally recognized, in the beginning of 2016, the company applied to receive accreditation from ISO 14001:2015 i.e., environmental quality standards, which was approved and certified on 26 December 2017. Parts of the operations related to the efficient use of resources are summarized as follows

1. Quality of water. The company uses the water from the wastewater reclamation in the production process, hence can reduce the amount of water usage. Besides, SMPC consistently check the quality of drained water from the factory.
2. Waste Disposal. The company has the suitable waste emplacement, segregation, classification, and contaminated waste depot. When the waste is up to the right amount, it is transported to the waste trader whose company meet required standard. Besides, SMPC initiated the Recycle Bank project in July 2012, as part of the company's 5-S activities. Ever since, the company has operated the project consistently, by encouraging all employees to take part in this project. Everyone can collect waste from the manufacturing such as cardboard boxes, wire pieces, thread seal tape spool, and also recyclable materials such as glass bottles, plastic bottles, to sell to a buyer contracted by the company at the market price. The objective is to motivate the employees to reduce the amount of waste in the factory which would be

beneficial to the overall work environments. This is also an environmental protection. The company is reducing the paper usage by promoting the using of both sides of paper, and e-document for filing.

3. Electrical Energy. SMPC has invested in energy-related projects in order to reduce electricity consumption, such as changing the electric light bulbs to be energy-saving light bulbs, and consistently maintaining machinery and equipment.
4. Air Quality. The company controls the rate of exhaust fumes accordance with standards specified by law. For example, SMPC decreases the dust internally before releasing the air out to the community around the factory, by having the outsource company to bring the vacuum cleaner to daily vacuum in the plant. The related departments regularly monitor the quality of air, also have audit and maintenance plan for the machinery and equipment.
5. Level of noise. SMPC consistently monitors level of noise according to the required law to ensure of no noise pollution to the community. The company also have noise protection, such as ear plug, and ear muff for the employees who work in the environment at risk of noise pollution. The employees also are encouraged to wear personal protection equipment (PPE). The company organizes to have the hearing test on top of the annual medical check-up, for the employees who work in the loudly noise area.
6. Lighting. The company manages to have the illumination measurement in the working area, so that employees get to work with enough lighting, good working environment. This also to prevent accident while working.
7. Heat. SMPC arranges the heat measurement in the working area, and immediately correct it, if the hot environment is found to be in improper operation.

Environmental training to employees

The company has the policy to raise awareness and spread the concept of efficiently resources utilization and environmental conversation to all employees via training, company's notice board, and posters. The company also organizes activities to inspire all employees to properly use resources and conserve environment. Apart from that, SMPC provided the staffs with the external training in order to gain additional knowledge and the environmental management as follows

1. Arranged the environment team to have the external training or site visit at the organizations with the expertise in environmental management, such as Technology Promotion Association (Thailand-Japan), Department of Industrial Promotion together with United Nations Industrial Development Organization (UNIDO) and The Federation of Thai Industries, etc. There were totally 146 hours of training in 2017.
2. ISO 14001 training to new staffs on 11 August 2017.
3. The comprehensive test of the garbage disposal with the employee by the Waste disposal, environmental working team on 5 August 2017. The result was to improve, correct and educate the employees.
4. Organized the exhibition and promotion of the environmental conservation on 31 October 2017.
5. The continuous campaign of food waste segregation in the club.
6. Internal and External Public Relation to business partners, or community, etc., by leaflets, and instruction manual for contact and related rules.

4.2 Employees Development and Care

Recruitment

The company shall recruit persons of legal age and with suitable qualifications. The company shall regularly verify that it is not getting involved with any human rights violation such as abusing forced labor or exploiting child labor.

Employee Remuneration

The Company is fully aware that the remuneration rate must be suitable with the knowledge and competency of the employee, also in line with the market rate, in order to be fair and attractive for retaining employee in long-term. For Production Department, the company pays the minimum wage, required by labor law, plus the additional payment according to the number of pieces of tasks exceeding the minimum requirement by the company. Besides, the company consistently reviews the employee earnings in order to be competitive with the market, and pays bonus according to the company performance.

Employees' Welfares

The welfares that the company has provided, in addition to those required by laws, to enhance quality of life for the employee can be categorized as follows:

1. Welfare to develop the employees' potentials such as annual training, English courses for employees who want to increase language skill, Thai language lessons for the alien workers, and 7 habits of Highly Effective People Program.
2. Welfare to help with the employees' cost of living such as providing employee canteen selling foods at special price, attendance bonuses, shift allowances, mileage allowances, employee transport vehicles, life insurances, uniforms.
3. Welfare to help with the employees' saving plan
The company has established provident fund for the employees' long-term benefits, and to promote saving, and motivate the employees to stay with company. The employees' contribution will be deducted from the salaries or wages at the chosen rate, and the company will match the contribution at the same rate. When the employment ends, the employees will collect the contribution plus the benefit in accordance with the defined criteria.
4. Welfare in the form of cash for the employees' family events such as wedding, childbirth, death of immediate family, and scholarship for the employees' children who study well.
5. Welfare for the future stability of the employees and family such as pension for post-retirement, funeral support, scholarship for employees' children who study well.
6. Welfare for the employees' quality of life and workplace safety such as
 - To provide personal protective equipment suitable for the working environment of each individual employee.
 - To provide for consistent security in the workplace, 24-hr security guards, closed-circuit cameras, alarm system inside the buildings, fire extinguishers, fire exits.
 - To arrange trainings on basic firefighting, fire drill and basic first-aid for the employees every year.
 - To set up the company infirmary with nurses, and medical supplies and medicine as necessary, and also prepare an ambulance on stand-by 24-hr in case of emergency.

- To arrange annual medical check-up for general employees, and additional check-up according to the occupational risk factors to monitor for any impact to the employees' health related to work such as hearing test, visual test, toxicology test such as lead and Xylene in the body, and to arrange for consultation to advice on the healthcare.

Fairness for the Employees

The company will set up a specific inquiry panel in the event of violation of company's regulation or fraud. The employee who is accused of wrongdoing or corruption shall be entitled to defend and prove themselves. The inquiry result shall be recorded and reported to the management for the fair process of punishment consideration, and to avoid unfair dismissal.

In 2016 and throughout the company's history, there has never been any incident of unfair treatment of the employees and there has never been any legal case on this issue.

Occupational Health, Safety and Working Environment

The company established the Health & Safety Board of the Committees on 14 November 1988. The Board of Committee consists of the professionals from various departments of SMPC, and representatives from the contractor company whose roles are observers, totally of 17 persons. The term of committee is 2 years. The roles and responsibilities are as follows

1. To review the policy and procedure of the safety both on duty and out of duty in order to prevent and reduce accidents, hazards, injuries, illness, disrupted incidents from working, or unsafety working, and propose to the employer. The target of 2017 was to reduce the Lost Time Accident to be zero.
2. To report and make recommendations or corrective actions to the employer about the safety at work and safety standards. This is to ensure the safety in workplace of employees, contractors, or visitors who come for working or using services at the premises.
3. To support and promote activities of safety in workplace.
4. To review the rules and instructions in 3), including the safety standards in workplace and propose to the employer.
5. To inspect the safety actions in workplace and investigate the statistical data of the accidents at least once a month, and report to the employee quarterly.
6. To consider safety training courses in workplace, and the safety training courses regarding to the rules and responsibilities of workers, supervisors, management, employer, and all employees, and propose to the employer.
7. To set up the reporting system of the hazardous workplace, to be responsibilities of all employees to follow.
8. To follow up the issues, proposed to the employee.
9. To annually report the performance, as well as specify the problems, threats, and recommendations of the committees, to the employer.
10. To evaluate the safety performance of working in premises.
11. To operate other safety jobs as assigned by the employer.

Health & Safety Board of the Committees has monthly meeting. The agendas are to investigate the factory for locating the risk area, correct and prevent the hazards, and encourage the board to propose opinions on the additional program for employee safety.

2015-2017 Statistical data of injuries and deaths of employees

Occupational Accidents	2015			2016			2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1 Accident without lost time	32	-	32	14	-	14	14	-	14
2 Accidents with lost time	45	-	45	67	-	67	59	-	59
3 Disabilities	-	-	-	-	-	-	-	-	-
4 Deaths	-	-	-	-	-	-	-	-	-
Total	77	-	77	81	-	81	73	-	73

In 2017, the accidents with lost time has decreased from 2016 by 12% because the company has educated the employee about the safety. Also SMPC has prevented, corrected and sought the cause of the accidents. However, it still has not reached the target, which was to reduce accidents to be zero. Therefore, the company still sets the same target for 2018, assigns the action plan in order to achieve the target, and also quarterly reports the result of the accident prevention to the management.

4.3 Anti-Corruption

Actions related to the Anti-Corruption

The company still emphasizes on managing business in compliance with corporate governance and supporting anti-corruption. The company shall not give nor take any and all bribe, and has a clear and transparent review of all processes to ensure that the company has effective risk protection on anti-corruption within the company. The company has established a concrete anti-corruption policy and distribute to all staffs, business partners or stakeholders of the company including all business and all transactions in all countries and all related organizations to be all aware that the company does not tolerate any and all corruption. The company has prepared and distributed case studies including advices and guidelines for the staffs in case they notice any corruption. In addition, the company also regularly reviews the anti-corruption policy every year to be in line with the ever-changing business environments. Regarding compliance with this policy, the company specifies that the Directors, Management and Staffs must all comply.

Controlling to prevent and follow up the risks from Corruption

In 2017, from the result of internal audit and anti-corruption system review, there was no incident or any indication of corruption. All the receptions, donations, and gifts giving, were executed according to normal business practices, and there were no employee receiving or demanding any benefits from the company's business partners. The procurements were in accordance with the company's regulations. Therefore, in the Board of Directors meeting no 6/2017 on 22 January 2017, the Board evaluated, and concluded that there were no indication of corruption. Accordingly, the same anti-corruption policy will still be enforced.

Regarding to the process to apply for membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), SMPC firstly declared the company's intent and dedication on anti-corruption, on 13 February 2014. During 2014-2015, the company set the policy, designed, improved the internal control, and also publicized the guidelines against corruption to everyone in the company. As a result, SMPC was approved and certified to be the member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The certificate term is 3 years, ending on 22 April 2019.

In 2017, SMPC still executed the anti-corruption policy by reviewing it to the existing staffs to ensure the corruption comprehension, and educating the policy to the new staffs via the orientation.

4.4 Non-violation of Intellectual Properties or Copyrights

Referring to the policy on non-violation of intellectual properties or copyrights by any means such as copying, duplicating, modifying, distributing any materials including computer software, the company has specified that the Management has the responsibility to consistently monitor to prevent any violation of intellectual properties by using systematic processes such as preparing annual budget plan for licensed products subscription, preventing personnel outside of System Management department from installing computer software by themselves and also having regular computers check-up plans. In addition, these measures also include forbidding distribution of company's confidential information, data from the ideas and technical knowledge related to the business which are company's intellectual properties, whether they are registered under the intellectual properties laws or not.

Besides, SMPC staffs must protect all kinds of company's trade secrets, secret formula, or commercial secrets. All confidential information must not be revealed to the outsiders.

4.5 Selecting Business Partners

SMPC emphasizes and retains relationship with business traders as business alliances, by holding on to mutual benefits. For sourcing each product and service, the company seeks from many suppliers in order to gain more bargaining power, reduces cost per unit from economy of scale, resulting in increasing more opportunity for business traders. The company has standards to seek for qualified and suitable business partners who can supply the required product and service with no impact on environment. The criterion that the company applies for seeking business partners are as follows

1. The production capability per year, and the credible financial status, high potential to grow with the company in long-term.
2. Number of employees
3. Name of key customers and after sales service.
4. Accredited by international standards.

In order to control product quality, and evaluate performance of business partners, production department shall evaluate quality of product and service of business partners every 6-month s- 1 year.

4.6 Customer Satisfaction Survey

SMPC annually conducts the customer satisfaction survey in order to evaluate the company performance in 3 areas, Product & Quality, Service, and Delivery. The survey result will be used to continuously improve and develop all processes, in order to reach maximum of customer satisfaction.

Customer Satisfaction (5 points)	2016	2017
1. Product and Quality	3.84	4.28
2. Service	3.97	4.29
3. Delivery	3.64	3.82
Overall Satisfaction	3.82	4.14

The findings of the survey results show that overall customer satisfaction points in 2017 was 8% higher than that of 2016. The score of each area in 2017 also increased comparing to the prior year. Nevertheless, the survey evaluation and customer advice will still be applied continuously for developing and improving the product and service, hence receiving maximum customer satisfaction and loyalty.

5. Innovation and Innovation Promotion through CSR

5.1 Research and Development

One of the strategies for the company's growth is to launch High Value-Added Product which is expected to be in demand, to enhance the consumers' quality of life, and also reduce or eliminate the environmental impact. In general, there are only few manufacturers of such products, or it would require special skills and expertise in manufacturing process. These products, in addition to generating sales for the company, are also supporting sustainable growth of the company.

The products that the company researched and developed are as follows:

1. 1-lb. LPG Cylinder: In 2013, the company, together with our customer, has developed and manufactured 1-lb. LPG Cylinder. This refillable cylinders replace the disposable ones which are mostly used for lawnmowers, picnic stoves, etc. The development of this refillable cylinder helps reducing waste for environmental protection. The demand for these cylinders is continuously on the rise. In the beginning of 2017, the LPG cylinder received awards from various organizations in USA. Please see the details under "History, Changes and Significant Development" of the section "Company History",
2. Light-Weight Cylinder: One of the company's new products that help enhancing the consumers' quality of life, this cylinder is manufactured from special light-weight steel resulting in 40% weight reduction which is convenient for transportation, saving the fuels, and better for the consumers' health by not having to lift heavy cylinders.
3. 420-lb. Large Industrial Cylinder (450 liters capacity): The company successfully developed and launched this new product in 2016. These large cylinders will be more convenient for the customers/consumers, safer by not having to store many cylinders in the factory, reducing storage area, and saving maintenance cost of the accessories such as valves, hoses/pipes.
4. Hot-dipped Galvanized LPG Cylinder: SMPC has developed the product to serve customers who needs the cylinder that is highly resistant to the exterior environment, such as using it in the high humidity condition. The hot-dipped Galvanized LPG cylinder is much more highly resistant than that of normal LPG cylinder, therefore it helps reduce the maintenance cost of cylinder, and waste of the obsolete cylinder.
5. RFID Cylinder Tracking for customers in particular countries that need technology for tracking the LPG cylinder. SMPC has developed production process by increasing the RFID installations to satisfy customer. As a result, the company has continuously gained trust and satisfaction from customer.

5.2 Development of Production Process

The company continuously develop production process. The development of production process is not only to efficiently utilize resources, but also reduce cost of the company, and conserve environment. In 2017, the company built the new furnace at the Factory 3. The new furnace was created with the latest technology, which saving more energy than that of the previous one. SMPC also built the storage for steel feedstock, hence reducing the fuel energy, and the handling cost. Besides, the company executed the barcode system for steel feedstock storage, in order to reduce time and human error.

6. CSR after Process

Every year the company has supported or joined many CSR activities for remote communities or communities in need.

Please see the details and pictures of the company's CSR activities under section "Company Activities and Corporate Social Responsibility Activities".



Corporate Governance

The Board and Management emphasize on and are following guidelines and controls under the corporate governance consistently. The company has fosters awareness of corporate governance and also business code of conduct on employees at all levels to build the organization with effective management system, to add value and to encourage sustainable growth of the company. The company communicates the corporate governance guidelines to all employees by issuing the employees' handbook from the first day of work for all employees to abide by in treating all of the stakeholders, which are customers, business partners, competitors, shareholders, society, employees and colleagues, with ethics, honesty, responsibilities and transparency. The policy is in line with the new edition of 2012 good corporate governance principles (effective in 2014) that the SET has distributed as the guidelines for the listed companies. The guidelines are appropriate with the situation and business environments that may have changed. The policy is in 5 sections as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Information Disclosure and Transparency
5. Responsibilities of the Board of Directors

Corporate Governance Policy

The Board of Directors is fully aware of the importance of the good corporate governance, and therefore has strived to have a good system and comply with the good corporate governance which would be beneficial to company's business operations. The system is an indicator of good standard of management which will help the company to be more recognized both domestic and international, and also enhancing transparency and effectiveness of the management, which will build the confidence of the shareholders, investors, and all stakeholders. The company also adheres to the responsibilities and the benefits of the society and the nation.

Besides, the Board of Directors annually reviews the decency of the corporate governance policy. The Board reviewed the 2017 policy in the Board of Directors' meeting no 7/2016 on 23 December 2016. The Board reviewed 2018 policy in the Board of Directors' meeting no 6/2017 on 22 December 2017. The corporate governance policy consists of the following principles:

1. Equitable treatment of the shareholders and stakeholders, and fairness to all parties such as customers, creditors, business competitors, shareholders, employees, government, and society.
2. The Board is determined to create value-added to the business in the long-term, to manage business with prudence and carefulness, to be responsible for the execution of duties with adequate capability and efficiency for the best interest of shareholders, to ensure that there is no problem of business conflict of interests, and to be accountable to his own decisions and actions.
3. To operate business with transparency, audibility, and to emphasize information disclosure that is adequate and timely to all related parties which will build the confidence of the investors, creditors, and all related parties.

4. To operate business with constant risk awareness, appropriate controls and risk management including the risk of corruption and Anti-Corruption in all forms.
5. To promote operations excellence in the organization by driving all functions for continuous self-development for excellence.
6. To establish the Business Code of Conduct, and make it the duties and responsibilities of the Board of Directors and all employees to be aware of, to understand, and to uphold strictly.

The Rights and Equitable Treatment of Shareholders

The Board of Directors is aware of the vested authority as the representative of the shareholder to manage, make decision, and operate on behalf of shareholders, and therefore set out the policy to perform the duties with honesty and transparency for the best interests of the company, and to fairly treat all shareholders to information that is complete, equitable and truthful. In addition, the Board also establishes guidelines on safekeeping and preventing and the use of insider information, and informed all employees since the signing of employment contracts. The Board attaches great importance to the rights of the shareholders that are to buy/sell or transfer their securities, to share profits of the company, to attend every meeting of the shareholders to exercise their votes to appoint/remove directors, to appoint directors, and matters with impact to the company such as dividend payout, establishing and modification of the company's regulation and memorandum of association, decreasing or increasing capital, approval of special transactions, and shall not act in any way to violate or restrict the shareholders' rights, and to support the shareholders to exercise their basic rights.

1. Organizing the Shareholders' Meetings

For shareholders' meetings, the annual general meeting is held once a year within 4 months after the end of fiscal year. The extraordinary meetings of shareholders can also be called in the event of issues affecting shareholders' benefits, any regulations requiring shareholders' approval, or as deemed necessary by the Board of Directors. For each meeting, there must be at least 25 persons attending, or not fewer than half of the total shareholders, and the shareholding is not less than one third of the paid-up capital to meet the quorum. The company has a policy to encourage all shareholders, especially the institutional investors, to attend the shareholders' meetings.

For all meetings, the company will submit the meeting notices both in Thai and in English detailing agenda including supporting documents, and the Board's opinions and explanations for each agenda for the shareholders to consider the necessities and impacts of the issues including related documents for each agenda, such as copy of minutes of previous meeting, or the company's annual report, to every shareholders. This is for the shareholders to have the information that is complete, accurate, adequate and timely to make decisions on each agenda. The company will also attach other documents such as the list of documents that the shareholders must present on the meeting day to exercise their rights to attend the meeting and to vote, as well as the company's regulations related to the meeting of shareholders. The company will also attach form B of the proxy together with the meeting notices. The shareholders can download the form A and C of the proxy from SMPC's website. Therefore, shareholders can appoint other persons, or one of the Independent Directors, to attend the meeting and exercise their votes on their behalf. For this, the company will attach the information on the Independent Director that the company proposes as the proxy with the meeting notices for the shareholders' consideration.

In addition, to facilitate the shareholder to freely attend the meeting and to vote, in general the Board will organize the meeting in the afternoon, and there will be no limitation on the meeting duration to allow the shareholders to fully ask their questions. As for the location, the company holds the meeting at Park Village Rama II, 1/1-1/3, Soi Rama 2, Soi 56, Samaedum, Bangkhunthian, Bangkok where is convenient for the shareholders and investors to join. The company also reserves enough parking spaces for private vehicles, and attaches the map with the meeting notice. The company also provides shareholders with the shuttle buses at the SET building for the convenience of the shareholders living in the center of the city to join the annual general meeting of shareholders.

The company will send out the meeting notices with all the documents via Thailand Securities Depository Co., Ltd. (TSD) who is the company's registrar to forward to all shareholders at least 21 days before the meeting date, and in accordance with the principles of good corporate governance, will also post them on the company's website (www.smpcplc.com) at least 30 days before the meeting date. In addition, the company will also publish in Thai newspaper about the notice of the general shareholders' meeting for at least 3 consecutive days, and at least 3 working days before the meeting date.

Before the meetings, the company will post the list of major shareholders on the company's website, and allow the shareholders to send in their questions in advance until the meeting date by directly contacting the Chairman of the Board of Directors, the Independent Directors, or Investor Relations at Email: ir@smpcplc.com or via the company's website.

Regarding the protection of the rights of the minor shareholders, to demonstrate the fairness and transparency, the company has posted the criteria on the shareholders' right to propose agenda to the general meeting of shareholders and to nominate candidates for Directorship, both in Thai and in English, on the company's website under the section "Investor Relations" with the title "Shareholders' Meeting". The minor shareholders can propose agenda to the general meeting of shareholders and to nominate candidates for Directorship during 1 October - 31 December (3 months) of each year, directly through the Company Secretary, and the Investor Relations Department. SPMC has posted rules and practices on the company website, and announced the news on website of the SET since 21 September 2017. As for 2017, there was no shareholder proposing any agenda or any candidate for the Directorship for the Board's consideration.

2. Arrangement on the Date of the Shareholders' Meeting

In 2017, the company held 1 shareholders' meeting which was the 2017 annual general meeting of shareholders on 30 March 2017 at the Park Village Rama II between 14:00-16:00.

For the meeting registration, the company opened for shareholders' registration at least 2 hours before the meeting start, and until the end of the meeting, which was adequate and appropriate for the number of shareholders of the company. The shareholders who arrived during an ongoing agenda, can attend the meeting and vote on that particular agenda onward. The company organized adequate staff and computer system to ensure quick registration, and provided the shareholders with the voting cards for each agenda, and also arranged a suitable reception for the attending shareholders. For the shareholders that could not attend the meeting, the company encouraged the voting rights of the shareholders who cannot attend the meeting by appointing the proxies to take place or proposing the Independent Directors as other choices of proxies who are Mr. Vinai Vittavasgarnvej (Chairman of the Board of Directors) and

Associate Professor Dr. Jade Donavanik (Independent Director and Audit Committee). In the 2017 annual general meeting of shareholders, there were shareholders appointing the two Independent Directors as their proxies as follows:

- 5 Shareholders appointed Mr. Vinai Vittavasarnvej as his/her proxies.
- 3 Shareholders appointed Associate Professor Dr. Jade Donavanik as his/her proxies.

Before the meeting the Chairman of the Board has explained clearly about the voting rights, vote casting and vote counting procedures to the shareholders. During the meeting, Mrs. Pattama Laowong, Director, was assigned by the Chairman as the facilitator to keep the meeting moving along the agenda set in the meeting notice. There was no additional agenda without prior notice to the shareholders.

In the 2017 annual general meeting of shareholders, 8 out of 9 members (89%) of the Board of Directors attended the meeting, which are Chairman of the Board, Chairman and members of the Audit Committee, Directors and the Executive Committee, Managing Director, and also related top management such as Accounting and Finance, auditors, and legal advisors who attended to answer the shareholders' questions on the related issues. The committee who did not attend the meeting was Mrs. Supha Phromsaka Na Sakolnakorn, due to her recovery period after the operation. The Chairman of the meeting allowed sufficient time for each agenda and provided the shareholders with equal opportunities to review and ask the management questions on the company's business operations and rationales behind the Board's decisions on each proposal for shareholders' approval with transparency.

For vote counting, to allow for quick and effective counting, the company will collect the voting cards only the case of disapproved or abstained votes, except for the agenda of Directorship appointment. For the election of Directors, the company organizes the voting for each individual. Moreover, for the equality of the shareholders the Directors with vested interest in any agenda shall abstain and leave the meeting during the consideration of that particular agenda. The company also uses appropriate technology for the vote counting and displaying the result for each agenda to facilitate the meeting to be quick and accurate, and for transparency and traceability, the company has deposited the voting cards signed by shareholders/proxies with the Company Secretary. For the voting result of each agenda, the company will display the result of approved, disapproved, and abstained vote immediately before proceeding to the next agenda, and will summarize all the meeting resolutions again after the last agenda. In accordance with the good governance, in 2017 annual general meeting of shareholders, the company has invited an independent person: Mr. Thanaphon Liwsakul (Legal Advisor) to attend the meeting as the inspector of vote counting

3. Minutes of Meeting and Disclosure of Shareholders' Meeting Resolution

After the meeting, the company will post the summary of the voting result for each agenda and the meeting resolution immediately via the SET system, and on the next working day on the company's website. The minutes of meeting will be posted on the company's website within 14 days after the meeting date. The Company Secretary will collect all the questions, and important opinion, and include them in the minutes of meeting to provide opportunities for the shareholders that could not attend the meeting to be aware of the importation information discussed in the meeting, and also disclose the voting procedures and the voting result of approved, disapproved, and abstained votes for each agenda so the shareholders can verify. In case any shareholder has any questions or suggestions about the minutes of meeting, the shareholder may contact the Company Secretary who will coordinate, explain, and proceed accordingly. The minutes of meeting are kept at the company's headquarter for reference.

4. Other Rights apart from Voting Rights

- Right to get return that is full, fair and equitable among every groups of investors.
- Right to access the company's information such as quarterly/annual operating results, minutes of shareholders' meeting, right to request for company visit, etc.
- Right to examine the managing of the directors representing the shareholders such as examining documents disclosed to the public including the annual reports and form 56-1, etc.
- Right of remedy or improvement in case of violation of shareholders' rights.

In 2017, there was no incident where the company lessen the rights of the shareholders in studying the information that must be disclosed in compliance with the regulations. There was no additional nor change of meeting agenda without prior notice to the shareholders. There was also no action that limit or obstruct the shareholders from communicating with each other.

5. Other Policy on Equitable Treatment of Shareholders

- The Board and Management shall report any changes of their shareholding to the Company Secretary within 3 days after the Board and Management have reported such changes of their shareholding to the Securities and Exchange Commission in accordance with the section 59 of the Securities and Exchange Act, B.E. 2535, and the Company Secretary shall collect and report the changes of the Board and Management's shareholding in the Board of Directors' meetings quarterly.
- The Board and Management shall report the company transactions with vested interest. So that the company shall have the supporting documents to follow to the regulations related to the connected transactions. The transactions might have caused the conflict of interest, which leading to the benefit transfer. Therefore, the transaction must be reported annually to the company secretary within 31 January of each year, or without delay after any transaction with vested interest. The secretary subsequently shall report to the Board of Directors' Meeting.
- The Board and Management or any department receiving any insider information shall not disclose such information to external parties or unauthorized persons.
- The Board and Management shall avoid buying or selling of the company's share within 1 month before public disclosure of the financial statements.
- The Management shall disclose the stock trading report and shareholding of the company to the Board of Directors' Meeting.
- In 2017, the management has strictly followed the defined roles and policy.

Roles of Stakeholders

The company attaches great importance to the right of the stakeholders, and has set out the policy on the treatment of all stakeholders clearly in the business code of conduct whether they are internal stakeholders such as employees or management of the company, or external stakeholders such as customers, business partners, competitors, creditors, society, government sectors and related organizations, and also the shareholders by considering the rights of such stakeholders in accordance with the laws or as agreed with the company, as the supports from all the stakeholders shall drive the company to a long-term success.

The details of the policy on the treatment of all stakeholders and the policy on the social and environmental responsibilities can be found in the section "Corporate Social Responsibilities (CSR)"

In 2017 there was no submission from the stakeholders via any of the provided channel. Nevertheless, the company shall make more announcements to increase stakeholders' awareness.

Information Disclosure and Transparency

1. Information Disclosure

The company has disclosed important information that is accurate, complete, transparent, timely and in accordance with the regulations of SET and SEC. The company disclosed such information in the annual report and the annual information reporting form (56-1) such as implementation of principles of good corporate governance, the Audit Committee's report of corporate governance, report of the Board of Directors' Responsibilities for Financial Statements together with the Auditor's report and financial statements, Roles and Responsibilities of the Board, important information summarizing the operations in the past year together with the management discussion and analysis to accompany the quarterly disclosure of financial statements, the Board's meetings, and the Directors and top management remuneration. The information is disclosed equitably to all parties related to the company via the SET channel and others such as the company website www.smpcplc.com.

2. Relationship with the Investors

The Board of Directors is fully aware that the company's information, both financial and non-financial, is critical to the decision making process of the company's investors and stakeholders, and therefore has directed the management to ensure that the disclosed information is complete, accurate, reliable, consistent, timely and equitable to all stakeholders, which the management has always valued and upheld. Regarding the relationship with the investors, the company has set up a specific function since 2013 to communicate with the external parties such as investors, institutional investors, individual investors, analysts, and related government sectors with equality and fairness. The Board of Directors has appointed the Company Secretary and/or the Director of Accounting and Finance as the head of this function. The company has set up the policy on Investor Relations as follows:

- Perform the duty with dedication, honesty, and professionalism for the benefit of shareholders and stakeholders.
- Disclose the crucial information in full and in fairness to all parties.
- Be accessible to all related parties for information request.
- Keep the company's confidential information and do not abuse insider information for own profit.
- Avoid meeting investors or analysts within 15 days before public announcement of the financial statements.
- Do not trade company's stock within 1 month before public announcement of the financial statements.
- Continue learning to improve the work efficiency.

In 2017, the company's Investor Relations has followed this code in full. In addition, the Investor Relations has carried out the following activities to communicate the information to all parties:

1. Participated twice in the Opportunity Day events organized by SET.
2. Organized Analyst Meeting 4 times.
3. Arranged the company visit for analysts, investors/minor shareholders to meet with the company's management, 9 times.
4. Answered the questions from investors and shareholders via email, on the website, and on the phone, of which the answers to all are based on the appropriateness under the principles of equality of information.

5. Press conference on the company performance via newspaper, online media, including the interview with the company executives, 12 times.
6. Investor can search information of the company from Annual Report. The company performance both in Thai and English can be found in the company website, www.smpcplc.com. The financial statement was posted from 2009 until present.

Please see the pictures of the activities and the details of the company visit by the analysts and investors under section “Company Activities”. Regarding the channel to contact the company, the investors can contact the company for information during the office hours (MonFri 08:00-17:00)

Contact : Miss Kanya Vipaturut (Accounting and Financial Director, and Company Secretary)
 Address : Sahamitr Pressure Container Public Company Limited
 92 Soi Thientalay7 (4th Intersection), Bangkhunthien Chaitalay Road, Samaedam,
 Bangkhunthien, Bangkok 10150
 Telephone : 02-895-4139-54
 Fax : 02-895-4003
 Email : ir@smpcplc.com, or via Contact IR link under topic Investor Relations on the company’s website <http://www.smpcplc.com>

Responsibilities of the Board of Directors

Please see the responsibilities of the Board of Directors under section “Management Structure”.

Issues that were not performed according to the Good Corporate Governance of the SET, were as follows

Number	Topic	Directions
1	Section 5 “Responsibilities of the Board of Directors”. Board of Directors should assign Professional Search Firm or use the Director Pool for recruiting the new Board of Directors.	Board of Directors are considering the necessity, and the proper structure.
2	Section 5 “Responsibilities of the Board of Directors”. Board of Directors should appoint committees for remuneration, committees for nomination, CG committees, and committees for risk management.	

Remuneration of Auditors and Other Services Fee

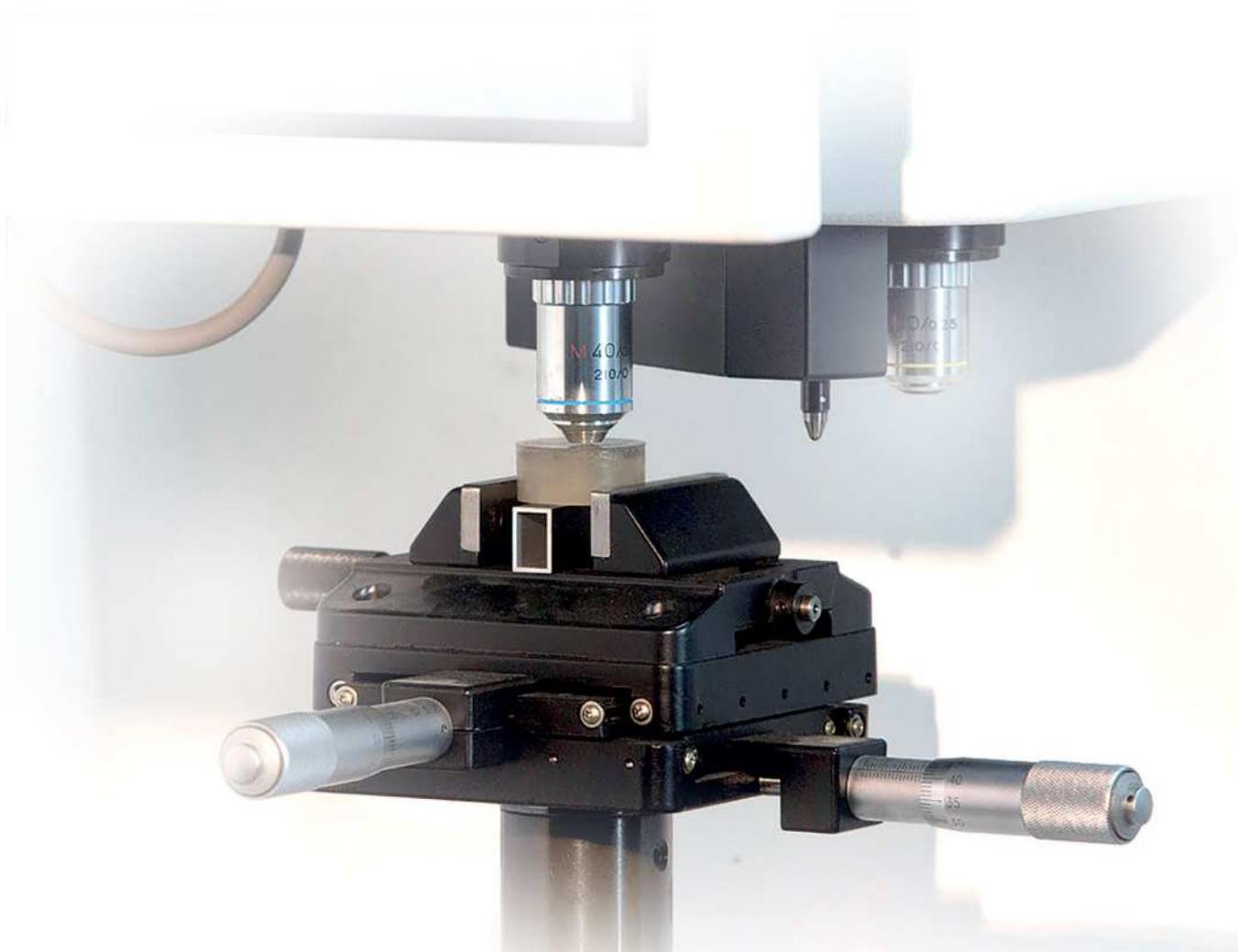
1 Audit Fee

The company paid the audit fee (excluding other audit expenditures) to:

- Auditing office of the auditors, persons, or companies related to the auditors and auditing office of the auditors, for the past fiscal year in the amount of 1,100,000 Baht.

2 Non-Audit Fee: the company paid other services fee to:

- Auditing office of the auditors, persons, or companies related to the auditors and auditing office of the auditors, for the past fiscal year in the amount of-0- Baht.



Internal Control System, and Risk Management

Board of Directors' Opinion on Internal Control System

The Audit Committee reports the result of the internal audit and assessment of the internal control system to the Board of Directors quarterly. This is to ensure that the company possesses an internal control system that is appropriate and adequate to oversee the operations in accordance with the targets, objectives, laws and related regulations effectively, and is capable of protecting assets from corruption and damages, and also possesses accurate and credible accounting and reporting. In addition, at the end of each year, the company organizes the adequacy assessment of the internal control system by referring to SEC assessment form, and there may also be additional reviews if there is any event with possible significant impact to the company's business. The internal control system assessment covers the following aspects:

1. Organization and Environments
2. Risk Management
3. Operational Control of Management
4. Information System and Communication
5. Monitoring System

The Board of Directors reviews the Risk Management in the organization level, during the beginning or the end of the year in the Board of Directors' meeting. In 2017, the Board reviewed the risk management in the Board of Directors' meeting no. 6/2017 on 22 December 2017, and also disclosed the risk factor in the Annual Report. The Board assigned the management to set the directions and design the control system in order to prevent and mitigate the risk of the company. The Board has reviewed the risk which including the risk from corruption as well. Please see details of the risk and the company's directions in "Risk Factor"

Audit Committee's Opinion that Different from Board of Directors' or Auditor's Observation on Internal Control System

- None-

Head of Internal Audit Unit

The Audit Committee is responsible for appointment and dismissal of the head of internal audit unit.

The Audit Committee's meeting no. 1/2017 on 15 February 2017 has appointed Dharmniti Auditing Co., Ltd. to perform the 2017 internal audit function of the company. Dharmniti Auditing Co., Ltd. has proposed Mr. Saksri Amphawon – Chairman of the Executive Board, as the person in charge of performing as the company's internal auditor.

The Audit Committee has reviewed the qualifications of Dharmniti Auditing Co., Ltd. and Mr. Saksri Amphawon, and agreed that they were appropriate and adequate for him to perform such duty effectively, as he had more than 10 years of internal audit experience and had been attending courses on internal audit regularly. In addition, Dharmniti Auditing Co., Ltd. was not the company's auditor, and therefore was independent in reporting the audit results.

Regarding the planning for audit, the Audit Committee will approve the internal auditor's annual audit plans where the internal auditors will perform audits on operational and internal control systems of each functions on a rotating basis, in order to report the audit results and to propose ways for correction and prevention to the Audit Committee on a quarterly basis.

Head of Compliance Unit

Since the function of the internal audit unit can help overseeing the company's operations appropriately and adequately in accordance with company's specified internal control system, the company does not appoint the position of head of compliance unit.

Please see the details of the opinion of the Board of Directors and the Audit committee regarding the adequacy and appropriateness of the company's internal control system in "Report on the Board of Directors' Responsibilities for Financial Statements" and "Report of the Audit Committee".



Report of the Audit Committee

To the Shareholders of Sahamitr Pressure Container Public Company Limited

The Audit Committee was established by the Board of Directors' resolution on 14 December 1999. All committee members are independent directors who are neither company officers nor employees. The three committee members are as follows:

Name	Position	Meeting Attendance
1. Mr. Komin Linphrachaya	Chairman of the Audit Committee (Accounting and Finance Expert)	4/4
2. Mrs. Werawan Boonkwan	Audit Committee (Accounting and Finance Expert)	4/4
3. Associate Prof. Dr. Jade Donavanik	Audit Committee	3/4

The Audit Committee has the following scope of duties and responsibilities:

1. To review the company's financial reporting process to ensure accuracy and adequacy.
2. To review the internal control system, the internal audit system, the risk management, and the Anti-Corruption measures to ensure their appropriateness and effectiveness. To consider the independence of the internal audit function, and to provide recommendations on the appointment, transfer, and dismissal of the head of the internal audit team or any other unit responsible for internal audit.
3. To review the company performances to ensure compliance with the securities and exchange law, the SET regulations, and other laws relevant to the company business.
4. To consider, select, propose the appointment and dismissal of an independent person to perform the duties of the company's external auditor, and also to recommend the remuneration of the auditor, and to meet with the auditor, without the presence of the management, at least once a year.
5. To consider connected transactions or those with possible conflict of interest to ensure compliance with all pertinent laws, and the SET regulations, and to ensure their rationality and optimal benefits for the company.
6. To prepare the audit committee's report and to disclose it in the company's annual report. The report must be signed by the Chairman of the Audit Committee.
7. To perform any other actions as delegated by the Board of Directors and approved by the Audit Committee.

During the term of service 2017 (April 2017 – March 2018) the Audit Committee held four quarterly meetings. The agenda were mainly considerations of the above defined topics. They can be summarized as follows:

Review of Financial Reports

The Audit Committee reviewed the company's quarterly and annual financial statements for the year 2017 (which were reviewed and audited by the certified auditor) and met with the company's external auditor every quarter to consider the audit report, observations and recommendations including the new accounting standard to be effective in the future. These meetings with the external auditor were held without the presence of the management. The Audit Committee and the auditor agreed that the 2017 financial statements are accurate in all material respects in accordance with Thai Financial Reporting Standards, and that the information in the financial statements has been disclosed adequately and timely.

Internal Control System, Anti-Corruption, and Risk Management

The Audit Committee reviewed the audit reports on the internal control system every quarter. This was managed by Dharmniti Auditing Co., Ltd. who performed as the internal auditor for the company (Outsource Internal Audit Function). The Audit Committee provided recommendations and followed up the correction of the major audit findings to ensure an adequate internal control and to instill the corporate governance. It revealed that mainly the company had an adequate and effective internal control system that can respond to internal and external changes. Most of the deficiencies were common to the business, and had been corrected, prevented, and followed up by the responsible executives appropriately. Besides, the Audit Committee gave recommendation and approved the 2017 internal audit plan. The plan was still emphasized on compliance with established internal control system and company's risk management. The plan would allow company to manage business related risk effectively and in line with the work plan and risk management policy which comprising strategic risk, financial risk, management risk, compliance risk, good governance, and anti-corruption. The internal auditor also conducted the assessment of the adequacy of the internal control system in accordance with the Securities and Exchange Commission regulation. For 2017, the assessment revealed that the company attached significance to the internal control system. Overall the company practices in each section were in line with the assessment form of the adequacy of the internal control system.

After SMPC was approved and certified to be the member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on 22 April 2016, the Audit Committee had followed up and reviewed with the company continuously. It was revealed that SMPC complied with the regulations and the policies. Nevertheless, to strengthen the monitoring plan efficiently, the Audit Committee together with the internal auditor, has included the said plan into the 2018 Audit plan.

Review of the Compliance with Laws Related to the Business

The Audit Committee reviewed the company compliance with laws and other regulations according to the securities and exchange law, the SET regulations, and other laws relevant to the business, and found that the company operations were in compliance with the relevant laws, rules, and policies.

Select, and Propose for Appointment and Dismissal of the External Auditor, and the Annual Audit Fee

Regarding the recommendation to the Shareholders for the appointment of the external auditor for 2018, the Audit Committee has reviewed the performance of the external auditor for the last year and found it satisfactory, and has also confirmed the auditor qualifications to be appropriate. Therefore the Audit Committee will recommend Grant Thornton Co., Ltd., to continue to be the external auditor for the year 2018, with the following auditors:

1. Mr. Somkid Tiatrakul	C.P.A. Registration No. 2785 or
2. Miss Kanyanat Sriratchatchaval	C.P.A. Registration No. 6549, or
3. Mr. Teerasak Chuasrisakul	C.P.A. Registration No. 6624, or
4. Miss Sansanee Poolsawat	C.P.A. Registration No. 6977, or
5. Mr. Narin Churamongkol	C.P.A. Registration No. 8593

The audit fee for the fiscal year 2018 is amounting at 1,180,000 Baht per year. The Audit Committee will recommend them to the Board of Directors, and thereafter seek approval at the 2018 Annual General Meeting of Shareholders.

Review of Connected Transactions or Transactions with Possible Conflict of Interest

The Audit Committee reviewed the connected transactions between the company and connected person, including transactions with possible conflict of interest. All of which has been disclosed fully in all material respects in the annual financial statements.

The Audit Committee has concluded that the company has prepared the financial statements in accordance with generally accepted accounting standards and with reliability, the company also has the risk management system and internal control system that are appropriate and adequate to maintain the company operations with corporate governance and Anti-Corruption.



(Mr. Komin Linphrachaya)

Chairman of the Audit Committee

14 February 2018

Connected Transactions

1. Connected Transactions between the Company and Connected Person

1.1 Connected Person : Sahamitr Steel Co., Ltd.

Relationship with the Company : Sharing some common shareholders and directors

Debt Obligation from Guarantee as per Contract of Debt Restructuring

As reported in previous annual reports, the company has obligation from guaranteeing debt of Sahamitr Steel Co., Ltd. to Bangkok Bank (Public Co., Ltd.). The reason for debt guarantee was that the company and the management had jointly invested on founding Sahamitr Steel Co., Ltd. to expand the investment into the business of steel bars, deformed bars, and wire rod, which was the business that the management has had prior experience and expertise, and also deemed it as a business with good potential for growth and should bring investment return to the company. The company would also be able to use the steel bar which is one of the raw materials for manufacturing the valve fitting which is one part of the company's pressure container product. However, Sahamitr Steel Co., Ltd., which was newly founded at that time, has not had the credit with the bank yet, and therefore had to use the credit from the company which, at that time, was the major shareholder and had some common management to guarantee the loan. Therefore the company has guaranteed the debt by entering into this transaction with approval from the Board and the shareholders in the extraordinary meeting of shareholders no. 1/1998 on 22 May 1998, with the total of 3 guarantors as follows:

1. Sahamitr Pressure Container Public Company Limited
2. Mr. Sutham Ekahitanond (passed away on 2 March 2007)
3. Mrs. Supha Phromsaka Na Sakolnakorn

Then Sahamitr Steel Co., Ltd. was affected by the economic crisis, and the company as the guarantor had the joint obligation for the debt, and the company has negotiated for debt restructuring with Bangkok Bank consistently. On 27 June 2008, the company and related company succeeded in finalizing the restructuring of the total guaranteed debt obligation, as the company would pay the debt for the related company. At the present, the company and the related company have already fulfilled all the obligations as specified in the new contract of debt restructuring. As of 31 December 2014, the company has already paid all the debt according to the new contract of debt restructuring.

Summary of Guarantee Debt is as follows:

Guaranteed Debt Obligation (principal) as of 29 June 2001	1,350.52 million Baht
<u>Deduct</u> Payment from 29 June 2001- 31 Mar 2008 (old contract)	<u>109.06 million Baht</u>
Remaining Debt Obligation (new contract) as of 27 June 2008	<u>1,241.46 million Baht</u>
The payment is separated as follows:	
1. Sahamitr Steel Co., Ltd. (debtor) sold off assets to pay debt	312.10 million Baht
2. The company (guarantor) issued shares to the creditor bank 10%	26.66 million Baht
3. The creditor bank cancelled the remaining debt	464.80 million Baht
4. The company (guarantor) debt obligation	437.90 million Baht

The transactions no. 1-3 have been completed during 2008-2009, and in 2014 the company has paid the debt no. 4 completely.

As the company has to pay the guaranteed debt for Sahamitr Steel Co., Ltd. and the two co-guarantors according to the debt restructuring contract, the Board of Directors' meeting no. 2/2013 on 4 March 2013 has resolved to proceed with legal actions against the debtor and the debtors by coguarantee obligation. The bankruptcy case against Sahamitr Steel Co., Ltd. has already been finalized, and the asset was distributed (one time) on 24 June 2015. Therefore, the company has written off the debtor from the account.

Regarding the civil case against the two co-guarantors, Supreme Court stated the adjudication on 15 November 2017. (Please see the details of the two cases and the results under the section "Risk Factors" item 1 "Risk of Bad Debt from Legal Dispute").

1.2	Connected Person	:	Mrs. Patama Laowong
	Relationship with the Company	:	Director and shareholder of the company
	Shareholding of the Company (as of 25 August 2017)	:	24.21%
	Nature and Purpose of Transaction	:	The company leases the land from the shareholder for the storage of raw materials for manufacturing the company's products.
	Details of the Leasing Contract		
	Leasing Fee	:	1.20 Million Baht / year
	Leasing Period	:	3 year, starting 1 October 2017- 30 September 2020
	Due Date	:	On the 5th of every month
	Leasing Asset	:	Land with area 6-2-17.5 Rai adjacent to the company's factory

2. Reasons and Necessities for the Connected Transactions

The objective of leasing the land is for raw material storage, in production process. Due to the fact that SMPC growth has increased tremendously, so the company needs more space for feedstock storage, in order to increase the production capacity in the future. However, feedstock storage in the factory is not sufficient. Therefore, leasing the land adjacent to the company's factory is convenient for feedstock transportation, hence reducing the handling cost. 3 Year of leasing fee is 3.6 Million Baht, which is considered as the connected transaction for leasing or rental property not over than 3 years, without general trading condition for medium business. SMPC requested for approval from the management, and Information Disclosure System of the SET on 25 August 2017. For the connected transactions with Sahamitr Steel Co., Ltd. the reasons have already been described in 1.1.

3. Possible Connected Transactions in the Future

In principle, the company will not enter into a connected transaction with the management, the major shareholders, and/or related parties, except in the event that it is for the company's best interest with the prices and conditions that are similar to that of the external parties.

Regarding the possible connected transactions in the future, the company has set out the policy in the company charter for the Board of Directors to proceed in accordance with the regulations set out by the Stock Exchange of Thailand, and/or Securities and Exchange Commission.

At the present, the company does not have any possible connected transactions in the future.

Management Discussion and Analysis

1 Analysis of Financial Status and Operating Results

1.1 Operating Results

The reasons that the operating results in 2017 were different from 2016 were as follows:

1. Total sale revenues increased Baht 857.80 million (24.7%) from Baht 3,469.00 million to Baht 4,326.80 million because compared to 2016, sale quantities of 2017 increased by 22% from the demands from Asia and Africa
2. Costs of Sales increased Baht 876.59 million (35.4%) from Baht 2,475.92 million to Baht 3,352.51 million in concurrent with an increase in total sale revenues. However, steel price, according to global market price, increased by 28% ;therefore, cost of sale substantially increased than an increase in sales
3. Gross profit decreased Baht 18.79 million (1.9%) from Baht 993.08 million to Baht 974.29 million and gross profit margin decreased from 28.6% to 22.5% due to an increase in cost of raw material (steel). Although, the Company has already increased sale price, such other factors as stronger value of Baht and fierce competition in some countries also impacted profitability
4. Other Income increased Baht 43.84 million (31.1%) from Baht 140.98 million to Baht 184.82 million due to an increase in scrap sales which is concurrent with an increase in production quantity. Stronger value of Baht also caused unrealized gain from exchange rate from short-term loans for purchasing raw materials. As well as, gain from fair value adjustment of investment property led to an increase in other income.
5. Selling Expenses increased Baht 40.37 million (15.3%) from Baht 263.92 million to Baht 304.29 million because of an increase in sales revenues and cost of freight to some destinations
6. Financial Cost decreased Baht 2.18 million (22.0%) from Baht 9.93 million to Baht 7.75 million because the Company is able to find the fund with lower interest cost.
7. Net Income for the year decreased Baht 9.39 million (1.7%) from Baht 541.14 million to Baht 531.75 million because of an decrease in profitability from an increase in steel cost, more price competition and an increase in freight cost.

1.2 Financial Status

Assets

As of 31 December 2017, total assets of the company increased by 17.5% from 2,082.59 Million Baht to 2,447.94 Million Baht, increasing from year 2016 by 365.35 Million Baht. The changes of assets are as follows:

- Cash increased by 24.11 Million Baht (25.4%) from 94.81 Million Baht to 118.92 Million Baht due to higher cash reserving for yearly wage and bonus payment at the end of the year.
- Trade account receivable increased by 137.73 Million Baht (33.0%) from 417.76 Million Baht to 555.48 Million Baht, according to the increase of sales value.

- Inventories increased by 129.95 Million Baht (22.7%) from 571.31 Million Baht to 701.26 Million Baht because the company purchased raw material (steel) at the end of 2017 as preparation for production plan which its delivery date will be in first quarter of 2018.
- Current assets increased by 5.03 Million Baht (56.4%) from 8.92 Million Baht to 13.95 Million Baht due to the increase of the advance, which was in line with the increase of raw material (steel) purchase.
- Land, building, and machineries increased by 56.22 Million Baht (6.4 %) from 876.92 Million Baht to 933.14 Million Baht, due to the investment on factory expansion, machinery refurbishment, and new machine installment to increase the manufacturing capacity. As a result, production capacity in second half of 2017 increased by 1 million pieces per year from 7.2 million pieces per year to be 8.2 million pieces per year.

Liabilities and Shareholders' Equity

As of 31 December 2017, total liabilities of the company increased from 2016 by 130.87 Million Baht (16.6%) from 788.09 Million Baht to 918.95 Million Baht. The changes of liabilities are as follows:

- The company has imported more of the raw materials (steel) as preparation for the production plan in first quarter of 2018, hence the Trust Receipt (short term import loan), and trade account payable increased by 150.22 Million Baht (29.0%) from prior year. Apart from that, the company turnover in the second half of the year has increased from last year, therefore the accrued income tax also increased by 10.64 Million Baht (18.1%).
- Net advanced payment from customer decreased by 28.57 Million Baht (66.2%) because the delivery order in Q1/2018 has different terms of sales. The net advanced payment also decreased because of the payment of long-term loan by due date of 11.1 Million Baht.

As of 31 December 2017, the shareholders' equity is 1,528.99 Million Baht, which was increased by 234.49 Million Baht from 2016. The changes of shareholders' equity were as follows:

- 2017 comprehensive profit amounted 527.73 Million Baht
- Accumulated profit decreased due to the 2016 dividend payout of the second half of the year (from the company's operating period of 1 July- 31 December 2016) amounted 179.90 Million Baht. Apart from that, there was an interim dividend payout from the company's operating period of 6month ended on 30 June 2017, amounted 132.99 Million Baht. Altogether total dividend payout for 2017 amounted to 312.89 Million Baht.
- 2017 was the second year that the Board, Management, and employees of the company were entitled to purchase the ordinary shares (ESOP project). The warrants of 2,860,335 units were exercised at the rate of 5.80 Baht/share. The share capital and share premium has increased by 2.86 Million Baht and 16.42 Million Baht, respectively.

2. Cash Flow Analysis and Liquidity of the Company

(Unit: Million Baht)
For the year ended on 31 December

	2016	2017
Cash Flow from (used in) Operating Activities	539.61	433.75
Cash Flow from (used in) Investing Activities	(131.41)	(108.18)
Cash Flow from (used in) Financing Activities	(372.03)	(301.46)
Cash Flow Increase (Decrease)	36.17	24.11
Cash and Cash Equivalents at Year-End	94.81	118.92

The company's cash and cash equivalents increased from year end of 2016 by 24.11 Million Baht from 94.81 Million Baht to 118.92 Million Baht due to:

- Cash from operating activities decreased because in 2017 SMPC paid more income taxes than that of 2016. In 2016, the company gained the tax benefit from writing off bad debt in bankruptcy case of the related company. The tax benefit was used up in the first half of 2016. Therefore, in 2017, the company have no longer tax benefit but to pay in full.
- Cash used in investing activities had decreased. In 2016, SMPC invested in expansion of factory, new machineries, and refurbished machineries to increase the manufacturing capacity. In 2017, the company invested in the building for raw materials (steel) storage, and some of the machineries, but the investment in 2017 was less, comparing to prior year.
- Cash used in financing activities that the company paid dividend amounted 311.87 Million Baht, and paid back 11.10 Million Baht of long-term loan, net with the increased cash from ESOP exercise of 16.59 Million Baht.

3. Analysis of Financial Ratio

3.1 Efficiency Ratio

In 2017, Sales Revenue increased by 24.7%, and sales volume increased by 22% from prior year. That was due to the continuous demand from the customers in developing countries, such as customers from South Asia, and Africa. Return on Assets decreased from 34.36% in 2016 to 29.02% this year which was due to the lower profit margin from the higher cost of steel, Thai Baht appreciation, and the higher transportation costs.

3.2 Profitability Ratio

In 2016, the Return on Equity decreased from 45.85% in 2016 to 37.67% in 2017. The company's gross profit margin in 2017 was 22.52%, which was decreased from 28.63% in 2016. Earnings before income tax and depreciation decreased from 19.79% in 2016 to 15.73% in 2017. Net profit margin (to total income) decreased from 14.99% in 2016 to 11.79% in 2017 because of the higher cost of steel, Thai Baht appreciation, and the higher transportation costs.

3.3 Liquidity Ratio

At 2017 year-end, the company had the Current Ratio of 1.61 times, which was improved from 1.49 times in 2016. The Quick Ratio has increased from 0.68 times in 2016, to 0.77 times in 2017. This was due to the account receivables and inventories that were managed effectively.

3.4 Financial Policy Ratio

At 2017 year-end, the company's Debt to Equity Ratio was improved by decreasing from 0.24 times in 2016, to 0.20 times in 2017 because the liabilities decreased from the payment by due date, and well performed liquidity, hence reduced the short term loan.

4. Material Changes after the Date of the Latest Financial Statements, and Possible Impacts on the Financial Status and Operating Results

On 14 February 2018, the Board of Directors meeting has resolved to submit for the approval of the shareholders' meeting to approve the dividend payout for the operating period ended on 31 December 2017 to the company's shareholders at the rate of 0.60 Baht per share, which had already been paid as interim dividend for period of 6 month ended on 30 June 2017 at the rate of 0.25 Baht per share at the par value of 1.00 Baht on 8 September 2017. The remaining dividend for the period between 1 July and 31 December 2017 was 0.35 Baht per share, at the par value of 1.00 Baht amounted to not more than 186.20 Million Baht.

5. Business Goals

In 2017, the total sales increased 24.7% from prior year which was due to the continuous demand of customers from Asia and Africa. The earnings before income tax was 657.49 Million Baht. In order for the SMPC to have sustainable growth, the company has set out the business goals both for short-term and long-term as follows:

Short-term Goal (1-3 years)

- The management still focuses on reviewing and adapting the sales strategies to suit and be in line with the world economy situation, and to closely monitor the market demand.
- To research and develop products that would likely suit the market demand in the future for better profits.
- To pioneer the market in new regions that would likely make good profit to expand the customer base that will result in the increase of sales and profitability.
- The company still emphasizes on maintaining the quality and standards that are higher than other manufacturers, including timely delivery to maintain the existing customers.
- To effectively manage the manufacturing cost by increasing the quality and standards testing in all steps of manufacturing process to reduce the manufacturing losses, to ensure manufacturing cost control to be cost competitive with other manufacturers in market expansion for new customers.
- Personnel development: the company recognizes the value of the personnel as a great impact to the progress and success of operations following the direction set out by the management. Therefore, the company puts emphasis on personnel development for all units by planning training courses according to work functions and employee levels, promoting learning activities and good attitude toward the organization.
- To operate business with ethics, social and environmental awareness for sustainable growth.
- To study the feasibility of investment expansion both in geographic term, and on products related to sustainable growth.

Long-term Goal (>3 years)

- To study new and modern manufacturing technology to improve efficiency, increase production, save energy, reduce loss, reduce unnecessary cost, and mitigate the labor shortage in the future.
- Product Research and Development: the company puts emphasis and supports the personnel with knowledge and expertise to put effort in product research and development, both to improve the existing products and to develop new products with better quality and more variety.
- To improve and develop raw materials, production process, and product to be Eco friendly.

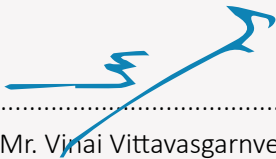
Report of Board of Directors' Responsibilities to the Financial Statements

The Board of Directors is responsible for separate financial statement of Sahamitr Pressure Container Public Company Limited, including financial information presented in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles, with appropriate accounting policies applied on a consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. These financial statements have been audited by independent certified auditors who have given their unqualified opinions.


The Board of Directors supports the practice of good corporate governance, risk management system and appropriate and efficient internal controls to ensure that the Company's financial information is accurate and complete, thus promoting our efficient, transparent and reliable business operation.

In this regard, the Board of Directors have appointed an Audit Committee comprising of independent directors to be responsible for reviewing quality of financial reports and internal controls. All comments of the Audit Committee on these issues have included in the Report of the Audit Committee, which is presented in this annual report.

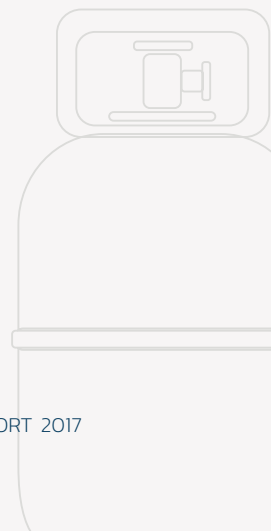
The Board of Directors is of the opinion that the Company's overall internal control system is adequate and appropriate and can reasonable assure the creditability of the separate financial statements of the Company for the year ended December 31, 2017



.....
Mr. Vinai Vittavasgarnvej
Chairman



.....
Mr. Surasak Urpsirisuk
Managing Director



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sahamitr Pressure Container Public Company Limited

Opinion

I have audited the financial statements of Sahamitr Pressure Container Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, statement of changes in shareholders’ equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants, 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	Audit response
<p><i>Allowance for decline in value of inventories</i></p> <p>As at 31 December 2017, the Company has inventories amount of Baht 701.26 million, which comprises of raw material, work in process, and finished goods.</p> <p>Inventories are presented at the lower of cost or net realizable value. The estimation of allowance for decline in value of inventories involves the management judgements for considering the inventory turnover and deterioration of each category and the change in selling price which can be subjected to market situation.</p> <p>Refer to the notes 4 and 8 to financial statements and significant accounting policies.</p>	<p>I made an inquiry the management to obtain understanding the measurement of the net realizable value of inventories. I evaluated whether the measurement is appropriate and comply with the Company's accounting policy.</p> <p>I tested aging of inventories and evaluate the reasonableness of assumption used to set allowance for decline in value of inventories by management. I considered the movement of inventory and recalculated the amount of allowance for decline in value of inventories by the Company's accounting policy.</p> <p>I examined the calculation of estimated net realizable value of inventories by comparing, on the test basis, the carrying cost of inventories against expected net realizable value. The net realizable is calculated from the selling price subsequent date, or the selling price in the customer's purchase order less the estimated costs necessary to make the sale.</p> <p>I also considered the adequacy of disclosures in the relation to inventories in the notes to financial statements.</p>

Key audit matter	Audit response
<p><i>Measurement of fair value for investment property</i></p> <p>As at 31 December 2017, the Company has investment property with a fair value of Baht 53.48 million, which comprises of land and buildings not used in the operations of the Company.</p> <p>The investment property is revalued at each reporting date to its fair value by an independent appraiser. The independent appraiser applied a market approach for measure the fair value of investment property, and also adjusted for any different factors between the revalued assets and the comparative assets such as location and physical conditions.</p> <p>The Company recognizes the changes in the fair value in profit or loss for the year. The valuation is subject to the valuation model, certain assumptions, independent and professional competency of the appraiser.</p> <p>Refer to the note 10 to financial statements and significant accounting policies.</p>	<p>I reviewed the independent appraiser's report to obtain an understanding of the valuation method of the investment property. I assessed whether the valuation method is appropriate and complies with the Company's accounting policy.</p> <p>I assessed the reasonableness of the key judgement of the independent appraiser, and underlying input for measurement of fair value.</p> <p>In addition, I considered the independence, professional competency and experience of the appraiser whether they are able to measure the fair value appropriately. I also considered the adequacy of disclosures in the relation to fair value measurement in the notes to financial statements.</p>

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

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

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

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



Mr. Narin Churamongkol
Certified Public Accountant
Registration No. 8593

Bangkok, Thailand
14 February 2018

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

ASSETS

		Thousand Baht	
	Notes	31 December 2017	31 December 2016
CURRENT ASSETS			
Cash and cash equivalents	6	118,921	94,807
Trade accounts receivable	7	555,481	417,755
Inventories - net	8	701,257	571,310
Refundable value added tax		25,118	23,985
Other current assets		13,950	8,921
Total Current Assets		1,414,727	1,116,778
NON-CURRENT ASSETS			
Receivable from related parties			
under guarantee obligation - net	5	-	-
Restricted deposits with banks	9	36,078	35,869
Investment property	10	53,480	41,722
Property, plant and equipment - net	11	933,144	876,924
Deferred income tax asset	23	10,081	10,866
Other non-current assets		432	432
Total Non-Current Assets		1,033,215	965,813
TOTAL ASSETS		2,447,942	2,082,591

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

		Thousand Baht	
	Notes	31 December 2017	31 December 2016
CURRENT LIABILITIES			
Short-term loans from bank	12	297,816	291,194
Trade accounts payable		370,373	226,777
Current portion of			
- Long-term loan from bank	13	-	11,100
- Liabilities under finance leases	14	1,237	1,740
Advances from customers		14,562	43,130
Accrued commission expenses		44,943	47,354
Accrued transportation expenses		23,836	24,917
Accrued income tax		69,560	58,920
Other accrued expenses	5	44,711	37,738
Other current liabilities		9,078	8,525
Total Current Liabilities		876,116	751,395
NON-CURRENT LIABILITIES			
Liabilities under finance lease agreements - net	14	4,760	6,009
Liabilities under employee benefits obligation	15	38,074	30,681
Total Non-Current Liabilities		42,834	36,690
Total Liabilities		918,950	788,085

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		Thousand Baht	
	Notes	31 December 2017	31 December 2016
SHAREHOLDERS' EQUITY			
Share capital-ordinary shares, Baht 1 par value			
Authorized 536,405,305 shares		536,405	536,405
Issued and fully paid-up 531,987,443 shares			
(2016 : 529,127,108 shares)	16	531,987	529,127
Premium on share capital	16	34,746	18,328
Capital reserve for share-based payment transaction	17	2,640	2,274
Retained earnings			
- Appropriated for legal reserve	20	53,641	53,641
- Unappropriated		905,978	691,136
TOTAL SHAREHOLDERS' EQUITY		1,528,992	1,294,506
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,447,942	2,082,591

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

		Thousand Baht	
	Notes	2017	2016
Net sales	24	4,326,801	3,468,997
Costs of sales	24, 25	(3,352,512)	(2,475,916)
Gross profit		974,289	993,081
Other income	22	184,822	140,984
Income before expense		1,159,111	1,134,065
Selling expenses	25	(304,288)	(263,919)
Administrative expenses	25	(189,582)	(190,030)
Income before financial costs and income tax		665,241	680,116
Financial costs		(7,752)	(9,933)
Income before income tax		657,489	670,183
Income tax	23	(125,741)	(129,045)
INCOME FOR THE YEARS		531,748	541,138
Other comprehensive income (loss) for the years			
Items not to be reclassified subsequently to profit or loss			
Actuarial loss - net of tax	15	(4,017)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEARS		527,731	541,138
Basic earnings per share			
Income (Baht per share)	18	1.00	1.02
Weighted average number of common shares (share)		530,655,232	528,114,202
Diluted earnings per share			
Income (Baht per share)	18	1.00	1.02
Weighted average number of common shares (share)		532,203,799	530,562,127

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

	Notes	Thousand Baht					
		Share Capital Issued and Fully Paid - Up	Premium on Share Capital	Capital reserve for share-based payment transactions	Retained earnings		Total
					Appropriated for Legal Reserve	Unappropriated	
Balance as at 1 January 2016		526,996	6,098	1,833	37,908	493,061	1,065,896
Recognition of share-base payment	17	-	-	2,444	-	-	2,444
Share capital increment	16	2,131	12,230	(2,003)	-	-	12,358
Dividend payment	19	-	-	-	-	(327,330)	(327,330)
Appropriated for legal reserve	20	-	-	-	15,733	(15,733)	-
Transactions with shareholders		2,131	12,230	441	15,733	(343,063)	(312,528)
Income for the year		-	-	-	-	541,138	541,138
Comprehensive income for the year		-	-	-	-	541,138	541,138
Balance as at 31 December 2016		529,127	18,328	2,274	53,641	691,136	1,294,506
Balance as at 1 January 2017		529,127	18,328	2,274	53,641	691,136	1,294,506
Recognition of share-base payment	17	-	-	3,055	-	-	3,055
Share capital increment	16	2,860	16,418	(2,689)	-	-	16,589
Dividend payment	19	-	-	-	-	(312,889)	(312,889)
Transactions with shareholders		2,860	16,418	366	-	(312,889)	(293,245)
Income for the year		-	-	-	-	531,748	531,748
Actuarial loss - net of tax	15	-	-	-	-	(4,017)	(4,017)
Comprehensive income for the year		-	-	-	-	527,731	527,731
Balance as at 31 December 2017		531,987	34,746	2,640	53,641	905,978	1,528,992

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER

	Thousand Baht	
	2017	2016
Cash flows from operating activities:		
Income before income tax	657,489	670,183
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:		
Depreciation	52,033	44,256
Unrealized loss on exchange rate - net	65	1,799
Provision for employee benefits obligation	2,689	1,808
Gain from fair value adjustment of investment property	(11,758)	-
Loss (gain) on disposal of assets	(196)	1,076
Reversal of accrued commission expenses	140	-
Expense for share-based payment	3,055	2,444
Gain from sale of temporary investment	(87)	-
Interest expense	7,752	9,933
Cash provided from operations before changes in operating assets and liabilities	711,182	731,499
Decrease (increase) in operating assets:		
Trade accounts receivable	(137,544)	(134)
Inventories	(129,946)	(168,011)
Refundable value added tax	(1,133)	3,414
Other current assets	(5,090)	(2,996)
Increase (decrease) in operating liabilities:		
Trade accounts payable	143,593	(43,021)
Advances received from customers	(28,672)	17,389
Accrued commission expenses	(2,747)	27,792
Accrued transportation expenses	(1,081)	14,749
Other accrued expenses	7,019	2,986
Other current liabilities	(468)	1,189
Employee benefits paid	(1,653)	(987)
Cash provided from operations	553,460	583,869

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER

	Thousand Baht	
	2017	2016
Cash provided from operations (continue)	553,460	583,869
Interest paid	(6,401)	(8,656)
Income tax deducted at sources	(395)	(677)
Income tax paid	(112,917)	(34,927)
Net cash provided from operating activities	433,747	539,609
Cash flows from investing activities:		
Purchase of temporary investment	(120,000)	-
Proceeds from disposal of temporary investment	120,087	-
Increase in restricted deposits with bank	(209)	(294)
Proceeds from disposal of assets	196	1,772
Purchase of property, plant and equipment	(108,253)	(132,887)
Net cash used in investing activities	(108,179)	(131,409)
Cash flows from financing activities:		
Increase (decrease) in short-term loans from bank	6,678	(34,030)
Repayment of long-term loan from bank	(11,100)	(22,800)
Repayment of liabilities under finance leases agreement	(1,752)	(1,228)
Dividend payment	(311,869)	(326,334)
Proceeds from common stock from the exercise of share purchase warrants	16,589	12,358
Net cash used in financing activities	(301,454)	(372,034)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,114	36,166
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	94,807	58,641
CASH AND CASH EQUIVALENTS AT END OF YEAR	118,921	94,807

Supplemental disclosures for cash flows information

Non-cash transactions :

- Purchase of vehicles under finance lease agreement	-	8,015
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The accompanying notes form an integral part of these financial statements.



SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

1. NATURE OF BUSINESS

Sahamitr Pressure Container Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 92, Soi Thientalay 7, 4th intersection, Bangkhunthien – Chaitalay Road, Samaedam, Bangkhunthien, Bangkok, Thailand.

The Company was incorporated as a limited public company in Thailand, and was listed on the Stock Exchange of Thailand on 3 December 1991.

The Company’s major shareholders during the financial year were Mrs. Patama Laowong (19.73% shareholding) and Mr. Thamik Ekahitanond (10.20% shareholding).

The Company is engaged in the manufacturing of LPG and other pressure cylinders for both domestic and export sales. In addition, the Company also provides services for container repairs and quality testing for each country’s standards.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance effective for annual accounting periods beginning on or after 1 January 2017. The changes were to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards. The initial application of these new and revised TFRS has no material effect on the financial statements.

In addition, the Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance, which will be effective on or after 1 January 2018. The changes were to align with the corresponding International Financial Reporting Standards with most of the changes relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards. The Company does not plan to adopt these TFRS early.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Investment property	Fair value
Defined benefit obligation	Present value of the defined benefit obligation as explained in Note 15

Measurement of fair values

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Foreign currencies

Foreign currency transactions are translated into the functional currency (Thai Baht), using the exchange rate prevailing at the dates of the transactions (spot exchange rate).

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

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

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

Foreign currency differences are recognized in profit or loss as incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash at banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

Temporary investment

Marketable securities held-for-trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

The fair value of investments classified as held-for-trading is based on the net asset value of the mutual fund at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at invoice amount net of allowance for doubtful accounts (if any). The Company provides allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection process. The estimated losses are based on historical collection experiences coupled with a review of the current status of receivables.

Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

Inventory

Inventories are valued at the lower of cost or net realizable value, by the following methods :

Finished goods and work in process	At cost (average method)
Raw materials and others	- At cost (first – in, first – out method)

Net realizable value is the estimated selling price in the ordinary course of the business less the marginal cost to complete (for work in process) and other estimated costs necessary to make the sale.

Cost of purchase consists of purchasing price and other related direct cost, net of discounts and allowances (if any).

Costs of finished goods and work in process consist of raw materials, direct labour, other direct expenses and overhead which are allocated based on the production process.

The Company sets up allowance for decline value of inventories (if any), based on their current status, slow – moving and defectiveness.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

Cost is measured by the cash or cash equivalent price of obtaining the asset that bring it to the location and condition necessary for its intended use. 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.

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 recognized net within other income/expense in profit or loss.

Leased assets

Leases where the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, 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:

	Years
Land improvements	10
Buildings and improvements	20- 40
Machinery and equipment	3- 20
Furniture, fixtures and office equipment	3- 10
Vehicles	5

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

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

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property where the future use has not been determined.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at its fair value estimated by an independent appraiser, and recognize changes in the fair value in profit or loss.

Subsequent expenditure is capitalised to the asset carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Long-term leases

Leases of vehicle where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets under finance leases are capitalized at the fair value or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the outstanding finance balance. Future lease payments, net of financial charges, are recognized as liabilities under finance lease agreements. The financial charge is recognized in the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over their useful lives.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the statement of profit or loss on a straight – line basis over the lease period. When an operating lease is terminated before the expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

Sale of goods and services rendered

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized 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 recognized as services are provided.

Interest income

Interest income is recognized in profit or loss on an accrual basis.

Income tax

The computation of corporate income tax in compliance with the Revenue Code, is based on the taxable profit for the year after adding back expenses that are not deductible in determining taxable profit and the deduction of exempted income, according to the Revenue Code.

Current income tax

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

Deferred income tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts used for income tax computation purposes. Deferred income tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, using tax rate enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that the related tax benefit will be realized.

Employee benefits

Salaries, wages, bonuses and contribution to the social security are recognized as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a contributory provident fund plan whereby monthly contributions are made by employees and by the Company. The fund assets are held in a separate trust fund. The Company's contributions are recognized as expenses when incurred.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 AND 2016

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments for employees upon retirement under the Labour Law.

The obligation under the defined benefit plan is determined by actuary, using the projected unit credit method.

Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Basic earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share 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 year.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the net income for the year by the number of ordinary shares and the number of equivalent ordinary shares (warrant) by weighting based on the period as if there were conversion of ordinary shares at the issued date of issuance of equivalent ordinary shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the period) based on the outstanding warrants to determine the number of potential ordinary shares to be additionally issued. The potential shares are added to the outstanding ordinary shares but no adjustment is made to profit or loss for the year.

Dividend payment

Dividend payment is recorded in the financial statements in the period in which they are approved by the Shareholders or Board of Directors of the Company.

Segment information

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment information is presented by geography as primary format.

Provisions

A provision is recognized if, as a result of a past event, the Company 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 recognized as a finance cost.

4. Critical accounting estimates, assumption and judgment and capital risk management

4.1 Critical accounting estimates, assumption and judgments

4.1.1 Impairment of receivables

The Company accounts for allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on uncertainty in the collection as considered by the management.

4.1.2 Allowance for decline in value of inventories

The Company estimates an allowance for slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on the consideration of inventory turnover and deterioration of each inventory category.

4.1.3 Property, plant and equipment and computer software

Management regularly determines the estimated useful lives and residual values of property, plant and equipment and computer software, and will revise the depreciation and the amortization charge where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if asset is no longer in used.

4.1.4 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment whether significant risk and reward of ownership of the leased asset has been transferred to the Company, taking into consideration terms and conditions of the arrangement.

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4.1.5 Impairment of assets

The Company treats asset as impaired when there has been a significant or prolonged decline in the fair value below its costs or where other objective evidences of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

4.1.6 Investment property

The Company presented investment property at the fair value estimated by an independent appraiser, and recognize changes in the fair value in profit or loss. The fair value of investment property is determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

4.1.7 Post-employment benefits

The employee benefits obligation for employee retirement in compliance the Thai labour law is measured, using the projected unit credit method which uses actuarial techniques to determine the present value of the estimated future cash outflows based on the interest rates of government securities, where term to maturity approximates the terms of the related obligations and considers salary, turnover rate, mortality rate, length of service and others.

4.1.8 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

4.2 Capital risk management

The Company’s objectives in the management of capital is to safeguard its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

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5. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties that are related to it through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

Significant balances with related parties as at 31 December 2017 and 2016 consist of:

	Thousand Baht	
	2017	2016
Receivables from directors, under guarantee obligation for Sahamitr Steel Co., Ltd.		
- Estate of Mr. Sutham Ekahitanond	191,210	191,210
- Mrs. Supha Phromsaka Na Sakolnakorn	191,210	191,210
Total	382,420	382,420
<u>Less</u> Allowance for doubtful accounts	(382,420)	(382,420)
Net	-	-
<u>Key management personnel compensation</u>		
Provision for post-employment benefits	15,367	14,085

The current portion of the provision for post-employment benefits is presented as “Other accrued expenses” and the non-current portion is presented as “Liabilities under employee benefits obligation”.

Receivables from directors under guarantee obligations represent the obligations of certain directors under the conditions of the debt restructuring agreement of Sahamitr Steel Co., Ltd. On 19 March 2013, the Company commenced a legal action to claim for the payment of the guarantee obligations of Baht 392.11 million. On 11 June 2014, the Civil Court ordered the directors under the guarantee obligation to pay the Company part of the claim. However, the Company considers that it should receive the full payment of the amount claimed and therefore appealed the judgement of the Civil Court to the Court of Appeal on 1 September 2014.

On 5 August 2015, the Court of Appeal changed the judgement of Civil Court by ordering the directors to pay the full amount. Currently, the Supreme Court has judged according to the Court of Appeal and final decision. The case is in process for compliance the judgment of the Supreme Court. The Company has set up a full allowance for the losses given the uncertainty over the recoverability of these receivables.

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Significant transactions with related parties for the years ended 31 December 2017 and 2016 consist of:

	Pricing Policy	Thousand Baht	
		2017	2016
Land rental – related parties	Contract rate	480	240
<u>Key management personnel compensation</u>			
Current employment benefits		84,281	84,658
Provision for post- employment benefits		356	289
Total		<u>84,637</u>	<u>84,947</u>

6. CASH AND CASH EQUIVALENTS

	Thousand Baht	
	2017	2016
Cash	358	290
Saving accounts with banks	113,888	88,553
Current accounts with banks	4,675	5,964
Total	<u>118,921</u>	<u>94,807</u>

7. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2017 and 2016, the aged trade accounts receivable are as follows:

	Thousand Baht	
	2017	2016
Not yet due	358,748	213,813
Over due		
Less than 3 months	196,719	199,143
More than 3 months, not over 6 months	14	705
More than 6 months, not over 12 months	-	4,094
Total	<u>555,481</u>	<u>417,755</u>

The normal credit term is between 30 days and 90 days.

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8. INVENTORIES – NET

	Thousand Baht	
	2017	2016
Finished goods	28,446	55,224
Work in process	28,681	36,579
Raw materials and others	644,786	480,163
Total	701,913	571,966
<u>Less</u> Allowance for decline in value of inventories	(656)	(656)
Net	701,257	571,310

During the years ended 31 December 2017 and 2016, inventories recognized as an expense in cost of sales of Baht 3,352.51 million and Baht 2,475.92 million, respectively.

9. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2017 and 2016, the Company's fixed and saving deposits totalling Baht 36.08 million and Baht 35.87 million, respectively, are restricted for usage as they have been pledged as collaterals for letters of guarantee issued by a local bank for utilities usage, performance bond, and for loan from bank.

10. INVESTMENT PROPERTY

As at 31 December 2017 and 2016, the outstanding balances of investment property are as follows:

	Thousand Baht	
	2017	2016
Land	28,900	26,800
Land and construction	24,580	14,922
Total	53,480	41,722

Investment property comprise land and construction not occupied by the Company, and property where the future use has not been determined.

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During the years ended 31 December 2017 and 2016, movement of the investment property are as follows:

	Thousand Baht	
	2017	2016
Net book value as at 1 January	41,722	41,722
Gain from fair value adjustment for the year	11,758	-
Net book value as at 31 December	53,480	41,722

Measurement of fair value

As at 31 December 2017 and 2016, investment property was revalued by 2 independent professional appraisers consist of Year Appraisal Co., Ltd., and Bell Survey Ltd. at open market values on an existing use basis. Certain investment property has been mortgaged as collateral for credit facility as discussed in Note 12 to the financial statements.

The fair value of investment property was determined by external independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and have been approved by The Securities and Exchange Commission. The independent appraisers applied a market approach on an existing use basis by comparing the value to market price of other property in the nearby location (Level 2). The Company recognized changes in the fair value of investment property in profit or loss for the year.

11. PROPERTY, PLANT AND EQUIPMENT

	Thousand Baht						
	Land and improve-ment	Building and improve-ment	Machinery and equipment	Furniture fixtures and office Equipment	Vehicles	Machinery under installation and construction in progress	Total
Cost							
1 January 2016	193,778	381,146	639,916	35,748	60,737	91,293	1,402,618
Acquisitions	330	-	18,074	2,889	12,785	106,824	140,902
Disposals	-	-	(7,879)	(591)	(14,861)	-	(23,331)
Transfer in / (out)	9,419	80,724	79,570	-	-	(169,713)	-
31 December 2016	203,527	461,870	729,681	38,046	58,661	28,404	1,520,189
Acquisitions	-	-	20,370	2,083	-	87,206	109,659
Disposals / write-off	(1,406)	-	(288)	-	(1,364)	-	(3,058)
Transfer in / (out)	-	628	59,596	-	-	(60,224)	-
31 December 2017	202,121	462,498	809,359	40,129	57,297	55,386	1,626,790

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	Thousand Baht						
	Land and improve- ment	Building and improve- ment	Machinery and equipment	Furniture fixtures and office Equipment	Vehicles	Machinery under installation and construction in progress	Total

**Accumulated
depreciation**

1 January 2016	31,501	184,186	314,714	31,368	57,723	-	619,492
Depreciation for the year	225	9,791	29,310	2,048	2,882	-	44,256
Accumulate depreciation for							
Disposals	-	-	(5,034)	(588)	(14,861)	-	(20,483)
31 December 2016	31,726	193,977	338,990	32,828	45,744	-	643,265
Depreciation for the year	869	11,336	34,919	1,373	3,536	-	52,033
Accumulate depreciation for	-	-	(288)	-	(1,364)	-	(1,652)
Disposals							
31 December 2017	32,595	205,313	373,621	34,201	47,916	-	693,646

Net book value

31 December 2016	<u>171,801</u>	<u>267,893</u>	<u>390,691</u>	<u>5,218</u>	<u>12,917</u>	<u>28,404</u>	<u>876,924</u>
31 December 2017	<u>169,526</u>	<u>257,185</u>	<u>435,738</u>	<u>5,928</u>	<u>9,381</u>	<u>55,386</u>	<u>933,144</u>

Depreciation for the year 2016

Cost of goods sold	37,148
Administrative expense	<u>7,108</u>
Total	<u>44,256</u>

Depreciation for the year 2017

Cost of goods sold	44,017
Administrative expense	<u>8,016</u>
Total	<u>52,033</u>

The Company's land and buildings and a part of machinery have been mortgaged as collateral for credit facilities as discussed in Note 12 to the financial statements.

As at 31 December 2017 and 2016, the cost of fully depreciated assets which remain in use amounted to Baht 129.96 million and Baht 126.70 million, respectively.

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12. SHORT-TERM LOANS FROM BANK

	Thousand Baht	
	2017	2016
Liabilities under trust receipt agreements (secured)	297,816	277,758
Promissory note (secured)	-	13,436
Total	<u>297,816</u>	<u>291,194</u>

As at 31 December 2017, the Company has credit facilities from bank totaling Baht 5,581 million (2016 : Baht 5,231 million). The promissory notes and liabilities under trust receipts bear interest at the rates of 1.50%- 2.20% per annum (2016 : 1.50%- 4.50% per annum). The loan is collateralized by the mortgages of the Company's land, buildings and certain machinery thereon and investment property, bank deposit of Baht 36.08 million (2016 : Baht 35.87 million), the pledge of the Company shares belonging to the Company's shareholders and the personal guarantees of certain Company's directors. The Company had unutilised credit facilities of Baht 4,431 million (2016 : Baht 3,828 million).

13. LONG-TERM LOANS FROM BANK

Movements in the long-term loan during the year period ended 31 December 2017 are summarized below.

	Thousand Baht	
	2017	2016
Balance as at 1 January 2017	11,100	33,900
<u>Less Repayments</u>	<u>(11,100)</u>	<u>(22,800)</u>
Balance as at 31 December 2017	<u>-</u>	<u>11,100</u>

During the year ended 31 December 2017, the long-term loan from bank was fully repaid.

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14. LIABILITIES UNDER FINANCE LEASE AGREEMENTS – NET

As at 31 December 2017 and 2016, the Company has financial lease agreements for vehicles that are being used in the operations with installment periods of 48- 49 months as follows:

	Thousand Baht	
	31 December 2017	31 December 2016
Liabilities under financial leases		
Due within 1 year	1,663	2,114
Due over 1 year but not more than 4 years	5,071	6,786
Total	6,734	8,900
<u>Less</u> Deferred interest	(737)	(1,151)
	5,997	7,749
<u>Less</u> Portion due within 1 year	(1,237)	(1,740)
Net	4,760	6,009

15. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	Thousand Baht	
	2017	2016
Statement of financial position obligations for:		
Post-employment benefits	38,074	30,681
Statement of profit and loss and other comprehensive income:		
<i>Recognized in profit or loss:</i>		
Post-employment benefits	2,689	2,942
<i>Recognized in other comprehensive income</i>		
Actuarial loss- net of tax	4,017	-

The Company has an obligation under the Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

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During the years ended 31 December 2017 and 2016, movements in employee benefits obligation are as follows:

	Thousand Baht	
	2017	2016
Balance as at 1 January	30,681	28,726
Recognized in profit or loss		
- Current service costs	2,689	1,808
- Interest on obligation	1,336	1,134
Actuarial loss	5,021	-
Benefits paid	(1,653)	(987)
Balance as at 31 December	<u>38,074</u>	<u>30,681</u>

Principal actuarial assumptions are as follows:

Discount rate	4.0 percent per annum
Future salary increment rate	6.0 percent per annum
Normal retirement age	60 years
Number of employees	414 persons

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.

	Thousand Baht	
	Effect to the defined benefit obligation	
	2017	2016
Discount rate (1% increment)	(4,003)	(3,715)
Discount rate (1% decrement)	4,685	4,322
Future salary growth (1% increment)	4,319	4,947
Future salary growth (1% decrement)	(3,772)	(4,283)
Employee turnover (1% increment)	(4,316)	(4,656)
Employee turnover (1% decrement)	5,007	5,454

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16. SHARE CAPITAL and Premium on share capital

During the year ended 31 December 2017, the warrant holders exercised 2,860,335 warrants to buy 2,860,335 ordinary shares with an exercise price of Baht 5.80 per share. The Company has received additional paid-up share capital, share premium and adjustment to recognize warrants of Baht 2.86 million, Baht 16.42 million and Baht 2.69 million, respectively.

During the year ended 31 December 2016, the warrant holders exercised 2,130,595 warrants to buy 2,130,595 ordinary shares with an exercise price of Baht 5.80 per share. The Company received additional paid-up share, share premium and adjustment to recognize warrants of Baht 2.13 million and Baht 12.23 million and Baht 2.00 million, respectively.

17. WARRANTS

The Company allocated and issued 9,400,000 warrants to the management, directors and employees of the Company free of charge (“ESOP”). The exercise period is within 3 years commencing on 15 June 2015, and the warrants can be exercised to acquire the new ordinary shares of the Company for 3 consecutive years. The warrants are first exercisable after 1 year after the date the warrants were allotted. The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 5.80 per share. The percentage of warrants that exercisable is as follow:

Exercise date	Percent of the total warrants
15 June 2016	30
15 June 2017	30
15 June 2018	40

During the years ended 31 December 2017 and 2016, the Company recorded expenses of Baht 3.05 million and Baht 2.44 million, respectively, related to the ESOP scheme as employee expense in the statement of profit or loss and other comprehensive income, together with a corresponding increase in “Capital reserve for share-based payment transactions” in the shareholders’ equity.

During the years ended 31 December 2017 and 2016, movements in warrants are as follows:

	2017		2016	
	Number of warrants (Unit)	Capital reserve for share – based payment transactions (Thousand Baht)	Number of warrants (Unit)	Capital reserve for share – based payment transactions (Thousand Baht)
Balance as at 1 January	6,992,105	2,274	9,122,700	1,833
Recognition of share-base payment as expenses during the year	-	3,055	-	2,444
Exercise of warrants	(2,860,335)	(2,689)	(2,130,595)	(2,003)
Balance as at 31 December	<u>4,131,770</u>	<u>2,640</u>	<u>6,992,105</u>	<u>2,274</u>

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18. EARNINGS PER SHARE

The calculation of earnings per share, basic and diluted earnings per share for years ended 31 December 2017 and 2016 are as follows:

	Profit for the year ended 31 December		Weighted average ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to shareholders of the Company	531,748	541,138	530,655	528,114	<u>1.00</u>	<u>1.02</u>
Potential effect of dilutive ordinary shares						
Warrants	-	-	1,549	2,448		
Diluted earnings per share						
Profit of ordinary shareholder assuming the exercise of warrants	<u>531,748</u>	<u>541,138</u>	<u>532,204</u>	<u>530,562</u>	<u>1.00</u>	<u>1.02</u>

19. Dividend payment

At the Board of Directors' meeting No. 4/2017 held on 10 August 2017, the Board of Director passed a resolution to pay an interim dividend payment from the operating profit for the six-month period ended 30 June 2017 of Baht 0.25 per share for 531,987,443 shares, totalling Baht 133 million. The dividend was paid on 8 September 2017.

At the 2017 Annual General Meeting of Shareholders held on 30 March 2017, the shareholders passed a resolution to pay a dividend from the profit for the year ended 31 December 2016 of Baht 0.64 per share. An approved interim dividend payment for the six-month period ended 30 June 2016 had already been paid of Baht 0.30 per share for 529,127,108 shares, totaling Baht 159 million on 9 September 2016. The remaining dividend payment for the period from 1 July 2016 to 31 December 2016 of Baht 0.34 per share, totaling Baht 180 million, was paid on 28 April 2017.

At the Board of Directors' meeting No. 4/2016 held on 10 August 2016, the Board of Director passed a resolution to appropriate an interim dividend payment from the profit for the six-month period ended 30 June 2016 at Baht 0.30 per share for 529,127,108 shares, totalling Baht 159 million. The dividend was paid on 9 September 2016.

At the 2016 Annual General Meeting of Shareholders held on 30 March 2016, the shareholders

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passed a resolution to make a dividend payment from the profit for the year ended 31 December 2015 of Baht 0.44 per share, of which an interim cash dividend payment for the period from 1 January 2015 to 30 June 2015 had been paid of Baht 0.12 per share on 4 September 2015. The Company therefore, had a remaining dividend payment for the period from 1 July 2015 to 31 December 2015 of Baht 0.32 per share totaling Baht 169 million. The dividend was paid on 29 April 2016.

As at 31 December 2017, the Company has an accrual for dividends payable amounting to Baht 2.54 million (31 December 2016 : Baht 1.52 million) under current liabilities.

20. LEGAL RESERVE

Under the provision of the Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income, after deduction of the deficit brought forward (if any), as reserve fund until the reserve reaches not less than 10% of the registered share capital. This reserve is not available for dividend distribution.

21. PROVIDENT FUND

The Company and employee have established a contributory Provident Fund. This Provident Fund has already been registered under the Provident Fund Act, B.E. 2530. Under the Fund plan, employee has to contribute to the fund at the specific rate and will be entitled to receive the fund when employee is no longer member in accordance with regulation of the fund. The Company's contribution to the Fund for the year 2017, amounted to Baht 3.42 million (2016 : Baht 3.11 million).

22. OTHER INCOME

Other income for the years ended 31 December 2017 and 2016 are as follows:

	Thousand Baht	
	2017	2016
Scrap sales	131,242	111,266
Gain on exchange rate	25,810	16,709
Gain from fair value adjustment of investment property	11,758	-
Fees for the test of cylinder quality	6,900	4,655
Freight income	2,834	3,192
Others	6,278	5,162
Total	<u>184,822</u>	<u>140,984</u>

23. INCOME TAX

Deferred income tax

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The movements in deferred income tax assets / liabilities for the years ended 31 December 2017 and 2016 are as follows:

	Thousand Baht			31 December 2017
		(charged) /credit to		
	1 January 2017	Profit or loss	Other comprehensive loss	
Deferred income tax assets				
From adjustment the fair value of investment property	5,843	(2,352)	-	3,491
From provision for employee benefits obligation	6,136	475	1,004	7,615
Total	11,979	(1,877)	1,004	11,106
Deferred income tax liability				
From property, plant and equipment	(1,113)	88	-	(1,025)
Deferred tax assets – net	10,866	(1,789)	1,004	10,081

	Thousand Baht			31 December 2016
		(charged) /credit to		
	1 January 2016	Profit or loss	Other comprehensive income	
Deferred income tax assets				
From adjustment the fair value of investment property	5,843	-	-	5,843
From provision for employee benefits obligation	5,745	391	-	6,136
From taxable loss carried forward not over 5 years	35,000	(35,000)	-	-
Total	<u>46,588</u>	<u>(34,609)</u>	<u>-</u>	<u>11,979</u>
Deferred income tax liability				
From property, plant and equipment	(1,201)	88	-	(1,113)
Deferred tax assets – net	45,387	(34,521)	-	10,866

Reconciliation of effective tax rate

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	2017		2016	
	Rate (%)	(Thousand) (Baht)	Rate (%)	(Thousand) (Baht)
Income before income tax expense		<u>657,489</u>		<u>670,183</u>
Income tax at corporation tax rate	20%	131,498	20%	134,037
Income tax expense from non deductible expense for tax purpose		1,007		576
Income tax benefit from additional deduction of expenses for tax purpose		(6,930)		(5,568)
Adjustment for lower provision in prior years		<u>166</u>		<u>-</u>
Net		<u><u>125,741</u></u>		<u><u>129,045</u></u>

24. SEGMENTAL FINANCIAL INFORMATION

Significant segmental financial information for the years ended 31 December 2017 and 2016 are as follows

	Thousand Baht					
	For the years ended 31 December					
	2017			2016		
	Domestic	Export	Total	Domestic	Export	Total
Net sales	239,982	4,086,819	4,326,801	193,474	3,275,523	3,468,997
Cost of sales	<u>(183,769)</u>	<u>(3,168,743)</u>	<u>(3,352,512)</u>	<u>(133,577)</u>	<u>(2,342,339)</u>	<u>(2,475,916)</u>
Gross profit	<u><u>56,213</u></u>	<u><u>918,076</u></u>	<u><u>974,289</u></u>	<u><u>59,897</u></u>	<u><u>933,184</u></u>	<u><u>993,081</u></u>

Gross profit for domestic and export sales derived from the deduction of related costs of sales, which are calculated by the weighted average standard cost of each product.

Major Customer

For the year ended 31 December 2017, the Company's revenues arose from sales to a major private company totalling to Baht 663 million. For the year ended 31 December 2016, the Company's revenues arose from sales to 2 major private companies totalling to Baht 868 million.

25. EXPENSES BY NATURE

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Significant expenses by nature for the years ended 31 December 2017 and 2016 are as follows :

	Thousand Baht	
	2017	2016
Raw materials and consumable supplies used	2,639,171	1,919,178
Changes in finished goods and work in process	34,677	(40,967)
Salaries, wages and other employee benefits	351,530	327,276
Transportation expenses	191,868	120,456
Commission	72,850	108,560
Depreciation	52,033	44,256
Other	504,253	451,106
Total	<u>3,846,382</u>	<u>2,929,865</u>

26. COMMITMENTS

As at 31 December 2017, the Company has the following commitments:

- 26.1 An obligation under a domestic bank guarantee amounting to Baht 435.22 million for the issuance of letters of guarantee to the Customs Department to exempt the Company from paying anti-dumping duties for materials imported for manufacturing and re-export within one-year.
- 26.2 Obligations under domestic bank guarantees for electricity usage and other matters totalling Baht 50.65 million.

Such letters of guarantee are guaranteed by the mortgage of the Company's land, buildings and certain machinery as disclosed in Notes 10 and 11 and the personal guarantee of certain of the Company's director.

27. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade accounts receivable and payable, short – term loan, advances from customers, accrued commission expenses and long-term loan. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies

Foreign Currency Risk

The Company has foreign currency risk exposure relating to sales and purchases denominated in foreign currencies. As at 31 December 2017 and 2016, the Company has unhedged assets and liabilities in foreign currencies from the import and export of products with natural hedges as follows:

	2017		
	Foreign currencies (Thousand Unit)	Exchange rate (Closing rate)	Baht equivalent (Thousand Baht)
<u>Cash and cash equivalent in foreign currencies</u>			
USD	34	32.5146	1,097
<u>Trade accounts receivable in foreign currencies</u>			
USD	10,866	32.5146	353,299
EUR	3,487	38.6607	134,812
<u>Trade accounts payable in foreign currencies</u>			
USD	8,929	32.8472	293,303
<u>Short-term loans from bank in foreign currency</u>			
USD	2,674	32.8472	87,829
<u>Advances from customers in foreign currency</u>			
USD	230	32.8472	7,565
EUR	54	39.3938	2,134
GBP	21	44.4531	901
<u>Accrued commission expenses in foreign currency</u>			
USD	1,234	32.8472	40,531
EUR	112	39.3938	4,412

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	2016		
	Foreign currencies (Thousand Unit)	Exchange rate (Closing rate)	Baht equivalent (Thousand Baht)
<u>Cash and cash equivalent in foreign currencies</u>			
USD	34	35.6588	1,201
<u>Trade accounts receivable in foreign currencies</u>			
USD	8,542	35.6588	304,601
EUR	1,199	37.3791	44,828
<u>Trade accounts payable in foreign currencies</u>			
USD	600	36.0025	21,615
<u>Short-term loans from bank in foreign currency</u>			
USD	7,715	36.0025	277,758
<u>Advances from customers in foreign currency</u>			
USD	855	36.0025	30,490
EUR	125	38.1362	4,661
GBP	37	44.4775	1,600
<u>Accrued commission expenses in foreign currency</u>			
USD	1,252	36.0025	45,075
EUR	60	38.1362	2,278

Credit Risk

The Company provides credit term on its trade transactions. The Company manages its exposure to credit risk by closely monitoring collection of accounts receivable and focuses on overdue accounts. In the case of doubt about the collection of accounts receivable, the Company provides allowance in the accounts as deemed necessary.

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Interest Rate Risk

The interest rate risk is that future movements in market interest rates that will affect the results of the Company operations and its cash flows. The Company's exposure to interest rate risk relates primarily to their deposits with bank, loans from bank and liabilities under finance lease agreements as at 31 December 2017 and 2016 as follows:

	Thousand Baht				
	2017				
	Floating rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	113,888	-	5,033	118,921	0.10%- 0.65%
Trade accounts receivable	-	-	555,481	555,481	-
Restricted deposits with banks	-	36,078	-	36,078	0.65%- 1.00%
Short-term loans from bank	297,816	-	-	297,816	1.50%- 2.20%
Trade accounts payable	-	-	370,373	370,373	-
Liabilities under finance lease agreement	-	5,997	-	5,997	2.35%- 6.94%

	Thousand Baht				
	2016				
	Floating rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	88,553	-	6,254	94,807	0.37%- 0.50%
Trade accounts receivable	-	-	417,755	417,755	-
Restricted deposits with banks	-	35,869	-	35,869	0.65%- 1.10%
Short-term loans from bank	291,194	-	-	291,194	1.50%- 4.50%
Trade accounts payable	-	-	226,777	226,777	-
Long-term loans from bank	11,100	-	-	11,100	5.25%- 5.50%
Liabilities under finance lease agreement	-	7,749	-	7,749	2.35%- 6.94%

Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company within the normal terms of trade. To manage this risk, the Company periodically assesses the financial viability of customers.

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As of 31 December 2017 and 2016, the financial instrument classified by the periods of time from the date on the statements of financial position to their maturity dates are as follows:

	Thousand Baht			
	2017			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	118,921	-	-	118,921
Trade accounts receivable	555,481	-	-	555,481
Restricted deposits with banks	-	-	36,078	36,078
Short-term loans from bank	-	297,816	-	297,816
Trade accounts payable	370,373	-	-	370,373
Liabilities under finance lease agreement	-	1,237	4,760	5,997

	Thousand Baht			
	2016			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	94,807	-	-	94,807
Trade accounts receivable	417,755	-	-	417,755
Restricted deposits with banks	-	-	35,869	35,869
Short-term loans from bank	-	291,194	-	291,194
Trade accounts payable	226,777	-	-	226,777
Long-term loans from bank	-	11,100	-	11,100
Liabilities under finance lease agreement	-	1,740	6,009	7,749

Fair Value of Financial Instruments

The fair value of financial assets and liabilities approximate to the carrying value in the financial statements.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

- Cash and cash equivalents, restricted deposits with banks and accounts receivable- the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.
- Loans from bank, and accounts payable- trade and liabilities under finance leases, the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity.

28. CONTINGENT LIABILITIES

On 1 April 2015, a company, who owns land near the Company's factory area, sued the Company as a joint defendant with four other parties in the Civil Court for compensation caused by the Company's production process amounting to Baht 130.94 million of a total claim amount Baht 201.88 million, which includes interest at a rate of 7.50 percent per annum from 1 April 2015 to the expected payment date. The Civil Court determined that this is an environmental claim on 30 January 2017 subsequently disposed the case for the defendant No 3, 4 and 5. Currently, the Company has improved its factory to reduce the environmental impact. On 29 January 2018, the plaintiff's lawyer announced the results of examination by an independent expert that the sound volume near the factory area is as agreed upon by both parties. However, the plaintiff requested to have additional memorandum about the environmental impact. Thus, the Civil Court has scheduled for the result of the additional consideration on 23 April 2018.

In addition, the plaintiff is suing Government authorities in respect of the legality of the issuance of Company's factory license. Consequently, the Company has been subpoenaed as an interpleader by the Central Administrative Court. Currently, the Company is waiting for the order of the Central Administrative Court. However, the Company believes that their business operations are compliant with the law and there will be no any damages from such case. The Company therefore, has not set up any provision in the financial statements.

29. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting held on 14 February 2018, the Board of Director passed a resolution to propose to the Annual General Meeting of the Shareholders to approve dividend payment for the net profit for the year ended 31 December 2017 at Baht 0.60 per share, in which the interim dividend payment for the six-month period ended 30 June 2017 has been paid of Baht 0.25 per share for 531,987,443 shares, totaling Baht 133 million on 8 September 2017. The Company therefore, has remaining dividend payment for the period from 1 July 2017 to 31 December 2017 of Baht 0.35 per share, totaling not exceeding Baht 186.20 million.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized by the Board of Directors on 14 February 2018.

References

(a) Registrar

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone: (02) 009-9000 Fax: (02) 009-9991

(b) Debenture Holders' Representative

None

(c) Certified Public Accountants

Ms. Kanyanat Sriratchatchaval C.P.A. Registration No. 6549, or
Mr. Teerasak Chuasrisakul C.P.A. Registration No. 6624, or
Ms. Sansanee Poolsawat C.P.A. Registration No. 6977, or
Mr. Narin Juramongkol C.P.A. Registration No. 8593
Grant Thornton Co., Ltd.
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(e) Legal Advisors

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Telephone: (02) 233-6660-3 Fax: (02) 233-6664
2) Thep Law Office
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Telephone: (02) 278-1679-84 Fax: (02) 271-2367

(f) Investor Relegations Advisors

Online Asset Co., Ltd. (IR Plus)
466 Ratchadaphisek Road, Samsen Nok, Huay Kwang, Bangkok 10310
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(g) Advisors or Managers under management contracts

None

*37 Years
of Trust*
Best Quality Cylinder
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