

Sahamitr Pressure Container PLC.



# Annual Report 2019

39 YEARS OF TRUST



Best Quality Cylinder Since 1981

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# Vision

"Become One of the World Leading  
LPG Cylinder Manufacturer  
with environmental considerations  
for sustainable growth"

# 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 (current edition) was reviewed in the Board of Directors' Meeting no.1/2020, on 21 February 2020


















# 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	<a href="http://www.smpcplc.com">http://www.smpcplc.com</a> or <a href="http://www.smpc.co.th">http://www.smpc.co.th</a>
Head Office and Factory Address	92 Soi Thientalay7 (4th Intersection), Bangkhunthien-Chaitalay Road, Samaedam, Bangkhunthien, Bangkok 10150
Registered Capital	535,506,333 Baht with 535,506,333 Ordinary Shares
Issued and Paid-up Capital	535,506,333 Baht (2018: 535,506,333 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	<a href="mailto:info@smpcplc.com">info@smpcplc.com</a>
Investor Relations	
Miss Kanya Vipanurut	Accounting and Financial Director, and Company Secretary
Telephone	(02) 895-4139-54
E-mail	<a href="mailto:ir@smpcplc.com">ir@smpcplc.com</a>



# Company History

## 1 History, Changes and Significant Development

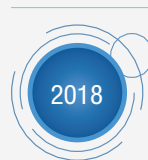
 1981	Officially registered as a limited company with a capital of 6.4 million Baht by the “Ekahitanond” family. The business was to manufacture LPG cylinders for domestic and international market with the first head office and factory at Bangmod, Bangkok with the starting capacity of 60,000 cylinders/year.	 2009	SMPC was fully accredited with ISO 9001:2008
 1985	SMPC LPG cylinders were officially certified with the product standard certification from Thailand Industrial Standards Institute (TISI).	 2010	SMPC was accredited with TIS 370-2552 (2009) for LPG cylinders for automobile in cylindrical and toroidal shape- the first manufacturer in Thailand.
 1988-1990	SMPC was awarded the “Outstanding Product of the Year-1988” by Sentangsettakij newspaper, and “Outstanding Production Facility Award of the year- 1990” by the Ministry of Industry.	 2012	SMPC launched new product- cylinders for automotive parts.
 1991-1992	SMPC was officially listed on the Stock Exchange of Thailand on 3 December 1991, and in 1992 in order to increase the capacity following the market expansion, SMPC has moved the head office and factory to the current location on Bangkhunthien Chaitalay Road, with the land of 28 Rai and over.	 2013	<ul style="list-style-type: none"> <li>- SMPC started construction of Factory 3, to increase the capacity from 5 million to 5.5 million cylinders per year in 2014.</li> <li>- SMPC was allowed to resume trading in the SET on 11 November 2013.</li> <li>- SMPC received certifications for two new products:               <ol style="list-style-type: none"> <li>1) 1-lb bottles with certification from Standards of USA (DOT) as refillable bottles replacing the disposable ones,</li> <li>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.</li> </ol> </li> </ul>
 1994	Due to the fast expansion of global market, SMPC constructed a new factory in Lamphun province with investment promotion from BOI.		
 1995	SMPC was fully accredited with ISO 9002 standard, and was the first cylinders manufacturer in Thailand with world class standard.		
 1997	Due to the Asian economic crisis, the Lamphun factory was shut down.	 2014	<ul style="list-style-type: none"> <li>- Capacity was increased to 5.5 million cylinders per year.</li> <li>- 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.</li> </ul>
 2001	All machineries in Lamphun factory were moved to the current factory to increase the capacity following market expansion, and to maximize the assets. The capacity was increased to 5 million cylinders per year.	 2015	<ul style="list-style-type: none"> <li>- Capacity was increased to 6.2 million cylinders per year.</li> <li>- SMPC won the Best Company Performance Awards for publicly listed companies with market capitalization of 3-10 billion Baht in SET Awards 2015.</li> </ul>
 2004	With continuous improvement and development, SMPC was fully accredited with ISO 9001:2000.		



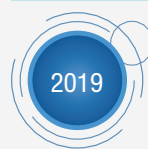
- SMPC was awarded with the Outstanding Performance of Environmental, Social and Governance (ESG 100) of the year 2016 by Thaipat Institute.
- On 22 April 2016, SMPC was certified as a Thai Practice Alliance Member of Private Sector Collective Action against Corruption (CAC)
- SMPC launched new product – 420 lb. cylinder, the largest cylinder type which is 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.



- 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.



- Received the "Certificate of ESG100 Company of the Year 2018" from the Thaipat Institute. SMPC was awarded with the outstanding performance in terms of Environmental, Social and Governance (ESG) for the third consecutive year.
- Improved the factory's efficiency and increased machinery. Therefore, the capacity was increased by 1.8 million cylinders per year, from 8.2 million to be 10.0 million cylinders per year since the fourth quarter of 2018.
- Purchased 17-1-24 Rai of land which is opposite to the factory. The premise is to increase working space and efficiency for product distribution. The new shop floor management will enhance future production expansion.



- On 4 February 2019, SMPC was approved for renewing as the member of Thai Practice Alliance Member of Private Sector Collective Action against Corruption (CAC). The duration of the accreditation is 3 years. (until 3 February 2022)
- On 29 October 2019, the Board of Directors' meeting no. 5/2019 passed a resolution of the principle for setting up the new overseas subsidiary, as an extension investment of the company. Currently, it is in progress.



## 2 Records of Capital Increases and Changes in Shareholders' Equity

Year	Records of Capital Increase/Decrease	Records of paying dividend
1983	Raised registered capital by 8.60 million Baht from 6.40 million Baht to 15 million Baht.	-
1990	Raised registered capital by 25 million Baht to 40 million Baht by allocating to the existing shareholders and offering to public.	-
1993	Raised registered capital by 80 million Baht to 120 million Baht by allocating to the existing shareholders.	-
1994	Raised registered capital by 120 million Baht to 240 million Baht by allocating to the existing shareholders.	-
2008	Issued new shares to the creditor bank as per the debt restructuring agreement amounted 26.67 million Baht, increasing the registered capital to 266.67 million Baht.	-
2010	Raised registered capital by 108.09 million Baht to 374.76 million Baht by allocating to the existing shareholders.	-
2012	Raised registered capital by 93.69 million Baht to 468.45 million Baht by allocating to the existing shareholders.	-
2013	The extraordinary general meeting of shareholders no.1/2013 on 13 December 2013 passed a resolution with majority vote for transferring the company's legal reserve of 0.98 million Baht, and premium on share capital of 43.90 million Baht, respectively, to offset the deficit in the interim financial statement as of 30 September 2013 of 44.88 million Baht. After clearing the deficit, the company's remaining premium on share capital was 6.10 million Baht.	-
2014	-	The Board of Directors' meeting no. 4/2014 on 14 August 2014 approved the payout of interim dividend from the 6-month operating period ended on 30 June 2014, to the shareholders at the rate of 0.75 Baht per share (par value of 10 Baht). SMPC paid the total dividend of 35.08 Million Baht on 12 September 2014.

Year	Records of Capital Increase/Decrease	Records of paying dividend
2015	<ul style="list-style-type: none"> <li>On 31 March 2015, the annual general meeting of shareholders passed the following resolutions:               <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>On 31 March 2015, in the Annual General Meeting of Shareholders passed the resolutions as follows               <p>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:</p> <ul style="list-style-type: none"> <li>Cash dividend at the rate of 0.15 Baht/share totaled 70.26 million Baht.</li> <li>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.</li> </ul> </li> <li>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 6-month 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.</li> </ul>
2016	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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 168.61 million baht.</li> <li>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 158.72 million Baht. The total dividend was paid on 9 September 2016.</li> </ul>

Year	Records of Capital Increase/Decrease	Records of paying dividend
2017	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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 179.90 million baht. The dividend was paid on 28 April 2017.</li> <li>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 132.99 Million Baht. The total dividend was paid on 8 September 2017.</li> </ul>
2018	<ul style="list-style-type: none"> <li>15 June 2018 was the third year (last 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 3,518,890 units were used which accounts for the increase of 3,518,890 ordinary shares. The company registered the changed capital with the Ministry of Commerce on 18 June 2018.</li> </ul>	<ul style="list-style-type: none"> <li>On 28 March 2018, the annual general meeting of shareholders passed a resolution to pay the dividend from the company's operating period ended 31 December 2017 at the rate of 0.60 Baht/share. The company already paid the interim dividend from the company's operating period during 1 January 2017 to 30 June 2017 at the rate of 0.25 Baht/share. On 8 September 2017, the company paid the remaining dividend from the operating period during 1 July 2017 to 31 December 2017 at the rate of 0.35 Baht/share, totaled 186.19 million baht. The dividend was paid on 27 April 2018.</li> <li>The Board of Directors' meeting no. 4/2017 held on 10 August 2018 approved to pay interim dividend from the company's operating period of 6 month ended 30 June 2018 to the shareholders at the rate of 0.30 Baht/share, with the amount of 535,506,333 shares, totaled 160.64 Million Baht. The total dividend was paid on 7 September 2018.</li> </ul>



Year	Records of Capital Increase/Decrease	Records of paying dividend
2019	<ul style="list-style-type: none"> <li>On 29 March 2019, the annual general meeting of shareholders passed a resolution to decrease 898,972 Baht of the registered capital, from 536,405,305 Baht to 535,506,333 Baht by selling out the unsold registered 898,972 shares at 1 Baht per share.</li> </ul>	<ul style="list-style-type: none"> <li>On 29 March 2019, the annual general meeting of shareholders passed a resolution to pay the dividend to shareholders from the company's operating period ended 31 December 2018 at the rate of 0.63 Baht/share. The company already paid the interim dividend from the company's operating period during 1 January 2018 to 30 June 2018 at the rate of 0.30 Baht/share on 7 September 2018. On 26 April 2019, the company paid the remaining dividend from the operating period during July 1 2018 to 31 December 2018 at the rate of 0.33 Baht/share, totaled 176.72 million baht.</li> <li>The Board of Directors' meeting no. 4/2019 held on 8 August 2019 approved to pay interim dividend from the company's operating period of 6 month ended 30 June 2019 to the shareholders at the rate of 0.24 Baht/share, with the amount of 535,506,333 shares, totaled 128.52 million Baht. The total dividend was paid on 6 September 2019.</li> </ul>

# Message from the Chairman

Dear Shareholders,

The year 2019 was known for the global economy's lack of stability, thus having an effect on the Thai business sector. This aforementioned lack of stability is the result of natural disasters, conflicts between countries in Europe and Asia, including the China/US trade war. The impact of global trade protection resulted in changes in business direction and the relocation of investment bases. Moreover, the withdrawal of the United Kingdom from the European Union (Brexit) may greatly affect the confidence of business investments.

This year, it is expected that the said economic unrest will globally affect financial economies of various countries which are still fluctuating and may further continue for another period of time. For the domestic factors, it was from the Thai baht appreciation. The mentioned internal and external factors affected business sectors, especially those of Thai exporters who will be required to adjust themselves to these changes.

For our company, more than 90 percent of the total revenue are from exports which is inevitably affected by the continuity of Thai baht appreciation. Therefore, the company has managed to reduce the impact on costs, by having periodic surveillance and adjustment plans in advance. The company purchases the main raw materials in foreign currencies to reduce the risk from exchange rates, therefore we are able to control the cost of raw materials. Moreover, the buying forward contract is one of the financial management tools. Having said that, the preparation has already been in place for such problems but its impact is still resulting in the decrease of total revenue, due to the Thai baht appreciation. This year, the company will continue to focus on the development of quality products, services, strategic planning and good corporate governance. Team work to present products and services that satisfy customers, opportunities from the Thai baht appreciation, speeding up the possibility of investment in overseas in various forms, building the new plant for expanding the production base, and considering joint investments with manufacturers to meet the needs of existing international customers for greater satisfaction were the keys for the company to retain the existing customers as well as gaining new customers, which can continuously grow the company's operating results.

Even in difficult situations, SMPC still stands firm in the industry and will grow the business continuously and sustainably by improving the quality of products and services, including seeking opportunities to run new businesses. On top of that, the company continues to focus on the importance of social and environmental responsibility, through projects that are beneficial to society, such as preserving nature and the environment, quality of life development, health, education, sport and religion, for employees and the surrounding communities around the factories, etc.

On behalf of the Board of Directors, I would like to thank the shareholders, domestic and international customers, business alliances, financial partners, employees, and all related parties that have always supported the company's operations. This is an integral part of the company's success. The board including the executives and company employees would like to reassure our dedication to develop the company for sustainable growth.



(Mr. Vinai Vittavasgarnvej)

Chairman



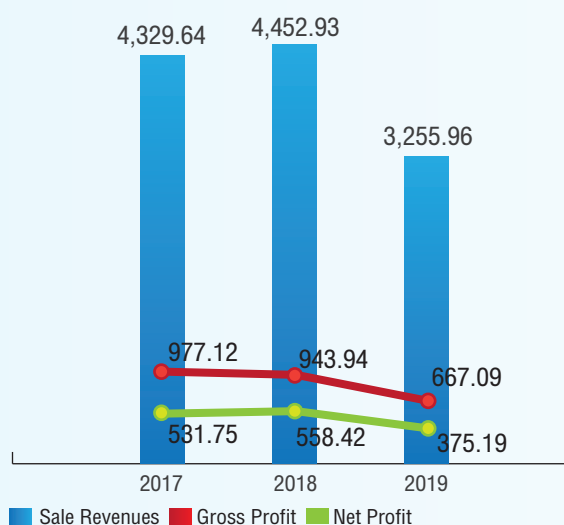
## Financial Summary (3 Years Comparison)

	Unit	2017	2018	2019
<b>Financial Position as at 31 December</b>				
Total Assets	Million Baht	2,447.94	2,704.84	2,472.88
Total Liabilities	Million Baht	918.95	943.05	641.12
Shareholder's Equity	Million Baht	1,528.99	1,761.79	1,831.76
<b>Operating Results</b>				
Net sale	Million Baht	4,329.64	4,452.93	3,255.96
Costs of sales	Million Baht	(3,352.51)	(3,508.99)	(2,588.87)
Gross profit	Million Baht	977.12	943.94	667.09
Other income	Million Baht	181.99	243.95	175.64
Selling expenses	Million Baht	(304.29)	(288.42)	(179.09)
Administrative expenses	Million Baht	(189.58)	(189.77)	(186.21)
Financial costs	Million Baht	(7.75)	(13.50)	(13.66)
Income tax benefit (income tax)	Million Baht	(125.74)	(137.78)	(88.58)
Income for the year	Million Baht	531.75	558.42	375.19
Estimated loss by actuarial mathematics				
- Net of taxes	Million Baht	(4.02)	-	-
Comprehensive income for the year	Million Baht	527.73	558.42	375.19
Basic earnings per share	Baht/Share	1.00	1.05	0.70
Book Value Per Share	Baht/Share	2.87	3.29	3.42
Dividend Payout Per Share	Baht/Share	0.60	0.63	0.42
<b>Financial Ratios</b>				
Sales Growth	%	24.69	2.85	-26.88
Gross Profit Margin	%	22.57	21.20	20.49
Net Profit Margin (By total revenue)	%	11.79	11.89	10.93
EBITDA margin	%	15.73	16.03	15.27
Return on Equity	%	37.67	33.94	20.88
Return on Assets	%	29.02	27.02	17.91
Current Ratio	Times	1.61	1.69	2.20
Quick Ratio	Times	0.77	0.67	1.07
Debt to Equity Ratio*	Times	0.20	0.31	0.08
Interest Coverage Ratio	Times	92.53	56.78	39.38
<b>Stock Price</b>				
	As of	<b>29/12/17</b>	<b>28/12/18</b>	<b>30/12/19</b>
Closing Price	Baht/Share	14.30	12.50	6.35
Market Cap	Million Baht	7,607.42	6,693.83	3,400.47

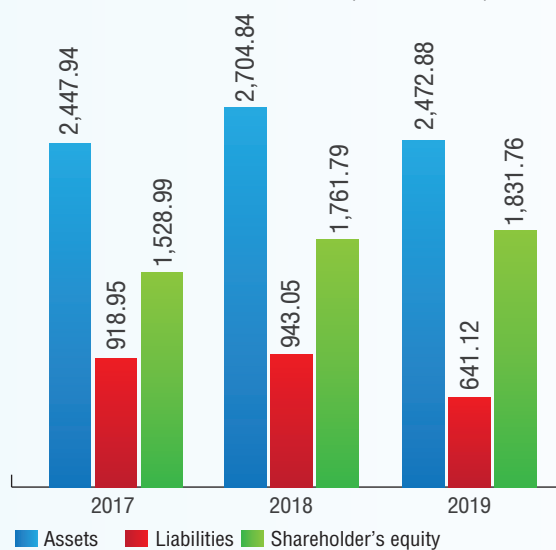
Note:

1. The company has reclassified sales and other income items in the financial statements for the year ended 31 December 2018 and 2017 to be in line with the current accounting classification.
2. Debt to equity ratio is calculated only from interest bearing debt
3. Please refer to "Securities and Shareholders" for dividend payment.

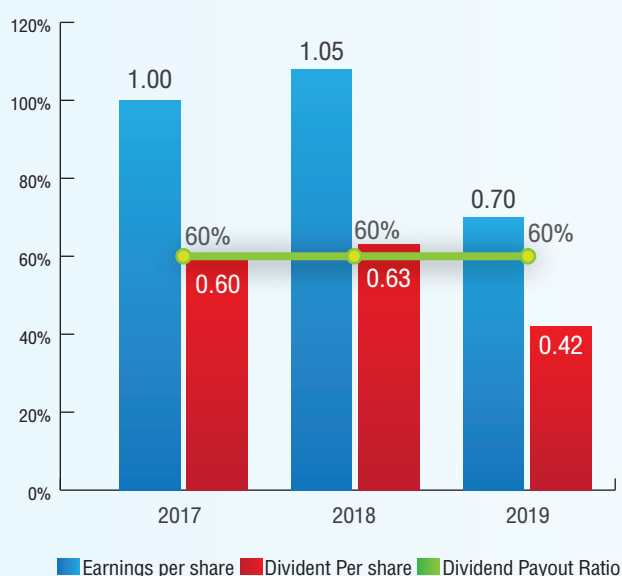
1. Profitability (Million Baht)



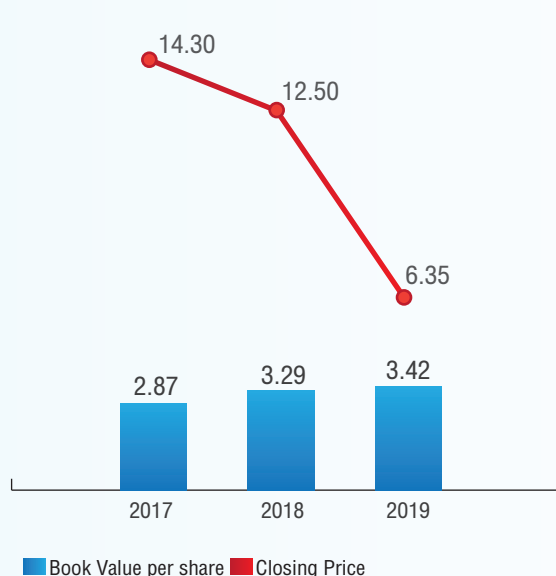
2. Financial Position (Million Baht)



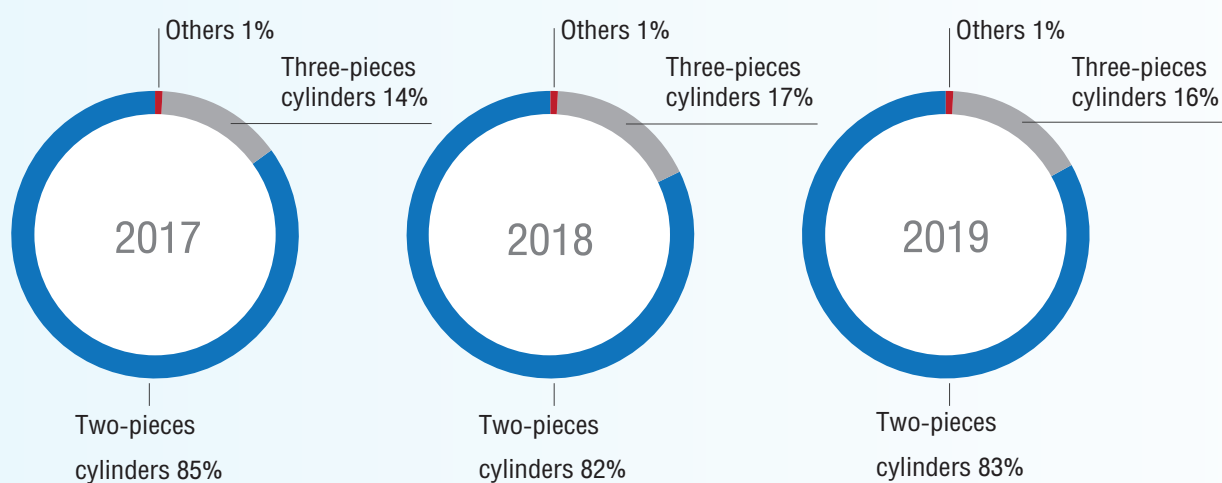
3. Earnings Per Share (Baht/Share)



4. Book Value (Baht/Share)



5. Segmentation by Sale type



# Board of Directors



Mr. Vinai Vittavasgarnvej



Mrs. Ubol Ekahitanond



Mrs. Supha Phromsaka Na Sakolnakorn



Mr. Taidee Visavaveja



Mr. Surasak Urpsirisuk



Mrs. Patama Laowong



Mr. Thanathit Charoenjan



Mrs. Werawan Boonkwan



Associate Professor Dr. Jade Donavanik



# Management Team



Mrs. Ubol Ekahitanond



Mrs. Supha Phromsaka Na Sakolnakorn



Mr. Taidee Visavaveja



Mr. Surasak Ursirisuk



Mrs. Patama Laowong



Mr. Thamik Ekahitanond



Mr. Jerawut Laowong



Mr. Jirasak Phromsaka Na Sakolnakorn



Miss Kanya Vipnurut

## Mr. Vinai Vittavasgarnvej



69 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
- The Ninth Batch, Senior Executive Program by Capital Market Academy (CMA)
- Class of 2004, Thailand National Defence College (TNDC)

#### Percentages of Shareholding (%)

0.02

#### Family Relationships with Management

(None)

#### Professional Background (Past 5 years)

- (2019-Present) : Independent Director, Audit Committee, and Corporate Governance Committee, Charoen Pokphand Foods Public Company Ltd.,
- (2018-Present) : Independent Director and Chairman, JSSR Group Public Company Ltd.,
- (2015-Present) : Independent Director, Deputy Chairman, and Chairman of Audit Committee, Srisawad Corporation Public Company Ltd.
- (2012-Present) : Chairman and Independent Director, Sahamitr Pressure Container Plc.
- (2012-Present) : Independent Director and Chairman of Audit Committee, Ekarat Engineering Public Company Ltd.,
- (2016-2019) : Independent Director and Audit Committee, Syn Mun Kong Insurance Public Company Limited.,
- (2011-2015) : Chairman, Bangkok Dec-Con Public Company Limited

#### Director Positions in other companies (at present)

- 3 Listed Companies
  1. Independent Director, Audit Committee, and Corporate Governance Committee, Charoen Pokphand Foods Public Company Ltd.
  2. Independent Director, Deputy Chairman and Chairman of Audit Committee, Srisawad Corporation Public Company Limited
  3. Independent Director and Chairman of Audit Committee, Ekarat Engineering Public Company Limited
- 1 Non-Listed Company
  1. Independent Director and Chairman, JSSR Group Public Company Limited

## Mrs. Ubol Ekahitanond



78 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(%)

3.25

#### 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



80 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 (%)

(None)

### 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. Taidee Visavaveja



80 years

**Director**

### Education

- Bachelor of Engineering-Mining Engineering,  
Chulalongkorn University

### Training

- DCP and DAP by IOD
- Accounting for Non-Accountant

### Percentages of Shareholding (%)

5.14

### 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)

## Mr. Surasak Urpsirisuk



67 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 (%)

0.10

### 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)

## Mrs. Patama Laowong



51 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 (%)

24.08

### 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

### Professional Background (Past 5 years)

- Listed Companies

(None)

- Non-Listed Companies

(None)

## Mr. Komin Linphrachaya

(Resigned 1 August, 2019)



55 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 (%)

(None)

### Family Relationships with Management

(None)

### Professional Background (Past 5 years)

- (2015-2019) : Independent Director and Chairman of Audit Committee, Sahamitr Pressure Container Public Company Limited.
- (2015-2019) : Nomination and Compensation Director, Thanasiri Group Public Company Limited.
- (2008-Present): Independent Director and Audit Committee, Thanasiri Group Public Company Limited.
- (2013-2018) : Director, L Medical Solutions Company Limited.
- (2006-2018) : Chief Finance Officer, Loxley GTECH Technology Co., Ltd.

### Director Positions in other companies (at present)

- Listed Companies  
(None)
- Non-Listed  
(None)

## Mr. Thanathit Charoenjan

(Appointed 1 August, 2019)



52 years

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

### Education

- MBA, Sloan School of Management, Massachusetts Institute of Technology (MIT), Cambridge, USA.
- Master of Science (Computer), Engineering, Chulalongkorn University
- Bachelor of Accountancy, Thammasat University

### Training

- DCP and DAP by IOD

### Percentages of Shareholding (%)

(None)

### Family Relationships with Management

(None)

### Professional Background (Past 5 years)

- (August 2019-Present): Independent Director and Chairman of Audit Committee, Sahamitr Pressure Container Public Company Limited.
- (2019-Present) : Independent Director and Chairman of Audit Committee, Globlex Securities Co., Ltd.
- (2019-Present) : Chief Transformation Officer, General Electronic Commerce Services Co., Ltd.
- (2010-Present) : Founder and CEO, Rizberry Co., Ltd.
- (1998-Present) : Founder, Greenfood Global Co., Ltd.
- (1992-Present) : Partner AST Master Co., Ltd.
- (2015-2019) : Chief Retail and Commercial Group Officer, TCC Group, Asset World Corporation Plc.
- (2014-2015) : Chief Corporate Officer, TCC Group, Asset World Corporation Plc.

### Director Positions in other companies (at present)

- Listed Companies  
(None)
- 1 Non-Listed Company
  1. Independent Director and Chairman of Audit Committee, Globlex Securities Co., Ltd.



## Mrs. Werawan Boonkwan



50 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
- IC License by SET

#### Percentages of Shareholding (%)

(None)

#### Family Relationships with Management

(None)

#### Professional Background (Past 5 years)

(Aug 2019-Present) : Financial Consultant, BBL Asset Management Co., Ltd.,  
(Aug 2019-Present) : Financial Consultant, Bangkok Insurance Public Company Ltd.,  
(Aug 2019-Present) : Financial Consultant, Bangkok Life Assurance Public Company Ltd.,  
(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)

##### • 1 Listed Companies

1. Independent Director and Audit Committee, Chukai Public Company Limited

##### • 1 Non-Listed Companies

1. Director and Financial Manager, BBB & V Company Limited

## Associate Professor Dr. Jade Donovanik



47 years

### Independent Director and Audit Committee

#### Education

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

#### Training

- DAP by IOD

#### Percentages of Shareholding (%)

(None)

#### Family Relationships with Management

(None)

#### Professional Background (Past 5 years)

(2017-Present) : President of Law Faculty, College of Asian Scholars.  
(March 2015-Present) : Independent Director and Audit Committee, Sahamitr Pressure Container Public Company Ltd.  
(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 Office  
(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, Krirk University, Siam University, College of Asian Scholars, etc.  
(2014-2017) : Adjunct professor, Department of Law, Faculty of Social Science, Kasetsart University

#### Professional Background (Past 5 years)

##### • Listed Companies

(None)

##### • 4 Non-Listed Companies

1. Director, Esneuva Company Ltd.
2. Director, Research X Company Ltd.
3. Director, Jeerada Company Ltd.
4. President, Law Office Management Co., Ltd.

## Mr. Thamik Ekahitanond



50 years

**Assistant Managing Director (Factory)**

### Education

- Bachelor of Communications, Bangkok University

### Training

- EDP by Thai Listed Companies Association

### Percentages of Shareholding (%)

10.15

### 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



43 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 (%)

0.04

### 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



53 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 (%)

7.06

#### 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.

#### Director Positions in other companies (at present)

- Listed Companies  
(None)
- Non-Listed Companies  
(None)

## Miss Kanya Vipanurut



50 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 (%)

0.04

#### 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.

#### Director Positions in other companies (at present)

- Listed Companies  
(None)
- Non-Listed Companies  
(None)

#### Note:

1. Shareholding information is the latest one as of 22 August 2019 including that of spouse and minor child.
2. 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.
3. 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*
1. Mrs. Ubol Ekahitanond	Director	/	Chairman	
2. Mrs. Supha Phromsaka Na Sakolnakorn	Director	/		/
3. Mr. Taidee Visavaveja	Director	/		
4. Mr. Surasak Urpsirisuk	Managing Director	/	/	/
5. Mrs. Patama Laowong	Senior Vice President (Office)	/	/	/
6. Mr. Thamik Ekahitanond	Assistant Managing Director (Factory)		/	
7. Mr. Jerawut Laowong	Assistant Managing Director (Factory)		/	
8. Mr. Jirasak Phromsaka Na Sakolnakorn	Assistant Managing Director (Factory)		/	

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 for household use. SMPC cylinders containing liquefied petroleum gas for cooking, are manufactured from high quality hot rolled steel sheet, which is strong and durable. Their thickness and specification are different according to each country's requirement 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 18-300 kg. (43-1000 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 focuses on research and development as well as production process in order to enhance the quality and value added to our product. SMPC also applies new technology to deliver the best product which satisfies customers' need. In 2019, the company has developed the production process to launch new products as follows

1.2.1 RFID / Barcode / QR Code Cylinder Tracking. Customers in some countries need technology for the purpose of product tracking and inventory management. Therefore, SMPC has developed the production process by increasing the RFID spot, Barcode, and QR Code to be in accordance with customers' need. As a result, the company gains trust and satisfaction from our customers continuously.

1.2.2 The 200, 250, and 300 kg. LPG cylinders with the water capacity of up to 1000 liters.

The products were jointly researched and developed by the company and customers in Korea. These sizes of cylinders are convenient for customers because they replace many small cylinders, hence improving space management. They also reduce the maintenance cost related to the gas, such as valves, pipes, etc.

1.2.3 The 40 and 100 lb. LPG cylinders mounting with wheels. The company produce these moveable product for more convenience to the customers.

1.2.4 The 190 kg. LPG cylinders, with 3 layers coated for better rust protection. The product was jointly developed with the painting company in order to have the color coating with improved rust proof.



2. Automotive LPG Cylinder which is manufactured from the high quality of hot rolled steel sheet, with modern production process, is accredited by Thai Industrial Standard, (TIS 370), and international standard. At present, the company is able to produce all sizes of cylinder from 25 to 133 liters. It 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 and niche market customers, with sizes in the range of 7-133 liters, such as follows

3.1 Cylinder as automotive parts

3.2 Methyl Bromide cylinders

3.3 Refrigerant cylinders,

3.4 Chlorine cylinders

3.5 Ammonia cylinders

3.6 LPG cylinders for forklifts

3.7 Lubricant cylinders,

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 low 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	- International Standards (ISO)
America	<ul style="list-style-type: none"> <li>- Standards of USA (ASME and DOT)</li> <li>- Standards of Canada (TC)</li> <li>- Standards of Venezuela (COVENIN)</li> <li>- Standards of Peru (NTP)</li> <li>- Standards of Jamaica (JS)</li> </ul>
Asia	<ul style="list-style-type: none"> <li>- Standards of Taiwan (NFA)</li> <li>- Standards of Indonesia (SNI)</li> <li>- Standards of Philippines (PNS)</li> <li>- Standards of Singapore (SS)</li> <li>- Standards of Sri Lanka (SLS)</li> <li>- Standards of Korea (KGS)</li> <li>- Standards of Israel (SI)</li> <li>- Standards of United Arab Emirates (UAE ISO)</li> </ul>
Australia	- Standards of Australia (AS)
Europe	<ul style="list-style-type: none"> <li>- Standard as per EU Directives (TPED)</li> <li>- Standards of United Kingdom (BS)</li> <li>- Standards of European Union (EN)</li> </ul>
Africa	<ul style="list-style-type: none"> <li>- Standards of Kenya (KSISO)</li> <li>- Standards of South Africa (SABS)</li> <li>- Standards of Nigeria (NIS)</li> <li>- Standards of Cameroon (NC)</li> </ul>

## 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, without inventory stock.

The cylinders under "SMPC" trademark are mostly the domestic automotive cylinders. The company produces the "SMPC" cylinders according to the sales forecast and the minimum buffer stock, in order to reduce inventory cost and risk from damage or obsolete.

### 3. Production Capacities

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

Item	Unit	Year 2017*	Year 2018**	Year 2019
Manufacturing Capacity	Million cylinders	7.7	8.65	10.0
Utilization Rate	%	89%	80%	56%

\* 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.

\*\* In the fourth quarter of the year 2018, the capacity increased to 10.0 million cylinders per year, so on average the capacity is at 8.65 million cylinders per year.

### 4. Revenue Structure

SMPC product line is pressure vessels of various sizes in the range of 0.45-300 kg. (0.9-1000 liters).

The revenue structure can be segmented by geographic as follows:

Market	Year 2017		Year 2018		Year 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic Market	242.82	6	266.77	6	309.42	10
International Market	4,086.82	94	4,186.15	94	2,946.54	90
<b>Total</b>	<b>4,329.64</b>	<b>100</b>	<b>4,452.93</b>	<b>100</b>	<b>3,255.96</b>	<b>100</b>

In 2019, there was no customer whose its sales proportion was 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) Non-regular 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

More than 50% of the domestic market for LPG cylinders is through bidding. The LPG cylinders used in Thailand, are the sizes 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 at 3-5%

For the market of other cylinders such as air tanks, ammonia, chlorine, especially cylinders for refrigerant are becoming popular among the customers in refrigeration industry. Because of the environmental conservation campaign, the demand of refillable cylinders for refrigerant is higher in Thailand. The purchasing orders of cylinders for forklift truck also have increased significantly, comparing to the prior year.

Besides, the company provides the customers with the reconditioning service for cylinders under section 7. There is continuous demand of quality control and maintenance services for cylinders.

At present, the major domestic customers are PTT Plc., WP Energy Plc., 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

Because of the global economic recession, customers from international market have delayed the purchasing order. Thus the growth was not as expected. However, customers from developing countries still need cylinders continuously, especially countries from Asia and Africa. At 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. This year, the growth of worldwide LPG's consumption rate is at 4.7%

Regarding to the U.S. anti-dumping and subsidies policy of cylinders imported from Thailand and China, and new tariff of importing cylinders from Thailand which is in lower rates than that of China, thus sales volume of our company in U.S.A has been increasing.

From the LPG consumption data by continent, countries in Asia Pacific and Africa, major market of the company, still have potential to grow continuously. From the news of LPG price subsidies in each country, it is the important factor that affects the need for cylinders. Besides, government in many countries have subsidized the LPG price. Therefore, consumers can afford to use LPG. Though, LPG price in the future may increase, but from the past experience, it will not affect long term demand for LPG. In fact, consumer behavior has changed. Using LPG is more convenient, and safer for health than that of firewood. As a result, there is continuing LPG demand. 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 39 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

### Competitions in the Industry

The international market for LPG cylinders is marketing under the trademarks of the customers, world-class oil and gas traders such as Total, SHV Energy, Royal Dutch Shell, Exxon Mobil, (They all set up companies in the countries where the potential market of SMPC are), and local LPG traders in each country. 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. The buyers have high bargaining power, making the competitions intense. Therefore, it drives the competitions towards pricing as key. However, 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.

Republic of Turkey is the major country that produces and exports the low pressure vessels. Its currency depreciation from the Turkey economic crisis seems to favor their price competition. However, its crisis has not much affected to SMPC's sales revenue, due to our sales area are different from that of Turkey. So it has not much affected to our customer's purchase order. Nevertheless, the company still have to closely monitor the fluctuation of Turkey's currency, including other competitor countries. Besides, competitors that are the key players are the manufacturers from China. They are the producers and the exporters in the major market. However, SMPC still has competitive advantage over China manufacturers, in terms of tariff barrier in U.S., which is the major and large market.

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 10.0 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. There are limitations that the new entrants have to consider, not only the high investment, but also the different requirements of each customer from different countries. 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. SMPC has been in the cylinder industry for a long time, with expertise in production. The company has built and developed own production machines and improved the production process to the highest efficiency. SMPC's staffs also have long experience in the industry. As a result, the company has cost competitive advantage. Moreover, the production of large quantities creates economy of scale. 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.

### Threat of Substitute Product

Cylinders made from composite material, is the innovation created for replacing the steel cylinder. However, the price of composite cylinders is double of the price of steel cylinder. Besides, composite is not the recycle material which is against to the environment conservation. The composite cylinders have tendency to leak more than that of steel cylinders, therefore it is not widely used by consumers.

Besides, electric stove, the innovation not directly related to the LPG cylinder industry, can usually be used in the building, while the LPG cylinder has the limitation of only be used in the house and remote area.

### Supplier's Bargaining Power

The key raw material for the manufacturing is hot-roll 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. The company considers the new suitable suppliers as well. Therefore SMPC is able to procure raw materials at the fair prices according to the market.



## 7 Business Direction

From the company's vision: "Sustainably Become One of the World Leading LPG Cylinder Manufacturer." together with the operations and expertise in the LPG cylinders business for longer than 39 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. SMPC conducts research and development continuously in order to launch new products that can add value to the business of our customers, hence responding to customer's need and the market need that is more complex. As a result, 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. On top of that, the company also jointly develops business with the customers in order to assist, recommend, as well as deliver the best product. Therefore, the company is able 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. 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 expenses 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, improves production process to be eco-friendly, and reduce the use of inefficient energy.

- 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, and capabilities.

- 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.

- 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.

#### Competitions in the Future

- The overall market situation is expected to continue to grow, following the increase of populations and households in all regions. 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. The oil price has decreased from prior year, which directly affected the demand of LPG because LPG price decreased in accordance with the oil price. 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. SMPC has launched the 200, 250, and 300 kg. LPG cylinders, which are in good trend. In the future, they are expected to be in highly demand. Apart from that, the company has developed the LPG cylinders with mounting wheels, and the 3 layers coating innovation in order to deliver the best products to our customers.

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 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, if not properly monitored. However, the company always follows the mission to operate the business with sustainable eco- friendly in mind, otherwise 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. Besides, the company received the certification approval for ISO 14001:2015, the Environmental Management Standard, on 26 December 2017. (Please see details in "Social Responsibility")

## 2 Exchange Rate Fluctuation Risk

The company is mainly an exporter (sales from the export contributes more than 90% of total sales revenue) with the income in foreign currencies from trading transactions; 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 2019, the company has imported raw materials amounting to 65% of the total demand for raw materials and equipment. 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.

### 3 Raw Material Shortages and Price Fluctuation Risk

Hot rolled steel is the main raw material in manufacturing LPG cylinders, and accounts for about 52% 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*

For the long-term contracted sales, normally it 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 purchasing on spot, the company purchases the steel at the same price as when submit the quotation in order to reduce the impact of the price fluctuation. For the large order, which takes several months in delivery, the company normally makes contract with the steel manufacturer in advance in order to reduce the price fluctuation of raw materials. Apart from that, for the efficiency of production and sales management, if the steel price decreases, the company would order steel of particular size that is routinely used for inventory stock. The appropriate purchase order is determined from the sales forecast plus the estimation of the customers' demand based on their past orders and the current economic situation. In addition, the company also closely monitors any changes 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 risk management on the fluctuation of raw material price, which maybe the factor that company is not able to achieve the target of sales and profit, the management team 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.

#### 4 The Risk from Major Customer

SMPC sometimes have the major customers who contribute more than 10% of total sales, which comes across with the economic situation from some countries. These customers were from countries in South of Asia during 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 was high demand of new gas cylinders from these countries. However, the company did not have major customers who contributed more than 10% of total sales in 2018 and 2019.

##### *Company Direction*

SMPC manages the risks by increasing sales distribution in various regions and penetrating to new market, in order to increase the variety of customers. Normally, customers from different regions have different timing of demand. Therefore the company can manage to have the consistent production plan throughout the year. Besides, SMPC has good relationship with major customers. The company is able to satisfy customer by good quality of products, timely delivery, and fair price, hence receiving continuous purchase orders.

#### 5 Substitute Products Risk

At 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 repairable 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.

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

The company's customers are mainly from the developing countries, which is currently has low consumption rate of cylinders because the countries just started to invest in storage plants and filling plants. The local 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. There are also other external factors on the international trading and economics policy such as the investigation of the United States of America, regarding to the dumping and subsidies policy of cylinders imported from Thailand and China.

#### *Company Direction*

SMPC is always monitoring market situation, and studying the possibility to invest in the countries with high potentiality, and take all kinds of risks into account. On top of that, the company plans to do marketing jointly with the high potential local manufacturer, selling product under SMPC brand. The company also expects the positive impact from the international trading and economics policy. Nevertheless, SMPC will closely monitor the situation.

### 7 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.

### 8 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.

## 9 The Risk from Non-Compliance with the Related Law.

The company has the risk from not compliance with the related law, which may result in paying a fine or temporarily business shut down.

### *Company Direction*

To prevent from the production and business shut down, each department is assigned to consistently consolidate and follow up with the information and related law. The system management department is the center to consolidate the relevant law from each department to investigate the status for renewing all licenses.

## 10 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 is arranging decentralization to top and middle management, and studying the succession plan as directions to implement. The Board of Directors' meeting no. 7/2019 held on 20 December 2019, has already passed a resolution to set up the nomination committee. The committee will review the appropriate directions. (Please see details under topic "Management Structure", section 5 "Succession Plan")

## 11 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.

## 12 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 from letter of guarantee. The higher cost will be reduced when using the raw materials for production and exporting the products. Nevertheless, the Safeguard was cancelled on 26 February 2019, thus the company no longer bears this additional financial cost.

### *Company Direction*

Though the company does not have impact from the tariff by the safeguard policy, the company will be able to reduce the Bank fee and financial cost from the working capital in the future, if any. The company will promptly prepare all documents to expedite the refund process.

# Securities and Shareholders

## 1 Registered Capital and Paid-up Capital

	As of December 2018	As of December 2019	Increase (Decrease)
Registered Capital (Baht)	536,405,305	535,506,333	(898,972)
Ordinary Share (share)	536,405,305	535,506,333	(898,972)
Par value (Baht/share)	1.00	1.00	-
Paid-up Capital (Baht)	535,506,333	535,506,333	-
Ordinary Share (share)	535,506,333	535,506,333	-
Par Value (Baht/share)	1.00	1.00	-

### Change in Paid-Up Capital

On 29 March 2019, the 2019 annual general meeting of shareholders passed a resolution to decrease 898,972 Baht of the registered capital, from 536,405,305 Baht to 535,506,333 Baht by selling out the unsold registered 898,972 shares at 1 Baht per share. SMPC already registered with the Department of Business Development, Ministry of Commerce on 9 April 2019.

## 2 Shareholders

### (A) Top 10 major shareholders

The list of top 10 major shareholders as of 22 August 2019 (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	128,971,112	24.08
- Mr. Thamik Ekahitanond	54,337,281	10.15
- Mrs. Ubol Ekahitanond	17,395,915	3.25
<b>Total of Group of Ekahitanond and Laowong</b>	<b>200,704,308</b>	<b>37.48</b>
2. Mrs. Benjawan Tharincharoen	46,740,676	8.73
3. Mr. Jirasak Phromsaka Na Sakolnakorn	37,785,000	7.06
4. Mr. Taidee Visavaveja	27,542,311	5.14
5. Mr. Bophit Phattrara-rangrong	23,370,000	4.36
6. Bangkok Bank (Public Co., Ltd.)	15,200,516	2.84
7. Mr. Samphan Vachirasakulchai	15,102,252	2.82
8. Mr. Bongkan Kanjanahan	11,086,556	2.07
9. Mr. Thavat Triwankul	9,791,900	1.83
10. Ms. Thanthida Euvongpravit	9,034,570	1.69
<b>Total of top 10 major shareholders</b>	<b>396,358,089</b>	<b>74.02</b>
Other shareholders	139,148,244	25.98
<b>Grand Total</b>	<b>535,506,333</b>	<b>100.00</b>

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 22 August 2019 (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	3,568	495,857,030	92.60	17	21,603,291	4.03	3,585	517,460,321	96.63
Foreigner	4	228,812	0.04	11	17,817,200	3.33	15	18,046,012	3.37
Total	3,572	496,085,842	92.64	28	39,420,491	7.36	3,600	535,506,333	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 22 August 2019 (information from last book closing date), there were 3.37% of share which owned by foreign shareholders.

#### 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:

	2018	2019
Net Profit per share	1.05	0.70
Interim Dividend (Baht/share)	0.30	0.24
Final Dividend (Baht/share) <sup>2</sup>	0.33	0.18
Total Dividend (Baht/share)	0.63	0.42
Par Value <sup>2</sup>	1.00	1.00
Payout Ratio	60%	60%

- Note:
1. The company has been paying dividend since 2014.
  2. The dividend of July-December 2019 was according to the resolution of the Board of Directors meeting no. 1/2020 on 21 February 2020, proposing to the 2020 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	Service Years
1. Mr. Vinai Vittavasgarnvej	- Chairman	- Independent Director	11 April 2012 - Present	7 years
2. Mrs. Ubol Ekahitanond	- Deputy Chairman	- Director representing major shareholder	27 April 2007 - Present	12 years
3. Mrs. Supha Phromsaka Na Sakolnakorn	- Director	- Director who is related party - Authorized Director	27 April 2001 - Present	18 years
4. Mr. Surasak Urpsirisuk	- Director	- Executive Director - Authorized Director	4 April 1995 - Present	24 years
5. Mr. Taidee Visavaveja	- Director	- Director representing major shareholder	8 April 1997 - Present	22 years
6. Mrs. Patama Laowong	- Director	- Director representing major shareholder - Executive Director - Authorized Director	10 September 1999 - Present	20 years
7. Mr. Thanathit Charoenjan (appointed 1 Aug 2019)	- Director - Chairman of Audit Committee	- Independent Director - Audit Committee - Director expertise in Accounting and Finance	1 August 2019 - Present	5 months
8. Mrs. Werawan Boonkwan	- Director - Audit Committee	- Independent Director - Audit Committee - Director expertise in Accounting and Finance	9 August 2013 - Present	6 years
9. Associate Prof. Dr. Jade Donovanik	- Director - Audit Committee	- Independent Director - Audit Committee	31 March 2015 - Present	4 years
<b>The committee who resigned during the year</b>				
1. Mr. Komin Linphrachaya	- Director - Chairman of Audit Committee	- Independent Director - Audit Committee - Director expertise in Accounting and Finance	30 April 2009 - 31 July 2019	10 years



Directors' shareholding in the company for the year 2019 and 2018 (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						
	2018 (as of 24 August 2018)			2019 (as of 22 August 2019)			Increase (Decrease) during the year
	Director	Spouse and Child (Sec.258)	Total	Director	Spouse and Child (Sec.258)	Total	
1. Mr. Vinai Vittavasgarnvej	94,000	-	94,000	94,000	-	94,000	-
2. Mrs. Ubol Ekahitanond	17,395,915	-	17,395,915	17,395,915	-	17,395,915	-
3. Mrs. Supha Phromsaka Na Sakolnakorn	-	-	-	-	-	-	-
4. Mr. Surasak Urpsirisuk	524,683	-	524,683	524,683	-	524,683	-
5. Mr. Taidee Visavaveja	19,631,953	7,910,358	27,542,311	19,631,953	7,910,358	27,542,311	-
6. Mrs. Patama Laowong	104,978,301	23,907,211	128,885,512	104,978,301	23,992,811	128,971,112	85,600
7. Mr. Thanathit Charoenjan (appointed 1 August 2019)	-	-	-	-	-	-	-
8. Mrs. Werawan Boonkwan	-	-	-	-	-	-	-
9. Associate Prof. Dr. Jade Donovanik	-	-	-	-	-	-	-
<b>The committee who resigned during the year</b>							
1. Mr Komin Linphrachaya (until 31 July 2019)	-	-	-	-	-	-	-

## 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 56-1), 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 report one's own or related person's vested interest, which is relevant to the company's management, can be investigated. This is to ensure the transparent management.
6. To set up the policy of the information disclosure, so that the confidential information will not be released. The information that may affect the share price, must be safe.

7. 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.
8. 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.
9. To appoint and set the roles and responsibilities for the sub-committees of audit, corporate governance, risk management, remuneration, and nomination committee, etc., for an efficient operation and the best interests of shareholders
10. To ensure appropriate channels to communicate with the shareholders and stakeholders.
11. To arrange the clear implementation for anyone who shall inform any suspicious or vested interest directly to the company or via website channel, by indicating the channel through the directors, audit committees, or the assigned persons by the committees. Also to arrange an investigation according to the company's process, and report findings to the board.
12. 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.

### Approval Authority of the Board of Directors

The Board of directors has the authority to approve the issues in accordance with the law, rules of the company, resolutions in the shareholders' meeting, including with setting and reviewing visions, missions, strategies, master plan of the operation, risk management policy, budget plan, annual business plan, setting up the required target for the work performance, monitoring and evaluating the operating result as per the plan, capital expenditure, connected transaction, subsidiary establishment, merger, business separation, joint venture, if any.

## 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
<ul style="list-style-type: none"><li>• Overseeing and ensuring that the business has long-term continuity and sustainable growth.</li><li>• Approving the company's policies, major investment projects, and critical transactions.</li><li>• Monitoring and following up the performance of the management to be in line with the approved policies with effectiveness and efficiency.</li></ul>	<ul style="list-style-type: none"><li>• Managing the company's business and determining the business strategies according to the authority delegated by the Board.</li><li>• Having authority to approve the general operating expenditures, and also investment, trade agreement, and other matters within the authority limit approved by the Board.</li><li>• Reporting the operations to the Board.</li></ul>

## 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 hold the board position not more than 5 listed companies simultaneously. There is no any exceptional cases.
- The independent directors' consecutive term of services is not more than 9 years from the date of their first appointment. There is no any exceptional cases.
- 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 2019, all of the Board of Directors have strictly complied with the code. No any director held the board position of more than 5 listed companies. Independent directors' term of service was 0.5-7 years which were not more than 9 years. SMPC disclosed the directors' directorship and years of service in the topic "Board of Directors". The company also revealed 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 2019 term (April 2019- March 2020), the Board has called for a total of 7 meetings as follows

Meetings	Number of meeting times
To review and approve the quarterly and annual financial statements	4
To follow up the management mid-year operations	1
To review and approve vision, mission, strategic plans, budgets, and the company's risks management and internal control system including anti-corruption.	1
To acknowledge the progress of the studying project for the oversea investment	1
<b>Total</b>	<b>7</b>

### 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. For passing the resolution, plurality vote is taken. If the votes are equal, the chairman of the meeting shall vote as the final decision.
2. Any director with a vested interest in any agenda item, must abstain from voting, and leave the conference room during the consideration of that matter.
3. When reaching to pass a resolution, at least two third of the total number of the attending directors must be present and have the rights to vote.
4. Each directors shall attend at least 75% of the total number of the Board of Directors' meetings held in each year.
5. Set the meeting of the Board of Directors at least 6 times per year. There will be 6 times of regular agenda meeting per year, which the directors will be informed at the beginning of the year so that they are able to schedule the meeting plan for joining. There might be additional meetings for the special agenda during the year, which the directors will be informed at least one month in advance.
6. Set the meeting of the Board of Directors, who are not the executives, without the management at least once per year.
7. 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 announce the meeting dates and the regular agendas at least 1 year in advance.
8. 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.

9. 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.

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

Name	Meeting Attendance							
	Board of Directors (times)	%	Audit Committee (times)	%	Independent Directors	%	General Shareholders	%
Number of Meetings per year	7		4		1		1	
1. Mr. Vinai Vittavasgarnvej	7/7	100	N/A	N/A	1/1	100	1/1	100
2. Mrs. Ubol Ekahitanond	5/7	71	N/A	N/A	N/A	N/A	1/1	100
3. Mrs. Supha Phromsaka Na Sakolnakorn	7/7	100	N/A	N/A	N/A	N/A	1/1	100
4. Mr. Surasak Urpsirisuk	7/7	100	N/A	N/A	N/A	N/A	1/1	100
5. Mr. Taidee Visavaveja	6/7	86	N/A	N/A	N/A	N/A	1/1	100
6. Mrs. Patama Laowong	7/7	100	N/A	N/A	N/A	N/A	1/1	100
7. Mr. Thanathit Charoenjan (since 1 August 2019)	5/5	100	3/3	100	1/1	100	N/A	N/A
8. Mrs. Werawan Boonkwan	7/7	100	4/4	100	1/1	100	1/1	100
9. Associate Prof. Dr. Jade Donovanik	7/7	100	4/4	100	1/1	100	1/1	100
<b>Director who resigned during the year</b>								
1. Mr. Komin Linphrachaya (until 31 July 2019)	2/2	100	1/1	100	N/A	N/A	1/1	100

During all the meetings in year 2019, the company and all of the Board of Directors have followed the company's policy on the meeting strictly and completely. However, there was 1 director who attended the meetings less than 75% of the total number of meetings because of sickness. On 29 March 2019, all directors (100% of total number of Board of Directors) attended the Annual General Meeting of Shareholders of the year 2019.

In this year 2019, SMPC held the first and 1 meeting of the Independent Directors without the executives. On 20 December 2019, in the Board of Directors' Meeting no 7/2019, the Board of Directors revised the vision, mission, corporate governance, and code of conduct in order to be applicable with the situation and business environment. The Board also passed a resolution to establish the 4 sub-committees of nomination, remuneration, corporate governance, and risk management in order for the objectives of management transparency and lifting up the good corporate governance.



## 2020 Board of Directors' Meeting Schedule

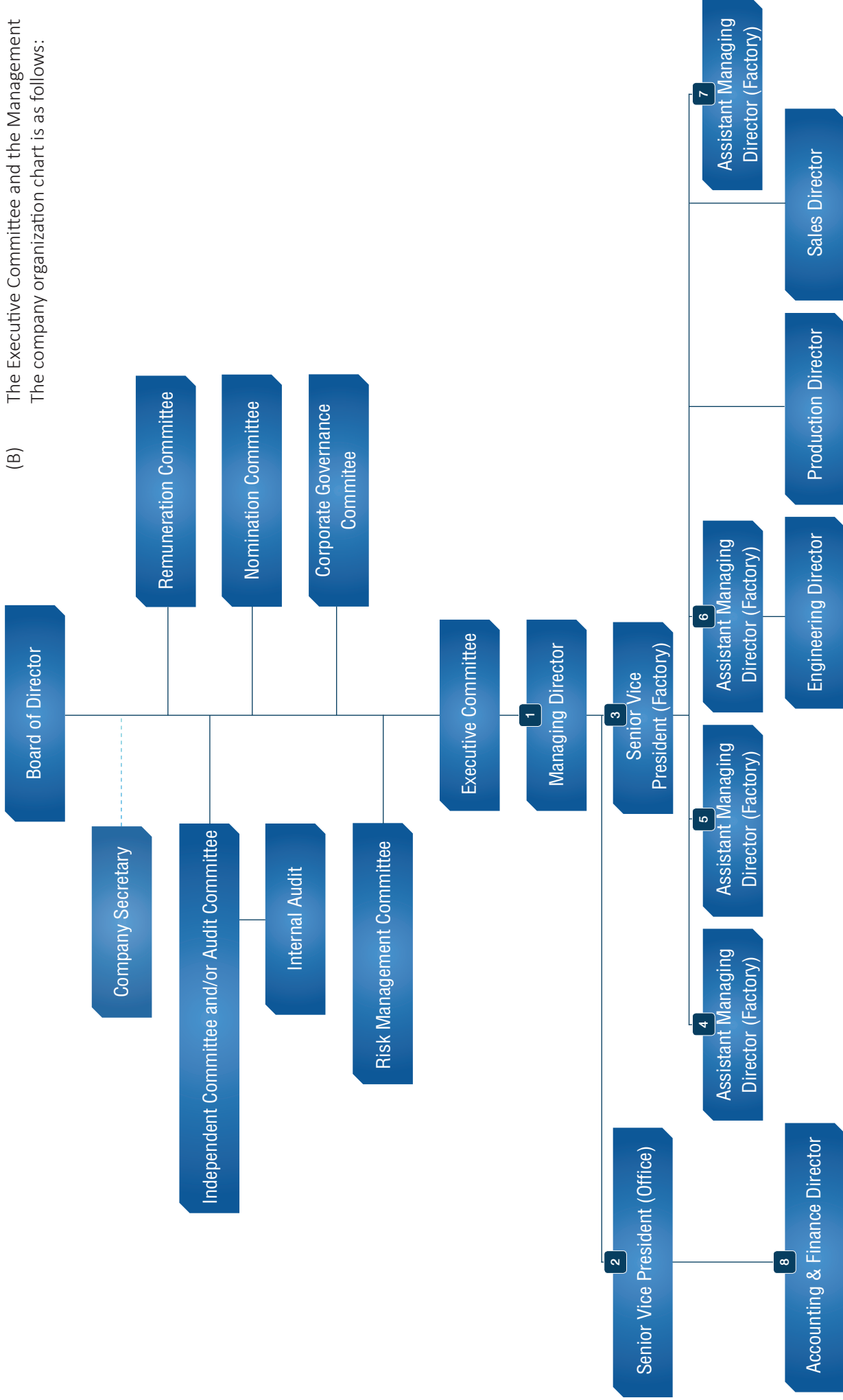
The Board of Directors' meeting no. 6 /2019 on 11 November 2019, and no. 7/2019 on 20 December 2019, has scheduled the 2020 Board of Directors' meeting plan (excluding the special agenda meeting) in advance as follows

No.	Board of Directors' Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Corporate Governance Committee Meeting	Risk Management Committee Meeting
1.	21 February 2020	21 February 2020	22 June 2020	22 June 2020	24 December 2020	24 December 2020
2.	11 May 2020	11 May 2020	24 December 2020	24 December 2020		
3.	9 July 2020	10 August 2020				
4.	10 August 2020	10 November 2020				
5.	10 November 2020					
6.	24 December 2020					

The meeting schedule may be adjusted as seen appropriate.



(B) The Executive Committee and the Management  
The company organization chart is as follows:



Item 1 to 8 are the management by the definition of the Stock Exchange of Thailand

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. Taidee Visavaveja	Director
4. Mr. Surasak Urpsirisuk	Managing Director
5. Mrs. Patama Laowong	Senior Vice President (Office)

As of 31 December 2019, 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 Vipnurut	Accounting & Financial Director, and Company Secretary

The shareholding of the Executive Committee and Management for the year 2019 and 2018 (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						
	2018 (as of 24 August 2018)			2019 (as of 22 August 2019)			Net Increase (decrease) during year
	Management	Spouse and Child (Sec.258)	Total	Management	Spouse and Child (Sec.258)	Total	
1. Mrs. Ubol Ekahitanond	17,395,915	-	17,395,915	17,395,915	-	17,395,915	-
2. Mrs. Supha Phromsaka Na Sakolnakorn	-	-	-	-	-	-	-
3. Mr. Surasak Urpsirisuk	524,683	-	524,683	524,683	-	524,683	-
4. Mr. Taidee Visavaveja	19,631,953	7,910,358	27,542,311	19,631,953	7,910,358	27,542,311	-
5. Mrs. Patama Laowong	104,978,301	23,907,211	128,885,512	104,978,301	23,992,811	128,971,112	85,600
6. Mr. Thamik Ekahitanond	54,337,281	-	54,337,281	54,337,281	-	54,337,281	-
7. Mr. Jerawut Laowong	188,000	-	188,000	188,000	-	188,000	-
8. Mr. Jirasak Phromsaka Na Sakolnakorn	36,092,600	-	36,092,600	37,785,000	-	37,785,000	1,692,400
9. Ms. Kanya Vipnanurut	188,000	-	188,000	188,000	-	188,000	-

### 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

During 2019, 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.

Nevertheless, on 20 December 2019, the Board of Directors' Meeting no.7/2019, passed a resolution to set up the 4 sub-committees of remuneration, nomination, corporate governance, and risk management. The policy of Board Skill Matrix was set as a direction to define the qualifications of the committee. The committee of nomination comprises of 3 directors, and more than 50% of them are the independent directors, which will nominate committees and directors who are qualified, to be proposed to the Board of Directors.

### (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. Thanathit Charoenjan (appointed 1 August 2019)	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
<b>The director who resigned during the year</b>		
1. Mr. Komin Linphrachaya (until 31 July 2019)	Director Chairman of the Audit Committee	Accounting and Finance 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:

- a) The Chairman of the Board and the Managing Director is the same person.
- b) The Chairman of the Board is not an Independent Director.
- c) The Chairman of the Board and the Managing Director are immediate family members.
- d) 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. Thanathit Charoenjan (appointed 1 August 2019)	Chairman of the Audit Committee	Accounting and Finance Expert
2. Mrs. Werawan Boonkwan	Audit Committee	Accounting and Finance Expert
3. Associate Prof. Dr. Jade Donovanik	Audit Committee	Law expert
<b>The director who resigned during the year</b>		
1. Mr. Komin Linphrachaya (Until 31 July 2019)	Chairman of the Audit Committee	Accounting and Finance 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 56-1 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 Vipanurut	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 2019, 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-Committee**

In 2019, the company has not set up the sub-committee. The operation work of nomination, remuneration, risk management, and corporate governance were under the good corporate governance of the Board of Directors. However, Board of Directors' Meeting no. 7/2019 passed a resolution to appoint the 4 sub-committees, which are remuneration, nomination, corporate governance, and risk management, and also determine the Board Skill Matrix, so that the committee nomination will be correlated with the strategies and business direction of SMPC. The 4 sub-committees will be in effective 2020 onwards, as follows

## 2.1 Remuneration Committee

### Roles and responsibilities of the remuneration committee

1. To review and propose criteria of the remuneration to be in accordance with the roles and responsibilities of the directors by relating with the compensation and performance of the company, and comparing to other companies in the same or similar industry, in order to motivate and retain the director who is talented with good quality and potentiality. Board of Directors will consider and give comment, before proposing to the Annual General Meeting of Shareholders for an approval.
2. To yearly evaluate and adjust the remuneration package to be suitable for the top executive. The package should be correlated with the performance, by using the target, and criteria that relating to the short and long term strategic and operating plan, then proposing to the Board of Director for an approval

During 2019, Remuneration Committees has not yet performed the duties. But the company applied the appropriate remuneration by taking into account the remuneration data comparable to other companies of similar size, and the company performance as deciding criteria. The employee and management's remuneration will be under the consideration of the Executive Committee.

## 2.2 Nomination committee

### Roles and responsibilities of the nomination committee

1. Review the structure and composition of the Board of directors, including the number of directors at the parity with appropriate mix of sizes, type of industries, complexity of business, and directors' qualification, skill, experiences, expertise relating to the core business or industry of the company. Board Skill Matrix is to be in place, so that the committee nomination will be in accordance with the business direction of the company.
2. Review qualification of candidates for independent director positions. The independence must be at least according to the requirement of Securities and Exchange Commission.
3. Review the principles and procedures of recruiting the qualified candidates for director and executive management positions. Also to screen and recruit candidates in accordance with the assigned nomination process, giving recommendation to Board of Directors, then propose to the Annual General Meeting of Shareholders.
4. Create a training development plan, relating to the directors' duties, business knowledge of SMPC for the directors and senior management continuously, in order to strengthen the potential of the board and the executives of the company.
5. Establish Succession Plan of the director and top executive positions as a preparation for the high qualified candidates to replace the vacancies, in case the directors or top executives cannot perform duty, retire, or leave the company. The succession plan is to enhance the continuity of the company's business operations.

During 2019, the Nomination Committees have not yet performed the duty, as the current manpower was at an appropriate level, and the turnovers of the employees and management were low. Therefore, human resource department was responsible for the recruitment of the operational staffs as required by each department. The management committee recruited the management staffs. The Board of Directors recruited directors, according to their qualifications which were in line and supportive with the company strategies.

## 2.3 Corporate Governance Committee

### Roles and Responsibilities of Corporate Governance Committees

1. Review the corporate governance policy, business ethics and code of conduct, in reference to the good corporate governance, and present to the Board of Directors for consideration and approval.
2. Review the directions, oversee, and ensure that the company operates in full compliance with the established policy and regulation. Also there will be continuity in development.
3. Give recommendation and consultancy to the related working team, in order to continuously develop and lift up the good corporate governance.
4. Review and appoint candidate as for a new hire or a replacement, in relating to the appropriate corporate governance, as well as determine the roles and responsibilities to achieve the objectives.

In 2019, the corporate governance committees have not yet started the tasks. Therefore, the corporate governance was reviewed by the independent directors, determining as an agenda of the independent director meeting no.1/2019 on 20 December 2019. Then the independent directors proposed in the meeting for acknowledgement.

## 2.4 Risk Management Committee

### Roles and Responsibilities of Risk Management Committee

1. Review risk management policy and framework to be presented to the Board of Directors for consideration and approval.
2. Review the Risk Management report, give opinion on the possible risk, form the controlling procedure or mitigation plan, and develop risk management system, in order to implement efficiently and consistently, and to ensure that the company follows the proper risk management.
3. Cooperate with the investigation committee relating to the potential risks. Also Internal audit is to ensure that the company implements the appropriate internal control against the risk, and apply the risk management system appropriately, resulting in following up throughout the company.
4. Report the status of key risks, as well as the risk management implementation to the Board of Directors on a regular basis.
5. Advise and provide the risk management department with the development of risk management system and proper directions to correct information.
6. Appoint new hiring or replacing the vacancy positions relating to the risk management, and define roles and responsibilities to achieve the objectives.
7. Executives, internal auditor, auditor, any units or working group relating to the risk management, must report or present the information, and related documents to the risk management committees in order to support them to achieve the assigned tasks.

During 2019, the risk management committees have not yet started the tasks, the risk at corporate level was under the supervision of the Board of directors while the risk at the operation level was determined to review by each department on a yearly basis.

### 3. Self-assessment of the Board of Directors, Sub-Committee and the CEO

SMPC conducts self-assessment for the Board of Directors once a year. The process starts from the company secretary reviewing the self-assessment form of the Board and Sub-committee to ensure that it is still applicable with the existing situation and in line with the roles and responsibilities of the directors. The directors agreed to use the self-assessment prepared by SET. Then it is proposed to the Board of directors' meeting for their consideration. Later SMPC distributes the forms to all directors for company secretary collects the assessment form, summarizes the evaluation results and any opinions, and proposes in the next Board of Directors' meeting.

In the Board of Directors' meeting no. 7/2019, on 20 December 2019, SMPC conducted the performance evaluation of the team, sub-committee, and the CEO. On 21 February 2020, the assessment result, recommendations from directors, and assessment analysis for improving and developing the effective and efficient performance, were all reported in the Board of Directors' meeting no. 1/2020.

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 3.54 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 3.70 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 3.97 out of 4, which was in good 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 3.60 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, authority, duty and laws which are related to rules and responsibilities of directors of listed company, best practices, related rules and regulations, annual reports, form 56-1, including the past financial statements. So that the directors will understand the overall picture of the performance and the company's business. Secretary also proposes 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 2019, there was 1 newly appointed director, Mr. Thanathit Charoenjan, on board on 1 August 2019. The company already arranged the orientation for him.

## 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.

Nevertheless, Board of Directors' Meeting no. 7/2019, on 20 December 2019, has passed a resolution to establish the nomination committee. In 2020, nomination committee is to support the Board of Directors to review and develop the candidates who will be posted as executives, including the Chairman, in accordance with business directions, and present to the Board for approval.

## 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 2019, 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 2019
1. Mr. Vinai Vittavasgarnevej	Chairman of the Board	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
2. Mrs. Ubol Ekahitanond	Deputy Chairman and Chairman of the Executive Board	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
3. Mr. Surasak Urpsirisuk	Director Managing Director	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
4. Mrs. Supha Phromsaka Na Sakolnakorn	Director	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
5. Mr. Taidee Visavaveja	Director	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
6. Mrs. Patama Laowong	Director Senior Vice President (Office)	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
7. Mr. Thanathit Charoenjan	Director Chairman of the Audit Committee	- 2019 Updated Key Tax, and Tax Issues - Standard of Financial Report Issue no. 9, Financial Tools - Roles of Auditor towards the Risk Evaluation and the IT Application Control Audit - Accounting Technical Excellence 2019 - Orientation Course- CFO Focus on Financial Reporting, Class no. 8 - Thai Accounting Standards-Setting Committee
8. Mrs. Werawan Boonkwan	Director Audit Committee	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
9. Associate Prof. Dr. Jade Donovanik	Director Audit Committee	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
10. Mr. Thamik Ekahitanond	Assistant Managing Director (Factory)	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
11. Mr. Jerawut Laowong	Assistant Managing Director (Factory)	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend - Storytelling for Leaders
12. Mr. Jirasak Phromsaka Na Sakolnakorn	Assistant Managing Director (Factory)	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend
13. Miss Kanya Vipaturut	Accounting & Financial Director Company Secretary	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend - Accounting-Investment in joint ventures, subsidiaries, partners - 2019 Transfer Pricing between Related Companies, Class no. 2 - Strategic Financial Leadership (SFLP) 2019
<b>The director who resigned during the year</b>		
1. Mr. Komin Linphrachaya	Director Chairman of the Audit Committee	- Thailand Economic Outlook, Global Steel Price, Thai Currency, Global Economic Trend

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 29 March 2019, the annual general meeting of shareholders passed a resolution to approve the budget of 6 million baht/year for 9 directors, which was at the same rate as that of the year 2017. Besides the said remuneration, the company has not provided the directors with any other benefit.

Positions	2019 (same rate as 2017)	
	Monthly allowance (Baht/person/month)	Meeting allowance (Baht/person/time)
1. Board of Directors		
Chairman	60,000	10,000
Director	10,000	10,000
2. Executive Management		
Chairman	50,000	-
Director	30,000	-
3. Audit Committees		
Chairman	20,000	10,000
Committee	15,000	10,000

The 2019 term (posted during April 2019-March 2020), the company has paid the directors with total of 5.08 million baht, which was in the budget, approved from the 2019 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	Independent Director	
1. Mr. Vinai Vittavasgarnvej	Chairman Independent Director	720,000	-	-	70,000	-	10,000	800,000
2. Mrs. Ubol Ekahitanond	Deputy Chairman	120,000	600,000	-	60,000	-		770,000
3. Mr. Surasak Urpsirisuk	Director	120,000	360,000	-	70,000	-		550,000
4. Mrs. Supha Phromsaka Na Sakolnakorn	Director	120,000	360,000	-	70,000	-		550,000
5. Mr. Taidee Visavaveja	Director	120,000	360,000	-	60,000	-		540,000
6. Mrs. Patama Laowong	Director	120,000	360,000	-	70,000	-		550,000
7. Mr. Komin Linphrachaya (Until 31 July 2019)	Independent Director Chairman of the Audit Committee	70,000	-	140,000	30,000	20,000		210,000
8. Mr. Thanathit Charoenjan (Since 1 August 2019)	Independent Director Chairman of the Audit Committee	50,000	-	100,000	40,000	20,000	10,000	270,000
9. Mrs. Werawan Boonkwan	Independent Director Audit Committee	120,000	-	180,000	70,000	40,000	10,000	420,000
10. Associate Prof. Dr. Jade Donavanik	Independent Director Audit Committee	120,000	-	180,000	70,000	40,000	10,000	420,000
<b>Total</b>		<b>1,680,000</b>	<b>2,040,000</b>	<b>600,000</b>	<b>610,000</b>	<b>120,000</b>	<b>40,000</b>	<b>5,080,000</b>

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.

In 2019, the total monetary remuneration of the 6 executive management, both short-term and long-term are as following details:

Management Remuneration	Total Remuneration	
	2018	2019
Number of management (persons)	6	6
Monetary Remuneration (million Baht)		
- Salary and Bonus	47.69	43.99
- Provident Fund Contribution, Social Security Fund Contribution, and Post-Employment Benefit	1.49	1.82
Total (million Baht)	49.18	45.81
Non-monetary Remuneration Insurance of directors' liability	100.00	100.00

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 2019, company staffs (exclude the contractors) were grouped as follows

	2017	2018	2019
Factory staffs	371	373	357
Office staffs	81	80	80
<b>Total</b>	<b>452</b>	<b>453</b>	<b>437</b>
Remuneration (Million Baht)	349.56	344.08	310.77

### Changes of number of staffs for the past 3 years

There were no significant changes of number of staffs for the past 3 years

### Remuneration of staffs

The remuneration of staffs are currently in the appropriate level, and can be comparable with the market rate as follows.

1. Short term benefits are salaries, wages, overtime pay, bonuses, and other fringe benefits such as maternity allowance, marriage allowance, and compensation for death.
2. Long term benefits are provident fund, post-employment benefits and warrants from ESOP project.

### Employee development and Training

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.

In 2019, the staffs attended the training course on average at 2.39 hours per person, per year with the training cost of 0.59 million bath.

### The significant argument regarding to the labor for the past 3 years

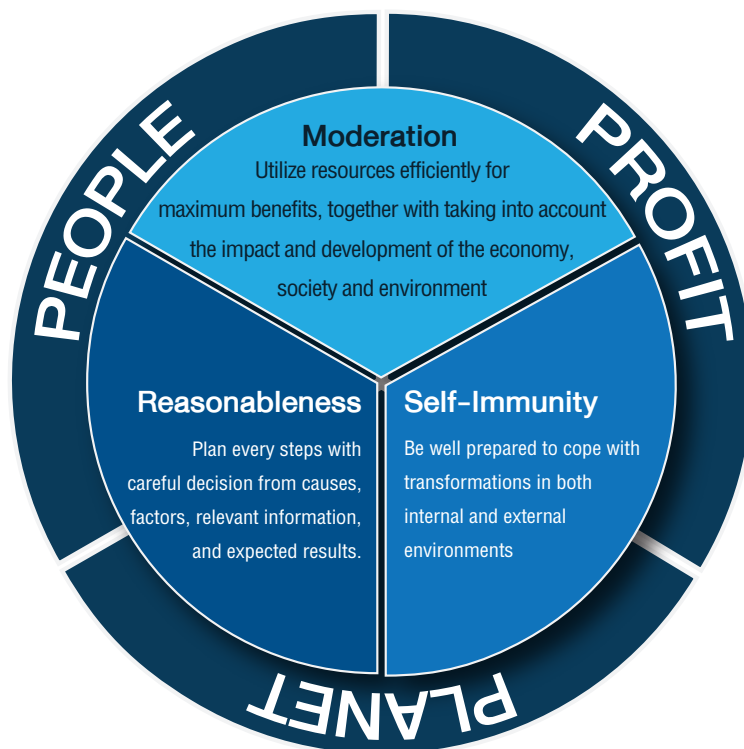
None

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, reasonableness, and self-immunity, with the conditions of 'knowledge' and 'morality', 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 according to the Sufficiency Economy



## Knowledge

Build organizational knowledge as well as develop employee potentiality for continuous development.

## Morality

Operate business with ethics, good corporate governance, and anti-corruption, along with taking into account society and the environment for sustainable growth.

## Operating Directions

Profit	<ul style="list-style-type: none"> <li>- Improve machine resulting in be able to increase production capacity from 8 million cylinders per year to be 10 million cylinders per year, thus quickly satisfy customer's need.</li> <li>- Develop production process, such as using Robot for spud welding, barcode system for receiving raw material, expanding space of the quality control room, and distribution staging area, in order to increase working efficiency, decreasing waste, resulting in reducing production cost.</li> <li>- Research and develop new products such as RFID / Barcode / QR code cylinder tracking, 200 kg., 250 kg., and 300 kg., of LPG cylinders for industry, as well as 40 lb., and 100 lb. of LPG cylinders mounting with wheels.</li> <li>- Support staff training for increasing skills and working capacity.</li> <li>- Study the feasibility to expand the investment both in geography and product extension for sustainably growth.</li> <li>- Keep up with the news, and information in order to adjust and cope with any possible situations, in terms of society, technology, economy, environment, politics, and rules of other countries.</li> </ul>
People	<ul style="list-style-type: none"> <li>- Operate business based on ethics, good corporate governance, and anti-corruption. The company received the renewal of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)</li> <li>- Employee development as well as care for their quality of life, and work life balance</li> <li>- Customer satisfaction survey, and complaint process from stakeholders.</li> <li>- Set policy and direction in response to the stakeholders.</li> <li>- Support activities that contribute to society and community relations</li> <li>- Publicly disclose information to investor with correctness, transparency and enough for making decision according to the related law.</li> <li>- Set the policy of occupational health, safety, and working environment.</li> </ul>
Planet	<ul style="list-style-type: none"> <li>- Research and develop products which are eco-friendly.</li> <li>- Consistently implement the environment policy which was certified by ISO 1400:2015</li> <li>- Get rid of the waste from the production process, and ensure that the environment will not be contaminated by the waste.</li> <li>- Use the Wet Scrubber as the air treatment system, so that the smoke and dust will not be out from the production process into the air.</li> <li>- Manage and evaluate the environment risk.</li> <li>- Strictly follow the law of environment.</li> </ul>

## 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, environment, 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.
  - 2.2 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.
  - 2.3 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.

#### 2.4 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.

#### 2.5 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.

#### 2.6 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.

### 3. 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.
4. 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.
5. 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.
6. Anyone committing corruption is in violation of company code of conduct and shall be considered for disciplinary punishment according to the company's regulations, or employment determination. In addition, a legal punishment may be applicable, if such violation is illegal.
7. 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 using suggestion box
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@smcplc.com](mailto:cs@smcplc.com)

The informing letters or complaints shall be polite, and should include first name and family name of the alleged person, and the complainant, the facts of the offense, evidences, related details, with evidences attached (if any). However, if SMPC found out that the submitter has a dishonest intention, the company will take action. If the complainant is the SMPC employee, there will be the investigation for disciplinary punishment according to the company’s regulation. If the complainant is the outsider, causing the company’s damage, the company may proceed with legal action against that complainant.

### 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 SMPC received 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 2017, the company received accreditation from ISO 14001:2015 i.e., management system standards of the environment. 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 checkup, 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 60 hours of training in 2019.
2. ISO 14001 training to new staffs. PR team of the ISO 14001 project already made the project into the training course as an annual review.
3. Organized the exhibition and promotion of the environmental conservation.
4. The continuous campaign of food waste segregation in the club.
5. Internal and External Public Relation to business partners, or community, etc., by leaflets, and instruction manual for contact and related rules.
6. The company provides the complaint center, which is for submitting the complaint regarding to the environment impact. The center can be reached 24 hours at 081-812-3110, 087-795-2292, 064-796-4333 or email address: em@smcplc.com.

## 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. The company also supports expenses for the external training, in order for employees to develop knowledge, skill, ability, and capability in accordance with the field, as necessary.
2. Welfare to help with the employees' cost of living such as providing employee canteen selling foods at special price, attendance bonuses, shift allowances, living expenses, 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, working environment, and safety such as

- SMPC emphasizes on work life balance as well. Therefore the company has built the organization culture that the employee prioritizes the result and quality of the outcome much more than the time they spend. Also the company supports the equipment and the proper working environment. As a result, the employee can fully work during the office hour, and have their own free time after work.
- To provide personal protective equipment suitable for the working environment of `
- 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 checkup for general employees, and additional checkup 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 2019 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 2019 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.

#### 2017-2019 Statistical data of injuries and deaths of employees

Occupational Accidents	2017			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1 Accident without lost time	14	-	14	16	-	16	12	-	12
2 Accidents with lost time	59	-	59	64	1	65	51	-	51
3 Disabilities	-	-	-	-	-	-	-	-	-
4 Deaths	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>73</b>	<b>-</b>	<b>73</b>	<b>80</b>	<b>1</b>	<b>81</b>	<b>63</b>	<b>-</b>	<b>63</b>

In 2019, the accidents with lost time has decreased from 2018 by 22% because SMPC rolled out the campaign to reduce the accidents, educating the new and existing employees about the machine, and safety equipment to prevent the accident from working. The company also gave guidelines how to work on the worn-out or unsafety tools, and alter the machine, by adding more the safety tools. Also SMPC will do more inspection on strictly wearing the safety equipment while working. The company will quarterly report the result of the accident and the correction plan to the management, in order to achieve zero accident as per the target.

#### 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 2019, 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. During 2019, 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.

Regarding to the process of being the membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), on 4 February 2019 SMPC already received the renewal accreditation, the term is 3 years, ending on 4 February 2022.

On 20 December 2019, the Board of Directors' meeting no. 7/2019, has passed a resolution to still apply the same anti-corruption policy for the year 2020, as it is still suitable with the situation.

#### 4.4 Human rights

SMPC is well aware of taking good care of employees, customers, business partners, communities, the environment and stakeholders. Therefore the company always ensure that there will be no human right impact on those stakeholders from the production process and business operations of the company.

Due to the diversity of employees from race, gender, age, political opinion, religion and disability, the company encourages the Board of Directors, executives, employees and stakeholders to treat each other with respect, on the basis of human dignity, not to affect the rights and liberties of others, which is against the provisions of the law.

Employees who have been affected by violations of human rights, can submit a complaint by contacting the personnel department, the executives or the directors as follows

1. by post to the company address

92 Soi Thientalay7 (4th Intersection), Bangkhunthien Chaitalay Road, Samaedam, Bangkhunthien, Bangkok 10150

2. by email : cs@smpcplc.com

#### 4.5 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.

#### 4.6 Policies and Directions of Information Technology Security.

Information technology and communication is one the factors that enhances the work efficiency of the company. Therefore, it is the duty of employee to effectively utilize them. Employees are responsible for and maintain their obtained information technology systems, not to be broken by an unauthorized access. Besides, the employees must not disclose important business information to unrelated person. In addition, the employees must use the information technology of the company with ethics, not to have a negative impact on others, nor against the statute. The management of IT department has set the authority of access to use information systems, network operating systems and applications. If there is a requisition to change the information in the information system, it must be approved by the authorized person.

On 28 May 2019, Thailand two Acts which directly relating to digital, were issued, 2019 Cyber Security Act, and 2019 Personal Data Protection Act. The company has already done some part to comply with these 2 Act. The rest is on process of installing, and system testing, which is expected to be complete by March 2020.



#### 4.7 Policies and Directions for law

The company operates business based on strictly compliance with the relevant laws. Therefore, it is the duty of all employees to comply with the laws, regulations and requirements, with integrity, honest and carefulness. Each department will monitor and ensure that the staff in the department will not abuse or neglect to comply with the law.

#### 4.8 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 months- 1 year.

#### 4.9 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.

The findings of the survey results show that overall customer satisfaction points in 2019 was at 86% which was higher than that of 2018 (85%). The score were increased in all areas. 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. RFID / Barcode / QR Code Cylinder Tracking for customers in particular countries that need technology for tracking the LPG cylinder, and inventory management. SMPC has developed production process by increasing the RFID installations, Barcode, and QR Code in the cylinder to satisfy customer. As a result, the company has continuously gained trust and satisfaction from customer.

2. Apart from the 190 kg. LPG cylinder, which was developed prior year, SMPC jointly with customer from Korea, researched and developed 200 kg., 250 kg., and 300 kg. LPG cylinders which were large for industries. These large cylinders will be more convenient for the customers/consumers, because they replace many small cylinders in the factory, reduce storage area, and save maintenance cost of the gas equipment such as valves, hoses/pipes.
3. The 40 lb., and 100 lb. of LPG cylinders with wheels are the products that serve convenience for customers to move them around.
4. The 190 kg. LPG cylinders with 3 layers of coating, for more rusted proof. SMPC jointly developed the product with the painting company for more efficient of rusted proof.

## 5.2 Development of Production Process

The company continuously develop production process, inventory management, and logistics, which are not only to efficiently utilize resources, but also reduce cost of the company, and conserve environment. During 2019, the company improved and developed the machine which can work more efficiently and modishly. It also reduced the waste, saved more energy, and reduced releasing the pollution to the environment, as follows

1. Executed the barcode system for receiving the raw material, in order to reduce time and error, as well as trace back the raw material.
2. Improved efficiency of the machine, thus reduced maintenance cost, and labor force.
3. Developed production process, by using Robot for spud welding, hence reducing labor force, increasing production capacity, reducing waste from the incomplete welding, resulting in less production cost.
4. Used Wet Scrubber in the production process, thus no smoke and dust leaking into the air, as pollution to the environment.
5. Expanded space of the laboratory room, and added more X-ray room in order to speed up the inspection of quality control, and increase the flexibility to inspect the quality of product in various sizes.
6. Expanded distribution staging area, hence more space for containers. The product delivery will be on time because of the efficient transportation.

## 6. CSR after Process

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

# Company Activities and Corporate Social Responsibilities

## 1. Internal Activities



### 1.1 2019 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 scholarships were given to the qualified children by the selection criterion, on 27 April 2019.



### 1.2 2019 Learning by Playing Project Offered to Children of SMPC Employees

On 27 April 2019, SMPC organized the Learning by Playing Project in order to support the learning opportunities in terms of academic and life exposure. Therefore, the children of SMPC employees will bring the knowledge and capabilities to help develop our country and build the good society in the future. Besides, this will also lighten the load of employees.



### 1.3 2019 Annual Medical Checkup

For the health and wellbeing of the company staffs, SMPC organized medical checkups for all the executives and employees by the medical team from Bangpakok 8 Hospital on 20 and 28 August 2019.



### 1.4 2019 Annual Merit Making of SMPC

On 14 September 2019, employees participated in making merit, offering Sangkhathan and food to monks.





### 1.5 2019 Company's Annual Ceremony

To strengthen good relationship and moral of employees for the company, SMPC organized lunch feast, lucky draw, and giving gift. The company also presented certificates of the excellent staff award to the employees on 27 November, 2019.



### 1.6 2019 SMPC Sport Day

To encourage employees to stay healthy by exercising and strengthen good relationship within the company, SMPC organized the friendly match of football, volleyball, sepak takraw, badminton, and games on 15 December 2019.



### 1.7 2019 Mega Sales

SMPC organized 2019 Mega Sales in front of the office for employees and public to buy the discounted goods, such as clothes, shoes, and many more on 19 and 20 December 2019. The earning without expense deduction from this event will be donated to Prabat Nampou Temple, Lopburi.

## 2. External Activities



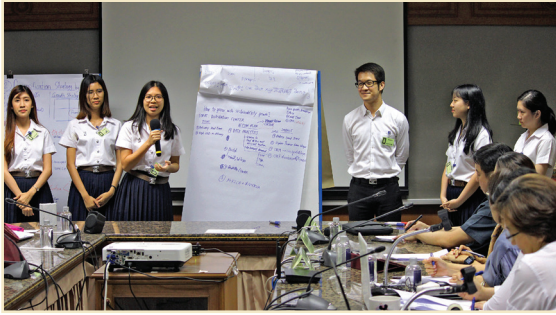
### 2.1 Children Day

Sahamitr Pressure Container Public Company Limited together with Thakam Metropolitan Police Station organized the 2019 Children Day. The activities for children were games, lucky draw, and lunch on 12 January 2019



### 2.2 SMPC received the certificate of the membership of Thailand 's Private Sector Collective Coalition Against Corruption (CAC)

SMPC by Khun Jirasak Promsaka Na Nakorn, the Assistant Managing Director received the certificate of renewing the accreditation of CAC from Dr. Kopr Krittayakeerana, the Vice President of CAC, at Grand Ballroom, InterContinental Hotel, Bangkok on 26 February 2019.



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

On 28 March 2019, faculty and students from Chulalongkorn Business School, Chulalongkorn University, led by the Assistant Professor Dr. Pasu Decharin, the Dean, Dr. Thim Noprampa, and Dr. Rapeeporn Roongseethong visited SMPC as part of the seminar course of management. Khun Patama Laowong, Senior Vice President, Khun Jirawut Laowong, Assistant Managing Director as well as the Executive Management Team hosted the students and provided them with the company background, overall industry, vision from the experiences in the field and case studies.



### 2.4 2019 Annual General Meeting of Shareholders was held on 29 March 2019, at 7<sup>th</sup> floor, Infinity Conference Room, Aetas Lumpini Hotel.



### 2.5 Set Opportunity Day

SMPC Executive Team presented the company's performance for 2018, and the first half of 2019, business direction to investors, analysts, and the media in "Set Opportunity Day", held at the meeting room, Stock Exchange of Thailand Building (SET), on 29 March and 22 August 2019.



### 2.6 Analyst meeting

Analyst participated the SMPC Analyst Meeting. The meeting were held quarterly on 10 May, 9 August, and 12 November 2019 in order to update on company's performances and directions.





## 2.7 Greenery campaign by SMPC at Dhammakunaram Temple

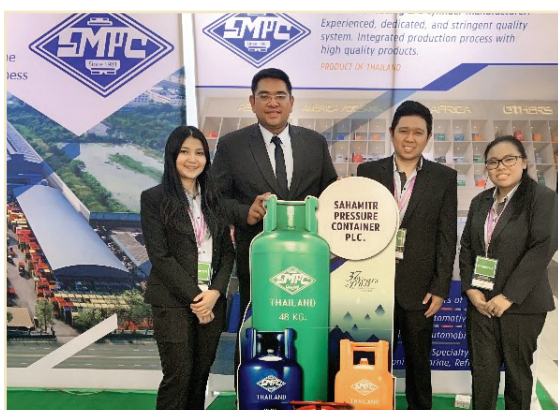
SMPC by Khun Jirawut Laowong, Assistant Managing Director (Factory) together with the Bangkhuntien District and the volunteers have done the community services by painting the pots along the street for planting the trees, more greenery, at Dhammakunaram temple on 29 June 2019. The campaign also supports the government policy of nature and environment conservation.



## 2.8 2019 Annual Fire Drill

To educate employees and create awareness about safety, the company executives together with employees participated the 2019 annual fire drill at the company premise by the fire team from Dao Khanong fire station on 1 November 2019.

# 3. Company Public Relation – Booth Display



## 3.1 2019 South Asia LPG Summit

Sales and Marketing Department of SMPC attended the 2019 South Asia LPG Summit at Dhaka, Bangladesh during 3-4 March 2019 to promote products and services to the existing and prospected customers. Logistics and distribution industry of LPG in Bagladesh is growing continuously. Products and services of SMPC always gain trust from customers successively.



## 3.2 The 34<sup>th</sup> Congresso Da AIGLP

Sales department of SMPC attended the 34<sup>th</sup> Congresso Da AIGLP at Lima, Peru during 20-22 March, 2019 in order to receive information and exchange knowledge with other LPG business owners in South America. The company also promoted our products and services to the current and prospective customers. At present, the consumption rate of LPG in South America has been growing continuously.



### 3.3 2019 WLPGA Myanmar Summit

Sales and Marketing Department of SMPC attended the 2019 WLPGA Myanmar Summit at Yangon, Myanmar during 3-4 April 2019 to promote products and services to the existing and prospected customers. The popular product is the cylinder for household use and shops. The rules and regulations of LPG business in Myanmar are still in the approval process. Once the government rolls out the rules and regulations, the LPG growth is expected to increase. SMPC has always developed market with partners and alliances continuously in order to respond and support business owners that suit their needs.



### 3.4 2019 LPG West Africa Forum & Exhibition

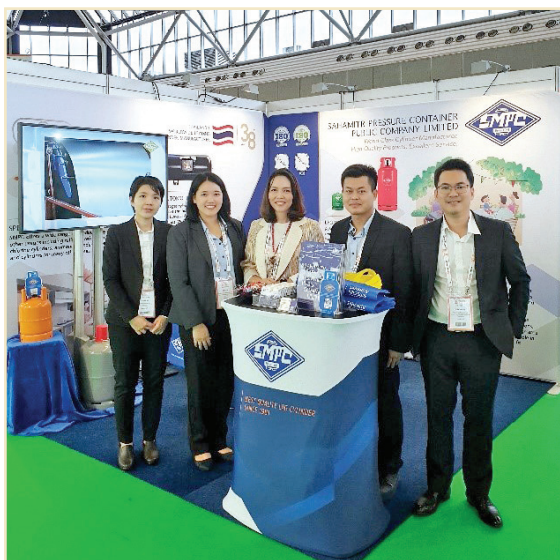
Sales department of SMPC attended 2019 LPG West Africa Forum & Exhibition at Lagos, Nigeria during 9-11 April 2019, in order to promote product and service to our target market in the new market which the company focuses on. Currently, Nigeria is one of the highest potential market in Africa due to the number of population and its consumption rate of LPG. Besides, the government, private sectors, and all other independent organizations have collaborated and supported the growth of LPG in Nigeria.



### 3.5 The 6<sup>th</sup> Africa LPG Summit

The sales department of SMPC attended the 6<sup>th</sup> Africa LPG Summit in 2019, at Mlimani City Conference Center, Dar es Salaam, Tanzania during 3-4 July 2019 in order to promote products and services to customers in Africa. The event brought together the worldwide representatives of government, private sectors, and independent organizations in LPG industry. They were to share information of the industry, seek new channels for meeting among LPG business owners.





### 3.6 The 32<sup>nd</sup> World LPG Forum & 2019 European Congress.

SPMC attended the 32<sup>nd</sup> World LPG Forum & 2019 European Congress at Amsterdam, Netherlands during 24-26 September, 2019 to promote products and services to the current and new customers in Europe. The popular products are cylinders for household use, 420 lbs cylinders, and cylinders for cars. At the event, it was found out from sharing information of LPG industry that Autogas consumption rate in Europe market is still growing. They also are interested in Bio LPG and environmental matter.



# 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 2017 good corporate governance principles 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 8 sections as follows:

1. To be aware of roles and responsibilities of the Board of Directors for sustainably leading the value of the company.
2. To set the objectives to grow sustainably.
3. To build the effective Board of Directors.
4. To recruit and develop senior executives and people management
5. To support innovation and operate the business with responsibilities.
6. To have the appropriate risk management and internal control.
7. To maintain creditability in terms of finance and information disclosure.
8. To encourage the involvement and communication with shareholders.

## 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 sustainably 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 publicized vision, mission, corporate governance, and code of conduct on the internet network, and company's official website, [www.smpcplc.com](http://www.smpcplc.com) so that the employee, and the stakeholder would be acknowledged and comprehended, thus they can perform accordingly and effectively.

Besides, the Board of Directors annually reviews the decency of the corporate governance policy. The Board reviewed the 2019 policy in the Board of Directors' meeting no 6/2018 on 11 December 2018. The Board reviewed 2020 policy in the Board of Directors' meeting no 7/2019 on 20 December 2019, and passed a resolution to amend the topics of stock transactions, internal information, and proper stakeholders' report. Besides, the Board of Directors has reviewed the corporate governance policy, and agreed that they are still appropriate with the company situation both at present and in the future. They also complies with the good corporate governance of the Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand (SET). There are some policies that are not executed as they are not practical with the company situation. However, the Board is considering to seek for the solutions. The policies that are not executed can be found in "Issues that were not performed according to the Good

Corporate Governance of the SET". The corporate governance policy consists of the following principles:

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

The explanation can be summarized follows

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, and auditability, 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 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 Aetas Lumpini Hotel 1030/4 Rama IV Road, Thungmahamek, Sathorn, Bangkok where is convenient for the shareholders and investors to join, by public transportation either BTS or MRT. The hotel also offers enough parking spaces for private vehicles. The map is attached with the meeting notice.

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 post them on the company's website ([www.smpcplc.com](http://www.smpcplc.com)) 30 days before the meeting date. It is also published via news of SET both in Thai and English to inform shareholders and investors. 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](mailto: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 20 September 2019. During 2019, there was no shareholder proposing any agenda or any candidate for the 2020 Directorship for the Board's consideration.

## 2. Arrangement on the Date of the Shareholders' Meeting

In 2019, the company held 1 shareholders' meeting which was the 2019 annual general meeting of shareholders on 29 March 2019 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. Regarding to more number of shareholders each year, in 2019, the company used the barcode for registration and vote counting for quick and efficient registration, hence well developed system for registration. The company 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 and Independent Director) and Mr. Komin Linphrachaya (Independent Director and Chairman of Audit Committee). The company provided the shareholders with the free stamp duty at the document checkpoint. In the 2019 annual general meeting of shareholders, there were shareholders appointing the two Independent Directors as their proxies as follows:

- 23 Shareholders appointed Mr. Komin Linphrachaya as his/her proxies.
- 14 Shareholders appointed Mr. Vinai Vittavasgarnvej 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 2019 annual general meeting of shareholders, (100%) All 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, related top management and consultants such as Assistant Managing Director, Accounting and Finance Director, auditors, and legal advisors who attended to answer the shareholders' questions on the related issues. 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 barcode system 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 2019 annual general meeting of shareholders, the company has invited an independent person: Mr. Thanapon Lewsakul (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 both in Thai and English 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 2019, 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 trading the company's share at least 1 month before disclosure of the financial statements, and 24 hours after publicly revealing the financial statement.
- The Management shall disclose the stock trading report and shareholding of the company to the Board of Directors' Meeting.

In 2019, 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 2019 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 both in Thai and English 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 through SET channel so that all parties related to the company will be aware of the event. Apart from that, the SMPC also publishes the information on the company website [www.smpcplc.com](http://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 share 1 month before the disclosure of financial statement.
- Do not trade company's stock at least 1 month before disclose the financial statements, and 24 hours after publicly reveals the financial statement.
- Continue learning to improve the work efficiency.

In 2019, 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 3 times.
- 3) Arranged the company visit for analysts, investors/minor shareholders, and press to meet with the company's management 2 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](http://www.smpcplc.com). The financial statement has been posted for 4 years from 2015 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 (Mon-Fri 08:00-17:00)

Contact: Miss Kanya Vipanurut (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](mailto: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 4 "Information Disclosure and Transparency". The company should disclose the remuneration of CEO.	Board of Directors are considering the necessity, and the proper structure.
2	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.	



# 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 1,242,000 Baht.

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

- The company did not pay any non-audit 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.

# 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 2019, the Board reviewed the risk management in the Board of Directors' meeting no. 7/2019 on 20 December 2019, 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"

In the Board of Directors' meeting no. 7/2019 on 20 December 2019, the company established the Risk Management Committee, which will review the risk at the corporate level, and report the management result to the board of directors

## 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. 4/2019 on 11 November 2019 has appointed Dharmniti Auditing Co., Ltd. to perform the 2020 internal audit function of the company. Dharmniti Auditing Co., Ltd. has proposed Miss Somjaree Kaewkomdee – Executive Director, 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 Miss Somjaree Kaewkomdee, and agreed that they were appropriate and adequate to perform such duty effectively, as they 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. Instead, it was assigned to Miss Thanaporn Urpsirisuk, Accounting Manager and Secretary of the Audit Committee to be responsible for coordinating with the internal auditor, and report to the Audit Committee.

The law compliance that are involved to the company's operation, are taken care by each related department. System Management Department is assigned to consolidate all document and information from each department and arrange them into the database system. There will also be the audit monitoring, following up, and collecting as database completely and timely.

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. Thanathit Charoenjan (On board on 1 Aug, 2019)	Chairman of the Audit Committee (Accounting and Finance Expertise)	3/3
2. Mrs. Werawan Boonkwan	Audit Committee (Accounting and Finance Expert)	4/4
3. Associate Prof. Dr. Jade Donavanik	Audit Committee (Law Expert)	4/4
The resigned committee		
1. Mr. Komin Linphrachaya (Untill 31 July, 2019)	Chairman of the Audit Committee (Accounting and Finance Expert)	1/1

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 2019 (April 2019- March 2020) 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 2019 (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 2019 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 2019 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 2019, 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 to extend the member status of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) starting from 4 February 2019, The Audit Committee have been monitoring the regulations and directions of the anti-corruption by regularly reviewing the company's report. It is revealed that SMPC complies with the regulations and the policies.

## 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 2020, 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 2019, with the following auditors:

- |                 |                 |                                   |
|-----------------|-----------------|-----------------------------------|
| 1. Mr. Teerasak | Chuasrisakul    | C.P.A. Registration No. 6624, or  |
| 2. Mr. Narin    | Churamongkol    | C.P.A. Registration No. 8593, or  |
| 3. Mr. Amornjit | Paolorpetch     | C.P.A. Registration No. 10853, or |
| 4. Miss Saranya | Akramahaphanich | C.P.A. Registration No. 9919      |

The audit fee for the fiscal year 2020 is amounting at 1,290,000 Baht per year. The Audit Committee will recommend them to the Board of Directors, and thereafter seek approval at the 2020 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. Thanathit Charoenjan)**

Chairman of the Audit Committee

21 February 2020

# Connected Transactions

## 1 Connected Transactions between the Company and Connected Person

Connected Person	: Mrs. Patama Laowong
Relationship with the Company	: Director and shareholder of the company
Shareholding of the Company (as of 22 August 2019)	: 24.08%
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	: 3years, 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.

## 3. Policy or 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. However, that case must be strictly approved by the authorized person of the company. Besides, it must honorably abide by the agreed conditions with transparency and auditability.

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 review for an approval in accordance with the regulations set out by the Stock Exchange of Thailand, and/or Securities and Exchange Commission. The transaction must be according to normal trade. Pricing policy has to be in line with the market force. There must not be the benefit transfer between the company and related person. Also, the transaction must be approved by the meeting of the audit committee.

Excluding with the declare transaction, 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 2019 were different from 2018 were as follows:

1. Total sale revenues decreased Baht 1,196.97 million (26.9%) from Baht 4,452.93 million to Baht 3,255.96 million because of Baht strength continuously. Global recession also lead to fierce competition and decreased general consumption. In addition, customers in South Asia delayed order from weaker value of their local currency to U.S. Dollar, as well as, local commercial banks are stricter on credit facilities provided. However, since gas cylinders is necessary for everyday use, customers returned to order in the last quarter. Moreover, trade war between the U.S and China encouraged U.S. customers to increase orders, as a result, U.S. sales increased. Among high competitive situation, the Company still focus on expanding to new market and research on new product which have high margin in order to maintain company's profitability.
2. Cost of Sales decreased Baht 920.12 million (26.2%) from Baht 3,508.99 million to Baht 2,588.87 million, in concurrent with a decrease in total sale revenues
3. Gross profit decreased Baht 276.85 million (29.3%) from Baht 943.94 million to Baht 667.09 million and gross profit margin slightly decreased from 21.2% to 20.5% because stronger value in Baht currency, net with a decrease in cost of steel.
4. Other Incomes decreased Baht 68.31 million (28.0%) from Baht 243.95 million to Baht 175.64 million because a decrease in scrap sales which is concurrent with a decrease in production quantities and sale price of scrap in the market decreased
5. Selling Expenses decreased Baht 109.33 million (37.9%) from Baht 288.42 million to Baht 179.09 million because of a decrease in freight expense and sale promotion expense
6. Income Tax decreased Baht 49.20 million (35.7%) from Baht 137.78 million to Baht 88.58 million from a decrease in operating income for the period at the same tax rate of 20%
7. Net Income for the period decreased Baht 183.23 million (32.8%) from Baht 558.42 million to Baht 375.19 million because sales decreased, net with a decrease in cost of sale and selling expenses.

### 1.2 Financial Status

#### Assets

As of 31 December 2019, total assets of the company decreased by 231.96 million baht (8.6%) from 2,704.84 Million Baht to 2,472.88 Million Baht. The changes of assets were as follows:

- Inventories decreased by 247.03 Million Baht (28.1%) from 880.37 Million Baht to 633.34 Million baht because the company reduced inventory stock to be in line with the sales revenue.
- Vat to be refunded, decreased by 12.76 million baht (54.7%) from 23.30 million baht to 10.55 million baht, in accordance with less importing of raw material.



## **Liabilities and Shareholders' Equity**

As of 31 December 2019, total liabilities of the company decreased from 2018 by 301.93 Million Baht (32.0%) from 943.05 Million Baht to 641.12 Million Baht. The changes of liabilities were as follows:

- The company has imported less of the main raw materials, hence the Trust Receipt (short term import loan) and trade account payable decreased by 237.77 Million Baht (34.4%). The accrued commission expense decreased by 37.54 Million Baht (56.5%) because we focused more on direct sales than through agent channel. Apart from that, accrued income tax decreased 26.84 million baht (41.0%) which was in line with the less operating result.

As of 31 December 2019, the shareholders' equity is 1,831.77 Million Baht, which increased by 69.97 Million Baht (4.0%) from 1,761.80 million baht. The changes of shareholders' equity were as follows:

- 2019 profit amounted 375.20 Million Baht
- Accumulated profit decreased due to the 2018 dividend payout of the second half of the year (from the company's operating period of 1 July- 31 December 2017) amounted 176.71 Million Baht. Apart from that, there was an interim dividend payout from the company's operating period of 6-month ended on 30 June 2019, amounted to 128.52 Million Baht. Altogether total dividend payout for 2019 amounted to 305.23 Million Baht.

## **2. Cash Flow Analysis and Liquidity of the Company**

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

	2018	2019
Cash Flow from (used in) Operating Activities	325.50	761.37
Cash Flow from (used in) Investing Activities	(291.19)	(120.64)
Cash Flow from (used in) Financing Activities	(74.12)	(707.16)
Cash Flow Increase (Decrease)	(39.81)	(66.43)
Cash and Cash Equivalents at Year-End	79.11	12.68

The company's cash and cash equivalents decreased from year end of 2018 by 66.43 Million Baht from 79.11 Million Baht to 12.68 Million Baht due to:

- Cash from operating activities increased because the company reserved less of raw material due to the decrease of sales. Trade account payable increased as the company imported raw material (steel) during the end of the term net with the interim income tax payment and accrued commission expense which has decreased as the company focused more on direct sales.
- Cash used in investing activities decreased. Last year, SMPC bought the land opposite to the factory in order to enlarge working space and increase production capacity. The company also installed new machine and improve the efficiency of the machine, hence, production capacity increased to be 10.0 million cylinders.
- Cash used in financing activities increased because the company paid 401.38 million baht short term loan bank of the importing steels, and dividend amounted 304.41 Million Baht.

### 3 Analysis of Financial Ratio

#### 3.1 Efficiency Ratio

In 2019, sales revenue decreased by 26.9%. Return on assets decreased from 27% in 2018 to 17.9% this year because the continuity of Thai Baht appreciation. The global economic downturn resulted in much higher competition, hence less consumption rate. Customers in South Asia delayed the purchase order because the exchange rate of customers' local currency per US dollar has weakened, as well as local banks were more stringent in granting loans to customers.

#### 3.2 Profitability Ratio

In 2019, the return on equity decreased from 33.9% in 2018 to 20.9% in 2019 which was correlated to the decrease of net profit. Nevertheless, the company still managed the profitability ratio to be close to prior year. Gross profit margin in 2019 was 20.5%, which was slightly decreased from 21.2% in 2018. Earnings before income tax and depreciation decreased from 16.0% in 2018 to 15.3% in 2019. Net profit margin (to total income) decreased from 11.9% in 2018 to 10.9% in 2019, as the company focused on market expansion and high profit margin product. The efficient expense management kept the company to maintain decent profitability ratio.

#### 3.3 Liquidity Ratio

At 2019 year-end, the company had the current ratio of 2.2 times, which was improved from 2018 at 1.7 times. The quick ratio has increased from 0.7 times in 2018, to 1.1 times in 2019. This was due to more efficient in working capital management.

#### 3.4 Financial Policy Ratio

At 2019 year-end, the company's debt to equity ratio decreased from 0.3 times in 2018, to 0.1 times in 2019 because more efficiency in working capital management, hence was able to reduce debt which has financial cost.

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

On 21 February 2020, 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 2019 to the company's shareholders at the rate of 0.42 Baht per share, which had already been paid as interim dividend for period of 6-month ended on 30 June 2019 at the rate of 0.24 Baht per share at the par value of 1.00 Baht on 6 September 2019. The remaining dividend for the period between 1 July and 31 December 2019 was 0.18 Baht per share, at the par value of 1.00 Baht amounted to not more than 97 Million Baht.

### 5 Business Goals

Sales revenue in 2019 has decreased due to the continuity of Thai Baht depreciation. The global economic downturn resulted in much higher competition, hence less consumption rate. Customers in South Asia delayed the purchase order because the exchange rate of customers' local currency per US dollar has weakened, as well as local banks were more stringent in granting loans to customers. Having said that, gas cylinders are the daily life product, customers started to turn up with some orders at the end of the year. Moreover, sales from United States has increased because of the trade war between the US and China, causing the company to receive more orders. However the company believes that there will always be demand for cylinders as they are the basic needs. The demand will still be from customers in Asia and Africa.

In order for SMPC to have sustainable growth, the management 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.

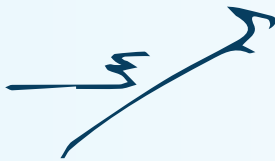
# Report of Board of Directors' Responsibilities to the Financial Statements

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, 2019



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, which comprise the statements of financial position as at 31 December 2019, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sahamitr Pressure Container Public Company Limited as at 31 December 2019, and 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 that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *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 determine that there are no key audit matters.

### *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 Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance, 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. Teerasak Chuasrisakul**  
 Certified Public Accountant  
 Registration No. 6624

Grant Thornton Limited  
 Bangkok  
 21 February 2020

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION

**ASSETS**

		Thousand Baht	
	Notes	31 December 2019	31 December 2018
CURRENT ASSETS			
Cash and cash equivalents	6	12,683	79,109
Short-term investment	7	157,165	90,724
Trade accounts receivable	8	456,560	431,717
Inventories	9	633,344	880,371
Refundable value added tax		10,546	23,302
Other current assets		22,800	17,371
Total Current Assets		1,293,098	1,522,594
NON-CURRENT ASSETS			
Restricted deposits with banks	10	36,502	36,289
Investment property	11	59,780	59,780
Property, plant and equipment	12	1,070,820	1,076,545
Deferred tax asset	23	12,252	9,204
Other non-current assets		432	432
Total Non-Current Assets		1,179,786	1,182,250
TOTAL ASSETS		2,472,884	2,704,844

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



SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Thousand Baht	
	Notes	31 December 2019	31 December 2018
<b>CURRENT LIABILITIES</b>			
Short-term loans from bank	13	141,603	543,371
Trade accounts payable		312,485	148,483
Current portion of finance lease liabilities	14	3,301	1,367
Advances received from customers		6,360	13,605
Accrued commission expenses		28,882	66,420
Accrued transportation expenses		19,279	16,386
Accrued income tax		38,607	65,442
Other accrued expenses		29,262	39,381
Other current liabilities		6,990	5,742
<b>Total Current Liabilities</b>		<b>586,769</b>	<b>900,197</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease liabilities	14	-	3,301
Liabilities under post-employment benefits	5, 15	54,350	39,547
<b>Total Non-Current Liabilities</b>		<b>54,350</b>	<b>42,848</b>
<b>Total Liabilities</b>		<b>641,119</b>	<b>943,045</b>

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

		Thousand Baht	
	Notes	31 December 2019	31 December 2018
SHAREHOLDERS' EQUITY			
Share capital-ordinary shares, Baht 1 par value			
Authorized 535,506,333 shares			
(2018 : 536,405,305 shares)	16	535,506	536,405
Issued and fully paid-up 535,506,333 shares	17	535,506	535,506
Premium on share capital	17	55,091	55,091
Retained earnings			
- Appropriated for legal reserve	19	53,641	53,641
- Unappropriated		1,187,527	1,117,561
TOTAL SHAREHOLDERS' EQUITY		1,831,765	1,761,799
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,472,884	2,704,844

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 YEAR ENDED 31 DECEMBER

	Notes	Thousand Baht	
		2019	2018
Revenue from sales and services	21, 24	3,255,959	4,452,928
Costs of sales and services	24, 25	(2,588,868)	(3,508,987)
<b>Gross profit</b>		667,091	943,941
Other income	22	175,637	243,949
<b>Profit before expense</b>		842,728	1,187,890
Selling expenses	25	(179,091)	(288,423)
Administrative expenses	15, 25	(186,206)	(189,766)
<b>Profit before finance costs and income tax</b>		477,431	709,701
Finance costs		(13,652)	(13,502)
<b>Profit before income tax</b>		463,779	696,199
Income tax	23	(88,580)	(137,781)
<b>PROFIT FOR THE YEAR</b>		375,199	558,418
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		375,199	558,418
<b>Basic earnings per share</b>			
Profit (Baht per share)		0.70	1.05
Weighted average number of common shares (share)		535,506,333	533,857,757

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

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

		Thousand Baht				
Notes	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	
<b>Balance as at 1 January 2018</b>	531,987	34,746	2,640	53,641	905,978	1,528,992
Recognition of share-base payment	-	147	668	-	-	815
Share capital increment	3,519	20,198	(3,308)	-	-	20,409
Dividend payment	-	-	-	-	(346,835)	(346,835)
<b>Transactions with owners</b>	3,519	20,345	(2,640)	-	(346,835)	(325,611)
Profit for the year	-	-	-	-	558,418	558,418
<b>Total comprehensive income for the year</b>	-	-	-	-	558,418	558,418
<b>Balance as at 31 December 2018</b>	535,506	55,091	-	53,641	1,117,561	1,761,799
<b>Balance as at 1 January 2019</b>	535,506	55,091	-	53,641	1,117,561	1,761,799
Dividend payment	-	-	-	-	(305,233)	(305,233)
<b>Transactions with owners</b>	-	-	-	-	(305,233)	(305,233)
Profit for the year	-	-	-	-	375,199	375,199
<b>Total comprehensive income for the year</b>	-	-	-	-	375,199	375,199
<b>Balance as at 31 December 2019</b>	535,506	55,091	-	53,641	1,187,527	1,831,765

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER

	Thousand Baht	
	2019	2018
<b>Cash flows from operating activities:</b>		
Profit before income tax	463,779	696,199
<b>Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:</b>		
Depreciation	60,196	56,945
Unrealized loss (gain) on exchange rate	872	(4,788)
Provision for post-employment benefits	17,612	2,722
Gain on fair value adjustment of investment property	-	(6,300)
Loss on disposal and written off assets	993	233
Reversal of liabilities	(934)	-
Expense for share-based payments	-	815
Unrealized gain on short-term investment	(48)	-
Gain on disposal of short-term investment	(1,430)	(324)
Interest expense	13,652	13,502
<b>Cash provided from operations before changes in operating assets and liabilities</b>	<b>554,692</b>	<b>759,004</b>
<b>Decrease (increase) in operating assets:</b>		
Trade accounts receivable	(26,178)	120,379
Inventories	247,027	(179,114)
Refundable value added tax	12,756	1,816
Other current assets	(5,429)	(4,619)
<b>Increase (decrease) in operating liabilities:</b>		
Trade accounts payable	164,004	(221,770)
Advances received from customers	(7,126)	(1,065)
Accrued commission expenses	(36,646)	22,356
Accrued transportation expenses	2,893	(7,450)
Other accrued expenses	(9,868)	(5,495)
Other current liabilities	423	(4,131)
Employee benefit paid	(4,799)	(2,669)
<b>Cash provided from operations</b>	<b>891,749</b>	<b>477,242</b>

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

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER

	Thousand Baht	
	2019	2018
<b>Cash provided from operations (continue)</b>	891,749	477,242
Interest paid	(11,913)	(11,918)
Proceeds from withholding tax refundable	-	1,199
Income tax deducted at sources paid	(572)	(328)
Income tax paid	(117,891)	(140,694)
<b>Net cash provided from operating activities</b>	<b>761,373</b>	<b>325,501</b>
<b>Cash flows from investing activities:</b>		
Purchase of short-term investment	(1,406,800)	(236,400)
Proceeds from disposal of short-term investment	1,341,837	146,000
Increase in restricted deposits with bank	(213)	(211)
Proceeds from disposal of assets	33	789
Purchase of property, plant and equipment	(55,497)	(201,368)
<b>Net cash used in investing activities</b>	<b>(120,640)</b>	<b>(291,190)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans from bank	(401,384)	252,836
Repayment of finance lease liabilities	(1,367)	(1,329)
Dividend payment	(304,408)	(346,039)
Proceeds from the exercise of share purchase warrants	-	20,409
<b>Net cash used in financing activities</b>	<b>(707,159)</b>	<b>(74,123)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(66,426)</b>	<b>(39,812)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>79,109</b>	<b>118,921</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>12,683</b>	<b>79,109</b>

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

## 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 (19.60% shareholding) and Mr. Thamik Ekahitanond (10.15% 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

### 2.1 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.

### 2.2 New and revised financial reporting standards, interpretations and guidance

During the year, The Federation of Accounting Professions has revised and issued Thai Financial Reporting Standards (TFRS), interpretations and guidance as follow:

#### 2.2.1 Amendments and interpretations to the Standards that are effective from 1 January 2019

##### Thai Financial Reporting Standard No.15 Revenue from Contract with Customers (TFRS 15)

Thai Financial Reporting Standard No.15 “Revenue from Contract with Customers” (TFRS 15) presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue” (“TAS 18”), Thai Accounting Standard No. 11 “Construction Contracts” (“TAS 11”), and several revenue-related Interpretations.

The Company has initial applied TFRS 15 Revenue from Contract with Customers and disclosed the detail of accounting policies in note 3 to the financial statements.



From 1 January 2019, the Company has adopted TFRS 15 Revenue from Contracts with Customers. The effect of initially applying this standard only to contracts that were not completed before 1 January 2019 as an adjustment to the retained earnings as at 1 January 2019. Therefore, the Company has not restated the information presented for 2018.

2.2.2 Amendments and interpretations to the Standards that are effective from 1 January 2020

Thai Financial Reporting Standard No.16 “Leases” (TFRS 16)

TFRS 16, that describes the new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 “Leases”, and several leases-related Interpretations. The new standard defines the requirements for leases will be recorded in the statement of financial position in the form of right-of-use asset and a lease liability except short-term leases agreement which period less than 12 months or low value of asset and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

Under the Thai Financial Reporting Standard No. 16, no significant changes to the accounting for lessors.

The Company will adopt this new standard when they become effective, and the Company’s management assesses that it will impact to the financial statements. Therefore, the Company must recognize the right-of-use assets and lease liabilities for the assets currently treated as operating leases including that the Company must record the depreciation from the right-of-use assets and interest expense of lease liabilities instead of expenses from lease agreements. As at 31 December 2019, the Company’s future minimum without discount lease payments under non-cancellable operating leases amounted to Baht 4.86 million. By using the modified retrospective approach and recognize the right-of-use assets and lease liabilities at the first adoption in which this method will have no effect to the retained earnings as at 1 January 2020 and no restatement to the comparative information.

### Thai Financial Reporting Standards related to Financial instruments

Thai Financial Reporting Standard No. 9 “Financial instruments” (TFRS 9) and group of Thai Financial Reporting standards related to financial instruments, present new requirements on the classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which are currently effective.

The Company will adopt these new standards when they become effective, and the Company’s management assesses that no significant impact on the financial statements.

#### 2.3 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 at each reporting date.

Items	Measurement bases
Investment property	Fair value
Liabilities under post-employment benefits	Present value of the employee benefit obligation as explained in note 15 to the financial statements

#### 2.4 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).

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 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.

#### Short-term 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 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

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

Trade accounts receivable are presented at the net realizable value. The Company record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year.

#### 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.

### 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 (specific and 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 others (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 such as slow-moving and defective.

### 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.

#### *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.

### 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 rate.

#### Trade and other accounts payable

Trade and other accounts payable are stated at cost.

#### Long-term leases - Company as lessee

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 other rebates.

#### *Sale of goods and services rendered*

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

Freight income is recognized over time. The related costs are recognized in profit or loss when they are incurred.

*Interest income*

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

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).

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.

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 profit 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 tax*

Deferred 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 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 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.

#### *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 conditions, such that the amount ultimately recognized is based on the number of awards that meet the related service 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.

#### 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 reporting

Segment results that are reported to 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.

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

##### 4.1 Critical accounting estimates, assumption and judgments

###### 4.1.1 Revenue

The Company exercise critical judgments consideration the agreements between two or more parties to assess rights of parties and performance obligations of each party in the part of goods and services that have been promised to the customer. The Company separates revenue from sales LPG and other pressure cylinders by recognized at point in time and the Company also has revenue from services for container repairs and freight income required from customers by recognized at overtime.

###### 4.1.2 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.

###### 4.1.3 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.

###### 4.1.4 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.

###### 4.1.5 Investment property

The fair value of investment property is determined by an independent valuer using the market approach. The valuation involves certain assumptions and estimates.

#### 4.1.6 Post-employment benefits

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

#### 4.1.7 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.

### 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.

As at 31 December 2019 and 2018, the key management personnel compensation are as follows:

	Thousand Baht	
	2019	2018
Liabilities under post-employment benefits	19,891	8,781

Significant transactions with related parties for the years ended 31 December 2019 and 2018 consist of:

	Pricing Policy	Thousand Baht	
		2019	2018
Land rental- related parties	Contract rate	1,200	1,200
Key management personnel compensation			
Current employment benefits		73,863	82,388
Provision for post-employment benefits			
- Service cost		476	369
- Finance cost		399	295
- Past service cost		2,985	-
Expense for share-based payments		-	159
<b>Total</b>		<b>77,723</b>	<b>83,211</b>

## 6. CASH AND CASH EQUIVALENTS

	Thousand Baht	
	2019	2018
Cash	177	165
Saving accounts with banks	5,589	72,911
Current accounts with banks	6,917	6,033
<b>Total</b>	<b>12,683</b>	<b>79,109</b>

## 7. SHORT-TERM INVESTMENT

Movements in the short-term investment for the years ended 31 December 2019 and 2018 are summarized below.

	Thousand Baht	
	2019	2018
Balance as at 1 January	90,724	-
<u>Add</u> Addition	1,406,800	236,400
<u>Less</u> Disposals	(1,340,407)	(146,000)
Unrealized gain on short-term investment	48	324
Balance as at 31 December	157,165	90,724

The Company has invested in an open-end mutual fund which yields a return more than general savings deposits. The investment does not have any restriction for redemption and has been classified as held-for-trading.

### Measurement of fair value

The fair market value is based on the price quoted by the fund manager which is based on the fair value of the underlying investments held by the fund (Level 2).

## 8. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2019 and 2018, the aged trade accounts receivable are as follows:

	Thousand Baht	
	2019	2018
Not yet due	350,352	303,459
Over due		
Less than 3 months	106,208	122,315
More than 3 months, not over 6 months	-	332
More than 6 months, not over 12 months	-	5,599
More than 12 months	-	12
Total	456,560	431,717

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

## 9. INVENTORIES

	Thousand Baht	
	2019	2018
Raw materials and others	529,444	802,857
Work in process	50,730	36,281
Finished goods	53,826	41,889
Total	634,000	881,027
<u>Less</u> Allowance for decline in value of inventories	(656)	(656)
Net	633,344	880,371

During the years ended 31 December 2019 and 2018, inventories recognized as an expense in cost of sales of Baht 2,588.87 million and Baht 3,508.99 million, respectively.

## 10. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2019 and 2018, the Company's fixed and saving deposits totalling Baht 36.50 million and Baht 36.29 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.

## 11. INVESTMENT PROPERTY

As at 31 December 2019 and 2018, the outstanding balances of investment property are as follows:

	Thousand Baht	
	2019	2018
Land	35,200	35,200
Land and construction	24,580	24,580
<b>Total</b>	<b>59,780</b>	<b>59,780</b>

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

During the years ended 31 December 2019 and 2018, movement of the investment property are as follows:

	Thousand Baht	
	2019	2018
Net book value as at 1 January	59,780	53,480
Gain on fair value adjustment for the year	-	6,300
Net book value as at 31 December	59,780	59,780

#### *Measurement of fair value*

The fair value of investment property is 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. An independent valuation is performed at least every three years, or when management determines that there is a material change in the fair value. During the year, fair value of properties was not change (2018 : revalued resulting in a gain of Baht 6.30 million). The independent appraisers applied a market approach 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.

Investment property amounting to Baht 58.18 million has been mortgaged as collateral for credit facility as discussed in Notes 13 and 26 to the financial statements.



## 12. PROPERTY, PLANT AND EQUIPMENT

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

### **Cost**

1 January 2018	202,121	462,498	809,359	40,129	57,297	55,386	1,626,790
Acquisitions	105,025	38	39,816	453	-	56,036	201,368
Disposals / write-off	-	-	(6,648)	(798)	(3,408)	-	(10,854)
Transfer in / (out)	1,228	29,015	55,464	-	-	(85,707)	-
31 December 2018	308,374	491,551	897,991	39,784	53,889	25,715	1,817,304
Acquisitions	-	17	5,900	790	-	48,790	55,497
Disposals / write-off	-	-	(1,821)	-	-	-	(1,821)
Transfer in / (out)	6,932	6,752	38,419	-	-	(52,103)	-
31 December 2019	<u>315,306</u>	<u>498,320</u>	<u>940,489</u>	<u>40,574</u>	<u>53,889</u>	<u>22,402</u>	<u>1,870,980</u>

### **Accumulated depreciation**

1 January 2018	32,595	205,313	373,621	34,201	47,916	-	693,646
Depreciation for the year	868	12,076	39,144	1,562	3,295	-	56,945
Accumulate depreciation for Disposals	-	-	(5,626)	(798)	(3,408)	-	(9,832)
31 December 2018	33,463	217,389	407,139	34,965	47,803	-	740,759
Depreciation for the year	1,133	12,868	42,121	1,502	2,572	-	60,196
Accumulate depreciation for Disposals	-	-	(795)	-	-	-	(795)
31 December 2019	<u>34,596</u>	<u>230,257</u>	<u>448,465</u>	<u>36,467</u>	<u>50,375</u>	<u>-</u>	<u>800,160</u>

### **Net book value**

31 December 2018	<u>274,911</u>	<u>274,162</u>	<u>490,852</u>	<u>4,819</u>	<u>6,086</u>	<u>25,715</u>	<u>1,076,545</u>
31 December 2019	<u>280,710</u>	<u>268,063</u>	<u>492,024</u>	<u>4,107</u>	<u>3,514</u>	<u>22,402</u>	<u>1,070,820</u>

### **Depreciation for the year 2018**

Costs of sales	49,105
Administrative expenses	<u>7,840</u>
Total	<u>56,945</u>

### **Depreciation for the year 2019**

Costs of sales	52,874
Administrative expenses	<u>7,322</u>
Total	<u>60,196</u>

The Company's land and buildings and a part of machinery have been mortgaged as collateral for credit facilities as discussed in Note 13 to the financial statements.

As at 31 December 2019 and 2018, the cost of fully depreciated assets which remain in use amounted to Baht 259.06 million and Baht 250.13 million, respectively.

### 13. SHORT-TERM LOANS FROM BANK

	Thousand Baht	
	2019	2018
Liabilities under trust receipts	141,603	543,371
Total	141,603	543,371

As at 31 December 2019, the Company has credit facilities from bank totaling Baht 5,181 million (2018 : Baht 5,181 million). The liabilities under trust receipts bear interest at the rates of 1.55%- 2.66% per annum (2018 : 1.55%- 2.77% per annum). These loans are collateralized by the mortgage of the Company's land, buildings thereon and machinery, investment property, bank deposit, the pledge of the Company's shares belonging to the Company's shareholders and the personal guarantees of certain Company's directors.

### 14. Finance lease liabilities

As at 31 December 2019 and 2018, the Company has finance lease agreements for vehicles that are being used in the operations with instalment periods of 48 - 49 months as follows:

	Thousand Baht	
	2019	2018
Due within 12 months	3,408	1,663
Due over 12 months but not more than 49 months	-	3,408
Total	3,408	5,071
<u>Less</u> Deferred interest	(107)	(403)
	3,301	4,668
<u>Less</u> Portion due within 12 months	(3,301)	(1,367)
Net	-	3,301

15. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	Thousand Baht	
	2019	2018
<b>Statement of financial position obligations for:</b>		
Post-employment benefits	54,350	39,547
<b>Statement of profit and loss:</b>		
<i>Recognized in profit or loss:</i>		
Post-employment benefits	19,601	4,142

The Company has an obligation under the Thai Labour Law to provide retirement benefits to employees based on pensionable remuneration and length of service.

During the years ended 31 December 2019 and 2018, movements in employee benefits obligation are as follows:

	Thousand Baht	
	2019	2018
Balance as at 1 January	39,547	38,074
Recognized in profit or loss		
- Current service costs	3,558	2,722
- Interest on obligation	1,989	1,420
- Past service cost	14,054	-
Benefits paid	(4,798)	(2,669)
Balance as at 31 December	54,350	39,547

On 5 April 2019, the National Legislative Assembly published Labor Protection Act No.7 B.E. 2019 in the Government Gazette which entitles employees who have worked for a consecutive period of 20 years or more to receive 400 days based on their salary as at the date of retirement. The revised legislation was effective from 5 May 2019, and resulted in an increase in the employment benefit obligation of Baht 14.05 million, with a corresponding amount included in the statement of profit or loss in respect of the past service cost.

Principal actuarial assumptions are as follows:

Discount rate	3.48 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	
	2019	2018
Discount rate (1% increment)	(5,778)	(4,206)
Discount rate (1% decrement)	6,726	4,909
Future salary growth (1% increment)	7,388	4,933
Future salary growth (1% decrement)	(6,398)	(4,289)
Employee turnover (1% increment)	(7,311)	(4,904)
Employee turnover (1% decrement)	8,560	5,717

## 16. SHARE CAPITAL and Premium on share capital

At the 2019 Annual General Meeting of Shareholders held on 29 March 2019, the shareholders approved the reduction of the Company's registered share capital amounting to Baht 898,972 from the existing registered capital of Baht 536,405,305 to Baht 535,506,333 by cancelling the Company's authorized but unissued shares relating to 898,972 expired warrants. An amendment to the Company's Memorandum of Association to the registered capital reduction was also made. The Company registered the change in share capital with the Department of Business Development on 9 April 2019.

## 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 were exercisable were as follow:

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

During the year ended 31 December 2018, the Company recorded expenses of Baht 0.82 million, respectively, related to the ESOP scheme as employee expense in the statement of profit or loss, together with a corresponding increase in “Capital reserve for share-based payment transactions” in the shareholders’ equity.

During the year ended 31 December 2018, movements in warrants and capital reserve for share-based payment transactions are as follows:

	Number of warrants (Unit)	Capital reserve for share-based payment transactions (Thousand Baht)
Balance as at 1 January 2018	4,131,770	2,640
Recognition of share-base payment as expenses during the year	-	815
Exercise of warrants	(3,518,890)	(3,308)
Expired warrants as at 15 June 2018	(612,880)	(147)
Balance as at 31 December 2018	-	-

18. Dividend payment

At the Board of Directors' meeting No. 4/2019 held on 8 August 2019, the Board of Director passed a resolution to appropriate an interim dividend payment from the operating profit for the six-month period ended 30 June 2019 of Baht 0.24 per share for 535,506,333 shares, totalling Baht 129 million. The dividend was paid on 6 September 2019.

At the 2019 Annual General Meeting of Shareholders held on 29 March 2019, the shareholders passed a resolution to pay a dividend from the profit for the year ended 31 December 2018 of Baht 0.63 per share. An approved interim dividend payment for the six-month period ended 30 June 2018 had already been paid of Baht 0.30 per share for 535,506,333 shares, totaling Baht 161 million, on 7 September 2018. The remaining dividend payment for the period from 1 July 2018 to 31 December 2018 of Baht 0.33 per share, totaling Baht 177 million, was paid on 26 April 2019.

At the Board of Directors' meeting No. 4/2018 held on 10 August 2018, the Board of Directors passed a resolution to appropriate an interim dividend payment from the operating profit for the six-month period ended 30 June 2018 of Baht 0.30 per share for 535,506,333 shares, totalling Baht 161 million. The dividend was paid on 7 September 2018.

At the 2018 Annual Shareholders Meeting held on 28 March 2018, the shareholders passed a resolution to pay a dividend from the profit for the year ended 31 December 2017 of Baht 0.60 per share. An approved interim dividend payment for the six-month period ended 30 June 2017 had already been paid of Baht 0.25 per share for 531,987,443 shares, totaling Baht 133 million on 8 September 2017. The remaining dividend payment for the period from 1 July 2017 to 31 December 2017 of Baht 0.35 per share, totaling Baht 186 million, was paid on 27 April 2018.

As at 31 December 2019, the Company has an accrual for dividends amounting to Baht 4.16 million (2018: Baht 3.33 million) under current liabilities.

19. 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 profit, 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.

## 20. 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 2019, amounted to Baht 3.45 million (2018: Baht 3.49 million).

## 21. Revenue

The Company is revenue from sale both domestic and export sales consist of LPG and other pressure cylinders. In addition, the Company also provides services for container repairs and freight income required from customers.

The Company disclosed the revenue disaggregated by primary geography areas and classified by revenue recognition for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht							
	Sale of goods		Freight income		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Asia	1,039,440	1,836,390	34,929	80,702	18,615	8	1,092,984	1,917,100
Africa	947,457	1,339,654	48,387	61,142	-	-	995,844	1,400,796
America	737,324	592,633	3,644	4,617	-	-	740,968	597,250
Others	422,625	525,571	3,538	12,211	-	-	426,163	537,782
Total	<u>3,146,846</u>	<u>4,294,248</u>	<u>90,498</u>	<u>158,672</u>	<u>18,615</u>	<u>8</u>	<u>3,255,959</u>	<u>4,452,928</u>
Revenue classified by revenue recognition								
- At point in time	3,146,846	4,294,248	-	-	18,615	8	3,165,461	4,294,256
- Overtime	-	-	90,498	158,672	-	-	90,498	158,672
Total	<u>3,146,846</u>	<u>4,294,248</u>	<u>90,498</u>	<u>158,672</u>	<u>18,615</u>	<u>8</u>	<u>3,255,959</u>	<u>4,452,928</u>



## 22. OTHER INCOME

Other income for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Revenue from scrap sales	140,735	192,074
Gain on exchange rate	24,390	21,418
Revenue from product quality test	3,525	11,064
Gain on fair value adjustment of investment property	-	6,300
Others	6,987	13,093
<b>Total</b>	<b>175,637</b>	<b>243,949</b>

## 23. INCOME TAX

### *Deferred tax*

The movements in deferred tax assets / liabilities for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht		
	1 January 2019	Charged as income / (expense) in profit or loss	31 December 2019
<b>Deferred tax assets</b>			
From adjustment the fair value of investment property	2,231	-	2,231
From provision for employee benefits obligation	7,910	2,960	10,870
<b>Total</b>	<b>10,141</b>	<b>2,960</b>	<b>13,101</b>
<b>Deferred tax liability</b>			
From property, plant and equipment	(937)	88	(849)
<b>Deferred tax assets - net</b>	<b>9,204</b>	<b>3,048</b>	<b>12,252</b>

	Thousand Baht		
	1 January 2018	Charged as income / (expense) in profit or loss	31 December 2018
<b>Deferred tax assets</b>			
From adjustment the fair value of investment property	3,491	(1,260)	2,231
From provision for employee benefits obligation	7,615	295	7,910
<b>Total</b>	<b>11,106</b>	<b>(965)</b>	<b>10,141</b>
<b>Deferred tax liability</b>			
From property, plant and equipment	(1,025)	88	(937)
<b>Deferred tax assets - net</b>	<b>10,081</b>	<b>(877)</b>	<b>9,204</b>

Income tax expense for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
<b>Current tax expense</b>		
Current year	91,628	136,903
<b>Deferred tax expense</b>		
Movements in temporary differences	(3,048)	878
<b>Total income tax expense</b>	<b>88,580</b>	<b>137,781</b>

	2019		2018	
	Rate (Percentage)	Thousand Baht	Rate (Percentage)	Thousand Baht
Profit before income tax		463,778		696,199
Income tax at tax rate	20	92,756	20	139,240
Income tax expense from non-deductible expense for tax purpose		325		649
Income tax benefit from additional deduction of expenses for tax purpose		(4,420)		(4,750)
Adjustment for tax in prior years		(81)		2,642
Net		88,580		137,781

## 24. SEGMENT REPORTING

Significant segment reporting for the years ended 31 December 2019 and 2018 are as follows

	Thousand Baht For the years ended 31 December					
	2019			2018		
	Domestic	Export	Total	Domestic	Export	Total
Revenue from sales and services	309,420	2,946,539	3,255,959	267,015	4,185,913	4,452,928
Costs of sales and services	(185,225)	(2,403,643)	(2,588,868)	(162,430)	(3,346,557)	(3,508,987)
Gross profit	<u>124,195</u>	<u>542,896</u>	<u>667,091</u>	<u>104,585</u>	<u>839,356</u>	<u>943,941</u>

Segment reporting is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Company reported its operations by domestic and export. Segment performance is measured based on gross profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

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 2019 and 2018 no major private customers.

## 25. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Raw materials and consumable supplies used	2,029,587	2,823,010
Salaries, wages and other employee benefits	324,024	342,715
Transportation expenses	123,886	190,113
Depreciation	60,196	56,945
Changes in finished goods and work in process	26,386	21,043
Commission	19,010	60,189

## 26. COMMITMENTS

As at 31 December 2019, the Company has the following commitments:

- 26.1 An obligation under a domestic bank guarantee amounting to Baht 227.49 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 90.75 million.
- 26.3 The Company has a future aggregate minimum lease under non- cancellable operating leases for its land amount of Baht 0.90 million.

Such letters of guarantee are guaranteed by the mortgage of the Company's land, buildings and certain machinery as disclosed in Notes 11 and 12 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, short-term investment, trade accounts receivable and payable, restricted deposits with banks, short-term loans from bank, finance lease liabilities, advances received from customers and accrued commission expenses. 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 2019 and 2018 as follows:

	2019		
	Foreign currencies (Thousand Unit)	Exchange rate (Closing rate)	Baht equivalent (Thousand Baht)
<u>Cash and cash equivalent in foreign currencies</u>			
USD	81	29.9767	2,428
<u>Trade accounts receivable in foreign currencies</u>			
USD	14,131	29.9767	423,606
EUR	53	33.3775	1,766
KWD	143	98.8026	14,139
<u>Trade accounts payable in foreign currencies</u>			
USD	3,307	30.3313	100,311
<u>Short-term loans from bank in foreign currency</u>			
USD	4,411	30.3313	133
<u>Advances from customers in foreign currency</u>			
USD	155	30.3313	4,705
EUR	26	34.0846	900
<u>Accrued commission expenses in foreign currency</u>			
USD	746	30.3313	22,630
EUR	183	34.0846	6,252

	2018		
	Foreign currencies (Thousand Unit)	Exchange rate (Closing rate)	Baht equivalent (Thousand Baht)
<u>Cash and cash equivalent in foreign currencies</u>			
USD	81	32.2848	2,611
<u>Trade accounts receivable in foreign currencies</u>			
USD	6,458	32.2848	208,495
EUR	3,981	36.7620	146,337
KWD	477	106.2699	50,691
<u>Trade accounts payable in foreign currencies</u>			
USD	124	32.6148	4,039
<u>Short-term loans from bank in foreign currency</u>			
USD	16,660	32.6148	543,371
<u>Advances from customers in foreign currency</u>			
USD	362	32.6148	11,816
EUR	1	37.4884	41
<u>Accrued commission expenses in foreign currency</u>			
USD	1,738	32.6148	56,673
EUR	260	37.4884	9,747

However, as at 31 December 2019, the Company has open forward contracts for collection of payment from trade accounts receivable and repayment of accounts payable which the Company does not have any policy to use derivative financial instrument for speculation or commercial use. Forward foreign exchange contracts are made to manage exposure for fluctuation in foreign currency exchange rates on specific transactions.

	Foreign Currencies (Thousand Unit)	Contracts rates (Baht)
<i>Forward contracts for collection from trade accounts receivable</i>		
USD	500	30.3388 - 30.4000
EUR	300	33.6500 - 33.7705
<i>Forward contracts for repayment of trade accounts payable</i>		
USD	1,000	30.2350 - 30.3300

### 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.

### Interest Rate Risk

The interest rate risk is the 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 and loans from bank as at 31 December 2019 and 2018 as follows:

	Thousand Baht				
	2019				
	Floating rate	Fixed rate	No interest	Total	Interest rate

#### Financial assets/ liabilities

Cash and cash equivalents	5,589	-	7,094	12,683	0.10%- 0.38%
Restricted deposits with banks	-	36,502	-	36,502	0.65%- 1.00%
Short-term loans from bank	141,603	-	-	141,603	1.55%- 1.66%

	Thousand Baht				
	2018				
	Floating rate	Fixed rate	No interest	Total	Interest rate

#### Financial assets/ liabilities

Cash and cash equivalents	72,911	-	6,198	79,109	0.10%- 0.80%
Restricted deposits with banks	-	36,289	-	36,289	0.65%- 1.00%
Short-term loans from bank	543,371	-	-	543,371	1.55%- 2.77%

### 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.

As of 31 December 2019 and 2018, 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			
	2019			
	At call	Within 1 year	Over 1 year	Total

Financial assets/ liabilities

Cash and cash equivalents	12,683	-	-	12,683
Trade accounts receivable	456,560	-	-	456,560
Restricted deposits with banks	-	-	36,502	36,502
Short-term loans from bank	-	141,603	-	141,603
Trade accounts payable	312,485	-	-	312,485
Finance lease liabilities	-	3,301	-	3,301

	Thousand Baht			
	2018			
	At call	Within 1 year	Over 1 year	Total

Financial assets/ liabilities

Cash and cash equivalents	79,109	-	-	79,109
Trade accounts receivable	431,717	-	-	431,717
Restricted deposits with banks	-	-	36,289	36,289
Short-term loans from bank	-	543,371	-	543,371
Trade accounts payable	148,483	-	-	148,483
Finance lease liabilities	-	1,367	3,301	4,668

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, trade accounts payable and liabilities under finance lease agreement the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity.

## 28. FAIR VALUE HIERACHY

As at 31 December 2019 and 2018, the group has financial assets measured at fair value in the statement of financial position are grouped into levels of a fair value hierarchy as follows:

(Unit: Thousand Baht)

	2019			
	Level 1	Level 2	Level 3	Total

### Assets measured at fair value

Short-term investment	-	157,165	-	157,165
Investment property	-	59,780	-	59,780

(Unit: Thousand Baht)

	2018			
	Level 1	Level 2	Level 3	Total

### Assets measured at fair value

Short-term investment	-	90,724	-	90,724
Investment property	-	59,780	-	59,780

## 29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Thousand Baht		
	Lease liabilities	Short-term loans	Total
<b>1 January 2018</b>	5,997	297,816	303,813
Repayment	(1,329)	(1,931,861)	(1,933,190)
Proceeds	-	2,170,135	2,170,135
<b>Non-cash:</b>			
Exchange rate	-	7,281	7,281
<b>31 December 2018</b>	4,668	543,371	548,039
Repayment	(1,367)	(1,546,916)	(1,548,283)
Proceeds	-	1,145,532	1,145,532
<b>Non-cash:</b>			
Exchange rate	-	(384)	(384)
<b>31 December 2019</b>	3,301	141,603	144,904

### 30. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting held on 21 February 2020, the Board of Director passed a resolution to propose to the Annual Shareholders Meeting to approve dividend payment from the net profit for the year ended 31 December 2019 of Baht 0.42 per share, of which an interim dividend payment for the six-month period ended 30 June 2019 has been paid of Baht 0.24 per share for 535,506,333 shares, totaling Baht 129 million on 6 September 2019. The Company therefore, has remaining dividend payment for the period from 1 July 2018 to 31 December 2018 of Baht 0.18 per share amounting to Baht 97 million.

### 31. OTHER MATTERS

At the Board of Directors' meeting No. 5/2019 held on 29 October 2019, the Board of Director passed a resolution to appropriate for the establishing of new overseas subsidiaries for the Company's business expansion purposes. At the Board of Directors' meeting No. 7/2019 held on 20 December 2019, the Board of Director passed a resolution to appropriate authorized the Executive committee to consider and complete the operations within the appropriate time.

### 32. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statement for the year ended 31 December 2018 have been reclassified to conform with current year classification. The reclassifications are as follows:

	Thousand Baht	
	Before reclassification	After reclassification
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue from sales	4,450,570	4,452,928
Other income	246,307	243,949

### 33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized by the Board of Directors on 21 February 2020.

# References

- (a) Securities 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  
Mr. Somkid Tiatrakul C.P.A. Registration No. 2785, or  
Ms. Kanyanat Sriratchatchaval C.P.A. Registration No. 6549, or  
Mr. Teerasak Chuasrisakul C.P.A. Registration No. 6624, or  
Mr. Narin Joramongkol C.P.A. Registration No. 8593  
  
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Telephone: (02) 541-4011 ext. 612 Fax: (02) 541-4011
- (g) Advisors or Managers under management contracts  
None



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