

# ALUCON

Public Company Limited

ASIA'S LEADER IN THE WORLD OF ALUMINIUM CONTAINERS



Annual Report  
**2019**



# ALU

## Public Comp





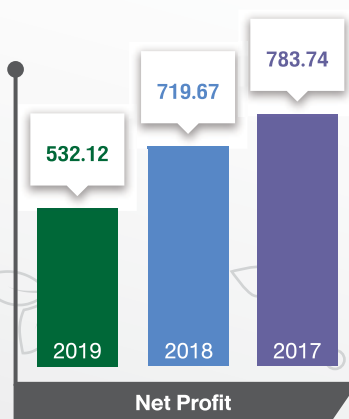
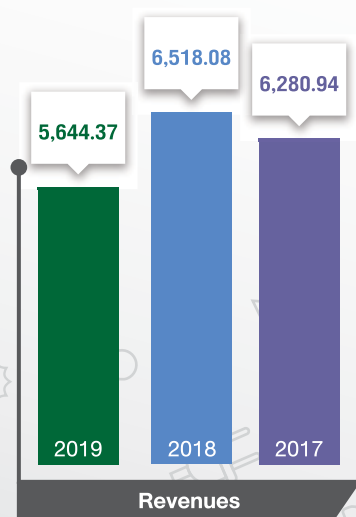
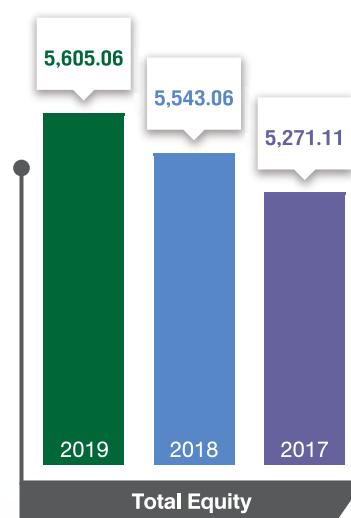
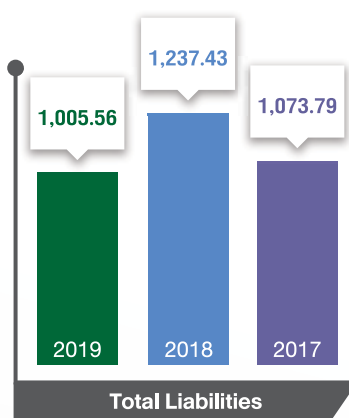
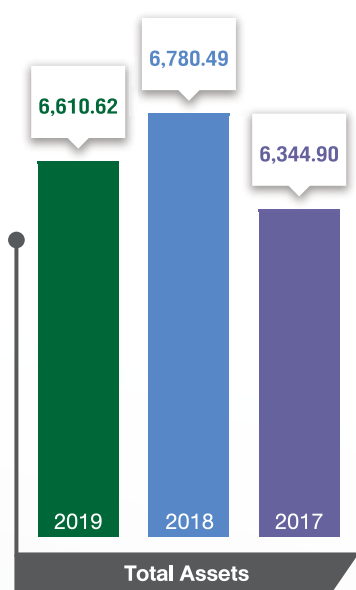
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## Financial Highlight

	2019	2018	2017
<b>Financial Status (Million Baht)</b>			
Total Assets	6,610.62	6,780.49	6,344.90
Total Liabilities	1,005.56	1,237.43	1,073.79
Total Equity	5,605.06	5,543.06	5,271.11
<b>Operating Results (Million Baht)</b>			
Revenues	5,644.37	6,518.08	6,280.94
Expenses	4,986.48	5,626.38	5,306.92
EBT	657.88	891.70	974.02
Finance Costs	1.24	2.15	3.30
Net Profit	532.12	719.67	783.74
EPS	12.32	16.66	18.14





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The performance of Alucon during the year 2019 was largely affected by the market downturn of Asia-Pacific region.

- Total revenue decreased 13.4% from Baht 6,518 million to Baht 5,644 million.
- Net profit after tax decreased 26.1% from Baht 720 million to Baht 532 million.
- Total production of aluminum tube and can decreased 3.3% from 766 million to 741 million pieces.
- Slug production decreased 16.0% from 41,037 tons to 34,474 tons.

After the revenue had been continuously increased for 9 years, year 2019 was unfortunately that we cannot achieve the 10<sup>th</sup> year of revenue increase. The net profit was decreased because of many reasons. Major reasons are:

- 1) Export sale of can and slug decreased substantially and higher cost of slug production.
- 2) Thai baht was stronger against Japanese yen and US dollar.
- 3) Samrong plant made the loss.

We are very proud that Alucon started the first aluminum collapsible tube production in Thailand since January 1962. However, we decided to close the tube production in Samrong by the third quarter of this year; one year earlier than the original consolidation plan.

We did not have any major capital investment in year 2019 as well as this year. After the consolidation, the company can produce the same output but much less people. In other words, we can improve the revenue per employee.

The US-China trade conflict and COVID-19 pandemic outbreak has caused further slowing down of world economy. Even though the company is under the difficult circumstances, we still have something positive which are slightly weaker Thai Baht , cheaper ingot price and cheaper gas price.

I would like to express my sincere appreciate to our people especially tube and can plant in Sriracha for making achievement of new record high of output for 1% comparing to the previous year. They made much better productivity and less scrap rate. We altogether make good efforts to improve the situation and overcome our business recession. Thank you all stakeholders for supporting Alucon over the years, please continue to support the Company for the years to come as always.

Mr. Takaaki Takeuchi  
Managing Director

## General Information

Name of Company	: ALUCON PUBLIC COMPANY LIMITED
Registration No.	: 0107537001854
Registered and Head Office	: No. 500 Moo 1 Soi Sirikam, Sukhumvit Road, Samrong Nua Sub-district, Muang Samutprakarn District, Samutprakarn Province 10270 Telephone : 66(0) 2398 0147, 66(0) 2398 0461 : 66(0) 2398 0462, 66(0) 2398 4624 Facsimile : 66(0) 2398 3455, 66(0) 2361 2511 E-mail : alucon@alucon.th.com Website : www.alucon.th.com
Factory No. 1	: <b>Aluminium Collapsible Tubes</b> No. 500 Moo 1 Soi Sirikam, Sukhumvit Road, Samrong Nua Sub-district, Muang Samutprakarn District, Samutprakarn Province 10270 Telephone : 66(0) 2398 0147 Facsimile : 66(0) 2398 3455
Factory No. 2	: <b>Aluminium Aerosol Cans, Bottles, Felt Pen Bodies, Tablet Tubes, etc.</b> No. 272/5 Moo 3 Pak-ruam Aow-Udom Road, Borwin Sub-district, Sriracha District, Chonburi Province 20230 Telephone : 66(0) 38 345 001-6 Facsimile : 66(0) 38 345 000
Factory No. 3	: <b>Aluminium Slugs, Pettles, Plates, Coils</b> No. 272/5 Moo 3 Pak-ruam Aow-Udom Road, Borwin Sub-district, Sriracha District, Chonburi Province 20230 Telephone : 66(0) 38 345 001-6 Facsimile : 66(0) 38 345 000
Registered Share Capital	: 432,000,000 Baht (43,200,000 shares @ par value of Baht 10)
Issued Ordinary Share	: 43,199,986 ordinary shares
Juristic Person in which the Company holds more than 10% of share	: Alucon does not hold shares in any other company or business



## Reference

Share Registrar	: <b>Thailand Securities Depository Co., Ltd.</b> 93 Rachdapisek Road, Dindaeng Sub-district, Dindeang District, Bangkok Metropolis 10400 Telephone : 66(0) 2009 9999 Facsimile : 66(0) 2009 9991
Auditor	: 1. Mr. Sumeth Jangsamsee      CPA No. 9362 and/or 2. Ms. Sirinuch Vimolsathit      CPA No. 8413 and/or 3. Mr. Yootapong Soontalinka      CPA No. 10604 <b>KPMG Phoomchai Audit Limited</b> Empire Tower, 50 <sup>th</sup> – 51 <sup>st</sup> Floor, 1 South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok Metropolis 10120 Telephone : 66(0) 2677 2000 Facsimile : 66(0) 2677 2222
Legal Consultant	: <b>Pow &amp; Associate Law Office</b> 7 <sup>th</sup> Floor, Udom-Vidhya Building No. 956 Rama IV Road, Silom Sub-district, Bangrak District, Bangkok Metropolis 10500 Telephone : 66(0) 2636 2541-3 Facsimile : 66(0) 2238 2574
Type of Business	: Production of Aluminium Packaging Containers
Type of Products	:
Aluminium Collapsible Tubes	: For hair colours, pharmaceutical creams, ointments, adhesives, etc.
Aluminium Monobloc Aerosol Cans	: For cosmetics, hair care products, perfumes, deodorants, air freshener and etc.
Aluminium Rigid Wall Containers	: For tablet tubes, felt pen bodies, powder cans, etc.
Aluminium bottles	: For cosmetics, pesticides, beverage and product for vehicles.
Aluminium Slugs (Blanks)	: For the production of aluminium tubes and cans and alloy cans
Aluminium pellets, coils strips, plates, alloys	

### Income structure

The Company's business involves the production and sale of impact extruded aluminium containers such as aluminium collapsible tubes as used for hair color products, medical creams, adhesives etc., aluminium rigid wall containers, aluminium monobloc aerosol cans, aluminium bottles, tablet tubes, marker pen bodies etc. and aluminium slugs for the production of such containers. About 61% of revenue is obtained from sales of aluminium cans and tube whereas the balance of about 39% is obtained from sales of aluminium slug. During the year 2019 domestic sale on aluminium cans and tubes decreased 5.2% and aluminium slug decreased 22.5%.

The Company's income structure from its operations in the past three years:

Value Unit: MB	2019		2018		2017	
	Value	%	Value	%	Value	%
Aluminium cans and tubes	3,342	60.80	3,524	55.90	3,474	56.96
Aluminium slug	2,155	39.20	2,780	44.10	2,625	43.04
<b>Total</b>	<b>5,497</b>	<b>100.00</b>	<b>6,304</b>	<b>100.00</b>	<b>6,099</b>	<b>100.00</b>

### Change in the past year

There are no major changes compared to last year

### Industrial situation and competition

ALUCON is a very export-oriented company. Today, it had become the largest manufacturer in Asia who produces more than 741 million pieces. Worldwide production approximately amount to more than 22 billion pieces which means our market share is around only 3%. Meanwhile, wider global competition has also become increasingly stronger.

Thus, Alucon is focusing on maintaining the productivity, on-time delivery and best quality, especially compared with the one produced in Europe or USA; its price is cheaper. With this ground, Alucon is able to compete with the competitors, once compared with quality and price.

On transportation expenses to overseas customers, it would be negative factor against us and it can also dilute our production capacity and it is obstruction factor on our export. However, our productivity on various sizes, it could save cost so much, especially small to medium size. Besides, currency and foreign exchange rate would cause an effect to Alucon's competition.

For slug business, although Alucon faces strong competition but nowadays, Alucon maintains slug production capacity as the largest manufactures in Asia and hold 8% market share worldwide.

## Risk Factors

### Marketing Risk

Y2019 is the year that sales are the first decline in last 10 years and decreased in all categories of products, especially the aluminum slugs; being from the internal and external economic conditions continuously slowing down, trade war between USA and China, Baht appreciation in whole year, that would not be good for doing business in export sales including the ordering policy from domestic production sources of global companies that have good results in China and India etc.

As well as personal use products marketing such as deodorant spray, globally there is a decreasing number of usage, causing exports to decrease in all regions; while the aluminum tubes for hair color products, medical supplies, adhesives and others are relatively stable.

Domestic sales have changed slightly in all categories; however, there are new products being released to increase the variety of products such as the aluminum bottles for beverages and car maintenance products.

Alucon's products are still the same, which is to manufacture the packaging containers for distribution, which are

- Manufacturing Programme Aluminium Collapsible Tubes : for hair colours, pharmaceutical creams, ointments, adhesives, etc.
- Aluminium Monobloc Aerosol Cans : for cosmetics, hair care products, perfumes, deodorants, air freshener and etc.
- Aluminium Rigid Wall Containers : for tablet tubes, felt pen bodies, powder cans, etc.
- Aluminium bottles : for cosmetics, pesticides, beverages and products for vehicles etc.
- Aluminium Slugs (Blanks), coils strips, plates, alloys : for the production of aluminium tubes and cans and alloy cans

Alucon has business dealing with, directly or indirectly, almost 40 countries around the world, as well as Thailand (through filling based company). Alucon focus on the global company who is always globalization level which is to order the product with huge quantity to get the reasonable price and the products are distributed to the same regional countries, to increase more distributing channel and also have more opportunity to be second source production for such customers in case of shortage of customers' packaging. For doing business via filler contracted fillers to produce finished goods for export, Thailand has sufficient capacity both quality product and other materials. This demand can be expended the market continuously.

The way to protect the risk is that the Company is still committed to maintaining production standards for better quality by making satisfaction to our customers, directly and indirectly, delivery of products on time, a competitive price, development on our products using less raw materials to reduce costs, increasing of product variety, sufficient production capacity, modern technology improvements, use less labor, less waste and focus on safety and environmentally friendly.

### Raw Material Risk

In Y2019, the price of 99.7% purity aluminum ingot in the world market continuously decreases, which is a good result for the Company in terms of cheaper costs

The way to protect the risk is that the Company has good financial liquidity. Therefore, the Company has ordered the supply from multiple sources and can negotiate premiums at different times causing a large amount of purchases to reserve in case the product price may be increased. Most foreign currencies are paid in US dollars and are deposited in the same currency received from the payment of foreign customers for payment of such materials.



## Foreign Currency Risk

Due to import transactions on raw materials, machinery and export of goods as well as short-term loans for Alucon's business or transaction in foreign currency, this would be beyond predictions on exchange rate of the currency that cannot be controlled precisely.

The way to protect risk is that to make the Natural Hedge when receiving foreign currency from payments on sale by customers and then deposit into account as the main currency deposits such as US dollar, Japanese Yen etc. The purpose of such account is to pay for goods and repay the loan by keep them most evenly balanced, to save cost on buying foreign currency. In addition, there were also sales in other currencies such as Australian Dollar, Hong Kong Dollar, in order to spread the risk as well.

## Credit Risk

Alucon distribute the products, both local and international market in type of credit term by selling to related company, global companies, medium companies and small companies that some company has dealt with the business for long time and be good customers. However, there are also risks that may not be paid or delay payment because of lack of cash flow.

The way to protect the risk is that to hedge the credit carefully. In case of local customers, it is needed to monitor and analyze financial information and would have down payment in the initial stage of business for a while period. In case of the major customers, they could be trusted for a while. In case of foreign customers who are international, it considers from the company's reputation and there will be a contract to be signed prior to manufacturing. However, if they are general customers, the payment condition by letter of credits by reliable bank shall be determined. The period for payment, or payment term or partial payment may be determined differently on contract signed date etc.

## Risk from Packaging Material Substitute

Because the technology in packaging production is diverse and currently focuses on being environmentally friendly, aluminum, which has a relatively high price and fluctuates all the time may be replaced by other materials that are cheaper or more appropriate such as steel plates, plastic or laminates, aluminum aerosols can be replaced with plastics or aluminum felt pen can be replaced with plastic and etc., but considering of environment from the decomposition of the raw materials used is the most important. The aluminum is a good decomposable raw material faster than laminate and plastic. This means aluminum is environmentally friendly of which it must not consider only the price when change to other material but must concern on the environment aspect as well.

The way to protect the risk is to manufacture the quality products, to improve standards and production mechanism methods that increase efficiency, to reduce scrape from production processes, to develop with low-cost production in the use of less raw materials, innovate light weight but the same performance such as to produce alloy slugs to become aluminum alloy cans etc. This is to improve the price competitiveness and to add more product variety such as aluminum bottles for automotive products.

## Risk on Labour Cost and Material Cost

In 2019, the shortage of skilled workers in the country has no effect on our production. Labor movement is relatively low compared to many years ago. But labor costs are higher because of the need to adjust the wage rate to be in line with the labor market and create morale for employees.

The way to protect the risk is to continuously conduct internal technician training and to increase the wage by transferring daily staff to be a technician once they pass the training course and receive a certificate. In addition, there are training for all level of staff throughout the year, to enhance their knowledge as well as to have a teaching program from seniors to juniors level. There was installing of more automated equipments for work.

## Related parties and connected transactions

During the year 2019, Alucon has the connected transaction with the related company, of which it has been reported to and approved by the Board of Directors according to the criteria set by SET. Once it has been approved by the Board of Directors, it will be announced to the SET every time, of which it can be summarized as follows:

Related Party	Relationship	Type	Value (MB)	Necessity and suitable reason
Takeuchi Press Industries Co., Ltd.	Majority shareholder at 71.65%	Sale of Goods	1,284.1	Takeuchi Press Industries Co., Ltd. acts as an intermediary in the sale of aluminium container and slug, to the customers in Japan who had no experience in importing goods, self-directed and are happy to order the company through its Takeuchi Press Industries Co., Ltd. The sale price is the market price or the price according to the agreement determining the selling price structure, taking into account the actual cost plus a margin, as well as the size of the products sold, quantity being sold and shipping costs
		Materials and spare parts	12.1	Purchasing transaction supporting the Company's normal business by purchasing raw materials and spare parts in lower price than other suppliers, which can not be sourced out locally.
		Machines and equipments	0.6	Purchasing transaction supporting the Company's normal business in lower price than other suppliers, which can not be sourced out locally.
		Interest expense	1.2	Takeuchi Press Industries Co., Ltd. lent the Company the short loan with the interest rate at 1.30 - 1.79% per annum being lower interest rate than the financial institution by issuing promissory note typed "Roll Over" without any guarantee.

Related Party	Relationship	Type	Value (MB)	Necessity and suitable reason
		Royalty Fee	20.4	The Company has entered into a Basic Technical Licensing Agreement with Takeuchi Press Industry Co., Ltd. Under such conditions, the company will receive technical assistance, including technical information, expertise, equipment for the production, and the rights to sell the products of which the Company shall pay royalty fee and commission based on a percentage of sales. The transactions are normally as agreed in accordance with the agreement as same as the market price.
		Commission	2.6	Being paid a commission based on a percentage of sales that is normal business as the prices and considerations according to the normal trading.
		Other expenses	0.1	Being a normal business as the price and consideration according to the normal trading.
		Account receivable	55.3	Payment condition is normal to be treated with other customers by the Company
		Account payable	1.6	Payment condition is normal to be treated with other customers by Takeuchi Press Industries Co., Ltd.
		Accrued commission payable	0.5	Payment condition is normal to be treated with other customers by Takeuchi Press Industries Co., Ltd.
		Accrued royalty fee payable	3.7	Payment condition is normal to be treated with other customers by Takeuchi Press Industries Co., Ltd.



### Procedures for approval of the connected transactions

The Board of Directors has set procedures for approval on the connected transaction with related company that would have conflict of interest being under the scope of good corporate governance by proposing to the Board of Directors for consideration and approval on the connected transaction jointly with the audit committee in order to consider it to be fair, reasonable and appropriate pricing policies by taking into account the interests of the Company and its shareholders is. Also, it must be complied with the regulations of Stock Exchange of Thailand and Securities and Exchange Commission. Any directors who involve such connected transaction shall abstain on the vote to such matter.

### Policies and prospects for future transactions

The Company continues to cause the connected transactions with related parties. With regard to the transaction that the Company have done for the business and it would be in line with the normal business conditions. There is no benefit transfer between the Company and the related company. The Company affirms that it runs business with transparency in accordance with good corporate governance policy, and strictly comply with the regulations of Stock Exchange of Thailand and Securities and Exchange Commission Bureau. In addition, the Company has disclosed its connected transactions and acquisition and disposal of significant property in the Note accompanying to the financial statement being audited by the auditor of the Company and in form 56-1 and 56-2 in compliance with the generally accepted accounting standards.

## Shareholders

List of 10 major shareholders as of 30<sup>th</sup> December 2019 are as follows:

	No. of Shares	% of all issued shares
1. Takeuchi Press Industries Co., Ltd.	23,090,529	53.45
2. Thai Trust Fund for ALUCON Public Company Limited ***	7,863,800	18.20
3. Mrs. Mekhin Ueranant	1,856,025	4.30
4. HEIWA KINZOKU CO., LTD.	1,800,000	2.86
5. Hartmut & Illse Schneider Foundation for Children	1,236,975	2.86
6. Mr. Harkishin Tanwani	1,200,000	2.78
7. Mrs. Pramila Rochsilthum	1,002,375	2.32
8. Mrs. Nalinrat Uer-anant	424,500	0.98
9. Mr. Rameth Rochsilthum	366,375	0.85
10. Mrs. Pariti K-manee	318,000	0.74

\*\* (in which Takeuchi Press Industries Co., Ltd. holds in Thai Trust Fund totally 7,863,800 shares  
= 18.20% of all issued shares)

Takeuchi Press Industries Co., Ltd, Japanese company, being a major shareholder doing similar business as ALUCON in Japan, of which major shareholders are Takeuchi Shohji Ltd. Japan, Mr. Shigekazu Takeuchi and Takeuchi's family holding more than 40% of shares in Takeuchi Press Industries Co., Ltd.

### Rights of Shareholders

The Board of Directors of the Company has established the corporate governance policy concerning the shareholders' basic rights apart from rights to attend the shareholders' meeting, rights to obtain dividends including rights to sale, buy, transfer and other relevant transactions, in particular, rights to receive information of the Company's operation through Investment Relations (IR) Ms. Kanjana Piyachart, treated by the Company by following the Company's Article of Association (AOA), regulations provided under Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC).

### Rights of Stakeholders

The Company recognized on providing the equitable treatment to all stakeholders, therefore, the encouragement of cooperation has been developed between the Company and the stakeholders, not only customers, shareholders, business partners, business competitors, but also the Company's employees, debtors and other relating group of communities being mutually contribution of belonging profits.

Furthermore, the Company has established the Audit Committee (the AC), under the conduction of SET' regulations, this committee has mainly authorities in these following tasks; to investigate and report the Company's financial statement, to audit the Company's internal control system, to nominate the Company's auditor and their remuneration, and to consider the Company's conflict of interest including risk management.

In addition, the Company has launched Quality Control Policy and obtained ISO 9001:2015 on Y2017, where the standard is for controlling quality control management (last version), in order to create the customer satisfaction. In addition, Alucon also got the ISO 22000:2005 and ISO/TS 22002-4:2013 to certify the standard on food safety, for customer manufacturing. The Company further contributed the Environmental Policy, Safety Policy and Good Corporate Governance by addressing them on the ways of strict practice to employees.

### **Shareholders' Meetings**

At least 21 days before the date of Annual General Meeting of Shareholders (AGM), the Company will promptly inform the shareholders to acknowledge the schedule of AGM, including mailing relevant documents of each AGM of agenda(S), a copy of previous year minutes of AGM, time and venue, the results of the Company's operation, and name lists attached with the necessary details of the directors who retire by rotation. At the shareholders' meeting, by following the Company's Article of Association (AOA) and the Public Limited Company Law, Chairmen of the Board of Directors' Meeting will be the Chairman of the AGM and has responsibility to present the annual results of the Company's operation for the shareholders of consideration. Shareholders will have opportunity to ask for more details related to the agenda considered during the meeting, the Company then put all recommendations, suggestions, received from the shareholders down and the executive directors has responsibility to answer all questions raised by shareholders.



## Management

As of 31<sup>st</sup> December 2019, there were 10 directors and the Board of Director had 6 times of Meeting, illustrated below:

Name	Position	No. of Attendance	AGM 2019 Attendance
1. Mr. Somchai Aungsanant	Independent Director, Chairman of Board of Directors	6/6	✓
2. Mr. Takaaki Takeuchi	Director, Managing Director	6/6	✓
3. Mrs. Eumporn Pamornbutr	Director, Senior Assistant Managing Director, Risk Management Committee	6/6	✓
4. Ms. Salinee Mahtani	Director, Assistant Managing Director	6/6	✓
5. Mr. Subpachai Lovanit	Director, Plant Manager	6/6	✓
6. Ms. Vrinporn Uer-anant	Independent Director, Audit Committee - Chairperson	4/6	✓
7. Mr. Krit Indhewat	Independent Director, Audit Committee	6/6	✗
8. Mr. Toshiyuki Koike	Independent Director, Audit Committee, Risk Management Committee	6/6	✓
9. Mr. Vibool Uer-anant	Independent Director, Risk Management Committee - Chairman	6/6	✓
10. Ms. Kasumi Takeuchi	Director	3/6	✓

### Directors' Authority and Duty:

1. Conduct their duties honesty; comply with all laws, the objectives and the Articles of Association of the Company, and the resolutions of any shareholder meetings in good faith and with care to preserve the interests of the Company.
2. Implement and direct the Company's policies, as well as monitor and supervise its operations to maximize economic value and shareholders' wealth
3. Ensure management's accountability to shareholders: preserve their rights and interest, clearly and fully disclose information.
4. Conduct themselves honestly and with integrity.
5. Ensure the Company has management with the competency, knowledge and experience to run the business.
6. Ensure the Company is determined to carry on the business continuously.

#### Chairman of Board of Directors' Authority and Duty:

1. To act as the Chairman at the meeting of the Board of Directors
2. To case the casting vote in case of an equality of votes;
3. To convene the meeting for the board of directors; and
4. To act as the chairman of the shareholders' meeting.

#### Managing Director's Authority and Duty:

1. Establish policies, strategies, business strategies, goals, plans and annual budgets proposing to the Board for approval.
2. Operate in accordance with the policy, business strategy, goal, plan and annual budget of the Company as being approved by Board.
3. Report the Company's performance and quarterly results to the Board, along with trends and management guidelines for the Board.
4. Other matter as assigned by the Board.

#### Report on holding securities by the Board of Directors and the Executives

The Company has policy requiring the Directors and the Executives of the Company to report their changes in securities holding to the Office of the Securities and Exchange Commission within 3 business days from the date of such change, and must send the report to SEC via online system. The Company Secretary shall then consolidate, summarize and present such report to the Board of Directors on quarterly basis. The report of changes in securities holding of the Directors and the Executives by comparing between the fiscal year ended 31<sup>st</sup> December 2018 and 31st December 2019 have been summarized as follows:

Name	Number of Shares		Percentage (%)	
	2018	2019	2018	2019
1. Mr. Somchai Aungsanant Spouse and minor child	87,750 600	87,750 600	0.20 0.0001	0.20 0.0001
2. Mr. Takaaki Takeuchi Spouse and minor child	90,000 0	90,000 0	0.21 0	0.21 0
3. Mrs. Eumporn Pamornbutr Spouse and minor child	58,500 0	58,500 0	0.14 0	0.14 0
4. Mr. Subpachai Lovanit Spouse and minor child	245,000 0	245,000 0	0.56 0	0.56 0
5. Ms. Salinee Mahtani Spouse and minor child	59,400 0	59,400 0	0.14 0	0.14 0
6. Ms. Vrinporn Uer-anant Spouse and minor child	154,300 0	154,300 0	0.36 0	0.36 0
7. Mr. Krit Indhewat Spouse and minor child	155,250 9,000	155,250 9,000	0.36 0.02	0.36 0.02

Name	Number of Shares		Percentage (%)	
	2018	2019	2018	2019
8. Mr. Toshiyuki Koike	0	0	0	0
Spouse and minor child	0	0	0	0
9. Mr. Vibool Uer-anant	10,000	10,000	0.02	0.02
Spouse and minor child	4,000	4,000	0.009	0.009
10. Ms. Kasumi Takeuchi	0	0	0	0
Spouse and minor child	0	0	0	0
11. Mr. Maksimilan Pristovsek	49,500	44,100	0.11	0.10
Spouse and minor child	0	0	0	0
12. Ms. Kanjana Piyachart	0	0	0	0
Spouse and minor child	0	0	0	0

*\*The number of shares of all directors, executives, spouses and the minor child jointly hold in total of 2.12% but it does not exceed 25% of all issued shares*

#### Selection of Directors and Executives

In case of there is a vacancy in the Board of Directors, the Board of Directors shall select and propose nominees to fill the vacant position. In the selection of candidates, various criteria are considered such as knowledge, capabilities and business-related experience.

In addition, the Company's directors and executives must not possess untrustworthy characteristics as determined by the Notification of the Securities and Exchange Commission as follows:

1. Having deficiency in legal competence or having been subject to any legal proceeding under the law governing capital market
  - a. Being an insolvent person, or
  - b. Being an incompetent or a quasi-incompetent person, or
  - c. Having been named in any criminal complaint filed by the SEC; or having been subject to any legal proceeding following the criminal complaint initiated by the SEC; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the violation of the Securities and Exchange Act or the Derivatives Act.
2. Having any record of deceitful, fraudulent or dishonest management of assets
  - 2.1 Having been named in any criminal complaint filed by a financial regulatory authority or subject to any legal proceeding following the criminal complaint initiated by a financial regulatory authority, or barred from serving as director or executive of a financial regulatory agency, whereas the term "financial regulatory authority" herein means both local and foreign one; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of offences regarding deceitful, fraudulent or dishonest management of assets which has caused damage to either the financial institution which with which the person was associated or the customers thereto; or

- 2.2 Having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of public offences regarding deceitful, fraudulent or dishonest management of assets; or
- 2.3 Having been subject to the court's order of asset seizure under the Counter Corruption Act, the Anti-Money Laundering Act or any other similar law and it has not yet surpassed the three-year interval time after the date on which the court issued such order.
- 3. Having engaged in any transaction, practice or course of business which, if considered on a reasonable ground, materially affected shareholders, company or capital market
  - 3.1 Acted or omitted to act, without good faith or with gross negligence, in executing any transaction for the company or its subsidiary, which caused damage to the company or shareholders or generated unjust enrichment for oneself or others; or
  - 3.2 Disclosed or disseminated false information or statement regarding the company or its subsidiary which may cause misunderstanding or concealing material facts that should have been stated which may affect decision making of shareholders, investors or other parties involved, either by ordering, taking responsibility for or involving in preparation, disclosure or dissemination of such information or statement by taking or omitting to take any other action, unless the person can prove that, by virtue of own position, status or duty, he was not aware of such untruth or omission; or
  - 3.3 Engaged in any unfair practice or taking advantage of investors in trading securities or derivatives or aided or abetted thereof.

#### Election of Directors

Directors shall be elected by the General Meeting of Shareholders pursuant to the criteria and procedures as follows:

- (1) A shareholder shall have the number of votes equal to the number of shares held by him multiplied by the number of the Directors to be elected.
- (2) The shareholder may utilize the number of votes he is entitled to per (1) to elect one or more persons as the Directors of the Company. In case he elects more than one person, his number of votes must be equally distributed to such persons.
- (3) The person who receives the votes of the highest number and the next persons in the order of the number of votes received shall be elected Directors in the number permitted. In case the next persons in the order of the number of votes received obtain equal numbers of votes and the number of such persons exceeds the remaining number of Directors permitted, the Director to be elected therefrom shall be decided by the Chairman.

At the Annual General Meeting of shareholders one-third of the Directors, or if their number is not multiple of three, then the number nearest to one-third must retire from office.

Directors to retire first must be those having been elected the longest period and those in alphabetical order. A retiring Director is eligible for re-election.

The term of any Director shall be terminated upon the occurrence of any of the following:-

- (1) his/her death
- (2) his/her resignation
- (3) his/her being disqualified or possessing any of the prohibitive attributes as per Section 68 of the Public Limited Company Act B. E. 2535
- (4) when a shareholders' meeting has resolved that he be relieved of his post per section No. 18
- (5) upon the court's order that he be relieved of his post.

Any Director wishing to resign shall submit his resignation to the Company in writing. The resignation shall take effect from the date on which his resignation reaches the Company.

The Directors who has resigned per the first paragraph may also notify the Registrar of his resignation.

In case the post of a Director has been vacated owing to reasons other than by completion of his tenure, the Board of Directors shall elect a qualified person not having any prohibitive attributes pursuant to Section 68 of the Public Limited Company Act. B.E. 2535 as a replacement Director for subsequent meetings of the Board of Directors unless the remaining period of the tenure shall be less than two months.

The resolution of the Board of Directors pursuant to the first paragraph shall be passed by an affirmative vote of not less than three-fourths of the remaining Directors.

At a meeting of shareholders, a resolution may be passed to relieve a Director of his post prior to his completing his tenure by the affirmative votes of not less than three-fourths of the shareholders who attend the meeting and entitled to vote thereat and who hold shares in aggregate of not less than half of the total number of shares held by the shareholders attending the meeting and entitles to vote thereat.

#### **Number of Consecutive Terms of Directors**

The Company considers that every director who has been elected by the shareholders' meeting has the qualifications, knowledge, and capabilities that are accepted by all, has morals and ethics, and has satisfactorily performed his duties. If the shareholders' meeting gives their trust by re-electing the director, the Company respects the rights of the shareholders and therefore has not predetermined the number of consecutive terms of directors.

#### **Qualifications of Independent Directors**

The Company has determined the definition of the Company's independent directors **to be more stringent than the minimum requirements** of the Notification of the Capital Market Supervisory Board with regards to holdings of the Company's shares under No. 1 – 9 as follows:

1. Holding shares not exceeding 1% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;



3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company;
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as independent director with the qualifications under No. 1 - 9, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed by the applicant as independent director has or used to have a business relationship to provide professional services exceeding the value specified under No. 4 or No. 6, the Board of Directors may grant an exemption if the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

- a. The business relationship or professional service which makes such person's qualifications not in compliance with the prescribed rules;
- b. The reason and necessity for maintaining or appointing such person as independent director; and
- c. The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

### Balance of power for non-executive Directors

As of 31<sup>st</sup> December 2019, the number of directors is 10 persons according to the Article of Association of the Company. The executive directors are those having most experience of the Company's business and may be or may not be shareholders. Board member consist of :

- Executive Directors 4 persons
- Independent Directors 5 persons
- Non-Executive Director 1 person

All shareholders and directors are free to vote for or have their own choice regarding Company matters. All elected directors may hold several positions as may be approved by the other directors which should exclude unlimited power for such a director.

Directors shall consider and approve the business policy, capital investment and other relevant matters. It shall receive the report of the internal audit committee. Directors meetings shall be held regularly at least every 3 months. Executive directors shall report developments and performance of their departments. There is no limitation as to the time any director may serve. However, one-third of directors shall retire by rotation and those directors shall be re-elected by the shareholders at the Annual General Meeting.

### Leadership and Vision

Board of Directors shall consider and approve the business policy, capital investment and other matters, the meetings shall be held regularly at least every 3 months.

The Executive directors shall report developments and company's performance.

The Board of Director has established a policy on corporate governance that is in accordance with the principles and guidelines on good corporate governance of the Stock Exchange of Thailand and recommendations of the Thai Institute of Directors (IOD). The Board of Directors consistently adheres to good corporate governance principles and practices and recognizes the critical importance of corporate governance (CG) in the Company pursuit of sustainable, as well as communicates to all executives, and employees through many channels, i.e. orientation for new employees, information board, and all channel of communication.

The Company has established rules pertaining Corporate Governance Policy for all employees of ALUCON to acknowledge and practice as follows:

1. Structure, Duties, Responsibilities and Independence of Board of Directors.
2. Rights and Equitable Treatment to shareholders and stakeholders.
3. Information Disclosure and Transparency.
4. Controlling System and Risk Management.
5. Business Ethics

The Company performs administration in accordance with good governance guideline by recognizing the importance of and accountability to shareholders and stakeholders of the Company with full commitment and cooperation from all concerned parties, including the Board of Directors, Management and every employee. Such efforts positively contributed to the results of corporate governance assessment conducted by various organizations and agencies.

- In the 2018 Corporate Governance Survey of listed companies conducted by the Thai Institute of Directors (IOD), the Company received a rating of “Good” with the score at 79 from 100.
- In 2019 Quality of Annual General Meeting Survey conducted by the Thai Investors Association, the Company received a rating of “Good” with the score at 100 from 100.

### Corporate Governance Policy

The Board of Directors has emphasis on good governance to build confidence among shareholders, investors and concerned parties by adhering to the listed company’s conducts guideline which confirms the guidance of the Stock Exchange of Thailand regarding good governance practices. The guideline comprises five principles which shaped up the Company’s good governance practices as follows:

1. Right of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Board of Responsibilities

On Y2019, the Board of Directors have reviewed the principles of Corporate Governance Code in order to adjust the business practice on which matters have not yet to comply with and also record the reason why not yet to comply with, in the Minutes of Board of Directors, without disclosure of the reason.

## Principle 1 : Right of Shareholders

The Company places emphasis on the rights of shareholders as the true owner of the Company. All kinds of shareholders, whether minority or institutional, are encouraged to exercise their fundamental rights, e.g. sales purchase or transfer of shares, profit sharing, receipt of the adequate information either via the Company's or the SET's websites or other channels, attendance at shareholders' meetings to acknowledge the Company's annual business performance, and voting rights at the shareholders' meetings to approve significant matters as specified by law, such as the appointment or removal of directors, directors' remuneration, the appointment of the auditor and determination of the auditor's fee, dividend payment or suspension of dividend payment, any capital increase and issuance of new shares, and making enquires or comments on the matters that the Board of Directors presents or requests for approval at the shareholders' meeting.

### Shareholder' Meeting :

- 1.1 Information in invitation letter for attendance in shareholders' meeting includes date, time, venue, and meeting agenda as well all relevant information required for passing a resolution at the meeting which will be provided to shareholders ahead of time such as director appointment, remuneration review, auditor appointment, stipulation of audit fee, and dividend payment. For each agenda item, relevant facts and rationales are presented to shareholders together with the Board of Directors' comments for deliberation. According to attendance criteria and procedure of the shareholders' meeting, the Company nominates two independent directors as proxies of shareholders. The proxy form is a standard form on which comments about vote casting for each agenda item can be written.
- 1.2 Delivery of invitation letter and accompanying documents: To allow shareholders to study relevant information in both Thai and English versions (for foreign shareholders), the Company publishes announcements via SET news to inform shareholders that they can learn this information in the Company's webpage at least one month in advance. Such information is exactly the same as the information presented in a document form. The invitation letter and support documents will be delivered to shareholders at least 21 days prior to the meeting date.
- 1.3 Shareholders can download various information from the Company's webpage ([www.alucon.th.com](http://www.alucon.th.com)) such as financial data, the Company's information, and information about the meeting. The webpage can serve the needs of shareholders and interested persons who want to study some information about the Company. To inquire additional information, they can also send an email to Investor Relation at [kanjana\\_p@alucon.th.com](mailto:kanjana_p@alucon.th.com).
- 1.4 Allowing shareholders to propose an agenda item and qualified person's name for nomination as directors four months in advance of the meeting: Shareholders can learn from SET news that announces availability of such information in the Company's webpage. In this regard, relevant criteria and procedure are described such as a single shareholders or a number of shareholders with combined shares not less than 2,160,000 shares or 5% of registered capital. There is detailed information required for consideration, explicit criteria for decision whether to table or not table proposed agenda item, and other information regarding where and when to submit the proposal. In this regard, an informal proposal can be sent via email and later the original proposal must be delivered via registered mail to the Company Secretary. Upon receiving detailed information, the Board of Directors will deliberate on such matter as set out in the process. However, in the past nobody proposed any additional agenda item.
- 1.5 The Company has a policy to facilitate and support the individual shareholders, juristic shareholders and investment institution to attend the meeting at the same treatment.

1.6 Shareholders' meeting: The Company held one 2019 Annual General Meeting of Shareholders on 18<sup>th</sup> April 2019

- The meeting date (Tuesday) was not set on an extra holiday or a public holiday. The meeting time (10.00 am.) was not set too early in the morning or too late in the evening, so convenient transportation was ascertained.
- The cutoff date of the shareholders list was under Record Date criteria and set to ensure that shareholders would have more time to review meeting documents or supporting information before the meeting date.
- Staffs were deployed to facilitate, advise and open registration service two hours prior to the meeting as it was started on 8.00 am. onward.
- If a shareholder cannot attend the meeting, he or she may assign up to three proxies but only one proxy is permitted to attend. Alternatively, a shareholder may assign two independent directors as a proxy. The Company encouraged shareholders to use Proxy Form B, which is the form in which each particular matter in detail is specified.
- The Company used the barcode system to run the registration process and count the votes, to facilitate the meeting.
- Before the meeting started, the Chairman of the Board of Directors introduces the member of Board of Director, the Audit Committee, the Executive Directors, the Auditor, the Company Secretary and the IR to the Meeting and then he has assigned the Company Secretary to facilitate the proceeding of the meeting. The secretary informed shareholders of the meeting rule and voting procedure.
- The Company has asked the Auditors as intermediary person to monitor the vote counting in case of objection during the meeting, and also requested one of shareholder attending the meeting to be witnessed.
- Language to be used in the Meeting is Thai and English language for understanding and communication among management and shareholders both Thai and Foreigner
- Shareholders were allowed to comment and ask questions. Important questions and answers were noted. The meeting time was sufficiently allocated for thorough inquiries by shareholders as well as explanation and presentation of relevant information by the Company's directors and various committees. In addition, shareholders also had opportunities to send questions or other vital information of the Company in advance since the meeting notification was sent to shareholders. Questions and such information may be sent to [pitipong@alucon.th.com](mailto:pitipong@alucon.th.com) or faxed to 02-3983455 or mailed to the Company's address.
- During votes casting, ballots were used for every agenda item so that votes could be counted expeditiously. Ballots would be stored only for the case which shareholders disagreed or abstained. To observe best practices of shareholders' meeting, ballots collected from all attending shareholders and proxies were collected after the meeting was adjourned. Furthermore, voting to elect committee members was cast for each individual director.
- The Company does not have a policy to derogate the rights of shareholders by abruptly distributing extra documents containing crucial information, not adding an agenda item or changing vital information that differs from documents delivered to shareholders, not restricting the right to attend meeting of shareholders by giving them voting or ballot casting right in certain agenda which are being considered and vote casting has not been underway. Moreover, video and audio recording of meeting can always be examined.
- Shareholder's minutes of meeting shows that the list of directors who attended or was absent from the meeting. In the 2019 Annual General Meeting of Shareholders, the Chairman of the Company, committee chairperson, and top executives were all presented to meet with and answer any question from shareholders, offer pertinent explanation, summarize questions and answers or comments. Regarding vote casting and ballot counting method, in case there are dissenting votes, the number of favorable and dissenting votes or abstention will be recorded in the minutes of meeting accurately and completely and the meeting report will be publicized on the Company's webpage for shareholders' scrutiny.



- 1.7 The Company discloses verifiable shareholding structure in clear and transparent manners.
- 1.8 At the Annual General Meeting of Shareholders No. 59 on 18<sup>th</sup> April 2019, the Company has approved the dividend payment from the operation result of the Company according to the fiscal year ended 31<sup>st</sup> December 2018, to pay to all shareholders in amounting of 431,999,860 Baht.
- 1.9 The Company gives shareholders the opportunity to submit questions relating to the agenda of the AGM2019 in advance between 27<sup>th</sup> March 2020 - April 10, 2020, by notifying shareholders and announcing rules and specify the procedures clearly in the meeting invitation and on the company's website at [www.alucon.th.com](http://www.alucon.th.com).
- 1.10 The Company allows shareholders to elect each director individually by proposing the names of the directors to each shareholder to vote individually.
- 1.11 In organizing every shareholders' meeting, the Company has appointed auditors and 2 other shareholders as witnesses in quorum counting and the result of the vote, to be transparent legally and comply with the Company Articles of Association.
- 1.12 The Board of Directors of the Company does not hold shares, in total, more than 25 percent of the company's issued shares.
- 1.13 The company has a practice regarding the identification documents of shareholders according to the Office of the Securities and Exchange Commission No. Kor. Por. (Wor) 4/2016, rehearsing practices before the Annual General Meeting of Shareholders in matters of documents or evidence that must be presented in attending the general meeting of shareholders re: proxy case, the Company does not require the use of a real ID card or the original passport of the proxy holder in the shareholders' meeting.

#### **Principle 2 : Equitable Treatment of Shareholder**

All shareholders, both the executive and non-executive directors or minority shareholders and majority shareholders, including foreign shareholders shall be treated their rights equally and fairly. Alucon will communicate with shareholders and publish such information through various channels arranged by SET and via Company's website as well as other media being suitable and appropriate to all shareholders who receive information and data equity

- 2.1 The Company has delivered an invitation to shareholders' meeting, the details are accurate, complete, including the opinion of the directors for each item will be enough. Also, to assign to TSD as the Registrar of the Company to deliver the invitation to all shareholders prior to the meeting, not less than 21 days, the document will be available both in Thailand and English. In addition, Alucon will publish the invitation to shareholders' meeting with the information for the meeting through its website, both in Thai and English at least 30 days prior to the meeting so that shareholders have sufficient time to consider all agenda
- 2.2 The Company arranged the meetings of shareholders in accordance with the agenda set forth in the invitation to shareholders' meeting, by not adding-up the new agenda without informing such new agenda to the shareholders in advance, to have it studied before making a decision.
- 2.3 The Company arranged the proxy for the shareholders who can not attend in person, be entitled to vote via the independent directors of the Company acting as proxies-holder. The Company prepared the Proxy Form B for the shareholders.
- 2.4 The Company set the right to vote at a meeting of shareholders by the number of shares held by shareholders. One share for one vote.
- 2.5 The Company set the criteria for minority shareholder to propose the nominated person to be elected as the new director. The Board of Director shall set the principles and practices and published in the Company website as well as through the Stock Exchange of Thailand channel.

- 2.6 The Company has minority shareholders proposed the agenda for the meeting in advance including to submit questions related to the agenda before the meeting in accordance with the prescribed procedures. The proposed agenda must not conflict with the following criteria.
- Matters that beyond the company's authority
  - Matters that in contrary to the law, rules and regulations of government agencies and departments monitoring the Company or not comply with the objectives, articles of association and resolution of shareholders' meeting.
  - Matters that may cause significant damage to the shareholders in whole
  - Matters that already be implemented by the Company
  - Matters regarding to specific person's or group of person's benefit
  - Matters regarding to normal business operation and the claim of the proposed person does not demonstrate a reasonable doubt about the doubtful matter.
  - Matter that being considered by the Board of Directors that no need to be on the agenda and show and explain the reason to the shareholder to understand it.
- 2.7 The Company has the independent directors at least one-third of Board of Director of which it must not less than 3 persons to protect the right of shareholders.
- 2.8 The Company must have the policy to prohibit the directors and executives including the employees who is related to the preparation on the inside information, to disclose such inside information to the outside or any person who not involve on such insider information. This is also not allowed to such prohibited person to trade on the securities of issued by the company before the financial statement released to the public at least one month.
- 2.9 The company imposes the directors and executives to report the change of securities holding to the corporate secretary for acknowledgement, in order to report such change to the SEC.
- 2.10 The Company has disclosed the information of shareholding of the directors, executives including their spouses and minor child, in the Annual Report.
- 2.11 The company imposed that the directors who have interest in any agenda must inform its stake on such agenda prior to the meeting and must record the details in the minutes. In case of conflict of interest, on the significant matter in such ways could make the director can not give his/her opinion freely, such director must refrain from participating in the meeting only in such agenda.
- 2.12 The company set that the Board of Directors have to consider the connected transaction that may have conflicts of interest. This includes items that are of interest to be accurate and complete compliance with the laws and regulations of the exchange, including disclosure of the transaction correctly. This is to ensure that such transactions are reasonable and beneficial to the Company.
- 2.13 The Company favours no particular group of stakeholders, giving all equal access to its public information, through the Company's website at [www.alucon.th.com](http://www.alucon.th.com) or through IR at 02-3980147 ext. 371 or email [kanjana\\_p@alucon.th.com](mailto:kanjana_p@alucon.th.com).

### Principle 3 : Roles of Stakeholders

The Company recognized the importance of the environmental social responsibility including the other groups of stakeholders and was aware of the roles and importance of all groups of stakeholders.

- **Shareholder**

The Company is committed to business operation which yields good operating result, stability, growth, and competitiveness by taking into account of present and future risk factors in order to increase shareholder value over a long term. The Company must dutifully operate its business by disclosing information in transparent and equitable manners and endeavor to protect its assets and preserve its reputation.

- **Employee**

The Company believes that our employees are the main successful factor and valuable resource in business operation. We then significantly give priority to employees by providing fairness to every level of employees without discrimination and respects their right according to the basic international human rights, also the law and the rules. We also give importance to health, occupation, hygiene, and safety in life, property and the working environment of its employees. We also fortify good culture and working atmosphere and promote teamwork. Moreover, the Company has presented and opportunity to create working advancement to all employees with equality and seeing importance on potential of employees. So we focus on personnel development, both in aspect of functional and managing quality of life, with training of employees continuously inside and outside the organization. As well as organizing activities to create good relations in the organization among the employees and between the employees and the management. (Please see more details in Clause 8.5 hereof)

- **Community and society**

The Company is utterly concerned with quality of life and environment in surrounding communities so that the Company's operation will be accepted and can thrive in the society sustainably. It can be observed that the Company strictly complies with laws and regulations of relevant authorities such as the Department of Industrial Works, Ministry of Industry, Pollution Control Department, and so on. In this regard, the Company imposes stringent regulations requiring that employees working in the plant must wear protective gears. Moreover, the Company also deals with environmental management in systematic manners and organizes public donations on an ongoing basis. The Company has arranged the activities joined with the local schools, local governmental agencies, communities, and there was a public relation to hear and solve the problem occurred from the community by the Company and also provide the scholarship to student and support the activities with the local schools.

- **Customer**

The Company gives priority to its customers, whom are the important part to make success to the Company. We then determines guideline to build satisfaction and confidence with our customers by presenting with quality that in accordance with or higher that expectation of the customers. We also develop the quality and format of the goods in response to the demand of the customers continuously and regularly. The Company also surveys the customer's satisfaction and listen to their comments or complaints and bring to use as guideline for improving the service and management.

In addition, the Company has policy and guideline to keep confidentiality of the customers. The Company would not disclose such information to other people, or using it in order to seek benefits for other purposes without prior consent from the information owner, unless the Company is required to disclose by laws.

- **Creditor**

The Company places emphasis on creating trustworthiness by abiding to our integrity, and strictly conform to terms and conditions of the contracts made with the creditors. We made all principle and interest payment on accuracy, timely and complete basis. Also, we shall not use the loan proceeds in the way that contrary to its objectives nor hide any information that may be harmful to creditors.

- **Competitor**

The Company shall compete with our competitors within the scope of laws and code of conduct and the competition is based on the fair competition. We shall not discredit or seek for confidential information of competitors in a corrupt or unfair manner but shall professionally operate the business with integrity. Furthermore, we support and promote fair and free trade. We do not force our customers to make transaction only with us also.

- **Business partner**

The Company values our business partners as the key to our growth through mutual support, including creating value to the customers and the shareholders. We, therefore, select business partners by considering their reputations, capability, legality and regularity, as well as treating them on the basis of equalities with emphasizing on the transparency and justification. The Company strictly complies with the terms and conditions specifying in contracts and code of conduct of the Company, in which in the case where there is term and condition that cannot be complied, the Company will immediately notify our business partners. In addition, the Company annually arranges events to create relationship with our business partner. In the previous year, the Company has arranged events to create relationship with our business partners.

- **Policy on Business Ethics**

The Company has the policy related to business ethics, which is the policy that promotes good governance such as the policy and guidance on human rights violation, policy and guidelines on anti-corruption and bribery, the policy and guidance on non-violation of intellectual property or copyright, policy and guidelines on using IT and communication of those can be summarized as follows:

***Human Rights Violation***

The Company treats all stakeholders with justification by adhering laws and regulations concerning employees and the international fundamental principles of human rights, regardless of the place of birth, nationality, gender, age, skin colour, religious belief, disability, status, family status, educational institute, or other status irrelevant to job performance, apart from respecting individualism and human dignity.

***Anti-corruption and Bribery***

The Company is opposed to all form of corruption and bribery and has policy to encourage employees to abide by the laws and be a good citizen of our country and to support the transparent business operation with our business partner. The objective is to improve and support the sustainable development of our society since the Company has joined the declaration to engage in Collective Anti-Corruption: CAC.

To state the Company's position on corruption and bribery as well as to provide rules and guideline for the directors, the executives and the employees to comply, we therefore established a set of policies and procedures regarding anti-corruption in written in our Corporate Governance Policy and the Code of Business Ethics and Conduct and Guideline.

***Giving or acceptance of presents***

Gifts, entertainment and hospitality offering gifts or entertainment and hospitality activities must be complied with Business Ethics and Conducts.

***Charitable contributions***

Charitable contribution or aid granting contribution or receiving the aid must be transparent and in accordance with stipulated laws by confirming that such transaction shall not be claimed as a bribery act.

Apart from publicized this policy via our communication channel, to be acknowledged this policy by employees, the Company has communicated through our executives and employee by orientation and annual re-orientation.

The Company has policy on protection to the employee or whistle-blower on the fraud including the internal procedures to manage on the complaints that would be corrupting matters. In addition, the Company has channels for any stakeholders to inform or complain any matter being treat as right violation. Information on contacting has been provided clearly.

The Company has arranged the internal auditor to evaluation the risk and impact on the anti-corruption every year.

In this respect, The Company has placed the policy of Anti-Corruption and Whistle Blowing to the Board of Directors, any suspicion that may lead to engaging in corruption can be whistled and submitted through e-mail to [pitipong@alucon.th.com](mailto:pitipong@alucon.th.com) or red box that use for filing the complaint to the Audit Committee and the Board of Directors, respectively. It can be sure that the Company will confidentially keep the complaint's information, in order to protect the complaint's right. In this respect, the Company will appoint a person to be responsible for every clue that submitted to the Company. The Company also regularly assesses risk in activities that in connection with or lead to corruption.

#### 1. Whistle-blowing and complaints

In order to encourage stakeholders, both in and outside the company, to participate in the corporate governance principles, should employees or stakeholders suspect any unlawful activities or those in violation of the law, rules, regulations, code of business conduct, or corporate governance principles, they can undertake whistle-blowing or file complaints with detailed evidence to the company or relevant agencies via the following channels:

##### 1.1 Audit Committee

Tel (02) 3980147 ext. 381  
Email : [pitipong@alucon.th.com](mailto:pitipong@alucon.th.com)  
Mail : Audit Committee  
Corporate Secretarial Office  
Alucon Public Company Limited  
500 Moo 1 Soi Sirikham (Sukhumvit 72)  
Samrong Nua, Muang Samutprakarn,  
Samutprakarn Province 10270

##### 1.2 Managing Director

Mail : Managing Director  
Alucon Public Company Limited  
500 Moo 1 Soi Sirikham (Sukhumvit 72)  
Samrong Nue, Muang Samutprakarn,  
Samutprakarn Province 10270

#### 2. Conditions of whistle-blowing and complaints

- 2.1 The details of whistle-blowing or complaints must be factual, clear, or sufficient to lead to investigation.
- 2.2 The whistle-blower or the complainant may choose not to reveal his/her name, address, and telephone number(s) if the disclosure will cause danger or damage. But if the person chooses to reveal himself/herself, the investigation will proceed with speed, with additional useful information, factual revelation, or alleviation of the damage in a more convenient way and shorter time.
- 2.3 The information received is considered confidential, and no disclosure of the name of the whistle-blower or the complainant will be made public without consent.



- 2.4 The rights of the whistle-blower or the complainant will be protected whether he/she is an employee or an outsider.
- 2.5 The time required to process each complaint depends on the complexity of the case, document sufficiency, proofs received from the complainant, as well as documents, proofs, and explanations of the person complained against.
- 2.6 The person who receives the complaint and the person involved in the investigation must keep the information confidential. If necessary, they may disclose it taking into account the safety of and the damage to the complainant or any person who cooperates in the investigation, the information sources, or relevant persons.
- 2.7 If the complainant or the person who cooperates in the investigation thinks that he/she is unsafe or threatened, he/she may ask the company for appropriate protective measures, or the company may proactively provide protective measures if there is potential damage or danger.
- 2.8 The damaged person will be assisted by proper and just procedures.

### 3. Protection of rights of employees, temporary employees, and outsourced persons

The company will not unfairly treat employees, temporary employees, or outsourced persons, whether through changes in position, nature of work, or locations of work, suspension, threats, obstruction of work, termination of work, or any unfair act to these people because they:

- 3.1 Provide information, cooperation, assistance to the directors, executives, the public sector, or the monitoring agency if there is sufficient proof that those people violated or abused law, rules, regulations, the code of business conduct, or corporate governance principles
- 3.2 Give testimony, submit evidence, or provide assistance to the directors, executives, the public sector, or the monitoring agency useful to the consideration or investigation if there is doubt of the violation or abuse of law, rules, code of business conduct, or corporate governance principles.

#### ***Intellectual Property and Copyright***

The Company sets policy against any infringement of intellectual property, in which all directors, executives and employees must not infringe on computer software by downloading and/or installing any programs those do not process by IT Department. In addition, the Company has assigned IT Department to be responsible for the monitoring and inspection to prevent any copyright infringement of computer software regularly.

#### ***Information Technology and Communications***

The Company places emphasis on the policy on the use of information technology and communications by setting an information security standard to prevent or reduce any leak of significant or confidential information, whether intentionally or unintentionally. We have established a set of guidelines and procedures on the use of information technology and communication.

Any of the Company's confidential documents and information will only be kept in the system of the relevant department, of which cannot be reached by others irrelevant department. It then limits only the relevant staff to access in.

Moreover, the IT Department is required to keep the employee's traffic information as required by the Computer Related Crime Act B.E. 2560 and the Notification of the Ministry of Information and Communication Technology Re: Rule on the Record of Traffic Information by the Service Provider.

#### **Principle 4 : Disclosure and transparency**

The Company recognizes the importance of disclosure of its financial and non-financial information accurately, completely, regularly, timely, and transparently. In addition, such information should be easily accessible, equitable, and credible as follows:

- 4.1 Disclose relevant news and information as well as annual report via the Stock Exchange of Thailand's channel and the Company's webpage. In the past year, the Company had never been reprimanded by the Securities and Exchange Commission or the Stock Exchange of Thailand for violation of information disclosure guidelines.
- 4.2 The Company publishes the director's responsibilities to financial statement along with the auditor report in annual report. Such report contains contents which conform to accounting principles and financial reporting that presents accurate, complete, and factual information in compliance with accounting standards, this report is signed by both Chairman of the Board of Directors and Managing Director.
- 4.3 The Company's management structure comprises three committees, including the Board of Directors, Audit Committee and Risk Management Committee. In 2019, there are the attendance on the Meetings as follows:

Name of Director	Board of Director	Audit Committee	Risk Management
1. Mr. Somchai Aungsanant	6/6	-	-
2. Mr. Takaaki Takeuchi	6/6	-	-
3. Mrs. Eumporn Pamornbutr	6/6	-	1/1
4. Mr. Subpachai Lovanit	6/6	-	-
5. Ms. Salinee Mahtani	6/6	-	-
6. Ms. Vrinporn Uer-anant	4/6	3/4	-
7. Mr. Krit Indhewat	6/6	4/4	-
8. Mr. Toshiyuki Koike	6/6	4/4	1/1
9. Mr. Vibool Uer-anant	6/6	-	1/1
10. Ms. Kasumi Takeuchi	3/6	-	-

- 4.4 The Company is utterly concerned with disclosure of relevant information to investors so that investors can receive accurate, transparent, and thorough information. The Compliance and Investor Relation Department is assigned to act as a company representative responsible for communication, provision of information services, and dissemination of news and information about the Company's activities to institutions, investors, shareholders, analysts, general public and relevant authorities. To obtain various information about the Company, operating performance, financial statements and information reports submitted to the Stock Exchange of Thailand, which include current and past information, interested person can read and/or download such information from [www.alucon.th.com](http://www.alucon.th.com) which provides these information in both Thai and English.

Investors and concerned parties who have any inquiry and would like to obtain information about the Company can contact the Investor Relation:

- Ms. Kanjana Piyachart  
Tel. 02-3980147 ext. 371  
Email: [kanjana\\_p@alucon.th.com](mailto:kanjana_p@alucon.th.com)

- 4.5 The Company disclosed scope of responsibilities and mandates of the Board of Directors and various committees in the annual information disclosure form.

- 4.6 Share trading report

According to the code of conduct, the Company has a policy to avoid/refrain from trading its shares one month before disclosing the information to the general public and to notify the Board of Directors and every company executive about the notification of the Office of the Securities and Exchange Commission (SEC) pertaining to Section 59 of the Securities and Exchange Act B.E 2535 that requires reporting of shareholding of themselves, their spouses of such shares, a copy of such report must be sent to the Company Secretary as an evidence. In the past, the Company never had any incident where any director or company executive used inside information for their own or others' undue personal gain and underage children to the SEC within 30 days after being elected as a director and appointed as a company executive.

Directors and management executives filed changes in share ownership report with the Office of the Securities and Exchange Commission in compliance with section 59 whenever share ownership changed. The Company Secretary is responsible for compiling information and reporting to SET every time.

#### 4.7 Risk Management Report

On Y2019, it was monitored on the risk form working of each department and it can be concluded that there were 15 items on high risk and 68 items on medium risk. This Risk Management evaluation will be done annually.

### Principle 5 : Board Responsibilities

- 5.1 According to the Article of Association (the Company is eligible to have at least 5 directors and not exceed 15 directors), the Company has 10 directors who are qualified according to the regulation and can be defined as follows:

Sex	Number	Characteristic	Number
Female	4	Executive Director	4
Male	6	Independence Director	5
		Non-Executive Director	1

All directors are experts have various knowledge either of business administrative, engineering, accounting and finance, marketing and specific experience on the aluminium packaging industry.

List of directors and servicing years are as follows:

Name	Position	Year in position / Served year
1. Mr. Somchai Aungsanant	Independence director, Chairman of Board of Director	1990 / 30
2. Mr. Takaaki Takeuchi	Executive Director	1995 / 25
3. Mrs. Eumporn Pamornbutr	Executive Director / Risk Management Committee	1990 / 30
4. Ms. Salinee Mahtani	Executive Director	1998 / 22
5. Mr. Subpachai Lovanit	Executive Director	1998 / 22
6. Ms. Vriporn Uer-anant	Independence Director, Audit Committee – Chairperson	1994 / 26
7. Mr. Krit Indhewat	Independence Director, Audit Committee	2000 / 20

Name	Position	Year in position / Served year
8. Mr. Toshiyuki Koike	Independence Director, Audit Committee, Risk Management Committee	2010 / 10
10. Mr. Vibool Uer-anant	Independence Director, Risk Management Committee – Chairman	2013 / 6
11. Ms. Kasumi Takeuchi	Non-Executive Director	2017 / 3

*Remark : based on information as of 31<sup>st</sup> December 2019*

- 5.2 According to the Company's regulation, it is stipulated that one in three (1/3) of the total number of Directors at each annual general shareholder's meeting will vacate their offices. If the number may not be divisible by three, the number of Director to vacate their position will be the figure closest to the value of one in three (1/3). Therefore, each director's term lasts approximately three years.
- 5.3 The Company set up two sub-committees, which are Audit Committee and Risk Management Committee and prescribed their duties and responsibilities. To promote transparency and independence, most committee members are independent members. Moreover, to ensure that these committees are truly autonomous while carrying out their duties, the board chairman does not take up the position of committee chairman and member.
- 5.4 The Board is involved in defining the vision, mission, strategies, goals, business plans of the Company. It is independent and supervises the management of a business plan under the budget, in order to maximize the benefit to the organization, stakeholders and shareholders. In addition, the Board has also implements an internal control system, an audit system, and efficient risk management measures and constantly monitors these matters in board meeting.
- 5.5 The Company stipulates performance evaluation containing two parts, that is, key performance indicators (KPI) and competency. This system will help employees recognize and understand operational strategies and approaches which will achieve the organization's strategic targets such as goal, mission and performance measurement.
- 5.6 The Company creates and maintains an internal control system and regularly reviews efficiency of the internal control system in relation to financial control, operating performance, and corporate governance in compliance with pertinent legal provision and regulations, protection and maintenance of assets, and risk management. In this regards, the Company commissioned Dharmniti Auditing Co., Ltd. to audit business conduct of various functions and ensure that the operations conform to the guidelines set out in an approved annual audit plan. The internal audit report will be informed directly to the Audit Committee.

Based on the 2019, internal audit report prepared by Dharmniti Internal Audit Co., Ltd., has no significant discrepancies to be found. The Company had an adequate, prudent internal control system and properly complied with the regulations and laws of relevant authorities; moreover, its properties were protected from being used unscrupulously by management and employees.

5.7 Regarding conflict of interest, the Board of Directors informs board members and management executives to prepare a list of their own interest and interest of connected persons in accordance with the provision of the concerned agency. It is required that the Company must be notified of such list within 15 days after the initial request and every time changes occur. Such report will be used by the Company Secretary as information and tool to ensure that board members carry out their duties with integrity. The Company Secretary sends a copy of this report to the Chairman of the Company and the Audit Committee's chairperson for acknowledgement.

5.8 The Company holds board meetings and informs each board member of upcoming meeting in advance. In 2018, a total of four board meeting were convened. In each board meeting, the Board of Directors, Board Chairman, Managing Director and the Company Secretary jointly review meeting agenda to ensure that vital matters are included in the agenda and each board member can table matters in meeting agenda autonomously.

The Company Secretary delivers meeting documents to directors in advance. The document has been prepared concisely as possible. However, if there is any matter which cannot be disclosed in writing or if it is disclosed in advance, it may adversely affect the Company, the Board can bring up and discuss such matter at meeting and the Chairman will allocate sufficient time for such discussion. Directors are keen on every issue brought to their attention in meeting, including any corporate governance issue. For any issue which still lacks sufficient information directors can always request additional information from the Company Secretary.

Minutes of meeting of the Board of Directors contains essential information such as meeting date, time when meeting is called and adjourned, a list of directors who attend the meeting and are absent, summary of proposed matters, summary of debated issues and observation notes, the Board's resolution and director's comments, reporter's name, name of a person who endorses the report. The Company keeps minutes of meeting of all board meeting in good order. Such record can be readily searched but cannot be altered without the Board's consent.

5.9 Regarding remuneration of directors, it was proposed for approval by shareholders each year in accordance with transparency and auditing principles. Moreover, it is assured that remuneration is at a suitable level and sufficient enough to motivate and retain quality directors as required.

5.10 Regarding the policy concerning tenure of the Company's directors in other companies, the Company does not have any stipulation applicable to the case which each director holds a position in other companies. This is because such matter does not affect director's competency and expertise, provided that such director can fully devote his/her time for the Company in regard to policy formulation, consultation on problem-solving in business operation within the scope of power and duties of the Company's director.

5.11 In case a new director is appointed, the Company Secretary is responsible for preparing summary documents that cover business characteristics, organizational structure, operation, rules and regulation, vital policies as well as guideline on board member's conducts, provisions of the Stock Exchange of Thailand and the SEC Office in order to ensure that a new director can fully perform his/her duties as director of a listed company.

5.12 The Company recognizes the importance of the development of directors' knowledge. Therefore, the Company supports and facilitates the organization of training and educational programs for directors, whereby the Company Secretary was assigned to coordinate with directors, informing them of various training programs. In the past, directors regularly attended various courses of Thai Institute of Directors Association.

5.13 Roles and responsibilities and scope of responsibilities of the Company Secretary are described under Management Structure.

- 5.14 The Company has a policy for Non-executive Directors to organized their own meeting in order to discuss on outstanding management problems at least once a year without the attendance of Management.
- 5.15 The Board of Directors has set up 2 sub-committees which are (1) Audit Committee and (2) Risk Management Committee. The scope of responsibilities of each committee has been regulated clearly.
- 5.16 The Board of Directors arranges the internal audit system covering the financial, operation in accordance with the law, rules and regulations, the risk management, as well as to have the effective mechanism by Internal Audit, being outsourced department, independence, and under control of Audit Committee, as well as, providing the quality report to Audit Committee with sufficient information to evaluate and verify internal control system, related transaction, the appointment of Auditor and summary of opinion of the Audit Committee.
- 5.17 The Board of Director monitors the Company to have risk management system sufficiently and follow up frequently. Therefore, the Company has set up the Risk Management Committee and Risk Management Team to evaluate and follow up the risk factors at least once a year.
- 5.18 Roles and scope of responsibility of Company Secretary are detailed in the aspect of Management.



## Report by the Directors for the year 2019

### Audited Accounts

The Directors submit the Statement of Finance Position, Statements of Comprehensive Income and Retained Earnings and Cash Flow together with the auditor's report for the year ended 31<sup>st</sup> December 2019.

### Investments

Investments during the year in fixed assets amounted to MB 284.

### Revenues

Total revenues amounted to MB 5,644 out of which sales were MB 5,497.

### Profitability

Profits before financial cost and company income tax amount to MB 659 representing an decrease of 26.3% compared to the previous year.

### Finances

The Company has short to long term debts amounting to about MB 1,006 and the debt/equity ratio at the end of the year was 0.18:1

### Appropriation of profits

Board of Directors proposes to declare a dividend for the Y2019 at the rate of Baht 7.50 per share and appropriation of profits as of 31<sup>st</sup> December 2019 shall be as follows:-

	Baht	Baht
Retained earnings at beginning of year		4,813,857
Final dividend for year 2018 of Baht 10.00 Being paid on 15 <sup>th</sup> May 2019	431,999,860	
Net profit after tax and other comprehensive income (loss) for year 2019		493,999,602
Legal Reserve as required by law		-
Profit available for appropriation		4,875,858,380
Proposed dividend for year 2019 of Baht 7.50 per share on 43,199,986 shares	323,999,895	
Balance of profits to be carried forward		4,551,858,485

## Election of Directors

Directors namely Mr. Somchai Aungsanant, Mr. Takaaki Takeuchi, Mrs. Eumporn Pamornbutr and Mr. Toshiyuki Koike are retired by rotation; thus, the four remaining retired directors offer themselves for re-election by Annual General Meeting of Shareholders.

## Director's and Audit Committee's Remuneration

The directors request approval by the General Meeting for payment of Directors' remuneration for year 2020 in total of Baht 5,160,000 detailed below:

### 1. Board of Directors

- Chairman of Board of Directors Baht 650,000 per person per annum
- Directors Baht 400,000 per person per annum

### 2. Audit Committee

- Audit Committee Chairman Baht 300,000 per person per annum
- Audit Committee Baht 250,000 per person per annum

### 3. Risk Management Committee

- Risk Management Committee Chairman Baht 50,000 per meeting
- Risk Management Committee Baht 30,000 per meeting

## Auditor

The Directors propose the following persons of KPMG Phoomchai Audit limited to be appointed as the auditor of the Company for year 2020 and for payment of the annual audit fee of Baht 1,190,000.

- |                              |       |        |
|------------------------------|-------|--------|
| 1. Mrs. Piyatida Tangdenchai | 11766 | and/or |
| 2. Mr. Sumeth Jangsamsee     | 9362  | and/or |
| 3. Ms. Sirinuch Vimolsathit  | 8413  | and/or |
| 4. Mr. Yootapong Soontalinka | 10604 |        |

On behalf of the Board of Directors

**Somchai Aungsanant**

Chairman of Board of Directors

25<sup>th</sup> February 2020

## Remuneration for Directors

Remuneration for directors is clearly set by following the data base of remuneration for directors for the listed companies in the year 2018, which was prepared by the SET to be used as reference by listed companies in paying remuneration to their directors, in the section regarding director remuneration for each business sector, and including the consideration on their experience, role and scope of duties and responsibilities, as well as, expected benefits from each directors are at the rate of appropriate and par with comparable companies in the manufacturing industry and appealing enough to attract and retain quality directors whom the Board needs to approve by the shareholders' meeting. Directors who are assigned with extra work (e.g. being members of committee) have been paid appropriately more.

Remuneration for the top executives shall be based on their position and responsibility in management as well as their seniority which corresponds to the performances of the company as well as that of each executive as approved by the Board.

### Directors and Management's remuneration

#### Directors Remuneration

- *Remuneration in cash*

The remuneration in kind of cash being approved by the Shareholders' Meeting No. 59 on 18<sup>th</sup> April 2019 for 2018 and 2019 are as follows:

Description	2018	2019
Chairman of Board of Directors	650,000 Baht/person	650,000 Baht/person
Directors	400,000 Baht/person	400,000 Baht/person
Chairman of Audit Committee	300,000 Baht/person	300,000 Baht/person
Audit Committee	250,000 Baht/person	250,000 Baht/person
Chairman of Risk Management Committee	50,000 Baht/Meeting	50,000 Baht/Meeting
Risk Management Committee	30,000 Baht/Meeting	30,000 Baht/Meeting

Name	Remuneration			
	Remuneration	Meeting Allowance	Transportation	Total
1. Mr. Somchai Aungsanant	650,000.00	-	84,000.00	734,000.00
2. Mr. Takaaki Takeuchi	400,000.00	-	-	400,000.00
3. Mrs. Eumporn Pamornbutr	430,000.00	-	-	430,000.00
4. Ms. Salinee Mahtani	400,000.00	-	-	400,000.00
5. Mr. Subpachai Lovanit	400,000.00	-	-	400,000.00
6. Ms. Vrinporn Uer-anant	700,000.00	-	84,000.00	784,000.00
7. Mr. Krit Indhewat	650,000.00	-	84,000.00	734,000.00
8. Mr. Toshiyuki Koike	680,000.00	-	120,635.50	800,635.50
9. Mr. Vibool Uer-anant	450,000.00	-	60,000.00	510,000.00
10. Ms. Kasumi Takeuchi	400,000.00	-	60,000.00	460,000.00

- *Special Remuneration*

The Company, Board of Directors and Shareholders' Meeting have no payment on the special remuneration to the Board of Directors or Sub-committees in year 2019.

- *Other remuneration in other kind*

There is no payment on remuneration in other kind to the Board of Directors or Sub-committee in year 2019.

#### Executive Remuneration

Remuneration for executive excluding director remuneration shall be composed of salary, bonus can be illustrated for 3 consecutive years from 2017- 2019 are as follows:

(Unit : million Baht)

	2019	2018	2017
Number of person	6	5	6
Remuneration (MB)	46.99	52.84	57.90

## Dividend Policy

According to the Company of Article of Association (AOA) , distribution of dividends out of a source other than the profits is not permitted. In case the Company still registers an accumulated loss, no distribution of dividend is permitted. Distribution of dividends in respect of each share shall be equal. Dividend policy 50 - 70% of net profit after income tax.

Distribution of dividends must be effected within one month from the date on which the shareholders' resolution or the Board of Directors' resolution was passed as relevant. Notice of distribution of dividend must be sent to all shareholders and published in a newspaper.

Dividend payment of the Company between 2014 and 2019 illustrated below:

Year	Capital Stock (1000)	Net Profit (1000)	Dividend: (baht/share)	Dividend: (Stock/share)	Total Dividend (baht/share)	Percent of net profit
2014	43,200	750,728	10.00	-	10.00	57.54
2015	43,200	775,067	10.00	-	10.00	55.74
2016	43,200	1,069,812	15.00	-	15.00	60.57
2017	43,200	783,739	11.00	-	11.00	60.63
2018	43,200	719,666	10.00	-	10.00	60.03
2019	43,200	532,116	7.50	-	7.50	60.89

## Executives

The names and details of executives and directors are as follows:

(1) Mr. Somchai Aungsanant (66)

Position	: Independent Director and Chairman of Board of Directors
Education	: - MBA - West Texas State University, USA - Bachelor degree of Arts, Thammasart University
Training by Thai Institute of Directors	: None
Association (IOD)	
Relationship	: None
Company's securities holding as at 31 <sup>st</sup> December 2019	: 87,750 shares = 0.20 % (no change) (Spouse holds 600 shares = 0.0001% & no minor children)
Work Experience	: 1996 – present Director Podium Home Center Co., Ltd.
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: 1 company : Director - Podium Home Center Co., Ltd.
- in other organization	: No position of director, executive or consultant in any organization such as association or foundation.
- in other organization that may cause any conflict of interest to Company	: No position of director or executive in such organization
Numbers of meeting attendances	: 6/6 times
Year in Position / start from	: 30 years / Year 1990
Conflict of Interest	: - Not being a director who get the monthly benefit from the Company - Not being any kind of service professional to the Company - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(2) Mr. Takaaki Takeuchi (60)

Position	: Director and Managing Director (Authorized Director)
Education	: Master of Science in Packaging, Michigan State University, USA.
Training by Thai Institute of Directors	: None
Association (IOD)	
Relationship	: Ms. Kasumi Takeuchi – Niece
Company's securities holding as at 31 <sup>st</sup> December 2019	: 90,000 shares = 0.21% (no change) (Spouse and minor children – no share)
Work Experience	: 1995 – present Managing Director Alucon Public Company Limited

○ Current position in other organization

- in listed companies	: None
- in non-listed companies	: None
- in other organization	: No position of director executive or consultant in any organization such as association or foundation.



- in other organization that may cause any conflict of interest to Company : 1 company : Director – Takeuchi Press Industries Co., Ltd.

Numbers of meeting attendances : 6/6 times

Year in Position / start from : 25 years / Year 1995

Conflict of Interest : - Being a director who get the monthly benefit from the Company  
- Not being any kind of service professional to the Company  
- Having any relationship with any business linking to the Company which influent to the decision making independently.

(3) Mrs. Eumporn Pamornbutr (70)

Position : Director, Assistant Managing Director and Risk Management Committee

Education : - Bachelor degree of Business Administration in Accounting, South East Bangkok College  
- Certificate - Mini MBA, Thammasat University  
- Certificate - Financial Management, Chulalongkorn University  
- Training by Federation of Accounting Professions  
- Chief Financial Officer Certification Program from Federation of Accounting Professions in year 2006  
- Risk Management for Executive Program from Chulalongkorn University

Training by Thai Institute of Directors Association (IOD) : - Directors Accreditation Program (DAP) – in year 2003  
- Finance for Non-Finance Directors – in year 2005  
- Role of Compensation Committee – in year 2012

Relationship : None

Company's securities holding as at 31<sup>st</sup> December 2019 : 58,500 shares = 0.14% (no change)  
(Spouse – no share & no minor children)

Work Experience : 2016 – Present Senior Assistant Managing Director  
Alucon Public Company Limited  
2003 – 2016 Assistant Managing Director  
Alucon Public Company Limited

Current position in other organization

- in listed companies : None

- in non-listed companies : 1 company : Director - H.W Schneider Co., Ltd.

- in other organization : 2 organizations :  
1. Director – Hartmuth & Illse Schneider Foundation for Children, Switzerland  
2. President - Hartmuth & Illse Schneider Foundation for Children, Thailand

- in other organization that may cause any conflict of interest to Company : No position of director or executive in such organization

Numbers of meeting attendances : 6/6 times

Year in Position / start from : 30 years / Year 1990

Conflict of Interest : - Being a director who get the monthly benefit from the Company  
- Not being any kind of service professional to the Company  
- Not having any relationship with any business linking to the Company which influent to the decision making independently.

(4) Ms. Salinee Mahtani (54)

Position	: Director, Assistant Managing Director (Authorized director).
Education	: Master Degree in International Business – KOBE University, Japan
Training by Thai Institute of Directors Association (IOD)	: - Directors Accreditation Program (DAP) – in year 2003 - Understanding the Fundamental of Financial Statement – in year 2006
Relationship	: None
Company's securities holding as at 31 <sup>st</sup> December 2019	: 245,000 shares = 0.56% (no change) (Spouse – no share & no minor children)
Work Experience	: 2016 – Present Director – Assistant Managing Director Alucon Public Company Limited 1998 – 2016 Director – General Manager Alucon Public Company Limited
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: None
- in other organization	: No position of director, executive or consultant in any organization such as association or foundation.
- in other organization that may cause any conflict of interest to Company	: No position of director or executive in such organization.
Numbers of meeting attendances	: 6/6 times
Year in Position / start from	: 22 years / Year 1998
Conflict of Interest	: - Being a director who get the monthly benefit from the Company - Not being any kind of service professional to the Company - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(5) Mr. Subpachai Lovanit (78)

Position	: Director, Plant Manager
Education	: Vocational Certificate obtained scholarship from German Government to study engineering in Berlin for 2 years
Training by Thai Institute of Directors Association (IOD)	: - Directors Accreditation Program (DAP) – in year 2003 - Understanding the Fundamental of Financial Statements in year 2006
Relationship	: None
Company's securities holding as at 31 <sup>st</sup> December 2019	: 59,400 shares = 0.13% (no change) (Spouse – no share & no minor children)
Work Experience	: 1998 – Present Director & Plant Manager Alucon Public Company Limited
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: None

- in other organization : 4 organizations are as follows:
  1. Vice President – Ferrous and Non-Ferrous Employers' Association
  2. Director – Employers' Confederation of Thai Trade and Industries
  3. Director – The Federation of Thai Industries
  4. Director – The Federation of Industries, Samutprakarn Province
- in other organization that may cause any conflict of interest to Company : No position of director or executive in such organization.
- Numbers of meeting attendances : 6/6 times
- Year in Position / start from : 22 years / Year 1998
- Conflict of Interest :
  - Being a director who get the monthly benefit from the Company
  - Not being any kind of service professional to the Company
  - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(6) Ms. Vrinporn Uer-anant (70)

- Position : Independent Director and Audit Committee - Chairperson
- Education : BBA, Faculty of Accounting, Chulalongkorn University  
MBA, Utah State University, USA  
Certified Master Practitioner and Master Therapeutic Coach of NLP, approved by American Board of NLP and NLP University
- Training by Thai Institute of Directors Association (IOD) :
  - Directors Accreditation Program (DAP) - in year 2004
  - Finance for Non-Finance Director in year 2007
- Relationship : Sister - Mr. Vibool Uer-anant
- Company's securities holding as at 31<sup>st</sup> December 2019 : 154,300 shares = 0.36% (no change)  
(No spouse and minor children)
- Work Experience :
  - 2013 – present Consultant - Quality Management System
  - 2006 – 2013 Lecturer, School of Management and Economic, Assumption University (ABAC)
- Current position in other organization
- in listed companies : None
- in non-listed companies : 2 companies :
  - Director – Thai Farmer Properties Co., Ltd.
  - Director – Moon Light Bay Co., Ltd.
- in other organization : No position of director, executive or consultant in any organization such as association or foundation.
- in other organization that may cause any conflict of interest to Company : No position of director or executive in such organization.
- Numbers of meeting attendances : 4/6 times
- Year in Position / start from : 26 years / 1994
- Conflict of Interest :
  - Not being a director, employee, consultant who get the monthly benefit from the Company
  - Not being any kind of service professional to the Company
  - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(7) Mr. Krit Indhewat (79)

Position	: Independent Director, Audit Committee
Education	: Bachelor Degree – London University, England
Training by Thai Institute of Directors Association (IOD)	: None
Relationship	: None
Company's securities holding as at 31 <sup>st</sup> December 2019	: 155,250 shares = 0.36% (changed) (Spouse hold 9,000 shares = 0.02% and no minor children)
Work Experience	: Director – Advance Ad Co., Ltd. Board Consultant – Kodanmal Co., Ltd.
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: 2 companies : Director – Advance Ad Co., Ltd. Board Consultant – Kodanmal Co., Ltd.
- in other organization	: Director – Rotary Club of Bangkapi Foundation
- in other organization that may cause any conflict of interest to Company	: No position of director or consultant in such organization
Numbers of meeting attendances	: 6/6 times
Year in Position / start from	: 20 years / Year 2000
Conflict of Interest	: - Not being a director who get the monthly benefit from the Company - Not being any kind of service professional to the Company - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(8) Mr. Toshiyuki Koike (47)

Position	: Independent Director, Audit Committee, and Risk Management Committee
Education	: Master of Management, Mahidol University, Thailand Bachelor of Arts (Economic and Literature), Aoyama Gakuin University, Japan
Training by Thai Institute of Directors Association (IOD)	: None
Relationship	: None
Company's securities holding as at 31 <sup>st</sup> December 2019	: No share
Work Experience	: 2018 – present    Director SBA Limited 2012– 2018        Managing Director ENZO International Co., Ltd. 2010 – 2012        Managing Director OSD Network Co., Ltd.
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: 1 company : Director – SBA Limited

- in other organization	: No position of director, executive or consultant in any organization such as association or foundation.
- in other organization that may cause any conflict of interest to Company	: No position of director or executive in such organization.
Numbers of meeting attendances	: 6/6 times
Year in Position / start from	: 10 years / 2010
Conflict of Interest	: - Not being a director, employee, consultant who get the monthly benefit from the Company - Not being any kind of service professional to the Company - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(9) Mr. Vibool Uer-anant (64)

Position	: Independent Director and Risk Management Committee - Chairman
Education	: Bachelor of Science in Microbiology, Weber State College Bachelor of Science in Business Administration, Chapman College M.P.A California State University, Fullerton, USA.
Training by Thai Institute of Directors Association (IOD)	: - Directors Certification Program (DCP) – in year 2015 - Risk Management Program (RMP) in year 2015
Relationship	: Brother – Ms. Vrinporn Uer-anant
Company's securities holding as at 31 <sup>st</sup> December 2019	: 10,000 shares = 0.02% (no change) (Spouse hold 4,000 shares = 0.009% and minor children - no share)
Work Experience	: 2001– present    Managing Director Varothorn Parts & Service Co., Ltd. 2002 – present    Managing Director Samma Biz Co., Ltd.
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: 2 companies : Managing Director – Vorothon Part & Service Co., Ltd. Managing Director – Sama Biz Co. Ltd.
- in other organization	: No position of director, executive or consultant in any organization such as association or foundation.
- in other organization that may cause any conflict of interest to Company	: No position of director or executive in such organization.
Numbers of meeting attendances	: 6/6 times
Year in Position / start from	: 6 years / 11 <sup>th</sup> November 2013
Conflict of Interest	: - Not being a director, employee, consultant who get the monthly benefit from the Company - Not being any kind of service professional to the Company - Not having any relationship with any business linking to the Company which influent to the decision making independently.

(10) Ms. Kasumi Takeuchi (31)

Position	: Non-executive Director
Education	: - Bachelor degree of Laws, University of Tokyo, Japan - Master of Public Policy, National Graduate Institute for Policy Studies, Japan - MBA with High Distinction – University of Michigan, USA
Training by Thai Institute of Directors Association (IOD)	: None
Relationship	: Mr. Takaaki Takeuchi - Uncle
Company's securities holding as at 31 <sup>st</sup> December 2019	: None
Work Experience	: 2018 – Present Deputy General Manager, Administration Division Vice-chairperson, International Committee Takeuchi Press Industries Co., Ltd. 2014 – 2018 Section Manager, Planning Division Takeuchi Press Industries Co., Ltd. 2012 – 2014 Junior officer, Senior Citizens' Welfare Division Chiba Prefectural Government
Current position in other organization	
- in listed companies	: None
- in non-listed companies	: None
- in other organization	: No position of director, executive or consultant in any organization such as Association or Foundation
- in other organization that may cause any conflict of interest to Company	: 1 company : Deputy General Manager, Administration Division Vice-chairperson, International Committee Takeuchi Press Industries Co., Ltd.
Numbers of meeting attendances	: 3/6 times
Year in Position / start from	: 3 years / 20 <sup>th</sup> April 2017
Conflict of Interest	: - Not being a director who get the monthly benefit from the Company - Not being any kind of service professional to the Company - Having relationship with Takeuchi Press Industries linking to the Company which influent to the decision making independently.



## Explanation and analysis of Financial Status and Business Performance

In 2019, the operating profit decreased by 26.1% while total revenue of the company was decreased 13.4%, mainly from decreased sales export aluminium slugs and decreased sales of aluminium tubes/cans. This was mainly due to the Thai Baht and the world economy are in the recession and are under pressure from the US-China trade war. Moreover, the appreciation of Thai Baht has affected to continue decreasing sales. In addition, some global customers have policy to buy locally due to cost effective and shorter lead time benefits.

In addition, the core raw material, aluminium ingot, average prices was increased, in line with prices quoted by LME Market including the increased energy price were substantially affected to increased cost of production. However, the consolidation of production in Samrong and Sriracha has helped productivity improvement.

Moreover, Thailand Baht exchange rate situation getting stronger against Japanese Yen and US dollar had significantly decreased export sales and profit margin as the revenue of up to 72% was from exports.

In summary, the company reported total revenue in 2019 of Baht 5,644 million, down 13.4% from Baht 6,518 million in 2018 and net profit of Baht 532 million or down 26.1% from Baht 720 million in 2018. (see more details in Annual Registration Statement 2018 (56-1) Part 3 Financial Position and Results of operations)

### Reasons for material changes in operation or financial ratio

There are no material changes in operations and financial ratio.

### Extraordinary item which have material impact on the Company's operation

There are no extraordinary items that have an impact on the Company's profitability.

### Explanation on the material differences

There are no material differences between the actual and projected performance of the previous year.

### Significant changes

There are no significant changes that have an effect on the Company's financial statement and operating result.

### Effect from the changes in restructure of the Group shareholding

There are no changes in the structure of the Company and group shareholding.

### Guarantee contingent, liabilities, investment or commitments.

Please refer to Note 4 paged 81 and Note 30 paged 106

## Factors related to investment decision

### Legal Dispute

As of 31<sup>st</sup> December 2019, the company has no lawsuit.

### Obligation on future issuance of shares

The Company has no obligation to issue new shares at present.

### Information regarding debenture or promissory notes:

The Company does not hold and has not issued any debentures or promissory notes.

In year 2020, Alucon has development projects for the business in the near future as follows:

- We terminate the operation of tube production in Samrong plant by the end of this year. One of the two existing tube production lines will be transferred to Sriracha one year earlier. However, we still keep the production of plastic caps in Samrong for the time being.
- Visual camera inspecting systems were applied more together with the automatic packing systems for saving the number of operators per production lines.
- We have been developing aluminum alloy slug for aluminum aerosol can production which makes lightweight cans available.
- We have been investing for improving the quality, efficiency and capacity in SPS.
- We have been developing new bottle shaped cans for expanding new markets.

### Relations with Investors

Board of Directors recognizes the importance that the Company discloses material information correctly, timely and transparently even financial statements or general information along with important information that may effect in price of company securities. Company discloses via the SET at [www.setlink.set.or.th](http://www.setlink.set.or.th) and by our company website. Investors to be notified of such material information should visit our website at [ww.alucon.th.com](http://ww.alucon.th.com) or contact our e-mail address at [alucon@ksc.th.com](mailto:alucon@ksc.th.com), contact person: Ms. Kanjana Piyachart, Investment Relation (IR).

### Control of Internal Information

The Company has disclosed the internal information to a few involved directors as they have never used it for their own sake on share sale transaction including not disclosed it to the others.

The Company has code of ethic and conducts to avoid/suspend on securities transaction within one (1) month before announce the information to the public. In addition, it also cascades to all directors and executives on the notification of SEC, section 59 of Act of SEC and SCT (1992) that they and their spouse and minor child are required to report the holding of the Company's securities to SEC within 30 days once being appointment as director and every time on their change of securities holding, of which it must be reported to SEC within 3 days as its copies must be sent to the Corporate Secretary for reference. Previously, there is no occurrence of abused internal information usage by the directors and executives for their sake or others.

The directors and executives have reported the change on securities holding to SEC according to section 59 of Act of SEC and SET (1992). In case there is change on securities holding, the company secretary will be the person who collect the information and send the report to the SEC every time.

### Internal Control System

- Board of Directors' opinion in relation to the internal control system of the Company

The company has assessed the internal control system from the assessment report by the Audit Committee and it can be concluded that it is composed of 5 factors: internal control in organization, risk assessment, controlling on operation, IT system and communication and monitoring system. The Audit Committee reviewed that the Company's internal control over transactions with major shareholders, directors, executives or connected persons is sufficient. For internal control on other articles, the Committee considers it has sufficient internal control system as well.

- Audit Committee's opinion

The Audit Committee have no opinion different from the opinion of the Board of Directors or the Auditor.

- Head of Internal Audit and Compliance Leader

The company has hired the outsourced internal audit who is Dharmniti Internal Audit Co., Ltd., Registration No. 0105559084734 locate at No. 178 Dharmniti Building 5<sup>th</sup> floor, Soi Permsap (Prachachuen 20) ,Prachachuen Road Bangsue, Bangkok 10800. With regard to the Compliance Leader, the Company has assigned to the Manager of Legal Department to be responsible for this function.

Company Secretary

The Board of Directors' Meeting had a resolution on 6<sup>th</sup> August 2010 for the appointment of Mr. Pitipong Archamongkol, a Legal Manager, as a Company Secretary.

The information and their responsibilities are as follows:

Name : Mr. Pitipong Archamongkol

Age: 46 years

Appointing Date 6<sup>th</sup> August 2010

Education:

- Bachelor Degree on Law from Chulalongkorn University
- Master Degree on Business Law from Chulalongkorn University
- Certificate on International Trade Law from Thammasat University

Training by IOD	Company Secretary Program on year 2011
	Board Reporting Program on year 2011
	Anti-Corruption : The Practical Guide on year 2016

Shareholding: 100 shares = 0.0002 % (No change)

Work Experience:	2010 – present	Legal Manager and Corporate Secretary ALUCON Public Company Limited
	2004 – 2010	Legal Manager - Siam Nissan Automobile Co., Ltd.
	1996 – 2004	Senior Associate - Johnson Stokes & Master

Scope of Responsibility of Corporate Secretary shall be follows:

1. To organize the Executive Committee's meetings, the Board of Directors' meetings and shareholders' meetings in compliance with the applicable laws and regulations.
2. To prepare and keep the following documents:
  - Directors' registration;
  - the invitation to the Board of Directors' and the Executive Committees' meetings, the minutes of the Board of Directors' and the Executive Committees' meetings, including Annual Report of the Company; and
  - the invitation to the shareholders' meetings and the minutes of the shareholders' meetings;
3. To keep the report on interest filed by Directors or Executive;
4. To provide an advice to the Directors as regards the laws and regulations in relation to the good corporate governance, the maintenance of the status as a listed company and other laws and regulations relevant to the Company's businesses;
5. To monitor and ensure that the disclosure of information is in compliance with the regulations of the Stock Exchange of Thailand, the SEC and other supervisory agencies as well as the good corporate governance principles;
6. To perform other tasks as stipulated by the Capital Market Supervisory Board or as assigned by the Board of Directors.

The Company has set up 2 sub-committees which are Audit Committee and Risk Management Committee. The details of sub-committees are as follows:

### 1. Audit Committee

In order to have proper checks and balances, and to manage and operate according to the policy of Good Governance, the Company has appointed one sub-committee which is Audit Committee, of which composed of 3 persons as follows:

#### 1. Ms. Vrinporn Uer-anant

Age: 70 years  
 Position: Audit Committee - Chairperson  
 Education: BBA, Chulalongkorn University  
 MBA, Utah State University, USA  
 Certified Master Practitioner and Master Therapeutic Coach of NLP, approved by American Board of NLP and NLP University  
 Shareholding: 154,300 shares = 0.36 %  
 Work Experience: 2013 - present Consultant - Quality Management System  
 2006 - 2013 Lecturer, School of Management and Economic, Assumption University (ABAC)

#### 2. Mr. Krit Indhewat

Age: 79 years  
 Position: Audit Committee  
 Education: Bachelor Degree - London University, England  
 Shareholding: 155,250 shares = 0.36 %  
 Work Experience: Director - Advance Ed Co., Ltd.  
 Board Consultant - Kodanmal Co., Ltd.

#### 3. Mr. Toshiyuki Koike

Age: 47 years  
 Position: Audit Committee  
 Education: Master of Management, Mahidol University, Thailand  
 Bachelor of Arts in Economic, Aoyama Gakuin University, Japan  
 Bachelor of Arts in Literature, Aoyama Gakuin University, Japan  
 Shareholding: None  
 Work Experience: 2018 – present Director  
 SBA Limited.  
 2012 – 2018 Managing Director  
 ENZO International Co., Ltd.  
 2010 – 2012 Managing Director  
 OSD Network (Thailand) Co., Ltd.

## Scope of Duties:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure their appropriateness and efficiency, to consider the adequacy of the budget and manpower and to review the independence of the Internal Audit Office as well as to approve the appointment, transfer and dismissal of the head of the Internal Audit Office or any other unit in charge of an internal audit;
3. To review that the Company is in compliance with securities and exchange laws, the regulations of the SET and the laws relevant to the Company's businesses;
4. To consider, select, nominate and dismiss independent person(s) to be elected as the Company's external auditor(s) as well as to propose their remuneration, and to attend a non-management meeting with the external auditor(s) at least once a year;
5. To consider the connected transactions or the transactions that may lead to conflict of interests to ensure that those transactions are in compliance with the laws and regulations of the SET, and are justifiable and for the utmost benefit of the Company;
6. To prepare and disclose in the Company's Annual Report, the Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - An opinion on the accuracy, completeness and creditability of the Company's financial report;
  - An opinion on the adequacy of the Company's internal control system;
  - An opinion on the compliance with the securities and exchange laws, the regulations of the SET, Capital Market Supervisory Board or the laws relevant to the Company's businesses;
  - An opinion on the suitability of the external auditor(s);
  - An opinion on the transactions that may lead to conflict of interests;
  - The number of the Audit Committee's meeting, and the meeting attendance by each committee member;
  - An opinion or overview comment of the Audit Committee derived from their performance of duties under the scope of the Audit Committee Charter;
7. To perform any other duties as assigned by the Board of Directors as the Audit Committee may agree.

## Term of Office of Audit Committee

An Audit Committee member has a term of office of 3 years each by the resolution of Board of Directors, except an Audit Committee member who has been appointed to fill a vacancy for any reason other than by rotation, in which case he shall retain office for the remaining term of office of the Audit Committee member whom he replaces.

## 2. Risk Manager Committee

According to the resolution passed on the Board of Directors' Meeting, it is resolved that to set up the Risk Management Committee composing of 3 persons as follows:



### 1. Mr. Vibool Uer-anant

Age: 64 years

Position: Chairman – Risk Management Committee

Education: Bachelor of Science in Microbiology, Weber State College  
Bachelor of Science in Business Administration, Chapman College  
M.P.A California State University, Fullerton, USA. Master of Management, Mahidol University, Thailand

Shareholding: 10,000 share = 0.02%

Work Experience: 2001 – present Managing Director  
Varothorn Parts & Service Co., Ltd.

2002 – present Managing Director  
Sama Biz Co., Ltd.

### 2. Mr. Toshiyuki Koike

Age: 47 years

Position: Risk Management Committee

Education: Master of Management, Mahidol University, Thailand  
Bachelor of Arts in Economic, Aoyama Gakuin University, Japan  
Bachelor of Arts in Literature, Aoyama Gakuin University, Japan

Shareholding: None

Work Experience: 2016 – present Director  
SBA Limited

2012 – 2016 Managing Director  
ENZO International Co., Ltd.

2010 – 2012 Managing Director  
OSD Network (Thailand) Co., Ltd.

### 3. Mrs. Eumporn Pamornbutr

Age: 70 years

Position: Risk Management Committee

Education: Bachelor degree of Business Administration in Accounting, South East Bangkok College  
Certificate - Mini MBA, Thammasat University  
Certificate - Financial Management, Chulalongkorn University  
Training by Federation of Accounting Professions

- Chief Financial Officer Certification Program from Federation of Accounting Professions in year 2006
- Risk Management for Executive Program from Chulalongkorn University

Shareholding: 58,500 shares = 0.14 %

Work Experience: 2016 – Present Senior Assistant Managing Director  
Alucon Public Company Limited

2003 – 2016 Assistant Managing Director

## Scope of Duties:

The Risk Management Committee has the scope of duties as being assigned by the Board of Directors as follows:

1. Assessing and presenting risk management policy and framework to the Board of Directors for approval.
2. Examining and agreeing on risk appetite (acceptable risk levels), and present to the Board of Directors.
3. Continuously monitoring development activities and compliance actions according to the policies and the risk management framework so the company's group will have a risk management system that is uniformly effective throughout the organization to ensure that such policies continue to be observed.
4. Assessing risk identification and assessment procedures, reporting on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
5. Coordinating with the Audit Committee about significant risk factors and having the Internal Audit Unit to review that the risk management system of the company's group is appropriate to the exposure, being adapted as needed and adopted throughout the organization.
6. Continually reporting to the Board of Directors on significant risks and risk management solutions.
7. Executing other activities that pertain to risks management as assigned by the Board of Directors.

## Term of Office of Risk Management Committee

The Risk Management Committee member has a term of office of 3 years each by the resolution of Board of Directors, except the Risk Management Committee member who has been appointed to fill a vacancy for any reason other than by rotation, in which case he shall retain office for the remaining term of office of the Risk Management Committee member whom he replaces.

The Audit Committee of Alucon Public Company Limited was appointed by the Board of Directors. There are three audit committee members whose qualifications meet the Audit Committee's charters which are consistent with the provision of the Office of Securities and Exchange Commission. The names of committee members are as follows:

- |                           |                               |
|---------------------------|-------------------------------|
| 1. Ms. Vrinporn Uer-anant | Audit Committee - Chairperson |
| 2. Mr. Krit Indhewat      | Audit Committee Member        |
| 3. Mr. Toshiyuki Koike    | Audit Committee Member        |

and Mr. Pitipong Archamongkol, Company Secretary, as a coordinator to Audit Committee.

The Audit Committee performs its duties within the scope, duties, and responsibilities as designated by the Board of Directors which fully accord with the stipulation of the Stock Exchange of Thailand's notifications.

In 2019, the Audit Committee held four meetings. Every committee member had perfect attendance for all committee meetings. Sometimes the Audit Committee attended meetings with top management. In essence, the Audit Committee's performance can be summarized as follows:

1. Reviewed quarterly and annual financial statements to ensure that the Company's financial statements were made accurately and reliably. The Audit Committee agreed with the auditors that the essence of these financial statements was accurate as deemed appropriate according to the generally accepted accounting standards.
2. Reviewed to ensure that the Company maintains a suitable, adequate, and efficient internal control system. In this regard, internal audit experts were commissioned to conduct assessment and internal auditors also conducted internal audit of core operating systems in accordance with the annual audit plan which was reviewed and approved by the Audit Committee. In addition, they were also assigned to keep track of rectification of the discrepancies described in the audit report. It was discerned that the Company's internal control system was adequate and suitable with the nature of the business and no significant shortcomings or weaknesses were found. Property maintenance was carried out properly and full information disclosure was observed.

Furthermore, the Audit Committee reviewed the internal audit system by examining the tasks, scope of operation, roles and responsibilities, head counts and the independence of the internal audit unit. The internal audit unit was thereby required to submit audit reports to the Audit Committee and present management reports to the Management. It was discerned that the Company's internal audit was conducted independently, adequately and effectively.

3. Reviewed to ensure that Company complied with securities and stock exchange laws, SET provisions or other laws which are pertinent to its business operation. It was discerned that no significant shortcomings were found in regard to non-compliance with relevant laws and provisions.
4. Reviewed and commented the execution of connected transactions or items which might pose conflict of interest. It was discerned that there were no items that posed conflict of interest and the Company disclosed relevant information accurately and thoroughly.

5. Considered and proposed selection of auditors and audit fee to the Board of Directors for approval by the shareholders' meeting. The Audit Committee scrutinized performance of the auditors last year as well as their knowledge, expertise, and independence. Then, the Audit Committee recommended the Board of Directors to request the shareholders' meeting to approve the appointment of Mrs. Piyatida Tangdenchai and/or Mr. Sumeth Jangsamsee and/or Ms. Sirinuch Vimolsathit and/or Mr. Yootapong Soontalinka of KPMG Phoomchai Audit Limited as the auditors for the year 2020. Total audit fee is 1,190,000 Baht per annum.

In conclusion, the Audit Committee fully performed its duties as stipulated in the charters of the Audit Committee which was approved by the Board of Directors. In the Audit Committee's opinion, the Company has had accurate and robust reporting of financial and operational data and also has had suitable and effective internal control system, internal audit, and risk management. In addition, the Company also properly complied with the laws and provisions and fulfilled obligations; connected items were executed properly; the operation was conducted in conformity with the corporate governance system adequately, transparently and reliably. Finally, the Audit Committee also examined the auditors' independence for appointment and submitted a proposal of audit fee.

Ms. Vrinporn Uer-anant  
Chairman of Audit Committee

**Opinion of Independent Directors:**

Mr. Somchai Aungsanant  
Mr. Toshiyuki Koike  
Mr. Krit Indhewat  
Ms. Vrinporn Uer-anant  
Mr. Vibool Uer-anant

The Independent Directors have carefully considered the connected transactions as stated on page 12 - 13 of the Annual Report. In view of customers in Japan requiring special attention and excellent service the assistance of Takeuchi Press Industries Co., Ltd., Japan is most suitable to increase the sales of the Company to Japan. There is no disadvantage to Alucon by such an intermediary but it ensures regular sales to customers in Japan. Accordingly, the Independent Directors considered such connected transactions as beneficial to the Company.

The Independent Directors considered the performance of the Company respectively its various factories as satisfactory.

- However, they recommend that efficiency is increased further which should increase profitability.

## Note from Risk Management Committee

The Risk Management Committee of Alucon Public Company Limited was appointed by the Board of Directors. Risk Management Committee are composed of two Independence Directors and One Executive Director whose qualifications meet the Risk Management Committee's charters which are consistent with the provision of the Office of Securities and Exchange Commission. The names of committee members are as follows:

- |                            |                                       |
|----------------------------|---------------------------------------|
| 1. Mr. Vibool Uer-anant    | Chairman of Risk Management Committee |
| 2. Mr. Toshiyuki Koike     | Risk Management Committee Member      |
| 3. Mrs. Eumporn Pamornbutr | Risk Management Committee Member      |

and Mr. Pitipong Archamongkol, Company Secretary, as a coordinator to Risk Management Committee.

The Risk Management Committee appointed the Risk Management Team to revise the risk management according to the criteria described in ISO 9001:2015 which are higher than normal basic for evaluating the operational risk of all departments. It can be concluded the high risk at 15 items and medium risk at 68 items. The risk evaluation will be done annually.

The Risk Management performs its duties within the scope, duties, and responsibilities as designated by the Board of Directors which fully accord with the stipulation of the Stock Exchange of Thailand's notifications.

In 2019, the Risk Management held one meeting. Every committee member had attendance the meeting. In essence, the Risk Management Committee's performance can be summarized as follows:

Reviewed risk management. In this regard, the Company conducted operational risk management activities, whereby various operating units identified the risks, assessed risks stemming from internal and external factors, conducted risk management and monitored each unit's progress to ensure that they could perform and achieved prescribed targets. If there were incidents which might hamper the organization's efforts to achieve its objectives, such risk could be timorous managed and contained with an acceptable level. In this regard, the Audit Committee observed that the Company has a suitable, adequate and effective risk management system.

In conclusion, the Risk Management Committee fully performed its duties as stipulated in the charters of the Risk Management Committee which was approved by the Board of Directors. In the Risk Management Committee's opinion, the Company has had suitable and effective risk management. In addition, the Company also properly complied with the laws and provisions and fulfilled obligations; the operation was conducted in conformity with the corporate governance system adequately, transparently and reliably.

Mr. Vibool Uer-anant  
Chairman of Audit Committee

Alucon Public Company Limited  
Financial statements for the year ended  
31 December 2019  
and  
Independent Auditor's Report



## Independent Auditor's Report

### To the Shareholders of Alucon Public Company Limited

#### Opinion

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

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

#### Basis for Opinion

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

#### Valuation of defined employee benefit plan

Refer to Note 3(k) and 15 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The valuation of the defined employee benefit plan requires significant judgment of the Company because the Company has a significant number of employees who are potentially able to meet the conditions of the defined employee benefit plan and there is a low employee turnover rate. The assumptions used for estimation requires judgment of the Company and has uncertainty of estimates made in respect of long-term trends and market conditions to determine the value of employee benefit obligations, this is focus area in my audit.	<p>My audit procedures included testing underlying data provided to the actuary on a sample basis for calculation of the employee benefit obligation. I evaluated the competence and independence of the Company's actuary and assessed the key assumptions with the actual result incurred in previous years. Moreover, I involved KPMG actuarial specialist to assist me in assessing the appropriateness of the assumptions applied and tested calculation for the valuation of the defined benefit obligation by considering the actuarial report and by comparison of key assumptions against externally derived data and performed the sensitivity analysis, which included assessing if the effect of the change of key assumptions were reasonably possible.</p> <p>In addition, I also assessed the adequacy of the Company's disclosure in accordance with Thai Financial Reporting Standard.</p>

## *Other Information*

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

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

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

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

## *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 TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

(Sumate Jangsamsee)  
 Certified Public Accountant  
 Registration No. 9362

KPMG Phoomchai Audit Ltd.  
 Bangkok  
 25 February 2020

## Statement of financial position

		31 December	
Assets	Note	2019	2018
		(in Baht)	
<i>Current assets</i>			
Cash and cash equivalents	5	883,872,643	248,869,588
Trade accounts receivable	4,6	891,933,742	1,079,093,568
Inventories	7	1,352,105,316	1,809,132,459
Refundable value added tax		29,914,391	33,283,300
Other current assets		18,427,271	12,369,549
Total current assets		3,176,253,363	3,182,748,464
<i>Non-current assets</i>			
Property, plant and equipment	8	3,382,399,723	3,548,477,285
Intangible assets	9	8,772,261	10,167,760
Deferred tax assets	10	42,886,411	38,784,052
Other non-current assets		311,676	311,676
Total non-current assets		3,434,370,071	3,597,740,773
Total assets		6,610,623,434	6,780,489,237

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

## Statement of financial position

Liabilities and equity	Note	31 December	
		2019	2018
		(in Baht)	
<b>Current liabilities</b>			
Bank overdrafts	11	112,745	161,288
Trade accounts payable	4,12	227,962,781	246,223,182
Contract liabilities	17	7,123,960	15,157,577
Other payables to and short-term borrowings			
from related parties	4	8,931,412	211,990,222
Other payables	13	117,118,186	148,707,634
Deferred income	14	459,694	5,785,810
Current tax payable		56,559,299	101,550,267
Current provisions for employee benefits	15	20,095,344	24,956,399
Other current liabilities		13,124,923	14,315,563
<b>Total current liabilities</b>		<b>451,488,344</b>	<b>768,847,942</b>
<b>Non-current liabilities</b>			
Deferred income	14	-	459,694
Non-current provisions for employee benefits	15	554,076,850	468,124,103
<b>Total non-current liabilities</b>		<b>554,076,850</b>	<b>468,583,797</b>
<b>Total liabilities</b>		<b>1,005,565,194</b>	<b>1,237,431,739</b>
<b>Equity</b>			
Share capital			
Authorised share capital		432,000,000	432,000,000
(43,200,000 ordinary shares, par value at Baht 10 per share)			
Issued and paid-up share capital		431,999,860	431,999,860
(43,199,986 ordinary shares, par value at Baht 10 per share)			
Share premium			
Share premium on ordinary shares		254,000,000	254,000,000
Retained earnings			
Appropriated			
Legal reserve	16	43,200,000	43,200,000
Unappropriated		4,875,858,380	4,813,857,638
<b>Total equity</b>		<b>5,605,058,240</b>	<b>5,543,057,498</b>
<b>Total liabilities and equity</b>		<b>6,610,623,434</b>	<b>6,780,489,237</b>

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

## Statement of Comprehensive income

		Year ended 31 December	
	Note	2019	2018
		(in Baht)	
<b>Revenue</b>			
Revenue from sale of goods	4, 17	5,496,619,244	6,304,455,655
Net foreign exchange gain		-	15,760,922
Other income	18	147,746,116	197,861,319
<b>Total revenue</b>		<b>5,644,365,360</b>	<b>6,518,077,896</b>
<b>Expenses</b>			
Cost of sale of goods	4, 7	4,658,586,369	5,305,278,165
Distribution costs	4, 19	146,473,427	158,806,057
Administrative expenses	20	150,601,974	160,146,628
Net foreign exchange loss		29,579,022	-
Finance costs	4, 23	1,241,840	2,145,899
<b>Total expenses</b>		<b>4,986,482,632</b>	<b>5,626,376,749</b>
<b>Profit before income tax</b>		<b>657,882,728</b>	<b>891,701,147</b>
Tax expense	24	125,766,536	172,035,446
<b>Profit for the year</b>		<b>532,116,192</b>	<b>719,665,701</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(Loss) gain on remeasurements of			
defined benefit plans	15	(47,645,738)	34,349,699
Income tax relating to items that will not be			
reclassified	24	9,529,148	(6,869,940)
<b>Other comprehensive income (expense)</b>			
<b>for the year, net of tax</b>		<b>(38,116,590)</b>	<b>27,479,759</b>
<b>Total comprehensive income</b>			
<b>for the year</b>		<b>493,999,602</b>	<b>747,145,460</b>
<b>Basic earnings per share (in Baht)</b>	25	<b>12.32</b>	<b>16.66</b>

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

## Statement of changes in equity

	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve	Unappropriated	
Note	share capital	premium	reserve	(in Baht)	equity
Year ended 31 December 2018					
Balance at 1 January 2018	431,999,860	254,000,000	43,200,000	4,541,912,024	5,271,111,884
Transactions with owners, recorded directly in equity					
<i>Distribution to owners of the Company</i>					
Dividends	26	-	-	(475,199,846)	(475,199,846)
<i>Total distribution to owners of the Company</i>	-	-	-	(475,199,846)	(475,199,846)
Total transactions with owners, recorded directly in equity	-	-	-	(475,199,846)	(475,199,846)
Comprehensive income for the year					
Profit for the year	-	-	-	719,665,701	719,665,701
Other comprehensive income	-	-	-	27,479,759	27,479,759
<i>Total comprehensive income for the year</i>	-	-	-	747,145,460	747,145,460
Balance at 31 December 2018	431,999,860	254,000,000	43,200,000	4,813,857,638	5,543,057,498

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



## Statement of changes in equity

	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve	Unappropriated	
Note			(in Baht)		
Year ended 31 December 2019					
Balance at 1 January 2019	431,999,860	254,000,000	43,200,000	4,813,857,638	5,543,057,498
Transactions with owners, recorded directly in equity					
<i>Distribution to owners of the Company</i>					
Dividends	26	-	-	(431,998,860)	(431,998,860)
<i>Total distribution to owners of the Company</i>		-	-	(431,998,860)	(431,998,860)
Total transactions with owners, recorded directly in equity		-	-	(431,998,860)	(431,998,860)
Comprehensive income for the year					
Profit for the year		-	-	532,116,192	532,116,192
Other comprehensive income		-	-	(38,116,590)	(38,116,590)
Total comprehensive income for the year		-	-	493,999,602	493,999,602
Balance at 31 December 2019	431,999,860	254,000,000	43,200,000	4,875,858,380	5,605,058,240

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

## Statement of cash flows

		Year ended 31 December	
	Note	2019	2018
		(in Baht)	
<i>Cash flows from operating activities</i>			
Profit for the year		532,116,192	719,665,701
<i>Adjustments to reconcile profit to cash receipts (payments)</i>			
Tax expense	24	125,766,536	172,035,446
Finance costs	23	1,241,840	2,145,899
Depreciation	8	446,416,707	531,820,590
Amortisation	9	1,606,340	2,123,353
Employee benefit expense relating to defined benefit plan	15	86,176,722	55,648,976
Recognised deferred income	14	(5,785,810)	(5,785,810)
Unrealised loss on exchange		1,545,956	6,519,356
(Reversal of) losses on inventories devaluation	7	(1,543,031)	708,904
Gain on disposal of plant and equipment		(706,466)	(8,009,561)
Interest income		(2,477,803)	(348,834)
		<u>1,184,357,183</u>	<u>1,476,524,020</u>
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		185,468,813	(52,969,067)
Inventories		458,570,174	(566,053,069)
Refundable value added tax		3,368,909	(596,296)
Other current assets		(6,033,684)	(647,204)
Other non-current assets		-	49,411
Trade accounts payable		(18,128,345)	(20,014,702)
Contract liabilities		(8,033,617)	4,515,197
Other payable to related parties		(2,635,961)	1,695,731
Other payable		(16,716,927)	8,960,735
Other current liabilities		(1,190,640)	(175,023)
Repayment of employee benefits relating to defined benefit plans		(52,730,768)	(34,087,761)
<b>Net cash generated from operating</b>		<u><b>1,726,295,137</b></u>	<u><b>817,201,972</b></u>
Taxes paid		(165,330,715)	(147,523,811)
<b>Net cash from operating activities</b>		<u><b>1,560,964,422</b></u>	<u><b>669,678,161</b></u>

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

## Statement of cash flows

		Year ended 31 December	
	Note	2019	2018
		(in Baht)	
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		3,685,252	9,821,537
Payment for acquisition of property, plant and equipment		(298,008,451)	(296,293,302)
Payment for acquisition of intangible assets		(379,841)	(694,279)
Interest received		2,453,765	355,171
<b>Net cash used in investing activities</b>		<b>(292,249,275)</b>	<b>(286,810,873)</b>
<b>Cash flows from financing activities</b>			
Decrease in bank overdrafts		(48,543)	(2,515,854)
Proceeds from short-term borrowings from related party	4	-	250,000,000
Repayment of short-term borrowings from related party	4	(200,000,000)	(106,000,000)
Dividends paid to owners of the Company	26	(431,998,860)	(475,199,846)
Interest paid		(1,664,689)	(2,188,664)
<b>Net cash used in financing activities</b>		<b>(633,712,092)</b>	<b>(335,904,364)</b>
<b>Net increase in cash and cash equivalents</b>		<b>635,003,055</b>	<b>46,962,924</b>
Cash and cash equivalents at 1 January		248,869,588	201,906,664
<b>Cash and cash equivalents at 31 December</b>	<b>5</b>	<b>883,872,643</b>	<b>248,869,588</b>
<b>Supplemental disclosures of cash flows information:</b>			
Cash paid for purchase of plant and equipment during the year are detailed as follows:			
Total addition of plant and equipment during the year	8	283,317,931	314,908,400
Add: settlement of payables for plant and equipment previously purchased		39,027,504	20,412,406
Less: payables on purchase of plant and equipment		(24,336,984)	(39,027,504)
<b>Net purchases of plant and equipment paid by cash</b>		<b>298,008,451</b>	<b>296,293,302</b>

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

For the year ended 31 December 2019

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For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2020.

### 1 General information

Alucon Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in November 1989 and converted to a public company in May 1994. The Company’s registered office at 500 Moo 1, Soi Sirikam, Sukhumvit 72 Road, North Samrong, Muang, Samut Prakarn. Another plant at Chonburi is located at 272/5, Moo 3, Bor Win, Sriracha, Chonburi.

The parent company during the financial year was Takeuchi Press Industries Company Limited, incorporated in Japan, which held 71.65% of the paid up share capital.

The principal businesses of the Company are producing and distributing aluminium containers such as Aluminium Collapsible Tubes, Aluminium Monobloc Aerosol Cans, Aluminium Rigid Wall Containers, Aluminium Bottles, Technical Impact Extrusions, Aluminium Slugs (Blanks), Aluminium Coils, Aluminium Pellets, strips, plates, etc.

### 2 Basis of preparation of the financial statements

#### (a) *Statement of compliance*

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies.

There is no material impact on the Company’s financial statements. The Company has initial applied TFRS 15 Revenue from Contracts with Customers (“TFRS 15”) which replaces TAS 18 Revenue (“TAS 18”), TAS 11 Construction Contracts (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3.

The Company has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Company has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Company has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Company's operations are disclosed in note 30.

**(b) *Functional and presentation currency***

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

**(c) *Use of judgements and estimates***

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Assumptions and estimation uncertainties*

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

Note 10	Current and deferred taxation
Note 15	Measurement of defined benefit obligations

**3 Significant accounting policies**

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

**(a) *Foreign currencies***

*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency at exchange rate at the dates of the transactions.

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

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

Foreign currency differences are generally recognised in profit or loss

**(b) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(c) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts (if any).

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(d) Inventories**

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

Cost is calculated using the first in first out principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

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

**(e) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.



### *Subsequent costs*

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

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5 - 30 years
Buildings and building improvement	5 - 40 years
Machinery and equipment	2 - 20 years
Office equipment	3 - 8 years
Vehicles	5 and 10 years

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.

### **(f) *Intangible assets***

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software license	10 years
------------------	----------

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

**(g) 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 recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(h) Interest-bearing liabilities**

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

**(i) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(j) Contract Liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognises the related revenue.

**(k) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income ("OCI"). The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### *Other long-term employee benefits*

The Company's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **(l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

## **(m) Measurement of fair values**

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### (n) **Revenue**

#### *Accounting policies for revenue recognition in 2019*

Revenue is recognised when a customer obtains control of the goods in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and other sales taxes and is after deduction of any trade discounts and volume rebates.

#### *Sale of goods*

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

#### *Accounting policies for revenue recognition in 2018*

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

### *Sale of goods*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

### *Interest and other income*

Interest and other income are recognised in profit or loss as they accrue.

### **(o) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

### **(p) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company's expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(q) Earnings per share**

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

**(r) Related Parties**

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**(s) Segment reporting**

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, selling and administrative expenses, loans and employee benefit obligations.

**4 Related parties**

Relationships with related parties were as follows:

Name of entities	Country of incorporation	Nature of relationships
Takeuchi Press Industries Company Limited	Japan	Parent, 71.65% shareholding
Key management personnel		Persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Revenue from sale of goods	The market price or the price based on the memorandum of understanding. The selling price structure with the parent company is based on the actual cost incurred plus gross margin rate including the consideration of size, sale volume, country and transportation
Purchase of raw materials and spare parts	The market price
Purchase of machinery and equipment	The market price
Interest expense	1.30 - 1.79% per annum in 2019 and 1.25 - 1.79% per annum in 2018
License fee	Percentage of sales amount as determined in an agreement
Commission expenses	Percentage of sales amount as determined in an agreement
Key management personnel compensation	Amount approved by the directors and / or the shareholders

Significant transactions for the years ended 31 December with related parties were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Revenue from sale of goods	1,284,062	1,345,290
Purchase of raw materials and spare parts	12,159	14,007
Purchase of machinery and equipment	564	33
Interest expense	1,238	2,132
License fee	20,427	19,860
Commission expenses	2,636	2,610
Other expenses	105	458
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefit	49,520	57,294
Retirement benefits	3,119	1,240
<b>Total</b>	<b>52,639</b>	<b>58,534</b>



Balances as at 31 December with related parties were as follows:

*Trade account receivable from related party*

	2019	2019
	(in thousand Baht)	
Parent		
Takeuchi Press Industries Company Limited	<u>55,283</u>	<u>79,609</u>

*Trade account payable to related party*

	2019	2018
	(in thousand Baht)	
Parent		
Takeuchi Press Industries Company Limited	<u>1,579</u>	<u>33</u>

*Other payable to and short-term loans from related party*

	Interest rate			
	2019	2018	2019	2018
	(% per annum)		(in thousand Baht)	
Short-term loans				
Parent				
Takeuchi Press Industries Company Limited	-	1.30 - 1.79	-	200,000

*Accrued license fee*

Parent		
Takeuchi Press Industries Company Limited	3,714	6,059

*Accrued commission payable*

Parent		
Takeuchi Press Industries Company Limited	543	755

2019 2018

(in thousand Baht)

*Accrued interest expense*

Parent

Takeuchi Press Industries Company Limited	-	423
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*Accrued management's remuneration and other benefits*

Key management personnel	4,674	4,754
Total	<u>8,931</u>	<u>211,991</u>

Movements during the years ended 31 December of short-term loans from related party were as follows:

2019 2018

(in thousand Baht)

*Short-term loans*

Parent

At 1 January	200,000	56,000
Increase	-	250,000
Decrease	(200,000)	(106,000)
At 31 December	<u>-</u>	<u>200,000</u>

*Commitments for purchase of raw materials and spare parts*

2019 2018

(in thousand Baht)

Parent

Takeuchi Press Industries Company Limited	<u>320</u>	<u>2,254</u>
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*Significant memorandum of understanding*

On 11 February 2019, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 7,000 MT for the production of aluminum monobloc aerosol cans and collapsible tubes for a period from April 2019 to March 2020.

## 5 Cash and cash equivalents

	2019	2018
	<i>(in thousand Baht)</i>	
Cash on hand	159	194
Cash at banks - current accounts	30,349	33,677
Cash at banks - saving accounts	853,365	214,999
<b>Total</b>	<b>883,873</b>	<b>248,870</b>

## 6 Trade accounts receivable

	Note	2019	2018
		<i>(in thousand Baht)</i>	
<b>Related party</b>	<b>4</b>	<b>55,283</b>	<b>79,609</b>
Within credit terms		55,283	79,609
<b>Other parties</b>			
Within credit terms		652,154	816,810
Overdue:			
Less than 3 months		184,497	182,328
3-6 months		-	347
		<b>836,651</b>	<b>999,485</b>
<b>Total</b>		<b>891,934</b>	<b>1,079,094</b>

The normal credit term granted by the Company ranges from 7 days to 90 days.

## 7 Inventories

	2019	2018
	<i>(in thousand Baht)</i>	
Finished goods	150,779	278,060
Work in progress	135,755	157,797
Raw materials	636,572	927,806
Spare parts	213,954	228,863
Goods in transit	217,375	220,479
Total	1,354,435	1,813,005
Less allowance for decline in value	(2,330)	(3,873)
<b>Net total</b>	<b>1,352,105</b>	<b>1,809,132</b>
Inventories recognised as an expense in “cost of sales of goods”:		
- Cost	4,660,129	5,304,569
- (Reversal of) write-down to net realisable value	(1,543)	709
<b>Total</b>	<b>4,658,586</b>	<b>5,305,278</b>

## Notes to the financial statements

### 8 Property, plant and equipment

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Office equipment	Vehicles	Spare parts	Assets under construction	Total
<i>Cost</i>	<i>(in thousand Baht)</i>							
At 1 January 2018	272,028	1,682,668	6,829,451	20,587	34,800	88,846	168,578	9,096,958
Additions	1,418	6,424	43,115	2,107	2,102	47,750	211,992	314,908
Transfers	-	17,484	290,073	-	-	(41,027)	(266,530)	-
Disposals	-	-	(40,480)	(3,446)	(5,712)	-	-	(49,638)
At 31 December 2018 and 1 January 2019	273,446	1,706,576	7,122,159	19,248	31,190	95,569	114,040	9,362,228
Additions	165	3,068	36,192	609	2,850	32,010	208,424	283,318
Transfers	18,939	47,446	222,563	-	-	(28,956)	(259,992)	-
Disposals	-	-	(27,352)	(356)	(2,363)	-	-	(30,071)
At 31 December 2019	292,550	1,757,090	7,353,562	19,501	31,677	98,623	62,472	9,615,475

## Notes to the financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Office equipment	Vehicles	Spare parts	Assets under construction	Total
	<i>(in thousand Baht)</i>							
<b>Depreciation</b>								
At 1 January 2018	24,247	781,419	4,485,452	17,031	21,607	-	-	5,329,756
Depreciation charge for the year	5,776	55,984	463,209	1,743	5,109	-	-	531,821
Disposals	-	-	(38,668)	(3,446)	(5,712)	-	-	(47,826)
At 31 December 2018 and 1 January 2019	30,023	837,403	4,909,993	15,328	21,004	-	-	5,813,751
Depreciation charge for the year	7,041	59,959	373,399	1,554	4,464	-	-	446,417
Disposals	-	-	(24,374)	(356)	(2,363)	-	-	(27,093)
At 31 December 2019	37,064	897,362	5,259,018	16,526	23,105	-	-	6,233,075
<b>Net book value</b>								
At 1 January 2018	247,781	901,249	2,343,999	3,556	13,193	88,846	168,578	3,767,202
At 31 December 2018 and 1 January 2019	243,423	869,173	2,212,166	3,920	10,186	95,569	114,040	3,548,477
At 31 December 2019	255,486	859,728	2,094,544	2,975	8,572	98,623	62,472	3,382,400

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 2,462 million (2018: Baht 2,338 million).

## 9 Intangible assets

	Software licence (in thousand Baht)
<i>Cost</i>	
At 1 January 2018	29,473
Additions	863
At 31 December 2018 and 1 January 2019	30,336
Additions	211
At 31 December 2019	30,547
<i>Amortisation</i>	
At 1 January 2018	18,045
Amortisation charge for the year	2,123
At 31 December 2018 and 1 January 2019	20,168
Amortisation charge for the year	1,607
At 31 December 2019	21,775
<i>Net book value</i>	
At 1 January 2018	11,428
At 31 December 2018 and 1 January 2019	10,168
At 31 December 2019	8,772



## 10 Deferred tax

Deferred tax assets and liability as at 31 December were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Deferred tax assets	109,872	94,519
Deferred tax liability	(66,986)	(55,735)
<b>Net</b>	<b>42,886</b>	<b>38,784</b>

Movements in total deferred tax assets and liability during the year were as follows:

	At 1 January 2019	<u>(Charged) / Credited to :</u>		At 31 December 2019
		Profit or loss	Other comprehensive income	
		<i>(Note 24)</i>		
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Inventories <i>(allowance for decline in value)</i>	775	(309)	-	466
Employee benefit obligations	92,495	7,290	9,529	109,314
Deferred income	1,249	(1,157)	-	92
<b>Total</b>	<b>94,519</b>	<b>5,824</b>	<b>9,529</b>	<b>109,872</b>
<b>Deferred tax liability</b>				
Property, plant and equipment <i>(depreciation gap)</i>	(55,735)	(11,251)	-	(66,986)
<b>Total</b>	<b>(55,735)</b>	<b>(11,251)</b>	<b>-</b>	<b>(66,986)</b>
<b>Net</b>	<b>38,784</b>	<b>(5,427)</b>	<b>9,529</b>	<b>42,886</b>

	At	(Charged) / Credited to :		At
	1 January		Other	31 December
	2018	Profit or loss	comprehensive income	2018
		(Note 24)		
		(in thousand Baht)		
<b>Deferred tax assets</b>				
Inventories ( <i>allowance for decline in value</i> )	632	143	-	775
Employee benefit obligations	95,019	4,346	(6,870)	92,495
Deferred income	2,407	(1,158)	-	1,249
<b>Total</b>	<b>98,058</b>	<b>3,331</b>	<b>(6,870)</b>	<b>94,519</b>
<b>Deferred tax liability</b>				
Property, plant and equipment ( <i>depreciation gap</i> )	(55,482)	(253)	-	(55,735)
<b>Total</b>	<b>(55,482)</b>	<b>(253)</b>	<b>-</b>	<b>(55,735)</b>
<b>Net</b>	<b>42,576</b>	<b>3,078</b>	<b>(6,870)</b>	<b>38,784</b>

# 11 Interest-bearing liabilities

	Note	2019	2018
		(in thousand Baht)	
<b>Current</b>			
Bank overdrafts - unsecured		113	161
<b>Bank overdrafts</b>		<b>113</b>	<b>161</b>
Short-term loans from related party - unsecured	4	-	200,000
<b>Total current interest-bearing liabilities</b>		<b>113</b>	<b>200,161</b>

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Within one year	-	200,000
<b>Total</b>	<b>-</b>	<b>200,000</b>

As at 31 December 2019, the Company had unutilised credit facilities from financial institutions of approximately Baht 1,996 million (2018: Baht 2,048 million).

## 12 Trade accounts payable

	Note	2019	2018
		<i>(in thousand Baht)</i>	
Related party	4	1,579	33
Other parties		226,384	246,190
<b>Total</b>		<b>227,963</b>	<b>246,223</b>
Current		227,963	246,223
<b>Total</b>		<b>227,963</b>	<b>246,223</b>

## 13 Other payable

	2019	2018
	<i>(in thousand Baht)</i>	
Accrued operating expenses	34,575	41,029
Factory supplies and spare parts payables	30,587	44,355
Construction and machinery payables	21,373	31,285
Others	30,583	32,039
<b>Total</b>	<b>117,118</b>	<b>148,708</b>

14 Deferred income

Deferred income represents a contribution of approximately Baht 57.8 million received by the Company from a major customer as an unconditional subsidy in respect of the cost of a new production line that the Company is required to undertake in order to facilitate the management of incoming purchase orders from this customer and to meet the customer's specific production requirements. This contribution is presented as "deferred income" under non-current liabilities in the statement of financial position and will be recognised as income in profit or loss on the straight-line method over the asset's estimated useful life of 10 years from the date that the line is ready for use since 1 February 2010. As at 31 December 2019, such deferred income had outstanding balance of Baht 0.5 million (2018: Baht 6.2 million) and during the year ended 31 December 2019, the Company recognised income in profit or loss of Baht 5.8 million (2018: Baht 5.8 million).

15 Provision for employee benefits

	2019	2018
	(in thousand Baht)	
Statement of financial position		
Non-current provisions for :		
Post-employment benefits	452,283	374,434
Other long-term employee benefits	40,474	34,630
	<u>492,757</u>	<u>409,064</u>
Provident fund	81,415	84,017
Total	<u><u>574,172</u></u>	<u><u>493,081</u></u>
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	67,920	39,984
Other long-term employee benefits	10,402	7,048
Provident fund	7,855	8,617
	<u>86,177</u>	<u>55,649</u>
Recognised in other comprehensive income:		
Actuarial loss (gain) recognised in the year	47,646	(34,350)

The Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

<i>Present value of the defined benefit obligations</i>	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	409,064	425,962
Include in profit or loss:		
Current service cost	59,884	39,173
Interest on obligation	10,816	8,914
Gain on settlement	7,622	(1,054)
Included in other comprehensive income		
Actuarial loss (gain)		
- Demographic assumptions	11,251	(1,395)
- Financial assumptions	27,593	(30,548)
- Experience adjustment	8,802	(2,407)
	<u>47,646</u>	<u>(34,350)</u>
Benefit paid	(42,275)	(30,348)
	<u>5,371</u>	<u>(64,698)</u>
At 31 December	<u>492,757</u>	<u>409,064</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased by an amount of Baht 23 million.

<i>Principal actuarial assumptions</i>	2019	2018
	%	
Discount rate	1.59	2.60
Future salary growth	3.00 - 5.20	3.50 - 5.40

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 8.99 years (2018: 8.32 years).

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation</i>	1 year/1% increase in assumption		1 year/1% increase in assumption	
<i>At 31 December</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(31,752)	(25,273)	35,699	28,276
Future salary growth	32,660	25,914	(29,648)	(23,619)
Employee turnover	(14,375)	(10,390)	10,744	7,883
Life expectancy (year)	512	364	(510)	(362)

## 16 Reserves

### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 17 Segment information and disaggregation of revenue

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments.

Segment 1      Can and tube

Segment 2      Slug

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

## Information about reportable segments

	Segment 1		Segment 2		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Revenue from sale of goods	3,341,759	3,524,231	2,154,860	2,780,225	5,496,619	6,304,456
<b>Segment result</b>	<b>684,049</b>	<b>716,653</b>	<b>153,984</b>	<b>282,525</b>	<b>838,033</b>	<b>999,178</b>
Unallocated revenues					147,746	213,622
Unallocated expenses					(326,654)	(318,953)
Finance costs					(1,242)	(2,146)
<b>Profit before income tax</b>					<b>657,883</b>	<b>891,701</b>
<b>Segment assets</b>						
Trade accounts receivable	585,313	664,909	306,621	414,185	891,934	1,079,094
Inventories	321,775	377,260	1,030,330	1,431,872	1,352,105	1,809,132
Property, plant and equipment	2,648,583	2,736,892	733,817	811,585	3,382,400	3,548,477
Unallocated assets					984,184	343,786
<b>Total Assets</b>					<b>6,610,623</b>	<b>6,780,489</b>
<b>Segment liabilities</b>						
Trade accounts payable	99,070	115,532	128,893	130,691	227,963	246,223
Unallocated liabilities					775,633	991,209
<b>Total Liabilities</b>					<b>1,003,596</b>	<b>1,237,432</b>
<b>Other material items</b>						
Depreciation and amortization	324,056	381,119	123,967	152,825	448,023	533,944
Capital expenditure	236,798	255,899	46,731	59,873	283,529	315,772



## Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Revenues		Non-current assets	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Asia pacific	3,186,204	3,880,162	-	-
Thailand	1,657,565	1,629,057	3,434,370	3,597,741
United states of America	394,663	449,596	-	-
Others	258,187	345,641	-	-
<b>Total</b>	<b>5,496,619</b>	<b>6,304,456</b>	<b>3,434,370</b>	<b>3,597,741</b>

## Major customer

Revenues from a customer of the Company's segments 1 and 2 are approximately Baht 541 million (2018: Baht 470 million) of the Company's total revenues.

## Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Note	31 December	31 December
		2019	2018
		<i>(in thousand Baht)</i>	
Trade accounts receivable	6	891,934	1,079,094
Contract liabilities			
- Current		7,124	15,158

The contract liabilities primarily relate to the advance consideration received from customers for sales of goods. The Company recognises such contract liabilities as revenue when transferring control of the goods to the customers.

## 18 Other income

	2019	2018
	<i>(in thousand Baht)</i>	
Sale of scrap	128,765	169,339
Others	18,981	28,522
<b>Total</b>	<b>147,746</b>	<b>197,861</b>

## 19 Distribution costs

	2019	2018
	<i>(in thousand Baht)</i>	
Freight expenses	75,774	83,731
Employee benefit expenses	34,206	37,545
Others	36,493	37,530
<b>Total</b>	<b>146,473</b>	<b>158,806</b>

## 20 Administrative expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Employee benefit expenses	120,721	128,090
Depreciation and amortisation	7,095	7,741
Repair and maintenance	4,628	4,315
Transportation expenses	2,593	2,955
Others	15,565	17,046
<b>Total</b>	<b>150,602</b>	<b>160,147</b>

21 Employee benefit expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Wages and salaries	669,617	672,106
Defined benefit plans	78,322	47,032
Defined contribution plans	7,855	8,617
Director's remuneration	5,653	5,696
Others	38,853	42,746
<b>Total</b>	<b>800,300</b>	<b>776,197</b>

*Defined contribution plans*

The Company has established a contributory provident fund for its employees. Membership to the fund is on a voluntary basis. The Company contributes 50% of the amount paid in by each employee who has been a member of the provident fund scheme for five years and an additional 10% of the balance on the employee's provident fund in each subsequent year. The Company is the fund management.

22 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods:</i>		
Changes in inventories of finished goods and work in progress	149,323	(60,497)
Raw materials and consumables used	2,710,574	3,474,492
Employee benefit expenses	645,373	610,562
Depreciation and amortisation	440,022	524,691
Utilities expenses	337,472	359,891

2019 2018

(in thousand Baht)

*Included in distribution costs:*

Freight expenses	75,774	83,731
Employee benefit expenses	34,206	37,545
Depreciation and amortisation	907	1,512

*Included in administrative expenses:*

Employee benefit expenses	120,721	128,090
Depreciation and amortisation	7,095	7,741

23 Finance costs

Note

2019 2018

(in thousand Baht)

*Interest expense:*

Related party	4	1,238	2,132
Financial institutions		4	14
<b>Total</b>		<b>1,242</b>	<b>2,146</b>

24 Income tax expense

*Income tax recognised in profit or loss*

Note

2019 2018

(in thousand Baht)

*Current tax expense*

Current year	120,340	175,113
--------------	---------	---------

*Deferred tax expense*

10

Movements in temporary differences	5,427	(3,078)
<b>Total</b>	<b>125,767</b>	<b>172,035</b>

## Income tax recognised in other comprehensive income

	2019			2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan						
actuarial gain (losses)	(47,646)	9,529	(38,117)	34,350	(6,870)	27,480
<b>Total</b>	<b>(47,646)</b>	<b>9,529</b>	<b>(38,117)</b>	<b>34,350</b>	<b>(6,870)</b>	<b>27,480</b>

## Reconciliation of effective tax rate

	2019		2018	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		<b>657,883</b>		<b>891,701</b>
Income tax using the Thai corporation tax rate	20	131,577	20	178,340
Income not subject to tax		(6,258)		(6,670)
Expenses not deductible for tax purposes		(839)		307
Others		1,287		58
<b>Total</b>	<b>20</b>	<b>125,767</b>	<b>20</b>	<b>172,035</b>

## 25 Earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>		
Profit attributable to ordinary shareholders of the Company	532,116	719,666
Number of ordinary shares outstanding	43,200	43,200
Basic earnings per share <i>(in Baht)</i>	12.32	16.66

## 26 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share <i>(Baht)</i>	Amount <i>(in million Baht)</i>
2019				
Annual dividend	18 April 2019	May 2019	10	432
2018				
Annual dividend	24 April 2018	May 2018	11	475

## 27 Financial instruments

### *Financial risk management policies*

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives financial instruments for speculative or trading purposes.

## Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

## Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows.

With total debt to equity ratio of 0.18:1 in 2019 and 0.22:1 in 2018, the Company has low borrowings and therefore minimal and immaterial exposure to changes of interest rates. To be flexible and able to obtain favorable interest rates, the Company mostly takes short term and on call loans from different financial institutions and a related company who offer the best interest rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

		Effective interest rates	Within 1 year	Total
	Note	(% per annum)	(in thousand Baht)	
<b>2018</b>				
<b>Current</b>				
Loans from related party	4	1.30 - 1.79	200,000	200,000
<b>Total</b>			<u>200,000</u>	<u>200,000</u>

## Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. Most receipts in foreign currencies are credited into foreign currency accounts such as US Dollar, Japanese YEN, etc. with banks in Thailand. The Company foregoes interest earnings on such foreign currency accounts. Foreign currencies obtained from exports are used for payment of raw material purchased, spare parts and machinery and equipment imported, thus the Company saves foreign currency conversion charges.



At 31 December, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	2019	2018
	<i>(in thousand Baht)</i>	
<b><i>United States Dollars (USD)</i></b>		
Cash and cash equivalents	303,324	81,426
Trade accounts receivable	414,765	511,094
Trade accounts payable	(114,426)	(114,262)
	<u>603,663</u>	<u>478,258</u>
<b><i>Japanese Yen (YEN)</i></b>		
Cash and cash equivalents	390,652	162
Trade accounts receivable	55,283	79,609
Trade accounts payable	(8,781)	(5,008)
	<u>437,154</u>	<u>74,763</u>
<b><i>Australian Dollar (AUD)</i></b>		
Trade accounts receivable	8,575	53,229
	<u>8,575</u>	<u>53,229</u>
<b><i>Others (HKD, EUR, CHF and GBP)</i></b>		
Trade accounts receivable	611	1,971
Trade accounts payable	(3,667)	(8,451)
	<u>(3,056)</u>	<u>(6,480)</u>
<b>Gross statement of financial position exposure</b>	<u><u>1,046,336</u></u>	<u><u>599,770</u></u>

### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

## Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

## Fair values of financial assets and liabilities

Mostly, the Company's financial assets and liabilities are short-term loans and loans with market's interest rate. The Management believes that fair values of such financial assets and liabilities as at 31 December are not materially different from the carrying amounts.

## 28 Commitments with non-related parties

2019                      2018  
(in thousand Baht)

### Capital commitments

Contracted but not provided for:

Factory, machinery and equipment	28,664	99,650
----------------------------------	--------	--------

### Other commitments

Purchase orders accepted by suppliers

Within one year	1,506,440	1,919,634
After one year but within five years	-	1,096,933
	1,506,440	3,016,567

Bank guarantees	25,582	31,799
<b>Total</b>	<b>1,532,022</b>	<b>3,048,366</b>

### Bank guarantee

As at 31 December 2019, the Company had commitment with a local bank for letters of guarantee issued in favour of the Company to the Metropolitan Electricity Authority and the Provincial Electricity Authority totaling Baht 26 million (31 December 2018: Baht 32 million).

### Purchase orders accepted by suppliers

As at 31 December 2019, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot in total quantity of 27,600 MT (2018: 49,500 MT), at the price as determined in purchase orders (31 December 2018: at the price as determined in purchase orders) that will be delivered during 2020 (2018: 2019 to 2020).

**29 Events after the reporting period**

At the Board of Directors' meeting of the Company held on 25 February 2020, the Company's Board of Directors approved to purpose to the annual general meeting of shareholders of the Company for approval to appropriation of cash dividends of Baht 7.50 per share, amounting to Baht 324 million. The appropriation of dividend must be approved by shareholders's meeting of the Company.

**30 Thai Financial Reporting Standards (TFRS) not yet adopted**

New and revised TFRS, which are relevant to the Company's operations, expected to have material impact on the Company's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

**(a) TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

**บริษัท อลูคอน จำกัด (มหาชน)**  
**แบบยืนยันความถูกต้องครบถ้วนของคำตอบแทนที่จ่ายให้แก่ผู้สอบบัญชี**  
**รอบปีบัญชีสิ้นสุดวันที่ 31 ธันวาคม 2562**

คำตอบแทนจากการสอบบัญชี (audit fee)

รายการที่	ชื่อบริษัทผู้จ่าย	ชื่อผู้สอบบัญชี	ค่าสอบบัญชี (บาท)
1	บริษัท อลูคอน จำกัด (มหาชน)	บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด (โดยนายสุเมธ แจ่มสามสี)	1,190,000
รวมคำตอบแทนจากการสอบบัญชี			1,190,000

ค่าบริการอื่น (non-audit fee)

รายการที่	ชื่อบริษัทผู้จ่าย	ประเภทของงาน บริการอื่น (non-audit service)	ชื่อผู้สอบบัญชี	คำตอบแทนของงานบริการอื่น	
				ส่วนที่จ่ายไปใน ระหว่างปีบัญชี	ส่วนที่จะต้อง จ่ายในอนาคต
-	-	-	-	-	-
รวมคำตอบแทนสำหรับงานบริการอื่น (non-audit fee)				-	-

**ข้อมูลข้างต้น**

☒ ถูกต้องครบถ้วนแล้ว ทั้งนี้ ข้าพเจ้าขอยืนยันว่าไม่มีข้อมูลการให้บริการอื่นที่บริษัทและบริษัทย่อยจ่ายให้ข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด และบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้าและสำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด ที่ข้าพเจ้าทราบและไม่มีการเปิดเผยไว้ข้างต้น

☐ ไม่ถูกต้อง ไม่ครบถ้วน กล่าวคือ .....

เมื่อปรับปรุงข้อมูลข้างต้น (ถ้ามี) แล้ว ข้าพเจ้าขอยืนยันว่า ข้อมูลทั้งหมดในแบบฟอร์มนี้แสดงคำตอบแทนสอบบัญชีและค่าบริการอื่นที่บริษัทและบริษัทย่อยจ่ายให้ข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัดและบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้าและสำนักงานสอบบัญชีดังกล่าวที่ถูกต้องครบถ้วน

ลงชื่อ .....

(นายสุเมธ แจ่มสามสี)

สังกัด บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด  
ผู้สอบบัญชีของบริษัท บริษัท อลูคอน จำกัด (มหาชน)

## Production, Deliveries and Sales

	2019	2018	2017	2016	2015
<b>Production</b>					
<b>Tubes,Cans &amp;Other containers</b>					
<b>Volume (piece-million)</b>					
Total Production	740.76	766.15	766.99	795.96	786.45
Total Deliveries	746.92	767.63	763.32	786.03	784.68
Domestic	291.94	294.76	315.02	319.29	317.89
Exports	454.98	472.87	448.30	466.74	466.79
<b>Aluminium Slugs</b>					
<b>Volume (Metric-ton)</b>					
Total Production	34,473.60	41,036.80	38,877.40	37,669.00	35,183.00
<b>Volume Million Baht)</b>					
Sales Revenue	5,496.62	6,304.46	6,098.58	6,051.75	5,769.87
Domestic	1,527.16	1,530.06	1,167.12	1,680.17	1,707.41
Exports	3,969.46	4,774.40	4,431.46	4,371.58	4,062.46

## Review of Operating Results and Financial Status for 5 years

Y2015 – 2019

(MB)

	2019	2018	2017	2016	2015
Operating					
Gross Revenues	5,644.37	6,518.08	6,280.94	6,220.59	6,007.94
Sales	5,496.62	6,304.46	6,098.58	6,051.75	5,769.87
Other Income	147.75	197.86	182.37	162.48	182.37
Cost of Sales	4,658.59	5,305.28	4,958.24	4,564.01	4,711.24
Gross Profit	838.03	999.18	1,140.33	1,487.74	1,058.63
Sales and Administration Expenses	297.07	318.95	312.55	311.75	302.94
Financial Cost	1.24	2.15	3.30	11.66	25.50
Profit before taxation	657.88	891.70	974.02	1,333.17	968.26
Corporate Income Tax	125.77	172.04	190.29	263.36	193.20
Net Profit / (Loss)	532.12	719.67	783.74	1,069.81	775.07
Earnings per share (Baht)	12.32	16.66	18.14	24.76	17.94
Profit / (Loss) to Revenue	9.43%	11.04%	12.48%	17.20%	12.90%
Dividend	60.89	60.03%	60.63%	60.57%	55.74%

### Financial Status

Total Assets	6,610.62	6,780.49	6,344.91	6,478.76	6,584.55
Total Liabilities	1,005.57	1,237.43	1,073.79	1,350.77	2,081.67
Working Capital	2,724.77	2,413.90	1,934.18	1,595.63	753.70
Current ratio	7.04:1	4.14:1	4.28:1	2.84:1	1.47:1
Debt/ Equity ratio	0.18:1	0.22:1	0.20:1	0.26:1	0.46:1
Return on Equity	9.50%	12.98%	14.87%	20.86%	17.21%
Return on Assets	8.0%	10.6%	12.4%	16.5%	11.8%
Shareholders' Equity	5,605.06	5,543.06	5,271.11	5,127.99	4,502.88
Book Value/share (Baht)	129.75	128.31	122.02	118.70	104.23

ALCON always concerns on CSR being subject to good corporate governance in administrating on entity, improving employees’ quality, of which they are good for their safety including participation in developing of surrounding communities and society as well as to protect the environment as follows:

1. Alucon assumes that the responsibility to society is responsible for the conduct of all employees.
2. Alucon shall promote and support the implementation of CSR on environmental protection, in order to improve the quality of employees’ life and local community can be lived with each other happily
3. Alucon shall continue on promoting and supporting the employees’ activities engaged with the local community including awareness.
4. All levels of management must act as a good role model in encouraging the good responsibilities to society on environmental protection and participation on local community development. This is to motivate employees to follow.
5. Employees must be conscious of the company’s responsibility to society in terms of environmental protection and participation in local community development.

On preparation of this report, Alucon has complied with all policies by focusing on CSR, to be in line with our CSR policy. Alucon has not yet prepared the sustainability report separately from this Annual Report. Thus, the details summary of CSR in Process throughout year 2019 can be detailed as follows:

### 1. Environmental conservation

Alucon with a focus on the environment as much as in 2018, Alucon has implemented measures to monitor the environmental impacts by focusing on the followings:

1. soil quality
2. water quality
3. air quality
4. noise quality
5. Occupation health and safety standard
6. Community relationship
7. Distinguish of industry waste from production

Besides, Alucon always focuses on environmental matter by arranging the orientation to all new employees regarding the environmental topic to know and recognize about (i) the nature of impact of environmental pollution (ii) how to distinguish waste garbage (iii) determination of the conduct of employee to distinguish the waste garbage properly (iv) control and reduce environmental impact, conservation and reduced consumption of resources.

For the whole detail of environmental reports, they all are in the Annual Registration Statement or known as “Form 56-1” that can be downloaded from Alucon’s website

### 2. Quality Control

Alucon has set the policy to remain the leading producer of aluminium packaging containers in the Asia Pacific region with concentration on:



- producing the aluminium packaging containers at the highest quality standard; operating its factories with continuous improvement; ensuring on time deliver and conforming with product safety requirement under mutual agreement with customers.
- ensuring training to all employees to understand on quality policy and encouraging the work performance.
- developing good communication and creating good co-operation amongst the colleagues both internal and external

Alucon got the standard ISO9002 in 2000, which become ISO9001:2008 and Y2017 it is ISO9001:2015 which is the standard about quality control management (last version) emphasizing on customer satisfaction systematically. On Y2017, the Company also obtains ISO22000:2005 and ISO/TS 22002-4 which is certification being certified on safety standard in supporting the manufacturing for our customer's products.

Beyond the standards as stated in above, Alucon has also received certificates, reference letter, honors and awards plaque to mark guarantee the quality of goods being recognized in the group of companies with more than 300 customers worldwide.

### 3. Occupational health and safety standards in the work environment.

Alucon has set the occupational health and safety standards in the work environment policy as follows:

1. it is assumed that responsibility for safety in the workplace is first priority in the performance of all employee
2. Alucon shall continue to promote and encourage the improvement of working conditions and environment in a safe condition.
3. Alucon shall continue to promote and encourage safety activities that can stimulate employee awareness of safety and environmental organizations working in such good public relations such as training, public announcement, exhibitions and any kind of games.
4. All levels of management must act as a good role model in arranging the safety workplace and environment in order to motivate employees to follow.
5. Employees must be conscious of the safety in workplace either of themselves and their colleagues, as well as assets of the Company throughout the performance.
6. Taking care of cleanliness and tidiness in the working area is the duty of every employee.
7. Employees must be in cooperation with Alucon to ensure safety in workplace and good surrounding environment.
8. Employees are eligible to propose their idea or plan to improve the safety condition to save enough on working.

In matters of safety, Alucon always remind the employees to recognize the effect from non-safety in working. Alucon has set up 2 safety committees: Samrong and Sriracha to manage, administrate, check and monitor, suggest on any action to lead the safety for employee. These committees last in their position for 2 years.

Besides, Alucon has arranged the activities to campaign the safety to our employee throughout year 2018, both Samrong and Sriracha plant, in particular of the creation of good conscience to employees on a back-to-home trips on New Year Festival and Songkarn Festival of which the feedback on this campaign were good enough. For 2019, there were 12 accidents occurred against 12 employees and stop working for 55 days.

# นโยบายต่อต้านคอร์รัปชัน

(Anti-corruption Policy)



The Board of Directors has announced the Anti-Corruption Policy and agree to join the Private Sector Collective Action Coalition against Corruption (CAC) on their scheme.

**ALUCON** conducts its business with fairness based on a philosophy that the Company shall demonstrate a keen sense to social responsibility and the best interests of its stakeholders in with the alignment principle of Business Ethics Guidelines.

To ensure that Alucon has a proper policy determining responsibility, guideline, and regulation as a tool to prevent corruption from all business transactions, Alucon has arranged a written guideline called 'Anti-Corruption Policy' in order to prudently make a decision on any course of action that could possibly lead to corruption and to serve as an apparent guideline in performing business and effectively developing to sustainability organization.



## Anti-Corruption Definition

Corruption means any types of bribery such as an offer, promise, guarantee, inquire, or acquisition on money, asset, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

## Anti-Corruption Policy

Director, Management Team, and Alucon staffs are prohibited from operating or accepting every type of corruption both in direct or indirect manner covering every business and related department in every country. The Anti-Corruption Policy is needed to be reviewed regularly, including with a possible revision of such policy and implementation provision in order to accord with business changes, regulation, standard, and laws.



# CSR After Process

On year 2019, Alucon has arranged CSR activities under the campaign named **“Fencing Our Community Surrounding with Happiness with Alucon”** about 64 activities, of which there are 7,170 people to be participated with this activities, under the budget in amount of 1,831,901 Baht as detailed below.

## Public Health Activities



- Blood donation to Thai Red Cross
- Sponsoring and campaign for activities to prevent dengue fever for Bo Win Health Promoting Hospital

## Education Activities



- Arranging the activities on Children Day to Baan Khao Hin School, Borwin School, Baan Phan Sadej Nai School and Al Itihad Mosque of Bo Win Sub-district.
- Scholarships to Alucon employees' children.
- Scholarship to students of Bo Win School
- Sponsoring sport equipments Bo win School.
- Arranging educational guidance activity for students of Bo Win School

## Community Activities



- Visiting and giving gifts to the elderly and diabetic patients at Bo Win Public Health Center.
- Visiting and meeting with surrounding communities to hear their comments and supporting the community meetings.
- Providing free internal space for selling the local products (disable person) 49 times
- Supporting foods and souvenirs relationship activity on Songkarn Festival
- Arranging the Thai culture campaign on Songkarn festival to Alucon staffs

## Environment Activities



- Supporting growing up trees project of Chao Praya Surasak Municipal
- Joining with Safety Center and Labour Warfare Department of Chonburi Province on the project of growing up tree at Khao Khang of Sriracha District
- Creating PR Boards relating to the environment information for community acknowledgement.
- Cleaning the temple courtyard and church floor; as well as washing toilet at Bo Win Temple



# ALUCON

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