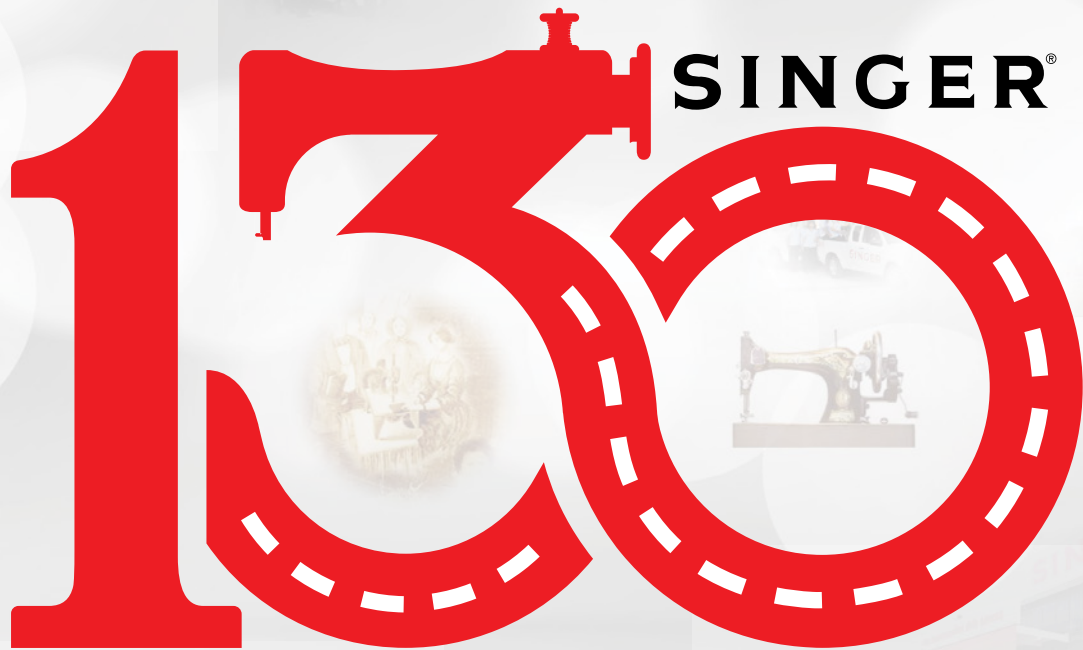




SINGER®

บริษัท ซิงเกอร์ประเทศไทย จำกัด (มหาชน)
Singer Thailand Public Company Limited



Annual Report 2018

สินเชื่อเงินสด รถยนต์มีใช้

✓ ง่าย ✓ ได้เงินเร็ว



*เงื่อนไขเป็นไปตามที่บริษัทฯ กำหนด

CAPTIVE FINANCE
 เข้าใจ เข้าถึง เพื่อนทางธุรกิจ

สินเชื่อผู้ประกอบการเช่าซื้อเครื่องจักร

เข้าใจ เข้าถึง เพื่อนทางธุรกิจ

✓ อนุมัติไว ✓ ฟ่อนสบาย
 ✓ ปิดได้ มีส่วนลด

*เงื่อนไขเป็นไปตามที่บริษัทฯ กำหนด

Financial Highlights

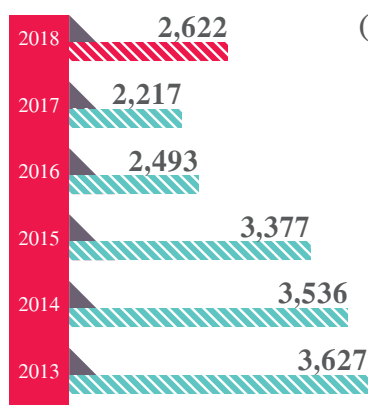
Singer Thailand Public Company Limited & Its Subsidiaries Highlights of the Consolidated Financial Statements (Million Baht)

	2018	2017	2016
Total sales & Interest from installment sales	2,523.64	2,011.09	2,493.27
Total Revenues	2,888.02	2,363.41	2,545.63
Gross Margin	1,403.14	1,207.43	1,290.11
Cost of Sales	1,219.22	1,009.53	1,203.15
Selling and Administrative Expenses	1,610.71	1,340.93	1,175.30
Net Profit (Loss)	(80.77)	(9.76)	119.81
Total Assets	5,092.54	3,500.51	3,145.17
Total Liabilities	3,568.77	1,922.83	1,519.00
Total Shareholder's Equity	1,523.76	1,577.68	1,626.17

Financial Ratio

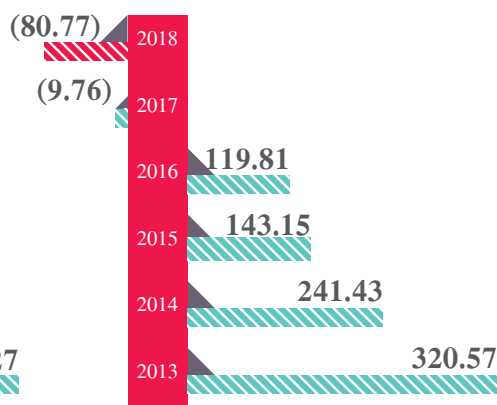
Net Profit (Loss) Ratio (%)	(2.80)	(0.41)	4.71
Return on Equity (%)	(5.21)	(0.61)	7.48
Return on Assets (%)	(1.88)	(0.29)	3.69
Dividend Pay Out Ratio (%)	-	-	56.82
Liabilities Per Equities Ratio	234.21	1.22	0.93
Earnings Per Share (Baht)	(29.91)	(0.04)	0.44
Dividend Per Share (Baht)	0.00	0.00	0.25
Book value Per Share (Baht)	5.64	5.84	6.02
Total Staff (Persons)	4,323	12,247	9,873

Sales & Interest from installment sales by Year 2013 - 2018



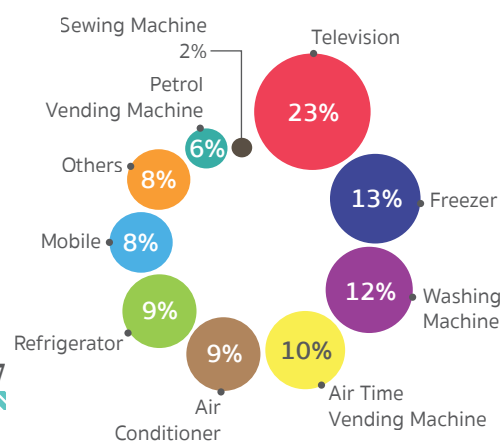
Unit : Million Bath

Net Profit / (Loss) by Year 2013 -2018



Unit : Million Bath

Sales by Product Line January - December 2018



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Vision

To be the market leader of hire purchase products and consumer finance in the country.

Mission

To improve the quality of life of people by offering high quality products and service at affordable prices.

Values

In order to realize our goal of making Singer Thailand not only a highly profitable company but also one of the best managed Companies in Thailand, there are common values we must share and cherish:

People

We believe in our employees, who are key success factor in our business. Thus, all employees of Singer Thailand must be both happy to work for and feel proud of the Company with good opportunities for career advancement.

Customers

It is our goal and also not unusual for Singer Thailand to have life time customers purchase products from the Company over the years. The Company has built this loyal customer base by providing good quality products, ensuring timely collections and close follow-up of accounts. It is important that this continues in the future and that we maintain constant focus on our customers.

Shareholders

We provide a reasonable return to our shareholders while safeguarding their investment.

Partners

We develop our suppliers to be partners in progress and share our growth with them.

Competitors

We conduct our business by conforming to the ethics of our Country and share the social responsibility of the less fortunate.

Community

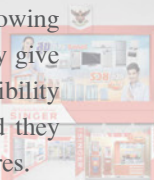
We conduct our business by conforming to the ethics of our Country and share the social responsibility of the less fortunate.

Communications

We believe that good and sustained internal communication is critical to all our business activities. However, this communication must be in 'two-way' in order to be effective - from Management to employees but also from employees to the Management.

Leadership

We believe in effective leadership. Being a good manager is not enough, all Executives, Managers and Supervisors should also aim at being great leaders. All great leaders have the following qualities: They listen, they communicate well, and they give credit to others for their successes and take full responsibility for poor results. Great leaders also inspire others and they always learn from their successes as well as their failures.



Report to the Shareholders



Mr. Adisak Sukumvitaya
Chairman of the Board

Dear Shareholders of Singer Thailand Public Company Limited.

The past year, 2018, has been a challenging one in conducting the business operations of the Company, after having achieved an Operating Loss situation in the first Quarter as a result of having to make a fairly high provision in our accounts. However, the Management then determined new business plans and revised operating strategies so as in to result in the return to a normal positive operating situation in achieving profits once again in the subsequent Quarters.

The overall operating performance results for full year 2018 is a Total Net Loss of Baht 80.8 million compared to the Total Net Loss of Baht 9.8 million in the previous year, that resulted mainly from high expenses relating to losses from loans write-offs and from the provisions for doubtful debts together with the increased total finance costs. Nevertheless, the Company did achieve increased total revenues, whereby the full year 2018 Total Income increased from Baht 2,363.40 in 2017 to Baht 2,888.00 or equal to an increase of 22.2% year-on-year.

As for 2019, the Company has set a target to increase its business from loans that use vehicle license ownership

documents as a collateral, which totaled Baht 950 million in 2018, as well as through enhancing further stable growth from hire purchase customer loans together with those customer loans that use vehicle license ownership documents as a collateral, since these loans have collateral and thus tend to be of good quality, coupled with the fact that they now come under the oversight of the Bank of Thailand. As such, the competitive activities will be equitable, and it will be an opportunity for the Company to create a new product category so as to enter and gain an increased share of this new segment of the loans market. Apart from the loans business that uses vehicle license ownership documents as a collateral, the original core loans business of Singer Thailand were hire purchase loans for electrical appliances, that also have quality control measures in place through the use of information and communications technology systems to more effectively control the various selling processes together with the established new payments channels to receive loans repayments which allows sales representatives to maintain ongoing contacts with the customers in collecting their installment payments. Furthermore, the Company is still able to focus on giving hire purchase loans for those products that have a high Gross Margin but low risks.



Mr. Kittipong Kanokvilairat
Chief Executive Officer

Additionally, the Company is still focusing on expanding the Singer retail business franchise, so as to continue increasing its overall market coverage and access to as many potential customers as possible.

2019 will also be another important milestone for the Company, as it will be the 130th Anniversary of the Company. It will be another year in which the Company will prove to the Shareholders to have continued confidence in the Board of Directors and the Management in being fully committed to lead the Company together towards further growth on a continuing and stable basis, so as to achieve the set business objectives and goals. Furthermore, all the Company's staff have shown their respective intent to fully devote themselves in carrying out their work and driving the Company towards the successful

achievement of established goals, together with being mindful to maintaining their responsibilities towards society through supporting and helping local communities to be able to stand on their own with a positive foundation and in a sustainable manner; whereby further details of this aspect are described in this Annual Report in the Section on "Corporate Social Responsibility".

The Company would like to take this opportunity to thank all our Shareholders, customers, clients, and business partners together with the Management and all our staff for your participation in supporting the Company to grow its businesses on a continuing basis; as well as to especially thank our Shareholders for continuing to always give us the trust and confidence in a positive manner.

A handwritten signature in black ink, appearing to be 'Adisak'.

(Mr. Adisak Sukumvitaya)
Chairman of the Board

A handwritten signature in black ink, appearing to be 'Kittipong'.

(Mr. Kittipong Kanokvilairat)
Chief Executive Officer

Board of Directors



1. Mr. Adisak Sukumvitaya

Chairman of the Board

Member of Nomination and Remuneration
Committee



2. Mr. Kittipong Kanokvilairat

Chief Executive Officer

Director



3. Mr. Lucksananoi Punkrasamee

Chairman of Audit Committee

Independent Director

Member of Nomination and Remuneration
Committee



4. Mr. Bibit Bijaisoradat

Chairman of Nomination and Remuneration
Committee

Independent Director

Member of Audit Committee

Board of Directors



5. Mr. Preecha Prakobkit
Independent Director
Member of Audit Committee



6. Mr. Piranart Chokwatana
Director



7. Mr. Piya Pong-acha
Director



8. Ms. Nonglak Laksanapokin
Director

Board of Directors



Mr. Adisak Sukumvitaya

Chairman of the Board

Member of Nomination and Remuneration Committee

Age : 63 Years

Nationality : Thai

Address : 79/125 Panya-Indra Road, Bangchan, Klong Samwa, Bangkok 10510

Company Shareholdings : None

Date of Appointment : August 13, 2015

Years of Directorship : 3 Year 8 months

Meeting Attendance Year 2018 : 4/4

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
3	1. Director, Chief Executive Officer Jaymart PCL. 2. Chairman of the Board JMT Network Services PCL. 3. Director JAS Asset PCL.	4	-

Educations :

1981	MBA (Economics), Kasetsart University
1979	B.E. (Economics), Kasetsart University

Certifications :

2013	Management Program (CMA.15), Capital Market Academy
2008	Director Accreditation Program (69/2008) Thai Institute Directors Association

Work Experiences in other Listed Companies :

Years	Listed Company	Position
1990 - Present	Jaymart PCL.	Director/ Chief Executive Officer
2004 - Present	Jaymart PCL.	Chairman of the Executive Committee
2012 - Present	JMT Network Services PCL.	Chairman of the Board
1994 - 2012	JMT Network Services PCL.	Director
2002 - 2015	JAS Asset PCL.	Chairman of the Board
2015 - Present	JAS Asset PCL.	Director
1981 - 1984	TISCO Securities PCL.	Research Officer

Other Working Experiences :

Years	Company	Position
2013 - Present	J Asset Management Ltd.	Chairman of the Board
2013 - Present	J Insurance Broker Ltd.	Chairman of the Board
1995 - Present	Singh Buri Cable T.V Co., Ltd.	Director
1995 - Present	JMART TAKSIN Co., Ltd.	Director
1985 - 1989	Philips Electronics (Thailand) Ltd.	Product Manager
2002 - 2005	TAS Asset Ltd.	Director

Relevant Important Positions :

Years	Company	Position
February 2016 - Present	SG Capital Co., Ltd.	Director

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Mr. Kittipong Kanokvilairat

Chief Executive Officer

Age : 45 Years

Nationality : Thai

Address : 220/205 Saransiri Ramindra 2, Panya Indra Rd., Bangchan, Klongsamwa, Bangkok 10510

Company Shareholdings : None

Date of Appointment : 1 May 2016

Years of Directorship : 2 Year 11 Months

Meeting Attendance Year 2018 : 4/4

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
-	-	-	-

Educations :

1991 - 1994	Bachelor Degree, Assumption University
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Certifications :

	-
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Other Working Experiences :

Years	Company	Position
2012 - 2014	Brightstar (Thailand) Ltd.	General Manager
1996 - 2002	Motorola (Thailand) Ltd.	Account Manager
1995 - 1996	NEC (Thailand) Co., Ltd.	Marketing Executive

Relevant Important Positions :

Years	Company	Position
2016	SG Capital Co.,Ltd.	Director
2016	SG Service Plus.Co.,th	Director
2017	SG Broker Co.,th	Director

Work Experiences in other Listed Companies :

Years	Listed Company	Position
Jan 2018 - Present	Singer Thailand Public Co., Ltd.	Chief Executive Officer
June 2017 - Dec 2017	Singer Thailand Public Co., Ltd.	Co-Chief Executive Officer
May 2016 - Present	Singer Thailand Public Co., Ltd.	Director
2016 - May 2017	Singer Thailand Public Co., Ltd.	Chief Marketing Officer
2015	Crown Tech Advance Public Co., Ltd.	Chief Commercial Officer
2002 - 2011	Jaymart Public Co., Ltd.	Chief Marketing Officer

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Mr. Lucksananoi Punkrasamee

Chairman of Audit Committee

Independent Director

Member of Nomination and Remuneration Committee

Age : 66 Years

Nationality : Thai

Address : 17 Soi Ramkhamhaeng 118 Yak 15, Sapansoong, Bangkok

Company Shareholdings : None

Date of Appointment : 8 November 2013

Years of Directorship : 5 Years 5 Months

Meeting Attendance Year 2018 : 4/4

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
2	1. Chairman of Nomination and Remuneration Committee, Member of Audit Committee and Independent Director, MC Group PLC. 2. Chairman of the Board of Directors, Origin Property Public Company Limited	None	None

Educations :

1973	Bachelor Degree in Accounting, Chulalongkorn University
1986	Master Degree (MBA), Chulalongkorn University
-	Certificate in Management Development Program, The Wharton School of the University of Pennsylvania
-	Certificate in Inno - Leadership program, INSEAD University (France)
2008	Certificate "Executive development Program" Graduate School of business, Columbia University

Certifications :

2009	Director Certification Program (DCP), 122/2009 Thai Institute of Directors (IOD)
2004	Director Accreditation Program (DAP), SCC/2004 Thai Institute of Directors (IOD)

Work Experiences in other Listed Companies :

Years	Listed Company	Position
2016— Present	MC Group Public Company Limited	Chairman of Nomination and Remuneration Committee, Member of Audit Committee and Independent Director
2013 - 2017	The Siam Cement Public Company Limited	Advisor to Vice President - Finance and Investment & CFO
2014 - Present	Origin Property Public Company Limited	Chairman of the Board of Directors
2004 — 2005	The Siam Cement Public Company Limited	Corporate Accounting Director

Other Working Experiences :

Years	Company	Position
2005 - 2012	SCG Accounting Services Co., Ltd.	Managing Director
2015 - 2016	NokScoot Airlines Co.,Ltd	Independent Director

Relevant Important Positions :

Years	Company	Position
2013 - Present	SG Capital Co.,Ltd.	Director

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Mr. Bibit Bijaisoradat

Chairman of Nomination and Remuneration Committee

Member of Audit Committee

Independent Director

Age : 58 Years

Nationality : Thai

Address : 1174 Rama IV Road, Klong Toey, Bangkok 10110

Company Shareholdings : None

Date of Appointment : 13 May 2009

Years of Directorship : 9 Years 11 Months

Meeting Attendance Year 2018 : 4/4

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
1	1. Chairman of the Board, Sammakorn PCL.	4	-

Work Experiences in other Listed Companies :

Years	Listed Company	Position
2002 - 2018	Thai Insurance PCL	- Chairman of the Board - Audit Committee - Nominating & Remuneration
2002 - Present	Sammakorn PCL	Chairman of the Board
2003 - 2015	RPCG PCL.	Director

Educations :

1983	Bachelor Degree, Political Science in International Relations, Chulalongkorn University
1985	MBA Business Administration, NIDA

Certifications :

	Director Certification Program (DCP)
	Audit Committee Program (ACP)
	Improving the Quality of Financial Reporting (QFR) Thai Institute of Directors (IOD)
	Succession & Effective Lead ship Development (CEO)

Other Working Experiences :

Years	Company	Position
2000 - Present	Mongkol Chaipattana Co. Ltd.	Managing Director
2000 - 2017	H. M. Private Property Office	Assistant Manager
2000 - Present	H. M. Private Development Projects	Vice Director
2001 - Present	Suvarnachad Co., Ltd.	Director
2003 - Present	Ruam Thanu Thai Co., Ltd.	Director
2006 - 2015	Pure Summakorn Development Co.Ltd.	Director

Relevant Important Positions :

Years	Company	Position
2012 - Present	SG Capital Co., Ltd	Director

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Mr. Preecha Prakobkit

Independent Director

Member of Audit Committee

Age : 70 Years

Nationality : Thai

Address : 335 Soi Ladprao 101, Khlong Chao Khun Sing, Wang Thong Lang, Bangkok 10310

Company Shareholdings : None

Date of Appointment : 8 August 2016

Years of Directorship : 2 Year 8 Months

Meeting Attendance Year 2018 : 4/4

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
-	-	-	-

Educations :

1981	Bachelor Degree in Business Administration, Roosevelt University, USA
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Certifications :

2006	Director Accreditation Program (DAP), The Thai Institute of Directors Association
2006	Audit Committee Program (ACP), The Thai Institute of Directors Association

Work Experiences in other Listed Companies :

Years	Listed Company	Position
2012-July 2012	JMT Network Services PCL.	Director, Member of Audit Committee
2005-2011	G Steel Public Company Limited	Member of Audit Committee

Other Working Experiences :

Years	Company	Position
2011-2014	Amway (Thailand) Ltd.	Advisor
1989-2011	Amway (Thailand) Ltd.	Managing Director

Relevant Important Positions :

Years	Company	Position
2016 - Present	SG Capital Co.,Ltd.	Director

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Mr. Piranart Chokwatana

Director

Age : 56 Years

Nationality : Thai

Address : 67/41 Soi Ruamruedee, Lumpini, Patumwan, Bangkok

Company Shareholdings : 0.074%

Date of Appointment : 10 May 2018

Years of Directorship : 11 months

Meeting Attendance Year 2018 : 2/2

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
-	-	2	None

Educations :

1985	Bechelor Degree of Chemical Engineering, First Class Honor, Chulalongkron University
1986	Master Degree of Chemical Engineering, California Institute of Technology
1988	Master Degree of Business Administration (MBA), Thammasat University

Other Working Experiences :

Years	Company	Position
1995 - Present	Sun Color O.A Company Limited.	Managing Director
1992 - Present	Lan Puu Company Limited	Managing Director

Relevant Important Positions :

Years	Company	Position
2018 - Present	SG Capital Co.,Ltd.	Director

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Mr. Piya Pong-acha

Director

Age : 48 Years

Nationality : Thai

Address : 325/7 Jaymart Building, 4-6th Fl., Ramkhamhaeng Road, Sapansoong, Bangkok 10240, Thailand

Company Shareholdings : None

Date of Appointment : 12 May 2016

Years of Directorship : 2 Year 11 Months

Meeting Attendance Year 2018 : 4/4

Other present position in other Company :

Listed Company		None listed Company	Other company (competitive or similar company)
Total	Type of director	Total	Total
2	1. Director/Executive Director JMT Network Services PCL. 2. Vice Chief Executive Officer Jaymart PCL.	3	-

Educations :

1994	Bachelor Degree in Business Administration Kasem Bundit University
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Certifications :

2011	Director Accreditation Program (DAP) The Thai Institute of Directors Association
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Work Experiences in other Listed Companies :

Years	Listed Company	Position
Jan 2018 - Present	Jaymart PCL.	Vice Chief Executive Officer
2012 - Present	JMT Network Services PCL.	Director/Executive Director
2012 - 2017	JMT Network Services PCL.	CEO
1998 - 2012	JMT Network Services PCL.	Marketing Director

Other Working Experiences :

Years	Company	Position
2013 - Present	J Asset Company Limited	Director
2013 - Present	J Insurance Broker Co., Ltd.	Director
2011 - Present	JMT Plus Company Limited.	Director

Relevant Important Positions :

Years	Company	Position
2016 - Present	SG Capital Co., Ltd.	Director

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors



Ms. Nonglak Laksanapokin

Director

Age : 58 Years

Nationality : Thai

Address : 8/555 Laddaville 5, Bang Kruai-Sai Noi Rd, Bang Bua Thong, Nonthaburi 11110

Company Shareholdings : None

Date of Appointment : 28 April 2016

Years of Directorship : 3 Year

Meeting Attendance Year 2018 : 4/4

Educations :

1984 - 1987	Master of Science Prince of Songkla University
1980 - 1984	Bachelor of Science Prince of Songkla University

Certifications :

2004	Director Accreditation Program Thai Institute of Directors
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Other Working Experiences :

Years	Company	Position
1992 - 1997	Technic Telecom Co. Ltd.	Vice President of Operating Department

Relevant Important Positions :

Years	Company	Position
2016 - Present	SG Capital Co., Ltd.	Director
2016 - Present	SG Service Plus Co., Ltd.	Director
2016 - Present	SG Broker Co., Ltd.	Director

Work Experiences in other Listed Companies :

Years	Listed Company	Position
2016-Present	Singer Thailand Public Company Limited	Director
2016 - 2017	Singer Thailand Public Company Limited	Chief Executive Officer
2018-Present	Jay Mart Public Company Limited	Chief Internal Audit Officer
2016-Present	JAS Asset Public Company Limited	Advisor
2012 - 2016	JAS Asset Public Company Limited	Director, Nomination and Remuneration Committee, Chief Executive Officer, and Executive Committee
2000 - 2012	Jay Mart Public Company Limited	Executive Committee
1997-2000	M Link Asia Corporation PCL.	Vice President of Operating Department

Relation among Family with other Directors and Executives : None

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Management

Singer Thailand Public Company Limited



1. Mr. Kittipong Kanokvilairat
Chief Executive Officer



2. Miss Rapeepan Kantayaporn
Chief Information Officer



3. Ms. Chanthornjira Kongtongsmut
Chief Operating Officer & Company Secretary



4. Mr. Boonyagaid Chatudomdej
Chief Business Development Officer

SG Capital Capital



Miss Auntikorn Phichetkorn
Chief Credit and Asset Officer

Management

Singer Thailand Public Company Limited

Ms. Chanthornjira Kongtongsmut

Position : Chief Operating Officer & Company Secretary

Age : 52 Years

Nationality : Thai

Address : 577/82 Soi Pongpetchniwet, Chatuchak, Bangkok

Company Shareholdings : 1,840 shares 0.0007%

Date of Appointment : 15 May 2016

Educations :

- Bachelor of Business Economics, The Thai Chamber of Commerce University
- Special Courses Faculty of law "Law and Regulations for the Secretary of Company" Chulalongkron University

Training :

1. Corporate Secretary Development Program (class2)
2. Fundamental Practice for Corporate Secretary (class22)
3. Fundamental of Law for Corporate Secretaries Held by the Thai Listed Companies Association

Other Working Experiences :

Years	Company	Position
2016 - Present	Singer Thailand PCL.	Chief Operating Officer
2008 - Present	Singer Thailand PCL.	Company Secretary & IR & Public - Communication Manager
2007 - 2008	Singer Thailand PCL.	IR & Public Communication Manager
2004 - 2007	DE Capital Public Company Limited	Investor Relation Director and HR & Admin Manager
1993 - 2004	Singer Thailand PCL.	Investor Relation Manager & Secretary of Audit Committee
1992 - 1993	Singer Thailand PCL.	Investor Relation officer

Not having any relation among Family with other Directors and Executives

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Miss Rapeepan Kantayaporn

Position : Chief Information Officer

Age : 58 Years

Nationality : Thai

Address : -

Company Shareholdings : None

Date of Appointment : 17 June 2016

Educations :

Master Degree in Business Management, Rangsit University
Mini Software Engineering, Kasetsart University
Bachelor Degree in Science Price of Songkla University

การอบรม :

-

Work Experiences in other Companies :

Years	Listed Company	Position
2016 - Present	Singer Thailand PCL.	Chief Information Officer
2013 - Present	CPS Consulting Co., Ltd.	Project Director
2011 - 2013	V-Smart Co., LTD.	Project Director
2005 - 2010	Innova Software Co., Ltd.	Project Manager
2003 - 2004	e-Discover Co., Ltd.	Project Manager
1995 - 2003	Semiconductor Venture International (Public) Co., Ltd.	Senior Manager of IT division
1987 - 1994	B Grimm Engineering (Public) Co., Ltd.	Senior System Analyze
1986 - 1987	Loxley Ltd.	Senior Programmer
1983 - 1986	Niyompanich Co., Ltd., Chiangmai	Head of EDP

Not having any relation among Family with other Directors and Executives

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Management

Singer Thailand Public Company Limited

Mr. Boonyagaid Chatudomdej

Position : Chief Business Development Officer

Age : 57 Years

Nationality : Thai

Address : 94/78-79 Narasiri Village, Soi Watcharapol, Ramindha rd., Bangkaen, Bangkok 10220

Company Shareholdings : None

Date of Appointment : 4 June 2018

Educations :

1997 - 2000	Master of Business Administration Program (MBA) Major in General Management National Institute of Development Administration (NDA)
1982 - 1986	Bachelor Degree of Business Administration Program Major in Marketing Management Ramkhamhaeng University

Certifications :

2014	The Situational Leadership
2015	The Extraordinary Coach
2015	The 7 Habits of Highly Effective People Training Program, Stephen R. Covey
2016 - 2017	Leaders Develop Leaders Program Prof. Noel M. Tichy Action Learning Associates (ALA)
2018	Principle of Life Coaching Certification, Thailand Coaching Academy Facet 5 Certification, Slingshot, Professional Coach certification Program PCCP, Thailand Coaching Institute Extraordinary Leader Certification, Slingshot

Working Experiences :

Years	Company	Position
2018 - Present	Singer Thailand PCL.	Chief Business Development Officer
2009 - 2018	True Coporation Public Company Limited	Director
2008 - 2009	United Distribution Business Co.,Ltd.	Deputy Managing Director
1999 - 2007	Total Access Communication PLC. (DTAC)	Head of Customer Service Center Division & SVP
1991 - 1999	United Communication Industry PLC. (UCOM)	Assistant Vice President of Sales Department - AVP
1990 - 1991	International Engineering PLC. (IEC)	Sales Manager
1988 - 1990	Superior Computer and Communication Co., Ltd.	Sales Manager

Not having any relation among Family with other Directors and Executives

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

SG Capital Capital

Miss Auntikorn Phichetkorn

Position : Chief Credit and Asset Officer

Age : 52 Years

Nationality : Thai

Address : 978/45 Baromrachchonanee Rd., Bangbunru, Bangpat, Bangkok

Company Shareholdings : None

Date of Appointment : 16 July 2018

Educations :

1989	Bachelor Degree of Arts in Home Economics Rajabhat Institute Suan Dusit Bangkok Thailand
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Working Experiences :

Years	Company	Position
2014 - June 2018	Chayo Asset Management Company Limited	Managing Director
Jan2014 - Jun2014	Bank of Ayudhaya PCL., Krungsri Auto Collection CR Team Management UPC	Assistant Vice President, Collection CR team
2012 - 2013	Bank of Ayudhaya PCL., Total Services Solution PCL.	Assistant Vice President, Collection R&L CoE team

Working Experiences :

Years	Company	Position
2018 - Present	SG Capital Co., Ltd.	Chief Credit and Asset Officer
2004 - 2012	The Hongkong and Shanghai Banking Corporation Limited	Assistant Vice President, Recovery Consumer Credit Risk.
2003 - 2004	DBS Thai Danu Bank PCL.	Associates II Consumer Credit Quality Dept.
2002 - 2003	Citibank, N.A.	Collection & Support Manager
1996 - 2002	Citibank, N.A.	OA Supervisor
1989 - 1995	Dawa International Machinery Co., Ltd.	Assistant Credit Manager

Not having any relation among Family with other Directors and Executives

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Management

Singer Thailand Public Company Limited

Ms. Kanokwan Bupphawed

Position : Internal Audit Manager

Age : 37 Years

Nationality : Thai

Address : -

Company Shareholdings : None

Date of Appointment : -

Educations :

2014 - 2016	Master of Management in Finance (MMF), College of Management, Mahidol University (CMMU)
2000 - 2004	Bachelor of Business Administration (B.B.A) Major: Accounting, Burapha University

Certifications :

2018	Credential Profession Internal Auditor of Thailand (CPIAT: Batch No. 55)
2018	Refreshing the IC complex 2

Working Experience :

Years	Company	Position
2018 - Mar 2019	Singer Thailand Public Company Limited	Internal Audit Manager
2017 - 2018	Singer Thailand Public Company Limited	Budgeting and Purchasing Manager
2016 - 2017	Dharmniti Auditing Co., Ltd.,	Assistant Manager
2014 - 2016	Bank of Ayudhya Public Company Limited (BAY)	Investment product officer
2010 - 2014	Thomson Reuters (Thailand) Co.,Ltd	Data Analyst
2004 - 2010	Dharmniti Auditing Co., Ltd.,	Assistant Auditor

Not having any relation among Family with other Directors and Executives

Not having any lawsuit case in the past 10 years.

Not having any, direct or indirect, stake holder's benefit as a contract partner in any business concerning the Company and its subsidiaries.

Not being a director or executive in any business which may cause conflicts of interest or having a business competition with the company and its subsidiaries.

Board of Directors and Management

Singer Thailand Public Company Limited

Board of Directors

Mr. Adisak Sukumvitaya	Chairman of the board
Mr. Kittipong Kanokvilairat	Chief Executive Officer
Mr. Lucksananoi Punkrasamee	Independent Director
Mr. Bibit Bijaisoradat	Independent Director
Mr. Preecha Prakobkit	Independent Director
Mr. Piranat Chokwatana	Director
Mr. Piya Pongacha	Director
Mrs. Nonglak Laksanapokin	Director

Audit Committee

Mr. Lucksananoi Punkrasamee	Chairman of Audit Committee
Mr. Bibit Bijaisoradat	Member of Audit Committee
Mr. Preecha Prakobkit	Member of Audit Committee

Nomination and Remuneration Committee

Mr. Bibit Bijaisoradat	Chairman of Nomination and Remuneration Committee
Mr. Lucksananoi Punkrasamee	Member of NRC
Mr. Adisak Sukumvitaya	Member of NRC

Executive Committee

Mr. Piya Pongacha	Chairman of Executive Committee
Mrs. Nonglak Laksanapokin	Vice Chairman of Executive Committee
Mr. Kittipong Kanokvilairat	Chief Executive Officer and Member
Miss Rapeepan Kantayaporn	Member
Miss Auntikorn Phichetkorn	Member
Mr. Boonyagiad Chatudomdej	Member
Miss Wanwisa Ongpaisanratsamee	Member
Miss Chanthornjira Kongtongsmut	Secretary

Risk Management Committee

Mr. Kittipong Kanokvilairat	Chairman of Risk Management Committee
Mrs. Nonglak Laksanapokin	Member
Miss Rapeepan Kantayaporn	Member
Miss Chanthornjira Kongtongsmut	Member

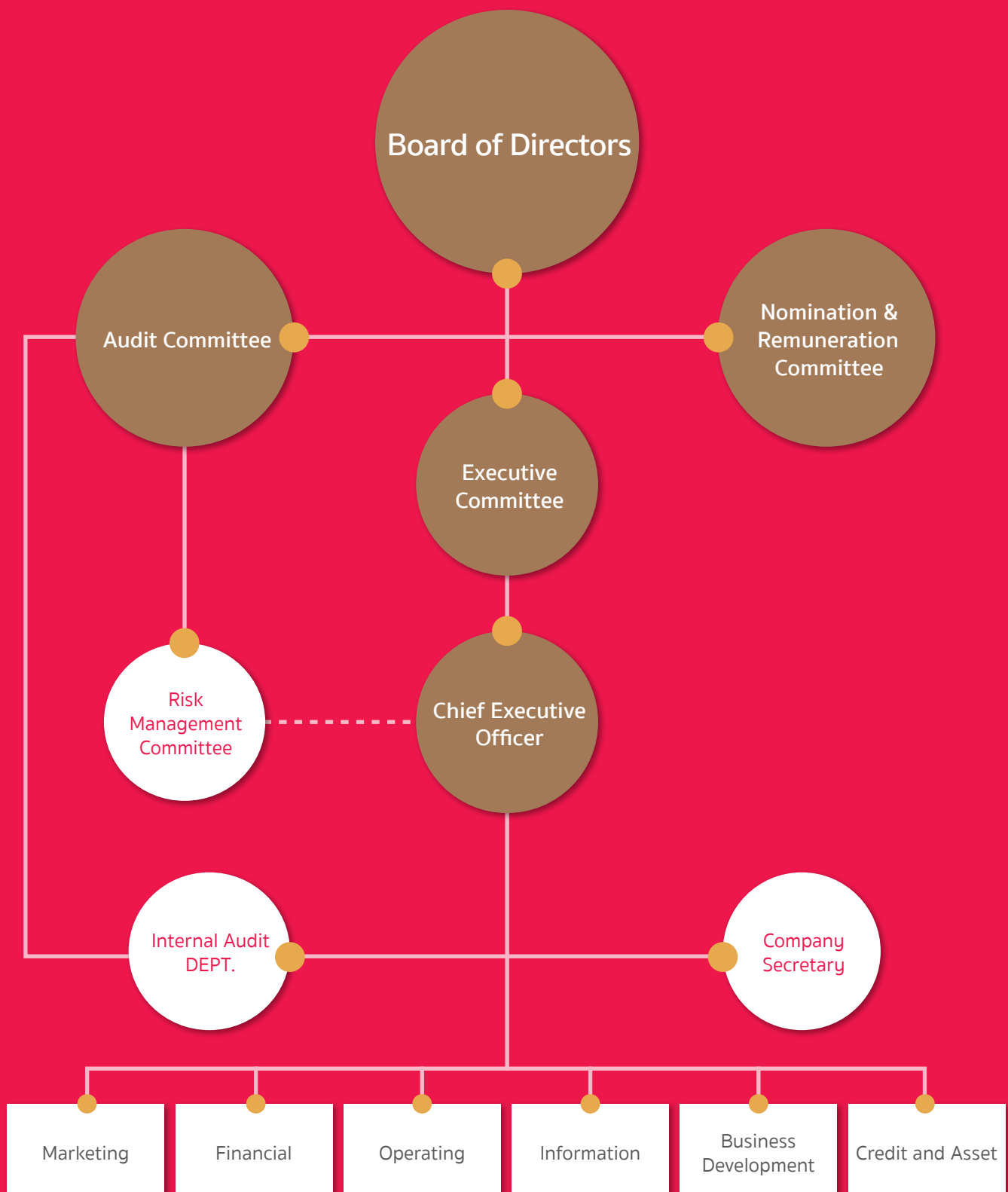
Management

Mr. Kittipong Kanokvilairat	Chief Executive Officer
Miss Rapeepan Kantayaporn	Chief Information Officer
Miss Chanthornjira Kongtongsmut	Chief Operating Officer
Mr. Boonyagiad Chatudomdej	Chief Business Development Officer

SG Capital Management

Miss Auntikorn Phichetkorn	Chief Credit and Asset Officer
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Organization Chart



Company Profile and Information

Singer Thailand Public Company Limited

Registration No: 0107537000050

Head Office

72 CAT Telecom Tower, 17th Floor., Charoen Krung Rd., Bangrak, Bangkok 10500

Telephone : 66-2-352-4777

Fax : 66-2-3524799

Call Center : 66-2-234-7171

Service Hotline : 668-1840-4555

Home page : www.singerthai.co.th

Main Business :

- Distribution and Sales of home appliances. Sewing Machines, and commercial appliances and other products
- Hire Purchase - Installment Payments services
- After sales services, Maintenance or repairs of appliances

Financial Year /Accounting Period

January 1 to December 31

Legal Advisor

CMT Counsellor Co., Ltd.

20 Bubhagit Building, 7-9 Floor., North Sathorn Rd., Bangkok 10500, Thailand

External Auditor

KPMG Phoomchai Audit Ltd.

195 Empire Tower, 50-51 Floor., South Sathorn Rd., Bangkok 10120, Thailand

Registrar

Thailand Securities Depository Company Ltd.

62 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand

Debentures Holder Representative

Registrar and Paying Agent

CIMB Thai Bank Public Company Limited

Registered Capital

Baht 270,000,000

(at 270,000,000 Ordinary Shares with a Par Value of Baht 1.00) Paid-up Capital: Fully paid up at Baht 270,000,000

Date of Listing on the SET

June 28, 1984

Investors can access, for the purpose of reviewing and analysis, detailed information regarding the issue of new shares or securities by the Company in the Annual Statement of the Company (Form 56-1) posted on www.sec.or.th OR on the company's website at www.singerthai.co.th.



SINGER THAILAND GROUP



Registration
27 June 2012



Registration
7 September 2012



Registration
18 June 1985



**SG Capital Co.,Ltd.
(SGC)**

Registered to change its name
on 25 July 2016
Registration no. 0105555093704

- 99.99% Owner Ship-

- Hire Purchase of Home
Appliance, Sewing Machine,
Commercial Products and
Other Products

- C4C (Rod Tum Ngern)

- Captive Finance



**SG Service Plus Co.,Ltd.
(SGS)**

Registered to change its name
on 25 July 2016
Registration no. 0105504001951

- 99.88% Owner Ship-

- Service



**SG Broker Co.,Ltd.
(SGB)**

Registered to change its name
on 25 July 2016
Registration no. 0105528021196

- 99.99% Owner Ship-

- Life Assurance Broker

Investments in Subsidiary Companies

Company Name and Address	Capital		Percentage of Investment	Business
SG Capital Co., Ltd. 72 CAT Telecom Tower, 17 th Floor, Charoen Krung Road, Bangrak, Bangkok 10500 Tel : 0-2352 -4777 Fax : 0-2352-4799	Registered Capital Ordinary Shares Paid-up Capital	Baht 1,450,000,000 1,450,000 Shares Baht 1,450,000,000	99.99%	<ul style="list-style-type: none"> • Hire Purchase of Home Appliance, Sewing Machine, Commercial Products and Other Products • C4C (Rod Tum Ngern Business) • Captive Finance Business
SG Service Plus Co., Ltd. 8 Moo 4. Samkok-Sena Road, Bangnomkho, Sena, Pranakhon Si Ayutthaya Tel. 0-3520-1702-5	Registered Capital Ordinary Shares Paid-up Capital	Baht 5,000,000 5,000 Shares Baht 5,000,000	99.88%	Service
SG Broker Co., Ltd. 72 CAT Telecom Tower, 17 th Floor, Charoen Krung Road, Bangrak, Bangkok 10500 Tel : 0-2352 -4777 Fax : 0-2352-4799	Registered Capital Ordinary Shares Paid-up Capital	Baht 4,000,000 40,000 Shares Baht 4,000,000	99.99%	Life Assurance Broker



Policies and Overview of Operations of the Company

Singer Thailand Public Company Limited (the ‘Company’) is the distributor of various products under the ‘Singer’ brand, such as: sewing machines and various types of home electrical appliances. Additionally, the Company also distributes appliances and products for commercial use, such as: refrigerators, coolers, agricultural equipment and tools, airtime vending machines, petrol vending machines, and slush machines; as well as a distributor of various brands of mobile telephone products and accessories. All these products offerings are aimed at meeting, in a comprehensive manner, the various and different needs of its customers, that consist of household consumers and small business operators and that are sold through Company-owned branch retail sales outlets as well as through numerous sales agents/representatives of the Company. More than 80% of total sales are made on a hire-purchase installment basis; whereby the Company offers consumer/end user financing through SG Capital Co., Ltd., a Subsidiary Company in which the Company has a 99.99% equity shareholding.

Business Operating Strategies

The Company has adjusted its strategy and business model from previously being fully focused on the core household consumers/customers segment to being more focused on small business customers, through emphasizing sales of commercial products and appliances that are used for generating revenues for small business operators. This is in order to reduce the risks on being solely dependent on the household customers group.

The Company has also targeted on capturing more small retail shops operators (or ‘show huay’) as its customers; whereby these small retailers, totaling several hundreds of thousands throughout Thailand, are located in all the small towns and rural villages throughout the country with as much as a total of 10 - 20 shops in every small town or village. These small retailers are the new target customers for the Company with the aim of facilitating and helping to raise the overall level of their business activities as well as potential competitive capabilities.

Significant changes and developments to the Company

In 1889, Singer Sewing Company of the USA appointed Kim Hua Heng Co., Ltd as the local dealer/distributor for its sewing machines in Thailand. Later on, in 1905, the Singer Sewing Company itself establish a branch operation in Thailand, under the name of Singer Sewing Machine Co. Ltd., with the aim of distributing its sewing machines together with accessory products associated with sewing machines that were imported from overseas. The Company also started to introduce the concept of hire-purchase installment sales of its products for the first time in 1925; whereby this service concept became the recognized business model for Singer - both in Thailand and overseas in many Asian countries. From that time onward and for more than 50 years thereafter, the Company sold and distributed only its sewing machines. Then in 1957, the Company began to sell other home electrical appliances, starting with refrigerators.

Thereafter, on 24 November, 1969, ‘Singer Thailand Co., Ltd.’ was established and registered under the laws of Thailand to take over the operations of the existing Singer Sewing Machine Co., Ltd., which ceased to operate its business activities, with an initial total registered capital of Baht 60.0 million that was then increased to the current total registered capital of Baht 270.0 million; whereby the Singer Thailand Co., Ltd. was then approved to be listed on the Stock Exchange of Thailand (SET) on 4 January, 1994 as a public listed company and changed its name to be ‘Singer Thailand Public Company Limited’.

From the original beginning of its business activities in Thailand and up to the present, the Company conducted and operated its businesses in an honest manner and with integrity, together with being responsible towards society as a whole and actively participated in the development of the Thailand’s economy; whereby, 24 May, 2004 was an auspicious day for the Company in His Majesty the King graciously granted the ‘Royal Warrant’ and the associated Royal Garuda Emblem to Singer Thailand Public Company Limited, which is considered to be a great honor and auspiciousness in the history of the Company and for all its Staff.

Important milestones for the Company during the past few years are as follows:

- In 2009, the Company focused on implementing a ‘pre-approval’ credit system, through the approval process of its Credit Center Officers, which resulted in a decrease in total sales of approximately more than 20% compared to the previous year. But the Company is committed to continue using this system, in order to achieve an overall improved quality for its hire purchase installment accounts
- In 2011, the Company started to significantly expand its business into the commercial customers segment, especially those small retail business operators located in key provinces. It resulted in a clearly apparent increase in total sales from this newly targeted customers segment - especially for sales of refrigerators/beverage coolers, freezers, and online mobile airtime vending machines.
- In 2011, the Company received the “SET Awards 2011” for listed companies” in the “Best Investor Relations Award” category.
- In 2012, the Company achieved a total sales revenue mix of 60% for household consumers/ customers and 40% for commercial/small business customers, especially with sales of refrigerators/beverage coolers being the leading products followed by washing machines and air conditioners. The Company is still committed to further developing and growing the commercial/small business operators segment.
- In 2012, the Company established, on 27 June 2102, the Singer Leasing (Thailand) Co., Ltd., with a registered and fully paid up capital of Baht 850 million, that took over and operated the consumer finance business and hire-purchase services; whereby all the existing portfolio of hire purchase customer accounts were transferred from Singer Thailand Pcl.
- In 2012, the Company changed and registered (on 7 September, 2012) the name of the Singer Industry Co., Ltd. to be Singer Service Plus Co., Ltd., with a registered capital of Baht 5.0 million, with the core business of providing quality after sales services together with on-site repairs and maintenance services of all brands of electrical appliances and various other products at the consumers’ homes.
- In 2012, the Company again received from the SET the “SET Awards 2012” for listed companies in the “Best Investor Relations Award” category, for the second consecutive year,
- In 2013, at the annual SET Awards event, the Company received from the SET the “Outstanding Investor Relations Award” yet again, for the third consecutive year.
- On 19 December 2013, Singer Leasing (Thailand) Co., Ltd. increased its registered and paid up capital to Baht 1,450 million, with the Singer Thailand Pcl. having a 99.99% equity shareholding.
- In 2015, the majority Shareholder of the Company was Singer (Thailand) BV. (with an equity Shareholding of 40.0%), a legal entity registered in the Netherlands, during the year up to 4 June 2015. Then on 5 June, 2015, Singer (Thailand) BV. sold all its shares, with Jaymart Pcl., a legal entity registered in Thailand, purchasing 24.99% of the Company’s shares, that then resulted in Jaymart Pcl. now becoming the major Shareholder of the Company.
- On 18 December, 2015, Singer (Broker) Co., Ltd. effected a capital increase; whereby its current total registered and paid up capital is now Baht 4.0 million (with a total of 40,000 ordinary common shares at a par value of Baht 100.00 per share); whereby Singer Thailand Pcl. has a 99.99% equity shareholding.

- On 25 July, 2016 the Company changed and registered the name of 3 Subsidiary Companies to be as follows;
 - Singer Leasing (Thailand) Co., Ltd. to be SG Capital Co., Ltd.
 - Singer Service Plus Co., Ltd. to be SG Service Plus Co., Ltd.
 - Singer (Broker) Co., Ltd. to be SG Broker Co., Ltd.
- In 2016, The Company received the “Outstanding Investor Relations Awards” from SET at the annual SET Awards event for the fourth time.
- In 2017, SG Capital Co., Ltd., the subsidiary of Singer, has started the new business, Rod Tum Ngern (making money vehicles), in the first quarter by providing credit and financing service to customers, both legal business entities and individual consumers in exchange for the ownership of their vehicles being pledge as a collateral with the Company. The vehicles will be available to passenger cars, commercial cars as well as large 6 or 10 wheels trucks

Subsidiary Companies



• SG Capital Co. Ltd. (SGC)

The full 100% of the shares of SG Capital Co., Ltd. (SGC) is held by Singer Thailand Pcl., SGC started its operations on June 27, 2012 under the name of Singer Leasing (Thailand) Co., Ltd., with a registered and fully paid up capital of Baht 1,450 million and with its registered office at 72 CAT Telecom Tower, Floor 17, Charoen Krung Road, Bangrak, Bangkok, through the transfer of the hirepurchase loans business together with all the associated loans receivables portfolio assets from Singer Thailand Pcl., so as to then operate the hire-purchase loans business thereafter. As such, this complete transfer of the hire-purchase loans business was approved by a resolution of the Board of Directors of Singer

Thailand Pcl., at the Board Meeting held on November 26, 2012; whereby SGC was to undertake the hire-purchase loans services for various home appliances sold under the SINGER brand. SGC was also assigned to expand its loans services for other home appliances brands together with other loan products to be offered to existing Singer Thailand and also non-Singer Thailand customers in the future, so as to grow its business on a sustainable basis.

On July 25, 2016, the Company’s Board of Directors approved a resolution to change the company’s name from Singer Leasing (Thailand) Co., Ltd., to be Singer Capital Co., Ltd., (SGC); whereby only the name of the corporate entity was changed.

So as to acquire only quality customers with positive credit worthiness, SGC became a full member of the National Credit Bureau Co. Ltd. on January 23, 2013; whereby members can undertake a full credit check of individual persons or corporate entities.

SGC has the following strategies for its business operations

1. Being “Customer Centric”, through having an insight into and full understanding of the customer’s needs and then offering various loans services that genuinely meet those needs;
2. Being at the customer’s “Top of Mind”, through focusing on employing quality people, and creating teams with a Service Mindset so as to provide the best customer experience and then to have them refer SGC’s loans services by word of mouth;
3. Not competing on price;
4. Closely monitoring the quality of its debtor customers; and establishing a target maximum NPL limit for each type of loan products.

SGC offers credit services to general consumers and to SME businesses with the following 3 loan products:

1. **SINGER Hire Purchase of home appliances**
SGC provides loans for purchases of SINGER home appliances sold by Singer Thailand Pcl., to

consumers, who wish to buy the home appliances on a hire-purchase basis through making an agreement to be a hire purchase customer of SGC.

Hire purchase loans applicants must pass the credit scoring criteria determined by the company; whereby hire purchase loans can be obtained for 12 to 36 months, at an interest rate of 2% per month.

The products and loans services offered are divided into 3 categories as follows:

- a) Home Appliances; such as: refrigerators, washing machines, TV's, and water purifier;
- b) Commercial (Get Rich) Machines or Appliances; such as: petrol vending machines, washing machines, Freezer, coffee making machines, airtime vending machines;
- c) Mobile phones

Target Customers:

The target customers for Home Appliances and Mobile Phones loans are those general consumers living throughout Thailand, who wish to buy these products on a hire purchase basis with low monthly payments and friendly credit services; whereby the majority of customers have low monthly income; or who are farmers who do not have any regular income documentation and cannot access credit given by financial institutions.

The target customers for the Commercial (Get Rich) Machines or Appliances loans are those who operate small and medium enterprises within local communities; such as: general stores, food service outlets, apartments for rent; as well as medium business operators who wish to provide various convenient consumer appliances for their staff and employees.

Sales and services channels, and selling process

SGC offers loans to those consumers or purchasers wishing to buy products offered on a hire-purchase basis, with the loans service being sold via the sales representatives of Singer Thailand Pcl., who

are deployed throughout the country. The sales representative will offer the loans services and the associated terms and conditions; whereby the credit approval center will undertake the credit check of the applicant's credit worthiness. Upon the loan application being approved, the customer will become a hire purchase customer of SGC, to whom the loan repayments will be made.

Farmer Model

From March 2018 onwards, SGC revamped its selling business model so as to make the actual seller of the products to be responsible for looking after the loans customer and for collecting the loans repayments - or what is called the Farmer Model. Under this new selling business model, the appliance seller has the responsibility to monitor and collect the repayments or chase the customer to make timely repayments via the various available payments collection channels. In the event that the seller collects the repayment installment, the amount collected has to be paid to the company by the end of each day via the established company's mobile banking application.

Under this new business model, the compensation for the seller will depend and fluctuate based on the quality of the loan repayments by the hire purchase customers, whom the seller is responsible to look after. This differs from the previous selling business model, in which the seller receives only the product's sales commission without taking into consideration the quality of the customer's loans account.

Credit Approval Process

Applications for hire purchase loans for home appliances and other products will be evaluated by the Credit Control Officer, CCO, which is deployed in 10 locations throughout Thailand. This CCO is under a special oversight committee that oversees both the credit or loans approval policies and procedures together with the training of sales representatives.

2. Loans using a vehicle ownership document as the collateral - through a Sale and Lease Back product and the Automobile Title-Backed Loan product

SGC offers loans with a vehicle ownership document as the collateral, through a Sales and Lease Back product and also an Automobile Title-Backed Loan product, under the marketing label of “Rod Tum Ngern” (as shown below), which credit service started as of June 2017.



Business Policy

The core policy of the loan products is to be at the ‘Top of Mind’ of SME business operators, who require credit services or loans that genuinely meet the needs of their small business activities, through having sales teams possessing relevant credit services experience and expertise together with being committed to providing excellent and speedy service.

Target customers and competitive strategies

1. Large business operators who are individual persons or juristic entities

The main credit service is a loans with an Automobile Title-Backed Loan product, with a credit limit of between Baht 10 - 30 million.

Competitive strategies

- consider offering a credit line that is specifically suited and appropriate to each respective applicant’s needs (or Customization);
- speed of services as well as of the process for credit approval and funds transfer;
- services being provided by the area manager and team of business relationship management specialists to large business operators, through clearly focusing on the loans products being offered and the straight forward terms and conditions so

as to build full confidence on the part of the customers.

2. Medium size business operators, who are individual persons or juristic entities

The main credit service is loans with a vehicle ownership document as the collateral, through a Sales and Lease Back product and also an Automobile Title-Backed Loan product, with a credit limit of between Baht 3 - 10 million.

Competitive strategies

- consider offering a credit line that is suited and appropriate to each respective applicant’s needs;
- speed of services as well as of the process for credit approval and funds transfer;
- services being provided by the branch outlet manager and team of business relationship management specialists, who are knowledgeable about credit services and able to offer clear recommendations about the loans to be offered in a straight forward manner.

3. Small sized business operators and individual persons

The main credit service is a loans with a vehicle ownership document as the collateral, through a Sales and Lease Back product and also an Automobile Title-Backed Loan product, with a credit limit of between Baht 50,000 - Baht 3.0 million

Competitive Strategies

- speed of services as well as of the process for credit approval and funds transfer;
- providing credit services that are delivered by business relationship management teams, who are knowledgeable about the appropriate loans product, that is offered to the customer in a clear and straight forward manner;

- use a push marketing tactics in offering the credit services at the customer's workplace.

Sales and services channels and process

The teams of business relationship management specialists for the loan products, using a vehicle ownership document as the collateral, are attached to 15 branch offices throughout Thailand so as to provide associated services to loan applicants in every province - except the 3 Southern most provinces of Thailand.

Currently, SGC is in the process of obtaining the business license for providing P-Loan services, in order to comply with the recent Bank of Thailand announcement regarding the oversight of loans using a vehicle ownership document as the collateral.

3. Loans for new machinery purchases (Captive Finance)

Business Model

SGC offers hire purchase loans for the purchase of machinery from the manufacturer or distributor/dealer, who are business partners of SGC; whereby a MOU is executed with regards to the terms and conditions for buying back the machinery purchased in the event that the borrower defaults on repayments or is not able to repay the loans any more.

Target customers

The target customers for this Captive Finance product consists of 2 groups as follows:

1. Machinery Distributors/Dealers

The Distributors/Dealers targeted by SGC are the manufacturers or distributors/dealers, who import machinery for sale to various industries; such as: the metal industry, printing industry, large scale embroidering or decorating machinery, and automotive assembly industry - for ordinary and electric vehicles.

2. The Machinery Users or the borrower of hire purchase loans

Individual persons and corporate entities targeted by SGC are those buyers of such machinery on a hire purchase basis, who are selected by the machinery distributors/dealers that are SGC's business partners, as being buyers with a good potential to make use of the purchased machinery sold by the distributors/dealers; whereby SGC will be responsible for the credit checking process of the loan applicant in accordance with the criteria established by SGC.



• SG Service Plus Co., Ltd. (SGS)

Singer Service Plus Co., Ltd., (SSPL), Business License No.0105504001951, with a total registered capital of Baht 5 million and its registered offices at 8, Moo 4, Samkok -Sena Road, Bangnomkho, Amphur Sena, Pranakon Si Ayutthaya Province 13110, operates after sales services for the installation, repairs, and maintenance of all types and brands of electrical appliances together with selling the associated accessories or spare parts under the control of Singer Thailand Pcl. As such, the company aims to be a top-quality provider of after sales services just like your immediate neighborhood appliance repairman. The company changed its corporate name on July 25, 2016; whereby the company's Board of Directors passed a resolution to change the company's name from Singer Service Plus Co., Ltd., (SSPL) to be SG Service Co., Ltd., (SGS), through changing only the company's name.

In 2018, the company undertook various proactive initiatives and focused on providing speedy services through investing in a new 'application' that enables the customer to monitor and check, in real time, the status of the repairs service; together with implementing a program to support the repair services and sales of accessories corresponding to this new 'application'. Additionally, the company also expanded the scope of its maintenance and repairs services coverage to include large engineering projects as well as bidding for work Government projects, industrial projects, and hotel and resorts

projects. As such, the company has expanded its sales revenue channels; such as: undertaking the electrical system wiring work for buildings, laying down the wiring for a LAN network system or a telephone system, buildings improvement and repair work, and installing exhibition booths or stalls; as well as selling genuine spare parts and accessories for SINGER products and also for various other brands of electrical appliances.

With regards to its human resources development, the company has trained and developed its technicians to achieve various standards of technical skills competence - namely: building electrical technician level 1 program and air conditional technician for small sized commercial air conditioning systems level 1 program - so as to comply with the applicable legal and regulatory requirements of the Department of Skills Development, Ministry of industry. The company also undertook new products training courses on a continuous basis; as well as created a new generation of technicians to replace older technicians through collaborating, under a bi-partisan MOU to undertake vocational teaching activities, with vocational schools in the Central and Southern provinces of the country.

With regards to the HOTLINE 0-818-404-555 service at its Service Center together with the coordination and assignment of work to technicians, the company covers all areas and all provinces through having 156 technicians operating from the established network of 190 branch offices of Singer Thailand Pcl., so as to enable SGS to provide its services throughout the country in a comprehensive manner.

SG BROKER

• SG Broker Co., Ltd.

SG Broker Co., Ltd., operates as an agent in the direct selling of both life and non-life insurance policies, through the network of those sales representatives of Singer Thailand PCL., and the Group, who have the applicable insurance brokerage license. The only activities relating to life insurance business involve following up on the payment of the applicable premiums on the current policies; whereby the insured party sends in

the premiums payments directly to the Muang Thai Insurance Pcl. While for the non-life insurance business undertaken together with the non-life insurance business partners, involves those business partners developing new insurance products/ the appropriate insurance coverage terms and conditions that correspond to the premium payable for those group of customers who have placed their vehicles as collateral for loans from SG Capital Co., Ltd.

SG Broker Co., Ltd. effected a capital increase on 18 December, 2015; and currently has a registered and paid up capital of Baht 4 million (with a total of 40,000 shares at a par value of Baht 100.00 per share), whereby Singer Thailand Pcl. has a 99.9% equity shareholding, and on 25 July, 2016 The Board of Directors of the Company resolved to change and register the name of Singer (Broker) Co., Ltd. to be SG Broker Co., Ltd. (SGB), whereby changed only the name of the juristic person.

Relationships between the Singer Thailand group and the majority Shareholding group

Singer Thailand Pcl., and the Companies within the Group has cooperate in conducting business with Jaymart Pcl., and its Group of Companies, that is now a direct major Shareholder of the Company. The Company has undertaken various business operations with Jaymart Pcl., as necessary and appropriate within the framework as specified by the Company's Board of Directors such as: selling mobile telephone products and accessories that are purchased through Jaymart Pcl., at the best possible prices from manufacturers of the best quality and brands. This sales activities of mobile telephone products is aimed at enabling the Company to expand its customers base as well as to increase its overall sales revenues on a continuing basis, as well as enhance the creditability for the products offerings of the Company. Additionally, the Company has outsourced some debt collections activities to JMT Network Services Pcl., under an agreement to provide debt collections and follow-up services for specific categories/ groups of debtors as agreed; whereby the Company is required to pay debt collections services fees as specified in the outsourcing services agreement that is valid for 1 year effective from as of 29 September, 2017 to 28 September 2018.

Business Operation of the Company

Singer Thailand Public Company Limited is the distributor of electrical products and appliances under the 'SINGER' brand, such as: sewing machines and various electrical home appliances. Additionally, the Company distributes various appliances for commercial use, such as: beverage coolers/refrigerators, agricultural equipment and tools, airtime vending machines, petrol vending machines and slush machines. These products and appliances are aimed at meeting the needs of household consumers and also small business/commercial operators.

Direct sales of these products and appliances, on a hire-purchase installment basis, are made through the network of over 10,000 Singer sales representatives, who are dispersed over more than 190 branch outlets located throughout Thailand; whereby this means that the Company has a sales network covering all provinces in Thailand to distribute its sewing machines, household electrical appliances, and also various appliances for commercial use.

SINGER products and appliances can be divided into 2 major categories as follows:

Home electrical appliances

- Sewing machines and accessories (ie: sewing machines, sewing needles, general lubricating oil(in drip and spray applications) and scissors;
- Home appliances: refrigerators, washing machines, gas stoves, and air conditioners;



- Audio and Video products: Flat screen LED TVs, digital set-top boxes, and home theatre systems.

Commercial Appliances

- Coolers: freezers, beverage coolers, wine cooler cabinets, ice cream freezers, bakery freezers and slush machines;
- Vending machines: airtime vending machines, petrol vending machines and drinking water vending machines.
- Agricultural equipment: water pumps, portable fertilizer spraying machines and rice milling machine.

On June, 5, 2015, the Company underwent a major change in its shareholding structure, whereby a former majority Shareholder group, SINGER (Thailand) B.V., with a 40% equity shareholding, sold all of its shares. Thereafter, Jaymart Pcl., a Thailand legal entity, became the new majority shareholder with a 24.99% equity shareholding. In 2016, the Company has also sold mobile phone products through the Company's distribution channel, in the form of direct sales through Singer shops and the Singer sales network. As such, the Company changed its products sales and distribution procedures as well as its collections processes, corresponding to and in support of the required the distribution of mobile phones and accessories products, that were different from the procedures used in selling home appliances which was previously the core business of the Company

Additionally, the Company also benefits from the debt collection services business of the associated JMT Network Services Pcl., in the managing and servicing the Company's late paying hire-purchase customers' accounts.

This major change in the Company's shareholdings and business structure is a key turning point for Singer's overall operations in Thailand; whereby it is now a combination of the strengths of the new majority Shareholder group together with those of the Company, so as to effectively facilitate and support future business growth.

Therefore, the distribution of the Company's products from the last half of 2015 onward has changed dramatically from distributing and selling mainly 'Singer' branded products and appliances in cash as well as on a hire purchase basis to now being 2 core business groups - namely: household electrical appliances and commercial appliances, together with various other additional branded products brands - such as, Samsung, OPPO, Huawei, Vivo and smart/mobile phone and associated accessories.

The Company offers hire purchase credit installment sales through SG Capital Co., Ltd., a Subsidiary Company, in which Singer Thailand Pcl., has a 99.99% equity shareholding;

whereby the direct sales activities are made through the Singer branch/ outlets network, sales staff and sales representatives, and the authorized dealers located throughout Thailand. The majority of products and appliances distributed and sold by Singer Thailand are outsourced for production, on an 'Original Equipment Manufacturer (OEM)' basis, mostly by quality local manufacturers.

Revenues Structure of the Company (including interest income)

The overall sources of revenues, as shown below, are separated by geographical areas as well as by types of products and appliances

(in Baht 000s')

Value of Total sales in Thailand/ Export by products/appliances category	2018	%	2017	%	2016	%
Washing Machine	292,738	10.1	151,549	8	208,645	9
Refrigerator	224,038	7.8	121,679	6	181,422	8
Freezer	306,290	10.6	221,140	11	367,044	16
Television	528,652	18.3	168,317	9	196,763	9
Sewing Machine	185,020	6.4	45,837	2	118,080	5
Air Conditioner	221,955	7.7	249,328	12	382,597	17
ATVM	230,174	8.0	367,498	18	251,867	11
Petrol Vending Machine	114,104	4.0	227,418	11	322,667	14
Mobile Phone	226,738	7.9	240,380	12	51,610	2
Sub Total	2,329,709	80.7	1,790,146	89	2,080,695	91
Other products sold	193,930	6.7	220,941	11	197,458	9
Total Export Sales	-	-	-	-	-	-
Total Sales & Interest Income	2,523,639	100	2,011,087	100	2,278,153	100

Note: The Company operates only one core business unit as well as only in Thailand; as such no other financial information is disclosed by separate or for other business units

Revenues Structure of Subsidiary Companies

(in Baht 000s')

Business Activity/Category	Operating under	% Equity shareholding by STL	2018	%	2017	%	2016	%
Income for Sales								
Singer Thailand PCL. (STL)	STL	100.00	1,876,283	65.0	1,375,775	58.2	1,674,823	65.8
Income-Interest hire-purchase installments								
SG Capital Co., Ltd. (SGC)	SGC	99.99	647,356	22.4	635,312	26.9	603,330	23.7
Singer Thailand PCL. (STL)	STL	100.00	-	-	-	-	-	-

(in Baht 000s')

Business Activity/Category	Operating under	% Equity shareholding by STL	2018	%	2017	%	2016	%
Income from services								
Singer Thailand PCL (STL)	STL	100.00	80,777	2.8	192,646	8.2	192,501	7.6
SG Service Plus Co., Ltd. (SGS)	SGS	99.88	17,951	0.6	16,799	0.7	22,379	0.9
Income from life insurance policies brokerage								
SG Broker Co., Ltd. (SGB)	SGB	99.99	5,178	0.2	3,396	0.1	233	0.0
Other income								
Singer Thailand PCL. (STL)	STL	100.00	126,126	4.4	52,745	2.2	34,449	1.3
SG Capital Co., Ltd. (SGC)	SGC	99.99	128,862	4.5	83,978	3.6	17,131	0.7
SG Service Plus Co., Ltd. (SGS)	SGS	99.88	5,259	0.2	2,622	0.1	391	0.0
SG Broker Co., Ltd. (SGB)	SGB	99.99	232	0.0	132	0.0	393	0.0
Total			2,888,024	100.0	2,363,405	100.0	2,545,629	100.0

Market situation and Competitive environment

(a) Marketing Policies and Activities

Competitive Strategy

The Company deploys a strategy of direct selling on a hire-purchase installment basis together with cash sales. As such, all hire purchase installment sales are undertaken through continuing strict regulations, so as to minimize any possible losses as much as possible. All products and appliances sold by the Company are of good quality, that are on par with or even better than comparable products sold by other manufacturers, as well as with selling prices, on a cash purchase basis, being the same or similar as other brands. The Company's customers base is mostly made up of provincial/rural households and residents; whereby the Company has 2 main sales systems, as follows:

1. Singer direct retail sales to consumers through the network of Singer sales staff and representatives, and
2. Wholesales through its network of authorized dealers/distributors, including those that cover selected overseas markets
- especially in neighboring countries, such as : Laos, Cambodia, and Myanmar, together with 'group sales' that focus on selling sewing machines and associated accessories, freezers, beverage coolers, wine cooler cabinets, and other small home electrical appliances.

With regards to the core product groups (such as: home electrical appliances - especially refrigerators and TVs) that already have a high ownership rate or market penetration together with a low growth potential, the Company has implemented a 'used- products trade-in' strategy that covers all brands of such products. This is in order to increase both the market base and total sales revenues; whereby this strategy is also applicable for all brands of home electrical appliances (such as, washing machines and coolers/freezers). The Company has also developed new products and appliances to meet the needs of various customer groups, as well as continuously improves the overall quality of its products.

Additionally, the Company has continuously launched new products, with the objective of targeting and increasing overall market coverage to include more small business operators (such as: community 'show huay' shops or retail outlets, food service outlets, and coffee shops, as well as apartments, students apartments), by offering various commercial products and appliances (such as, airtime vending machines, petrol vending machines, and slush machines) that will help increase both the competitive capability and potential revenues of these small business operators.

At present, a total of more than 50,000 of the Company's mobile airtime vending machines are in use in the market;

and, thus, the Company has set up a dedicated associated server system to service the sales of mobile airtime through these Singer airtime vending machine; whereby the Company is an agent for mobile air time sales for all main 3 mobile telephone operators, AIS, DTAC and True Move, which has added another source of income so as to increase the overall revenues for the Company.

Distribution/Sales Channels Strategy

The Company sells through the Company's own operated Singer Branch retail outlets, of which there are 190 in total located throughout the country as at the end of last year. There are also more than 10,000 sales staff. The Company also holds training course for its branch outlets sales staff so as to give them a good level of degree of product knowledge and understanding; whereby these sales staff are an important driving force in expanding the Company's market base. Approximately 90% of total sales are made on a hire-purchase installment basis; whereby the Company provides this hire-purchase financing service through SG Capital Co., Ltd., a Subsidiary Company in which the Company has a 99.9% equity holding.

With regards to controlling the overall quality of the customer's hire-purchase installments accounts, SG Capital Co., Ltd., carries out a thorough credit check of these customers as well as their eventual accounts - both at the pre-selling and post-sales stage. The Credit Control Office verifies and approves all hire-purchase customers before the sale is made; whereby the credit approval process includes making use of the Company's own internal customers' database as well as checking with the database of the National Credit Bureau. While post-sale checking involves the Account Checker monitoring and reviewing the accuracy of the customer's hire purchase account details, so as to ensure whether or not the account corresponds exactly to the approved credit limits and conditions; or making actual visits to the customers' home. Currently, there are more than 100 Account Checkers responsible for reviewing all hire-purchase customer accounts, through working under the direct control of as well as being checked by the Credit Control Department.

Industry Trends and the Competitive Environment

The expected trend for the Thai economy in 2019 is for an ongoing growth from 2018, although it may slow down marginally, with the average GDP growth for full year 2019 being between 3.7% - 4.0% (based on the relevant articles published by financial institutions and the Bank of Thailand). This expected GDP growth is based on the revised global economic growth estimates; the continuing US - China trade war that has yet to be clearly resolved and is still in the process of negotiations between those two countries so as to reach a joint agreement in temporarily stopping the trade issues and disagreements; and the ongoing negotiations by the UK on its planned BREXIT policy.

The 2 latter issues are key factors for positive global economic growth, as well as is another important determining factor for the continued positive economic growth of Thailand in 2019. Additionally, other factors driving and supporting continuing growth of the Thai economy comes from the ongoing recovery of the tourism sector and private sector investments beginning to increase due to the Government's policy on investments promotions to attract foreign investment relating to the mega infrastructure Eastern Economic Corridor (EEC) project. However, the expected slowdown in exports from Thailand, resulting from the long ongoing trade war, together with the remaining high degree of uncertainties may have an impact on Thailand's overall economic growth. At the same time, careful consideration must also be given to many factors relating to the hopeful positive outcome from the general elections, which will drive the progress of investment policies relating to the announced Mega (infrastructure)-projects - both the 5 dual-track railway projects and the EEC project.

As for private sector and domestic households consumption, it is expected that growth will be at a slow and steady pace, corresponding to the current low rate of unemployment, the concentration and rate of recovery in people's overall income, and the results of various Government measures to boost domestic spending that still need to be assessed; as well as the trend for increased cost of money, based on the expected increase in the monetary policy interest rate from 1.75% in 2018 to 2.0% in 2019, together with the continuing high level of average household debts. Similarly,

overall consumption by the agricultural sector is also not expected to fully recover, due to the fluctuating price of agricultural commodities and crops.

Despite the expected slowdown in the private sector and domestic households consumption, the Company still has various supporting and positive factors for its car for cash loans, using vehicle ownership licenses as a collateral, business together with its consumer hire-purchase loans business. As such, the Bank of Thailand has announced the oversight of car for cash loans, using vehicle ownership licenses as collateral license; as well as has expanded the scope of other consumer loans together with determining the highest interest rate to be charged, penalty fees, and services and other associated fees relating to consumer loans under the consumer protection scheme - all of which together must not exceed the effective rate of 28% per year.

Given various trends relating to external factors that will affect the overall business operations of the Company in 2019, the Company still possess the potential capability in remaining competitive and also in growing its business. This is due to expanding its customers base from domestic households more into the private sector; to increasing its business operations, that not only concentrate on consumer hire-purchase loans for household electrical appliances and small business commercial loans but also include car for cash loans using vehicle ownership licenses as collateral and consumer personal loans; and to expanding its network of main branch and sub-branch outlets to reach down into and cover small communities. As such, this gives the Company added advantage in its debts follow-up and collections activities and in accessing and interacting with its customers base, together with in being able to effectively assess and evaluate the credit worthiness of loan applicants and to being able to approve loans in a stricter and more systematic manner.

The CPI trend for 2019, as projected by the Trade Policy and Strategy office, Ministry of Commerce, is expected to be at 1.2%, within the overall framework of 0.7 - 1.7%; which is based on the assumptions that the Thailand's GDP growth will be 3.5 - 4.5%, the average price of Dubai crude oil at US dollars 70 - 80 per barrel, and the average Baht to US dollars exchange rate of Baht 32.50 - 33.50 to US\$ 1.00. As such, projected CPI for Q1/2019 should be at 0.86%, for Q2/2019 at 0.98%, for Q3/2019 at 1.27%, and for Q4/2019 at 1.81%.

Hire purchase business for electrical products and appliance

This hire purchase services business in Thailand is divided into 2 major groups, with each having different customers base and characteristics; ie:

The first group consists of these major players: Ayudhaya Capital Services Pcl. (Krungsri First Choice) and AEON Thana Sinsap (Thailand) Pcl., with each offering consumer financing for various other products apart from electrical appliances (such as: telecoms products, office equipment, home furniture, motor cycles, and automobiles), whereby they provide the hire-purchase loan and purchases loan services at all their dealer retailer shops.

The second group focuses mainly on durable products with a long lifecycle together with household electrical appliances; whereby, currently, only Singer Thailand Pcl. uses a direct sales and marketing approach for hire- purchase installment sales through its own network of branch outlets as well as sales representatives and debt collectors.

Given that household electrical appliances (such as: TVs and refrigerators) already have high ownership rate and market penetration and, thereby, a low potential market growth, the Company's Management view that market growth can be achieved through implementing a 'replacement market' and associated 'trade-in' marketing strategies by offering that all types and brands of used home appliances can be traded in for new SINGER brand products or appliances, together with a possible 'cash back' payment of up to Baht 1,000 - 3,000 per appliance. Further, such trade in transactions to purchase the new appliance can be made on an easily affordable hire-purchase installment plan, together with benefiting from the Singer Thailand quality after- sales services through its nationwide network of branch outlets. This approach is aimed at the Company being able to achieve increased sales of all the products and appliances that are sold and distributed by the Company.

Sewing Machines

Many manufactured consumer products used in everyday life (such as: shirts, blouses, trousers, skirts, dresses, bags, shoes, bed sheets, pillow cases etc.) all need sewing machines in their production process. Therefore, various types of sewing

machines are widely used - for large scale manufacturing as well as for medium and small scale production together with general sewing machines for home use.

The sewing machines market consists of 2 segments: industrial sewing machines used to manufacture everyday consumer products on an industrial scale; and well-known brands of sewing machines that are used for sewing clothes in the home (such as: Singer, Janoma, Elvira, Brother, and Juki) together with various low-end brands and inexpensive machines imported from China to compete in this market. Sewing machines are very durable appliances, with a considerably long life cycle, depending on the proper usage and upkeep. Currently, there is a growing demand for sewing machines; especially those using new technology and modern applications, making them into a 'computerized' sewing machine that are more efficient and productive, and also modern and compact. These modern appliances can be used at home to make uniquely designed or handcrafted sewn products, as well as are popular and appropriate in the age of "Do it Yourself" trends.

Important Changes in the Competitive Environment

At present, there are many large banking companies, in Thailand, offering consumer finance services, as well as credit card companies; such as: American Express Thai Co., Ltd. (AMEX), General Card Services Co., Ltd., Krungsri Ayutthaya Pcl.(KCC), Krungthai Card Pcl., (KTC), and Citi Consumer Products Co., Ltd. (CitiBank card). While there are also 'non-bank' companies that include AEON Thana Sinsap (Thailand) Pcl. (AEONTS card), Krungsri Ayudhaya Capital Services Co. Ltd. (Krungsri First Choice card or KFC), and Easy Buy Pcl., (Easy Buy card), which all focus on offering hire purchase installment services and personal loans, together with Singer Thailand Pcl (SINGER) that is focused on providing only hire purchase installment services of products and appliance for more than 130 years.

These non-bank companies can be divided into 2 groups, each with respectively different business models and marketing focus, such as AEONTS, EASY BUY and Krungsri First Choice, that focus on hire-purchase installment services and personal loans for customers with good credit history and a monthly income of not less than Baht 4,000 while Singer Thailand targets grassroot provincial customers, living in

the provinces and rural areas and mostly working within the agricultural sector.

Competition among these companies are based on deploying different business models; whereby the first group (ie: AEONTS, KFC and EASY BUY) compete on offering speedy credit approval and the interest rate charged. While companies in the second group, that target customers in the provinces with an agricultural-based livelihood, compete on establishing and building long term relationships with their customers living in local provincial communities through offering good pre-sales and after sales services. Moreover, such direct sales strategies must also keep in mind the ongoing needs of their customers through continually offering new services and also new products that exactly meet their customers' ongoing requirements

Sourcing Products and Appliances

After 2002, the Company changed from ordering its sewing machines from Singer Industry (Thailand) Co., Ltd. to outsourcing the manufacture of imported complete sewing machines from overseas manufacturers and suppliers, since importing complete sewing machines was less expensive than the total cost of local assembly from imported sewing machine component kits. These complete products, purchased from overseas manufacturers, account for approximately 3% of the total value of the product range and revenues of the Company.

As for other electrical home appliances, the Company outsources from quality local manufacturers on an Original Equipment Manufacturer (OEM) basis; namely from the following local home appliances manufacturers and suppliers of SINGER branded home appliances products:

1. Haier Electronic Pcl. : refrigerators and air conditioners
2. Panasonic Appliance Cold Chain (Thailand) Co., Ltd. : wine cooler cabinets
3. Lucky Flame Co., Ltd. : gas stoves
4. ADT On-Line Co., Ltd. : online mobile airtime vending machines and coin-operated petrol vending machines
5. Softway commercial Co., Ltd. : Slush machine, Ice making machine and ice-cream making machine
6. Sanden Intercool Thailand Public Co., Ltd. : Freezer and Beverage Cooler

7. PSI Corporation Co., Ltd. : water purifier
8. Family Corporation Co., Ltd.: rice cooking, convection oven and fan
9. Media Center Co., Ltd. : online mobile airtime vending machines

Additionally, apart from offering SINGER branded electrical products and appliances, the Company also collaborates with Jaymart Pcl in distributing and selling several brands and models of smart phone/mobile phone and associated accessories which enable the Company to expand its customers base to include new customer groups.

Environmental Impacts

The Company fully recognizes the importance for the need to conserve energy usage as well as to protect the environment; and, therefore, has actively campaigned and promoted the use of 'energy-efficient' electrical products and appliances as one of its many corporate social responsibility related activities.

As such, the Company has continually developed new energy-efficient electrical products and appliances. As such, all electrical products or appliances distributed and sold by the Company are quality certified and carry the "No 5

electricity energy-efficient" emblem. Furthermore, all SINGER refrigerators have been developed to use cooling refrigerants that do not harm the environment or destroy the world's ozone layer - "NON CFC" and "C-Pentane" that have '0-level certification' in regards to destroying the ozone layer.

Since the Company does not have its own products or appliances manufacturing facilities, it makes use of Original Equipment Manufacturers (OEM) that have quality production processes, as well as specifically avoids any manufacturers with low quality products. This is achieved through continually having a Products Quality Assurance Unit that checks, screens and selects those products that possess only the established required quality standards, as well as through the Company selecting only those OEM companies that give importance to environmental impacts and other associated issues as mentioned above.

The Company is fully committed to conducting its businesses based on good quality operating standards for the maximum benefit and interest of society together with those of the consumers on continuing basis.

Pending work still to be delivered

- none -



Risk Factors

Overview of the Company's Risk Management Activities

In order to be aware of the various potential risks that may impact the Company's ongoing business operations, the Company has determined principles and procedural guidelines regarding the management of risks, as well as has undertaken regular reviews together with improving the established procedures on a continuing basis. This is to enhance the Company's operational standards and preparedness in facing any potential risks that may occur in the future. As such, the established principles and procedures for managing risks together with potential risks that may occur and impact the Company's ongoing business operations can be summarized below as follows:

• Principles of Risk Management

The Company manages various risks with regards to the many aspects of its business operations; namely; managing risks relating to its customers' hire-purchase accounts; managing risks relating to its target markets; managing risks relating to its financial liquidity; managing risks relating to its business operations; managing risks relating to its human resources; and managing risks relating to various other risk factors - such as: natural disasters, like floods, earthquakes or tsunamis. As such, the Company adheres to the following key principles of risk management:

- **Having joint responsibilities and participation by both the respective operating Business Unit and the involved Supporting Department on a continuous basis in managing the relevant risk factors:** The Business Unit undertaking the operational activities where the risks may occur is directly responsible for continuous management of those risks, so that the degree of those risks are managed and minimized to an acceptable level that is appropriate to the targeted financial gains and benefits. While, at the same time, the involved Supporting Department has the responsibility to support and assist the Business Unit so as to be able to jointly achieve set targets and objectives, and to be jointly responsible for managing those operational risks together with the Business Unit in an effective manner.

- **Having the overall management and control of risks undertaken by an autonomous group:** As such, a Corporate Risk Management Committee has been established as a separate and independent internal unit, reporting directly to the Audit Committee; whereby various risk management working groups or teams will be set up, made up of the various respective risk owners, who will be responsible for jointly giving opinions and advice regarding various specific risks factors in an independent and credible manner together with proposing measures to control and manage those risks to be at acceptable levels.
- **Having policies on risk management that are clearly defined:** As such, the Corporate Risk Management Committee is directly responsible for determining the Risk Management Policies within the established framework and guidelines specified by the Company's Board of Directors.
- **Having a comprehensive management of all types of risks arising from the Company's business operations:** As such, all and various types of potential risks, that are seen to possibly arise from the business operations of the Company, are to be taken into consideration together with those risks that may occur internally within and at all levels of the organization
- **Having an evaluation of the achieved results in having mitigated and managed those identified risks for each operating Business Unit:** As such, the operating Business Units will set up a Risk Owner Working Group/Team, to evaluate the effective operational results subsequent to having identified and assessed the respective risk factors and also after having managed those risks.

• Risk Management Procedures

In order to achieve a full and effective management of all risks within the organization, the Company has determined the following Corporate Risk Management Procedures that consist of the following processes:

- **Identifying Risks:** This is the process of identifying various relevant risk factors - in terms of the types

and causes of the risks together with associated issues and factors regarding both internal and external risks. This includes the current risks being faced by the Company together with any potential new risks that may occur in the future.

- **Assessing Risks:** This is the process of assessing any identified or potential risks factors, through using various available risk assessment tools and methods as suitable and appropriate; whereby these processes must be reviewed, audited and approved within an appropriate timeframe.
- **Monitoring and Controlling Risks;** This is the process of monitoring and controlling the risk management activities to be in accordance with established policies, procedures and regulations as well as the scope of the risks. This is to ensure that the risk management activities correspond to the Risk Management Policies and also to the accepted level of risks approved by the Board of Directors; whereby this is done through monitoring and controlling activities that are undertaken on a regular and continuing basis.
- **Reporting Risks:** This is the process of reporting on all various types of risks in a comprehensive manner; whereby the reported information must be appropriate and adequate so as to achieve the maximum possible degree of risk management effectiveness.

As such, so as to avoid possible financial losses and to support the various Business Units to be able to conduct their operations in a continuous and uninterrupted manner, these risk management best practices have been determined and designed to take into consideration the ongoing changes in the business operations environment - namely: both in normal operating environment and one that is in a crisis mode.

Risk Factors for the Business Operations of the Company/Group of Companies can be summarized as follows:

1. Risks relating to target markets and sales operations

Electrical appliances selling business Due to the

increasing competitiveness of this market after the establishment of the AEC Free Trade Area, that has resulted in a large decrease in the import duties, many new overseas players entering the electrical appliances market coupled with the establishment of additional new sales channels - such as: online sales. These market factors has created intense competition in the electrical appliances distribution business; and also consumers can now easily access new sales channels like online sales; which this may affect the Company's operations and total sales revenues. As such, the Company has developed new sales channels like the Farmer Model and also franchise activities, so that sales representatives can maintain ongoing customer relationships and also even increase their customer base.

'Car for Cash' loans business

Namely, the business of giving consumer credit using vehicle ownership licenses as collateral, which is currently very competitive. It is also a business in which there will be many, many players in the future, due to the possible high financial returns depending on the marketing strategies deployed by each player to attract more customers than other players - such as: rate of interest charged, length of installment payment terms, or speedy services. However, based on the Company's policy regarding the car for cash business; namely: being the No.1 choice for SME business operators, who need credit services that meet their exact business needs; the Company has, thus, clearly defined its targeted customer groups together with the associated competitive sales strategies, in order to meet the targeted customers' needs in focusing on speed and quality of services - which has then enabled the Company to expand its customer base - together with on its operating procedures and its dedicated sales teams having direct relevant experience in this business.

Captive Financing

Namely, the business of providing hire purchase loans services for customers, purchasing various machines and equipments, by the machinery and equipments manufacturers or dealers. As such, the Company has established its sales teams, who have extensive experience and expertise in this business to look after and take care of its target customers, together with operating procedures from beginning to end; as well as

has established business alliances with various importers of machinery and equipments; whereby they have signed an MOU which includes a key condition that with the manufacturers agree to buy back the machinery or equipments.

2. Risks relating to the hire purchase customers accounts

Given that hire purchase customer accounts are the important core and heart of its business operations, the Company has implemented a management system for its portfolio of hire purchase customers accounts; whereby these accounts are categorized according to the types of machinery or equipment purchased so as to enable a more effective assessment of the associated risks involved. The customers accounts are classified as: 1. Electrical appliances hire purchase accounts; 2. Car for cash credit services accounts; and 3. Machinery and Equipments hire purchase accounts. Based on the database as at the end of Quarter 4/2018, there has been a slight increase in the portfolio of all such debtor and is also in accordance with established business plans; namely: 55% of the total number of customers accounts belong to Singer (Thailand) Pcl., while those belonging to Subsidiary Companies account for 45%. Of this total number of customers accounts, the top most category is the car for cash credit services business accounting for 48% and the 2nd top most category is the electrical appliances hire purchase business accounting for 39%, while the least number of customers accounts relates to the machinery and equipments hire purchase business that accounts for 13%. As such, the Company has determined various measures and procedures in looking after these customers accounts in a strict manner - from reviewing the credibility of the credit applications by using a credit scoring system together with close monitoring and evaluating those accounts and also to taking legal proceedings to collect any overdue or default payments. The Company has set up a dedicated Operations Unit, possessing extensive specialized expertise in managing customer accounts with overdue payments, that is responsible managing such problem customer accounts — especially with regards to selecting the best means of debt collection. The primary objective is to improve the overall quality of the Company's loans assets, so as to minimize, as much as possible, the amount of loan losses and write-offs. Additionally, this Operations Unit is also responsible for selling off poor quality customer accounts to other parties in

accordance with the operating procedures guideline established by the Board of Directors.

As for its corporate governance practices, the Company continues to stress on adhering to its existing 'zero tolerance' policy with regards to corruption that has been established since 2010.

For 2018, due to ongoing stringent review and controls procedures, the Company has seen a significantly lower value of losses resulting of any acts of corruption or fraud. Further, for 2019, the Company will review its internal fraud insurance coverage, so as to assess and compare the overall lower value of related losses resulting from the ongoing internal controls process with the cost of internal fraud insurance coverage; whereby the outcome will be submitted to the Management for further consideration.

3. Risks relating to products or services

Electrical Appliances The majority of products sold by the Company consists of those products supplied under an OEM (Original Equipment Manufacturer) agreement with appliance manufacturers; whereby this arrangement requires relying on the experience and expertise of those suppliers who are selected and who have their manufacturing management systems approved by the Thai Industrial Standards Institute (TISI). As such, the Company does not target any specific manufacturer, so as to result in a monopoly together with an advantageous bargaining power over the Company by only one supplier and also to achieve the required costs of goods appropriate to the Company's business operations. Thus, procurement procedures and associated criteria have been established in selecting products suppliers for the Company, in order to ensure only those quality manufacturers possessing manufacturing standards are chosen; and consideration with regards to associated technological advancements are also taken into account, which will result in having products that incorporate the most up-to-date technology. Additionally, the Company regularly manages its inventory on hand, in order to ensure that, in the event of any products showing a decreasing stocks movement and signs of not being in demand in the market anymore, the Company can then undertake a sales campaign -

such as a special promotions - so as to quickly clear out such products from its inventory.

Other Financial Products – such as Car for Cash Loans or Hire Purchase of New Machinery or Equipments

So as to ensure that products or credit financing services developed and offered by the Company comply to the Government's legal requirements as well as with both the established appropriate risk assessment and operations management procedures, strict approval processes for those Company's products and financial services offerings have been established by the Management and Board of Directors prior to their being offered to customers. This also involves seeking additional advice from external legal experts as part of the decision making process by Management in the event of any possible legal issues - such as: requirement for business licenses.

4. Risks relating to the financial liquidity of the Group of Companies

Risks relating to the ability to source sufficient funds needed for investments within the required time frame, which may then result in damages being caused to the Company; or risks in being able to source funds but only at a high interest costs, that may then affect both the profit & loss results and also the capital base of the Company. Risks relating to the financial liquidity will originate from both internal and external factors; whereby the internal factors depend on the asset base and its composition as well as on the level of debts together with sufficient reserve amounts of liquid assets for use as and when required. As for the external factors, these mainly depend on the liquidity in the capital markets, interest rates increases and overall investors' confidence. The Company has, therefore, added new sources of capital funds - such as: issuing debentures, in addition to borrowing funds from financial institutions.

Additionally, there is also risks relating to fluctuating interest rates - both for borrowing funds and in giving credit services or consumer loans, since loans interest income is based on a fixed and flat rate while borrowed funds are based on floating interest rates. As such, in the event of any changes in the interest rates for borrowed funds, this will then affect

the 'spread' between interest income received and interest costs paid.

As for risks arising from fluctuations of foreign currency exchange rates, this will have an affect on the Company's activities in importing products for sales from overseas suppliers; whereby such imported goods, on average, account for not more than 3% of the Company's total sales, since currently the Company has a policy to mainly source products from local manufacturers and suppliers. Therefore, such risks relating to foreign currency exchange rates will only have a small impact on the Company's costs of this small amount of imported products - such as: components and accessories for sewing machines. Nevertheless, the Company is able to mitigate and minimize the impact from such risks by adjusting selling prices upwards to correspond to the increased costs of goods, as well as by benefiting from the decreased import duties for sewing machines and accessories imported from China in accordance with the Government's policy in signing a Free Trade Agreement (FTA), which mainly charge an import duty rate of 0 %

5. Risks relating to compliance with the Government's regulations on business operations

Subsequent to the Bank of Thailand issuing operating guidelines relating to its oversight of credit services business using vehicle ownership licenses as collateral, which will become effective as of Quarter 1/2019, this may affect our 'car for cash' business that will need to obtain a business license within the required deadline. As such, the Company has already started the process to apply for the abovementioned business license; while at the same time it has determined associated operating procedures and processes that are in accordance with the established Market Conduct principles announced by the Bank of Thailand. This is in order to be well-prepared to start operations in compliance with the appropriate and applicable laws and regulations immediately upon being given the business license.

Risks relating to being sued by customers The Company has complied with the applicable consumer protection laws and regulations as well as with the Civil and Commercial Code as applicable and appropriate - such as: with regards

to loans agreements, interests rates charged, penalty interest rates and fees charged for any default payments, repossession of loan assets or collateral. Additionally, the Company has determined applicable and appropriate criteria for approving loan applications - from assessing the credit risk of the applicant regarding the ability to repay the loan together with assessing the guarantor, so as to minimize potential defaults on loans repayment; as well as has established operating processes for loans payment and collections, for repossession of loans assets or collateral in accordance with and corresponding to all applicable laws and regulations. As such, the Company is confident that there is a very minimal chance of being sued by our customers.

As for the petrol vending machines business, the Company must comply with the established laws and regulations of involved Government agencies - such as: the Laws on Weights and Measures Act that require an inspection of the equipment used for selling petrol to ensure that it meets the specified standards of the manufacturer before being used, and also that must subsequently be inspected every 2 years; as well as must comply with the regulations of the Department of Energy Business, Ministry of Energy, that is involved in checking and ensuring that the petrol vending equipments meet the specified public safety standards of operations. As such, for these matters, the Company coordinates with the equipment manufacturers and the relevant Government Agencies involved, so as to correctly comply with these operational regulations. In the event that there is a need to correct or rectify any deficiencies, then such corrective actions will be taken immediately, so as to prevent and be protected from such risks of breaching any specified operating regulations

6. Risks relating to the business collaterals or guarantees

Risks relating to the loans agreement and associated collaterals or guarantees, or to losses resulting from the collateral assets for the car for cash loans and for the machinery/equipment hire purchase loans; whereby in the event that the collateral asset given disappears or is lost and cannot be located or is damaged, this will negatively affect the business. As such, the Company has determined measures to minimize such risks

by setting up a safety vault for keeping important documents together with strict access control procedures; as well as having an insurance policy in place.

With regards to risks relating to not being able to locate loans collateral assets/guarantors, the Company has determined a policy to grant loans by having a guarantor together with a policy to Know Your Customer (KYC), as well as a policy for close monitoring (of customer accounts) and timely debt collections.

7. Risks relating to the Business Continuity Plan

Given the occurrence of natural disasters - whether it was the tsunami, political rallies, or the most recent Pah Bhug tropical storm - that may have an impact on the business should the disaster occur at the Company's HO or branch outlets so as to disrupt normal business operations, apart from having a system of daily back up data, the Company has established emergency business operations plans and procedures in the event of a crisis, in order to minimize, as much as possible, any resultant disruptive impact to the business operations and to be able to return to the normal business operations in an effective manner.

8. Risks relating to human resources

The Company's human resources is considered to be one of its key success factors as well as being a cause for risks in continuing its smooth business operations - such as: key people retiring or resigning, which may result in some business disruptions. As such, the Company has attached much importance to all its staff; as well as has taken good care of their well-being and best interests as if they were part of one and the same family together with supporting them to work in job positions that are appropriate to their respective responsibilities and capabilities. Further, in this regard, the Company has managed the associated risks through undertaking regular training and skills development programs for the staff at every level of the organization, together with establishing a Staff Retirement Provident Fund, so that the staff will not be affected in terms of their financial resources upon reaching retirement.

Risk factors relating to repossessing products or goods

It is normal that the hire-purchase loans business has inherent risks relating to repossessing products or goods associated with the loans granted; whereby this is also considered to be an unavoidable factor. Further, even if the products or goods are repossessed, there is a further risk in having decreased sales revenue together with having increased inventory on hand. On the other hand, the repossessed products or goods are considered to be a compensating factor for customers discontinuing to repay their loans, as the Company is able to resell those products or goods in the second-hand market to compensate for the financial losses resulting from the default payments, even if the products or goods sold result in a loss between the reselling price and the remaining book value of the associated loan account and, in some cases, together with any additional costs in repairing or reconditioning the repossessed item to be resold - namely (Loss on Repossession). However, repossessing products or goods is another marketing strategy deployed in the hire-purchase loans business.

Management of risks relating to the business operations

Risks relating to business operations means any risks from any operational errors or mistakes made in undertaking business activities; as well as any risks in having in place inadequate control procedures with regards to the operating procedures and processes, the staff and the operating systems,

or relating to the information technology and communications systems in use or even relating to any external factors and situations. All such risks may result in both direct and indirect losses to the Company's total revenues or its customers loans accounts.

• Guidelines in managing risks relating to the business operations

Risks relating to the business operations means risks relating to any operational errors or mistakes made in undertaking the business activities; or risks relating to any deficiencies in the internal controls with regards to established operating procedures, staff, and operating systems or any external factors - all of which will result in losses which both can and also cannot be measured in monetary terms - such as: the Company reputation and business opportunity losses. Given that the Company has expanded its business operations in varying directions - both in terms of increasing sales channels for its existing businesses together with adding new business activities, this has, therefore, resulted in additional business operations corresponding to the added businesses. However, the Company has established procedures in launching new product or service offerings; thus, so as to assess the associated risks and to ensure that there are effective controls process in place to review and manage the potential risks in operating its varied businesses, the Company has determined and published a Handbook of Standard Operating Procedure or SOP) for each respective business operations procedures



Major Shareholders

As at 15 March 2019

No.	Name	No. of Shares	% of Total Shares
1	Jaymart Public Company Limited	67,499,900	24.99
2	Mr. Sirisak Sonsophon	14,684,600	5.439
3	Kasikornbank Public Company Limited	13,469,000	4.989
4	Thai Nvdr Company Limited	9,175,735	3.398
5	Mr. Chao Kara	8,400,000	3.111
6	Miss Patcharee Kowitjindachai	8,000,000	2.963
7	Saha Pathana Inter Holding Public Company Limited	5,637,200	2.088
8	Ms. Kulisala Kara	5,469,500	2.026
9	Muang Thai Life Assurance Public Company Limited	5,400,000	2.000
10	Mr. Anucha Aveelastsakul	4,018,500	1.488
11	I.C.C. International Public Company Limited	3,500,000	1.296
12	Saha Pathanapibul Public Company Limited	3,500,000	1.296
13	Bank Lombard Odier & Co Ltd	3,251,600	1.204
14	Mr. Direk Takru	3,243,300	1.201
15	Mr. Chairat Kowitjindachai	3,088,700	1.144
16	Mr. Pakawa Pattapong	3,009,000	1.114
17	Mr. Kitti Nghammaharat	2,762,700	1.023
18	Miss Chaporn Boonyanit	2,731,200	1.012
19	I.D.F Co., Ltd.	2,450,000	0.907
20	Mr. Chan Mekkriengkrai	2,254,770	0.835
21	Mr. Santi Kowitjindachai	2,243,000	0.831
22	Ms. Chantana Jindapornbhurana	2,220,000	0.822
23	Mr. Wasan Sonsophon	2,000,000	0.741
24	Mr. Jittiporn Chantaratch	2,000,000	0.741
25	Ms. Kandarath Pakpraphan	1,500,000	0.556
26	Mr. Varoon Sonsophon	1,500,000	0.556
27	Mrs. Suyapanee Eang-Ngern	1,433,300	0.531
28	Mr. Phumchai Chaivanitchakul	1,400,000	0.519
Total		185,842,005	68.821

Policy of Dividend Payment

Singer Thailand pcl.'s policy relating to dividend payments is to pay not more than 60% of the annual consolidated Net Profit after tax and after allocating for required legal and other reserves in any year. However, such dividend payments

will also depend upon the current economic and business environment, the actual amount of Net Profits, after tax as well as future investment plans.

The history of dividend payments of Singer Thailand PCL., for the past 3 years is as follows

(BAHT)

	Full Year 2018	Full Year 2017	Full Year 2016
Interim Dividend Payment	-	-	-
Final Dividend Payment *	-	-	0.25
Total Dividend Paid	-	-	0.25
Par Value/Share	1	1	1

* In accordance with the resolution of Board of Directors Meeting No. 227, held on 21 February 2019, to be proposed to the scheduled AGM No. 52 to be held on April 26, 2018.

- Note:**
1. The Company registered the change on the par value per ordinary share from Baht 10.00 per share to be Baht 1.00 per share on 10 May 2004.
 2. Singer Thailand pcl. has paid dividend from 1984 onwards

The history of dividend payments of SG Capital Co., Ltd. for the past 3 years is as follows

(BAHT)

	Full Year 2018	Full Year 2017	Full Year 2016
Interim Dividend Payment	-	-	-
Final Dividend Payment *	-	-	25.00
Total Dividend Paid	-	-	25.00
Par Value/Share	1,000.00	1,000.00	1,000.00

* In accordance with the resolution of Board of Directors Meeting No. 30, held on 21 February 2019, to be proposed to the scheduled AGM No.8 to be held on April 25, 2019.

Policy for Dividend Payments of Subsidiary Companies

Since Singer Thailand pcl. holds more than 99% in the Subsidiary Companies, therefore dividend payments will

depend upon the requirements of the majority Shareholder as considered appropriate and within the legal requirements.

Management Structure

The Company's Board of Directors

Management : The structure and composition of the Company's Board of Directors consist of the Board of Directors itself together with the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, the Risk Management Committee, and the Management Group; whereby the qualifications of Independent Directors and of the Members of the Audit Committee are exactly in accordance with the qualifications specified by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) without any exceptions or other conditions whatsoever.

Meetings of the Board of Directors

The Company's Board of Directors has determined to schedule normal Board Meetings every Quarter together with any special Board Meetings as required during the year. The Company determines the Agenda for such meetings in

a clear and concise manner, with the Company Secretary being responsible for and overseeing the dispatching of the Notifications of Board Meetings together with all relevant supporting documents to Board Directors in advance. Board Directors can freely express their opinions without being influenced by any particular person or group of persons.

In 2018, the Board of Directors held a total of 4 Board Meetings - consisting of 4 normal Board Meetings; whereby for each meeting supporting documents for each agenda item being considered were sent out in advance to all Board Directors, so that they may have sufficient time be able to adequately review and study the various issues before each meeting. The Company also held 1 Annual General Shareholders Meeting (AGM), which was attended by the Board Directors. The attendance record of the respective Board Directors at these meetings during 2018 are summarized as below:

Attendance record of Board Directors during 2018

Board Director	Term of Office	Attendance Record (No. of times attended/No. of times held)			
		AGM No. 52	Board Meetings	Audit Committee meetings	Nomination & Remuneration Committee
1. Mr. Adisak Sukumvitaya*	Apr 2017 - Apr 2020	1/1	4/4	-	3/3
2. Mr. Lucksananoi Punkrasmee**(a)	Apr 2016 - Apr 2019	1/1	4/4	4/4	3/3
3. Mr. Bibit Bijaisoradat	Apr 2017 - Apr 2020	1/1	4/4	4/4	3/3
4. Mr. Preecha Prakobkit(a)	Apr 2016 - Apr 2019	1/1	4/4	4/4	-
5. Mr. Piranart Chokwatana(a)	Apr 2016 - Apr 2019	-	2/2	-	-
6. Mrs. Nonglak Laksanapokin	Apr 2015 - Apr 2018	1/1	4/4	-	-
7. Mr. Piya Pong-acha	Apr 2015 - Apr 2018	1/1	4/4	-	-
8. Mr. Kittipong Kanokvilairat	Apr 2017 - Apr 2020	1/1	4/4	-	-

Note: * Board Director representing the majority Shareholder Group

** Board Director possessing the required knowledge and experiences to review the credibility of the Company's Financial Statements

(a) Board of Director retiring by rotation in April 2019 and to be nominated for reappointment as a Board Director for another term at the AGM/2019 to be held on 26 April, 2019

Management Group

Management Group of Singer Thailand Pcl.

Mr. Kittipong Kanokvilairat	Chief Executive Officer
Ms. Rapeepan Kantayaporn	Chief Information Officer
Ms. Chanthornjira Kongtongsmut	Chief Operating Officer
Ms. Boonyagiad Chatudomdej	Chief Business Development Officer

Management of SG Capital Co., Ltd.

Ms. Auntikorn Pichetkorn	Chief Credit and Asset Officer
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Company Secretary

The Company's Board of Directors Board appointed Ms. Chanthornjira Kongtongsmut, who possesses the required relevant qualifications and experience, as the Company Secretary with the responsibility for overseeing and ensuring that Company acts in compliance with the applicable legal and regulatory requirements as well as in accordance with the principles of good corporate governance, so that the overall management of the Company can be even more effective and efficient. The company fully recognizes the importance of good corporate governance principles and practices. The Company Secretary has successfully attended the Corporate Secretary Development Program (Class2) and the Fundamental Practices for the Corporate Secretary (class 22), together with the Fundamentals of Law and Regulations for Listed Companies for Corporate Secretaries, held by the Thai Listed Companies Association with the support of the SET. Please refer to the qualifications and professional history of the Company Secretary as shown in the Detailed Information on the Management Group - in the Section regarding the Company Secretary.

Remuneration for the Company's Board Directors and the Management Group in 2018

Remuneration for Board Directors : The Nomination and Remuneration Committee, with the responsibility for considering and reviewing the remuneration for Board Directors,

had determined, in a clear, concise and transparent manner, the proposed overall remuneration plan that is comparable to other companies in the same industry sector, together with the level of remuneration that is appropriate to experiences and assigned duties, role and additional scope of responsibilities as well as comparable to various other SET listed companies; whereby this proposal is based on the 'Annual Compensation Survey Report - 2016' published by the Thai Institute of Directors Association (IOD).

Remuneration & Compensation for the Management

Group : The Nomination and Remuneration Committee is responsible for considering and reviewing the remuneration plan for the Management Group, through evaluating the respective job performance for individual Management members as well as comparing the evaluation results with the overall performance results of the Company together with the actual achieved performance results of each Department compared to pre-agreed targets. Additionally, a survey was undertaken of the remuneration and compensation given by comparable companies within the same business sector, so as to have sufficient information on hand.

Total amount of remuneration and compensation for 2018: The Company paid the following total amount of remuneration and compensation to Board Directors and the Management Group, as below:

1. Remuneration for Board Directors: In the form of money

Full name	Singer Thailand Pcl.		SG Capital Co. Ltd		Total (Baht)
	Position	(Baht)	Position	(Baht)	
Mr. Adisak Sukumvitaya	- Chairman of the Board	467,000	Chairman of the Board	82,500	579,500
	- Member of the Nomination & Remuneration Committee	30,000			
Mr. Lucksananoi Punkrasamee	- Chairman of the Audit Committee,	176,000	กรรมการบริษัท	51,500	549,500
	- Independent Director	292,000			
	- Member of the Nomination & Remuneration Committee	30,000			

Full name	Singer Thailand Pcl.		SG Capital Co. Ltd		Total (Baht)
	Position	(Baht)	Position	(Baht)	
Mr. Bibit Bijaisoradat	- Chairman of Nomination & Remuneration Committee	50,000	Director	51,500	534,500
	- Member of the Audit Committee	141,000			
	- Independent Director	292,000			
Mr. Preecha Prakobkit	- Member of the Audit Committee	141,000	Director	51,500	484,500
	- Independent Director	292,000			
Mr. Piranart Chokwatana	Director	146,000	Director	25,750	171,750
Mr. Piya Pong-acha	Director	292,000	Director	51,500	343,500
Mrs. Nonglak Laksanapokin	Director	292,000	Director	51,500	343,500
	Total	2,641,000	Total	365,750	3,006,750

Note: - Management who are also Board Directors do not receive any remuneration or compensation for being a Board member and Member of the Executive Committee

2. Remuneration for Board Directors: Other forms

- none-

3. Remuneration for the Management Group: In the form of money

Types	For 2018	
	No. of persons	Total - Baht
Salaries, bonus payments and incentives	6	19,858,000

4. Remuneration for the Management Group: Other forms

Types	For 2018	
	No. of persons	Total - Baht
Company's contribution to the Employee Provision Fund	6	702,583

Note: Disclosures of the remuneration and compensation for the Management Group are shown as a total amount for the total number of people for the defined and announced management positions that correspond to the Company's organization chart.

5. Share Ownership by Directors and Management

Name		Total Share			
		January 1, 2018	Trading During the Year		December 31, 2018
			BUY	SALE	
1.	Mr. Adisak Sukumvitaya	-	-	-	-
2.	Mrs. Nonglak Laksanapokin	-	-	-	-
3.	Mr. Lucksananoi Punkrasamee	-	-	-	-
4.	Mr. Preecha Prakobkit	-	-	-	-

Name	Total Share			
	January 1, 2018	Trading During the Year		December 31, 2018
		BUY	SALE	
5. Mr. Bibit Bijaisoradat	-	-	-	-
6. Mr. Piranart Chokwatana	201,100	-	-	201,100
7. Mr. Piya Pong-acha	-	60,000	60,000	-
8. Mr. Kittipong Kanokvilairat	-	-	-	-
9. Ms. Rapeepan Kantayaporn	-	-	-	-
10. Ms. Chanthornjira Kongtongsmut	1,860	-	-	1,860
11. Mr. Boonyagiad Chatudomdej	-	-	-	-
12. Ms. Auntikorn Pichetkorn	-	-	-	-

As mentioned above they are required to submit a declaration regarding such changes in the ownership of shares of the Company to the office of Company Secretary, in order to enable the Company Secretary to coordinate internally and create a company shareholdings report for submitting to the Securities and Exchange Commission (“SEC”) as required. Furthermore, the Company requires that a disclosure be made, at every Board of Directors Meetings for any changes, of the amount of shares of the Company owned by each Board Director.

Personnel Headcount

1. The Company has a total personnel headcount of 4,323 persons, of whom 673 are employed by the Subsidiary Companies. For 2018, the Company paid total remuneration and compensation of Baht 665.03 million, of which Baht 190.91 million was paid by the Subsidiary Companies; whereby this included basic salaries, bonus payments, overtime payments, living allowances, as well as sales and collections targets-related incentives together with the Company’s contribution to the social security and employee provident funds contributions.

Total No. of Employees and Compensation (by company)

For 2018	Parent Company Singer Thailand Pcl.	Subsidiary Company SG Capital Co. Ltd.	Subsidiary Company SG Service Plus Co. Ltd
Field or Area personnel (persons)	3,392	143	133
Central HO staff (persons)	231	334	56
Executives & Management Members (persons)	27	6	1
Total No. of Employees (persons)	3,650	483	190
Total Remuneration & Compensation	474.12	152.07	38.84

Human Resources Management Activities of the Company is separated into 2 key aspects, as follows:

1. Human Resource Management (HRM)

1. Job Designing & Job Description: Undertook a review and redesign of the various existing job descriptions for all operating Business Units/ Departments

2. Personnel Planning: Undertook a review and assessment of the total number of people in the Company, in order to re-verify the exact total number of personnel that is shown in the HRMS database and employees registry so as to use

this information for ongoing personnel planning activities.

3. **Recruiting & Selecting qualified personnel:** Making use of various sales staff recruitment channels - such as: through existing sales representatives/ agents or the Branch Office Managers; whereby the Company also added other Staff recruitment channels - such as, the PR advertisements on the internet, local newspapers, various national and local job search/application related print media, and joint participation to screen and select targeted potential candidates, as well as setting up and participating in various job fairs and recruitment events. This also included employment of new permanent staff as well as updating the existing Hiring & Employee History database. The Company has determined various criteria for the selection of new personnel from applicants for the various open job positions in accordance with the respective requirements for each position, together with for the required screening and background checks as well as for the actual hiring activities to be in accordance with the established Company regulations as well as the required by the labor authorities and the Thai Labor Protection Act (BE 2541 or 1968).
4. **Performance Appraisals:** The Company has created Staff job performance appraisal procedures and forms that are in accordance with the accepted principles of Performance Management (PM), so that joint participation in the appraisal process can be undertaken by both the Staff and their Superior together with continuous ongoing monitoring actions to enable further suggestions for improvements to be made in the discharge of their duties that correspond to the respective established performance targets for each person.
5. **Compensation Management System:** The Company's compensation structure includes many forms of remuneration

— such as: basic salaries, bonus payments, overtime payments, and special allowances for selected positions, together with sales commission and incentives, various welfare benefits and special assistance allowance; whereby various differing Staff positions will receive different total compensation, depending upon their respective roles and responsibilities in each operating Business Unit/Department. Regular reviews of the welfare benefits and incentive programs for sales Staff are undertaken; whereby actual performance results relating to achieved sales and collections are used to determine the various programs that are appropriate for each respective Sales Staff group.

6. With regard to Staff resignations and employment terminations, the Company adheres to the working regulations that correspond to the established labor laws and are in accordance with the principles of fairness, and equitability, as well as to good morals and business ethics.
7. **Welfare & Other Benefits:** The Company has a policy to give formal recognition to honor those employees with a long service history with the Company of 5 years or more, through giving a certificate of appreciation together with special gifts or rewards, so as to thank them for and further motivate them in devoting their knowledge, efforts, capabilities and time in discharging their responsibilities for the overall benefit of Company. The Company also provides financial assistance for medical and hospitalization expenses to the immediate family of a Staff member, together with donations in the event of the death of the Staff's father or mother. Other basic Staff welfare benefits are also given - such as: social security contributions; Staff life insurance and accident insurance coverage; Staff uniforms; and transportation to and from work in the event a Staff member lives far from the Company's work place (warehouse facilities and distribution centers); as well as special Staff price for the Company's

products together with installment purchase plans. The Company has also established a Singer Staff compensation fund and a Staff cooperative savings fund that serve as a channel for the Staff to save their earnings or as a source of Staff member loans, at special low interest rates, to help provide relief from any short term financial problems as necessary or needed.

2. Human Resource Development (HRD)

Consists of 3 separated components, namely:

1. Training
 2. Education
 3. Development
- **Training** 2 approaches have been established for the Company's training program, ie: 1) Internal Training and 2) Public Training. However, the Company places more emphasis to 'on the job training' for its Staff, because its field, at all levels and especially the sales Staff, are key to the achievement of the Company's total sales and revenues. Further, the Company undertakes continuous internal training activities and seminars that focus on anti-corruption practices, through educating Staff members, at all levels, to be fully aware of the penalties for any acts of corruption in the discharge of their duties, together other seminars aimed at promoting good business ethics and morals. While support Staff also attend external training courses, that focus on the development of new skills, know how, and capabilities, in order that they will be able to make use of or adapt such new knowledge in undertaking their so as to achieve improved efficiency and effectiveness.
 - **Education** The Company supports continuous self-improvement and self-learning activities for various key Staff positions - such as: for regional/area managers, branch outlets managers, operating Business Units/Department Managers, as well as accountants and accounts reviewers. Further, so as to

encourage that Staff at all levels to more effectively save their earnings, guidelines and procedures in creating and making simple income/expense records are made available by the Company. Additionally, self-training tools in the form of VCDs are also made available - such as: guidelines on standards in managing and looking after branch outlets as well as branch office management, together with other self-learning materials or guidelines on selling skills, on communications and presentation skills, and on the products features offered by the Company.

- **Development** A Mini Training Center has been established to undertake training on branch outlets management and improved IT systems-related working procedures for branch outlets management. Such courses are aimed at being operating guidelines for the branch outlets management group, as well as to prepare those designated to become branch outlets managers, selected from branch outlet Staff who have achieved good job performances and possess appropriate qualifications, so that they are well-prepared to undertake the responsibilities as a branch outlet manager in the future. In order to create sufficient numbers of training staff, various training activities for personnel responsible for Staff training are also undertaken through the 'train the trainers program' together with making available adequate quantities of training tools. This is to create sufficient internal training facilitators required to support the ongoing business expansion plans and increased numbers of required Staff in accordance with the corporate business plans. An improvement of the Training Department organization structure has also been undertaken, so that it better corresponds to the actual required internal training activities as well as to the comply with the Labor Skills Development Act. Additionally, outside training institutions and experts have been contacted to help determine and develop new improved training programs for the Company, that are be more effective as well as efficient.

Report on Good Corporate Governance

1. Policies on Good Corporate Governance

Singer Thailand Pcl., recognizes the importance of good corporate governance as an effective mechanism in linking the relationships between the interests and benefits of all Stakeholders groups on a sustainable basis, as well as one of the key factors in enabling the Company to achieve the established business objectives and to achieve growth on a sustainable basis for the longer term.

The Board of Directors has established the principles and policies on good corporate governance of the Company as a guideline for Board Directors, Management and all Staff in conducting the businesses of the Company. As such, all Company Board Directors, Management and Staff have also all been made aware of the established required business ethics together with the policies on good corporate governance, so as to demonstrate their joint intent to strictly adhere to these principles and policies. Additionally, the Company has informed and communicated these key policies and principles to everyone within the organization via various channels of communications, such as: the staff orientation program, internal company newsletters, monthly staff- Management meetings and internal PR notices, as well as via the Company's website and through various Company activities. This is to reinforce the awareness of and facilitate full and active cooperation by everyone within the organization on a continuing basis.

Due to the Securities and Exchange Commission and SET has improved the principles of good corporate governance By dividing into 8 practice principles, the Board of Directors agreed to review the good corporate governance policy of the company in order to cover the new practices of good corporate governance principles for listed companies in 2017 which will be a guideline for the organization to achieve operational efficiency and sustainability in the long term.

At the Board of Directors Meeting No.227, on 21 February 2019, a resolution was approved relating to the anti-corruption stance and policies of the Company, policy relating to receiving confidential information and complaints, and also the "Revised - 2014 Policies and Principles on Good Corporate Governance" that has been updated to be more

appropriate to the possible changes in the overall business situation and environment or in the applicable legal and regulatory requirements.

Moreover, the Company has a policy to review and update such policies on a regular basis, so that they are always current, timely and appropriate to the ever-changing applicable laws and regulations.

2. Board Committees

2.1 Structure of the Company's Board of Directors

The structure and composition of the Company's Board consist of: the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, the Risk Management Committee and the Management Group; whereby the scope of duties and responsibilities of these various Committees are as follows:

Scope of Duties and Responsibilities of the Board of Directors

- The Board of Directors of the Company is required to carry out its duties and responsibilities fully in accordance with all the applicable laws and regulations, together with the objectives and the Articles of Association of the Company, as well as the established Company policies and the resolutions of the Shareholders Meetings in an honest manner and with all due care, so as to protect and ensure that full benefits are achieved for the Company and all Stakeholder groups.
- The Board of Directors must always act with full accountability to the Shareholders of the Company in undertaking activities that will protect the benefits of the Shareholders, with full and transparent disclosures of information to its investors.
- The overall conduct of the Company's businesses is overseen and guided by the Board of Directors, so as to ensure that the Management Group acts in full compliance with the established policies of the Company; whereby, as specified in the

Company's Ministry of Commerce Affidavit, any 2 of the following 3 Board Directors - Mr. Adisak Sukumvitaya, Mrs. Nonglak Laksanapokin, and Mr. Kittipong Kanokvilairat - signing together and affixing the Company seal, are authorized, in the name of the Company, to legally commit and bind the Company with regards to undertaking any legal actions and fighting any legal proceedings or disputes, together with executing any agreements and financial instruments. However, the Board of Directors retains the right to review and consider making any further changes to the names of the authorized Board Directors as appropriate, in order to achieve maximum management together with operational effectiveness and efficiency of the Company; as well as to assign management and operational authority to the next level of the Management Group further down the line as appropriate.

2.2 Board Committees

- The Chairman of the Board of Directors does not hold the Chairman's position in and is not appointed as a Member of any of the various Board Committees, so as to allow these Board Committees to act in a fully independent manner.
- The majority of the Members of the Board Committees are Independent Directors; as such, this is to achieve full transparency and genuine independence in the discharge of their responsibilities by the various Board Committees.
- In order that these Board Committees are full effective in the discharge of their duties and responsibilities as assigned by the Board of Directors as well as in being able to realize and achieve their established objectives and goals, the various Board Committees should have at least 4 meetings during the year, so as to consider and be able to decide on appropriate actions with regard to any relevant matters or issues that are within their scope of responsibility.

- The Board of Directors has established various Board Committees to assist it in the good governance oversight, as follows :

- **The Audit Committee :**

In accordance with the resolution of the Company's Board of Directors, the Audit Committee was established, consisting 3 Independent Directors, with Mr. Lucksananoi Punkrasamee as the Chairman of the Audit Committee and the Committee Member, who possess the knowledge, experiences and expertise in regards to finance and accounting, as required by the Stock Exchange of Thailand (SET) and other regulatory authorities. This is in order to be able to effectively review the accuracy and creditability of the Company's Financial Statements, as well as to support the development of financial and accounting reporting systems to conform with universally accepted accounting principles and standards, together with assessing the effectiveness and adequacy of the internal controls system as well as the internal audit and risk management procedures, so that they are more concise, comprehensive, appropriate, up to date and fully effective.

The Audit Committee is to discharge its responsibilities and provides any comments with full independence, with the Internal Audit Department being under the responsibility of and reports directly to the Audit Committee. The Audit Committee also consults and works closely with the external Auditors; whereby it meets with the external Auditors, without any members of the Management Group being present, at least once a year in order to obtain their opinions on various matters. Additionally, the Audit Committee can consult with independent external legal advisors, with the Company being responsible for paying all associated expenses. The Audit Committee holds regular meetings with a total of 4 meetings being held during 2018, and reports to the Board of Directors in accordance with the assigned scope of duties and authority, as stated in the Charter for the Audit Committee, as follows:

Scope of duties and authority of the Audit Committee

In the Board of Directors Meeting No. 172, with the Audit Committee attending, a resolution was approved relating to the following overall scope of duties and authority of the

Audit Committee:

1. Review that the Company has all the required financial reports, as well as that they are fully accurate and adequate
2. Review and ensure that the Company has a system of internal controls, that are appropriate effective and adequate, as well as with assessing the independence of the Internal Audit Department together with being responsible for approving the appointment and transfer or dismissal and performance appraisal of the Head of the Internal Audit Department - or any other unit responsible for internal audit activities.
3. Review and assess that the Company fully complies with all applicable securities and exchange laws, together with the relevant applicable regulatory requirements of the SET and other laws relating to the business operations of the Company.
4. Consider, select and nominate those deemed fully qualified and independent for appointment as the external Auditors of the Company, together with proposing their compensation as appropriate. The Audit Committee must also meet with the external Auditors, without any members of Management Group being present, at least once a year.
5. Consider and review any proposed related party transactions or any other transactions that may involve possible conflicts of interests. As such, this is to ensure these transactions fully comply with all the relevant applicable laws and regulations of the SET, as well as are reasonable and in the best interests of or for the maximum benefit to the Company.
6. Prepare the Report of the Audit Committee relating to its oversight responsibilities for inclusion in the Company's Annual Report, whereby it is signed by the Chairman of Committee and contains all the key points of information as specified and required by the SET.

7. Undertake any other activities as assigned by the Board of Directors, with the concurrence of the Audit Committee

• The Nomination and Remuneration Committee :

The Chairman of the Nominations and Remuneration Committee should be fully independent, whereby this Committee comprises of 2 Independent Directors and 1 non-Executive Director. During 2018, the Nomination and Remuneration Committee held 3 meetings and reported to the Board of Directors.

The Nomination and Remuneration Committee has the duty and responsibility of selecting qualified persons for being nominated as Board Directors and also as Senior Executives/Management Members of the Company, as well as of determining appropriate procedures for Shareholders to be able to participate in the nomination and appointment process of new Board Directors through proposing qualified candidates to the Board of Directors for consideration and eventual nominations/appointment by the Shareholders Meeting. The Nomination and Remuneration Committee is also responsible for the consideration of guideline in determining, in an independent and equitable manner, the required and appropriate annual remuneration plans for the Board of Directors, the Board Committees, and the Senior Executive/Management Members.

The Nomination and Remuneration Committee has the following defined scope of duty and authority:

Scope of Duties and Authority of the Nomination and Remuneration Committee

In accordance with the resolution of the Board of Directors Meeting, that was also attended by the Nomination and Remuneration Committee, the scope of duties and authority of the Nomination and Remuneration Committee was specified as follows:

1. Consider and recommend to the Board policies and criteria for the structure, composition, qualifications and selection of members of the board of directors, board committees and senior management of the

Company and its subsidiaries, including appropriate succession plans.

2. Subject to the policies adopted by the Board and to shareholder approval where required, select and recommend to the Board suitably qualified candidates for nomination and selection for the appointment of (a) directors, (b) members and chairpersons of board committees, and (c) Managing Directors and executives directly reporting to the Managing Directors, of the Company and of its subsidiaries.
3. Consider and recommend to the Board, subject to shareholder approval where required, policies, structures and plans on remuneration, benefits and incentives for directors, board committee members, and senior executives of the Company and its subsidiaries with a view to ensuring that the Company's overall compensation policies are consistent with the Company's culture, objectives, strategy and control environment.
4. Recommend to the Board policies, criteria and methods for the periodic evaluation of the performance of the members of the boards of directors, board committees and senior executives of the Company and its subsidiaries, and implement the same and report the results to the Board;
5. Undertake any other tasks entrusted and assigned by the Board related to the foregoing.

- **Risk Management Committee :**

At the Board of Directors Meeting No. 226, a resolution was approved to establish the Risk Management Committee (RMC) responsible for determining policies and criteria for managing risks in accordance with international principles and practices together with regulations as specified by the SET, as well as for determining applicable risks assessment and risk management measures and also effective 'warning systems' that will enable effective management of risks in an appropriate

manner. The RMC was also charged with overseeing and monitoring, on a regular basis, that all operational Divisions/Departments manage their respective risks in accordance with established laws, regulations, and specified procedures and processes together with submitting reports on risk management activities. Additionally, the RMC will review, on a regular basis, the established key risk management measures to assess their ongoing effectiveness, and will submit a report of the assessment results together with proposing, at least twice a year, any improvements to these policies to the Audit Committee, as well as to receive any suggestions from the Audit Committee for further improvement and implementation.

Scope of duties and authority of the Risk Management Committee

According to the resolution of the Board of Directors meeting which was attended by the Risk Management Committee, the scope of duties and authority of the RMC was determined, as follows:

1. To determine relevant policies and associated criteria relating to the overall management of risks for the Group, that are in accordance with international principles and practices as well as with the regulations as specified by the SET; and then to propose such policies for approval by the Audit Committee.
2. To define appropriate and applicable risk management-related preventive measures and procedures for the Group.
3. To determine and deploy applicable risks assessment procedures, and to ensure that effective applicable 'warning systems' are in place.
4. To oversee and monitor, on a regular basis, that all operational Divisions/Departments effectively manage their respective risks in accordance with established procedures and specified processes.
5. To oversee and ensure that the Group's operations fully comply with all relevant and applicable laws and regulations.

6. To prepare and submit reports to the Audit Committee, on a regular basis, in regards to any required improvements and corrective actions, in accordance with the established policies and strategies of the Group relating to identified risk factors and their potential occurrence, as well as any applicable risk management from such risks procedures or guidelines and also expected impacts.
7. To undertake any other activities as assigned by the Audit Committee.

- **The Executive Committee :**

In accordance with the resolution of the Board of Directors Meeting No.209, on 21 December 2015, with the Audit Committee attending, the Executive Committee was established and held the meeting once a month, with the duties and responsibilities to oversee the Company's business operations to be in accordance with the agreed strategic directions, together with the operating systems and procedures of the Company and Subsidiary Companies, as well as undertaken in a uniform manner.

Scope of authority, duties and responsibilities of the Executive Committee:

1. Follow up the management and control the business of the Company in compliance with the objectives, rules, regulations, articles of association, orders, resolutions of the Board meetings and the shareholders meetings, and to formulate the guidelines or commitments for the Administration and Management and management through the Board's policy.
2. Review the business plan and the annual budget of the Company, and submit the same to the Board.
3. Consider the strategy for overall growth and investment of the Company.
4. Consider and approve the contract, expenditure and investment in stocks or any other securities, including

any loans, which each transaction in the amount is significant to the Company's Financial Statements.

5. Cooperate and assist other subcommittees in the performance of their duties.
6. Consider and approve the employment, determine the wage, remuneration, welfare, bonus, to Executive Management of the Company.
7. If it is necessary, engage consultants or experts in the fields beneficial to business operation of the Company, at the Company's expense.
8. Perform other duties as entrusted by the Board.

Role and Responsibilities of the Board of Directors and the Executive/Management Group

The Company's Board of Directors has clearly defined and separated the respective role and responsibilities of the Board of Directors and those of the Executive/Management Group; whereby the Chairman of the Board is an Independent Director and the position is not held by the same person who is the Chairman of Executive Committee, with clearly separated roles, responsibilities and scope of authority. This is in order to achieve an effective balance of power between the management and governance/oversight functions.

3. Selection and Nomination of Directors and senior Executives/Management Group Members

3.1 Independent Directors

The Board of Directors will be responsible for initially reviewing the nomination of Independent Directors from proposed nominees possessing the required and appropriate qualifications as specified by the SEC and SET; and then the Board will propose to the Nomination and Remuneration Committee to consider the appropriate remuneration for proposing to the Board of Directors for final consideration and concurrence.

The 3 Independent Directors of the Company do not possess any qualifications that conflict with those required and

specified by the SEC and SET in any way whatsoever. Also during the last financial period, these Independent Directors do not have any 'related' business activities or provided any professional services with the Company.

Qualifications for Independent Directors

The Company has used the definition of an 'Independent Director' exactly as specified by the SEC and SET in regards to owning shares of the Company at not more than 1% of the total number of shares with the right to vote, and in not being involved in any way with the management of the Company or Subsidiary Companies, in being fully independent of the management activities undertaken by majority Shareholder of the Company, and in not having any business relationships with the Company that may, in any way, diminish the full interest and benefits of the Company and/or its Shareholders.

The Company has determined the required qualifications for Independent Directors to be as follows:

1. A person owning not more than 1% of the total voting shares of the Company, including those shares owned by any related persons/parties, as well as those shares issued by any Subsidiary or JV Company of and any related companies of the Company. However, in the case of Directors who are members of the Audit Committee, such shareholding is limited to only 0.5%.
2. A person who is not involved in any day-to-day management of the Company or who is not a Staff /Employee or a consultant receiving a permanent salary; as well as a person who is not a person with a controlling power over the Company, the parent Company, a Subsidiary Company, a JV Company, a Subsidiary Company of a parallel status, or over any juristic entity with possible legal conflicts; whereby such a status was valid within a 2 year period prior to being appointed as an Independent Director of the Company.
3. A person who is not related by blood or through a legal registration process - and thereby having a status of being a parent, spouse, siblings, or children and including spouses of the children - of a Management Member and a majority Shareholder, of a person with a controlling interest, of a person about to be nominated as a member of Management, or of someone with a power over the Company and/or its Subsidiary Companies.
4. A person who does not have any business relationships with the Company and/or with a juristic entity or a person considered as not being fully independent according to the qualifications of being an Independent Director and a Member of the Audit Committee as specified by the rules and regulations of the SEC. This includes any business relationships in providing professional services, or any other types of trade/business relationships that are considered to be 'related party transactions' as defined by the SET. However, exceptions can be made for special or necessary situations as appropriate; whereby such business relationships do not occur repeatedly or on an ongoing basis, that require prior Board approval with a unanimous vote.
5. A person/Director that has not been appointed to act on behalf of a Director of the Company, of a majority shareholder or of a Shareholder connected to and associated with the majority shareholder of the Company - except in the event of being assigned by the Board of Directors to make decisions, on a collective basis only, regarding the operations of the Company, the parent Company, its Subsidiary Company, JV Company, a Subsidiary Company of a parallel status as well as a juristic entity with a possible conflict of interests.
6. A person/Director that has not been empowered by the Board of Directors of the Company to make decisions on the operations of the Company, the parent Company, its Subsidiary Company, JV Company, a Subsidiary Company of a parallel status, as well as a juristic entity with a possible conflict of interests.

7. A person who is not Director of the parent Company, its Subsidiary Company and JV Company, as well as a Subsidiary Company of a parallel status, that are public listed companies only.
8. A person being able to undertake the required duties, as well as having and expressing opinions, together with being able to report on the results of any such responsibilities as assigned by the Board of Directors, with full independence and free from any influence from the Executives/Management Group or the majority Shareholder of the Company or any related parties, and including any involved person/parties or relatives of such person/parties

3.2 Selection and Nomination of Board Directors and Senior Executives

The Company has established the Nomination and Remuneration Committee, responsible for selecting persons to be nominated as the Chairman of the Board, Board Directors and Members of the various Board Committees, together with the CEO and Senior Executives/Management Members of the Company together with the Company Secretary, as well as for determining remuneration plans appropriate to the assigned responsibilities. In the event of a vacancy on the Board for whatever reasons, the Nomination and Remuneration Committee will undertake to recruit and nominate the appropriate person to be considered and approved as a replacement Director by the Board of Directors - with the exception of the appointment of a new Director and a Director to replace one due to retire by rotation; whereby in such an event, the Nomination and Remuneration Committee will recruit and nominate qualified persons for consideration and concurrence by the Board of Directors, so as to then propose such nominees for final consideration and approval by the Shareholders Meeting.

As such, the Company will propose nominees to be considered and elected, on an individual basis, as new Board Directors by a vote of the Shareholders. This is to allow the Shareholders the opportunity to exercise their entitled Shareholders rights in genuinely participating and selecting the required new Board Director. Additionally, the Board of Directors also appoints the various Board Committees to

help reduce its workload and share the responsibilities in overseeing, monitoring and considering various important matters, namely: the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Risk Management Committee. As such, the actual process of selection and appointment of the Members of the various Board Committee is required to be undertaken and approved by the Nomination and Remuneration Committee, which then submits the nominees for final approval by the Board of Directors.

The nomination of qualified persons to the Board of Directors must successfully undergo a consideration of their relevant and appropriate qualification as follows:

1. Possessing the required qualifications and not possessing any prohibited qualification as specified by the applicable laws relating to Public Companies, as well as not having any characteristics that will indicate or lead to a lack of confidence and trust, on the part of Shareholders, in the nominee being able to oversee the management of the Company in accordance with the specified qualifications of the SET.
 2. Possessing the knowledge, skills, experiences, and other qualifications as deemed appropriate by the Board of Directors.
 3. Being able to fully devote the required time and efforts in discharging the duties of a Board Director - especially with regards to being able to make important decisions - for the benefit of the Company.
- At present, the Board of Directors of the Company is composed of 8 (eight) Directors, with 2 Directors from the majority Shareholder group (ie: Jaymart Pcl., who has a 24.99% shareholding) - namely, Mr. Adisak Sukumvitaya and Mr. Piya Pongacha
 - Further, while the Company has allowed minority Shareholders the opportunity to propose, in advance, those qualified to be considered for appointment as a Board Director during the period between 14

September 2018 to 31 December 2018, however no nominations for consideration to be appointed a Director have been received from any Shareholders.

4. Oversight of the Operations of Subsidiary Companies or JV Companies

4.1 Currently, Singer Thailand pcl., has 3 Subsidiary Companies, in which the Company has an 99.99% equity shareholding, namely: SG Capital Co., Ltd., SG Service Plus Co., Ltd., and SG Broker Co., Ltd.; and has no JV Companies. Additionally, in order to comply to the governance and oversight procedures that are aimed at achieving effective control of and responsibility for the management of these Subsidiary Companies, as well as to protect the financial investments and interest of the Company, the Board of Directors has assigned representatives to be Directors of these 3 companies, in accordance with the rules and regulations of the Company and as approved by the resolution of the Company's Board of Directors.

Every Quarter, the operating performance results of these 3 Subsidiary Companies, that have been audited by the external Auditors and reviewed by the Audit Committee, are submitted to the Board of Directors for consideration and approval.

With regards to other important transactions, such as: related party transactions or the acquisition and disposal (if any) of assets, these are subject to the established oversight and control procedures, through the systematic procedure of consideration and review by the Board of the Subsidiary Company for proposing to the Company's Audit Committee for review and eventual proposal for approval by the Company's Board of Directors; whereby details of such transactions are then disclosed via the SET's information communications network system.

4.2 The representative of the Company, who is the Director of the Subsidiary Company, also participates

in the determination of important operating policies of the Subsidiary Company; such as, planned investments in any new projects.

5. Controls in the Use of Inside Information

The Board of Directors has determined various measures to prevent insider trading, through illegal or misuse of confidential information by any involved parties; namely: the Board of Directors, Senior Executives/Management members and any Staff involved and having access to such information, including spouses and children not yet of legal age of these involved persons, as follows:

- Senior Executives/Management members are required to report any changes in their ownership of shares of the Company to the SEC and SET, as specified by Clause 59 of the Securities and Stock Exchange Act (1992).
- Senior Executives and any involved business units having access to any internal confidential information, are prohibited from disclosing such information to those outside the Company or those inside the Company not authorized to have access to such information, and from purchasing any shares of the Company within a 1 month period prior to the official release, to the general public, of the Company's Financial Statement.

Further, the Company, via the Investor Relations Unit, has also determined a 'silent period' relating to the use of any sensitive and significant information in relation to the trading of any Company shares, whereby this policy has been communicated, via email, to all Directors, Senior executives/Management members and any parties involved, so that all parties will be aware of and adhere strictly to this policy with regards to the use of 'inside information' in making any transactions to buy/sell any Company shares. As such, during the past year, all Company Directors and Senior Executives/Management Members have strictly

complied with this requirement; and, apparently, these parties have not made any transactions in buying/selling of the any shares of the Company during this prohibited period.

- The Company has established various measures to prevent illegal misuse of any inside confidential information for personal gain, through restricting access to such information internally and also by preventing possible access to such information by those outside the Company. The Company has also implemented various authorized access levels to such information for different staff levels that are appropriate to their assigned duty and responsibilities.

Additionally, the Company requires every employee to acknowledge and confirm, in a Memorandum of Confidentiality and Non-Disclosure Agreement, their understanding of

the abovementioned requirements, together with confirming their agreement not to disclose any internal confidential information, not to violate the Computer Laws, and not to infringe or violate any intellectual property rights of others; whereby all employees will sign this Memorandum of Confidentiality and Non-Disclosure Agreement at the same time as their Contract of Employment.

Further, the Company has established guidelines, within the Company's Code of Good Business Conduct and Ethics, for the prevention of any situations involving possible conflicts of interests; whereby such guidelines are communicated to all employees, so that they can strictly adhere to these established guidelines. The Executive/Management Group is responsible for monitoring and ensuring that all employees always observe and strictly comply with all relevant applicable laws, rules and regulations together with the established policies and the Company's Code of Good Business Conduct and Ethics.



Remuneration for the Auditor

1. Audit Fee

For the Company and Subsidiary Companies, the audit fee paid

- to the authorized auditor for work in the past financial year, totaling Baht ____ -- ____
- to the Audit Firm, as well as persons or business involved with the authorized auditor and Audit Firm for the past financial year, totaling Baht 5,445,000.-; together with fees required to be paid in the future for agreed services, that has yet to be fulfilled, for the past financial year totaling Baht ____ -- ____

2. Non-Audit Fee

For the Company and Subsidiary Companies, the non - audit fees relating to other services:

- to the authorized auditor totaling, for the past

financial year, Baht ____ -- ____; together with fees required to be paid in the future for agreed services, that has yet to be fulfilled, for the past financial year totaling Baht ____ -- ____

- to the Audit Firm, as well as persons or business involved with the authorized auditor and audit firm, totaling for the past financial year, Baht ____ -- ____; together with fees required to be paid in the future for agreed services, that has yet to be fulfilled, for the past financial year totaling Baht ____ -- ____
- to other companies associated and involved with the Audit Firm, KPMG Phoomchai Audit Ltd. for the past financial year, totaling Baht ____ -- ____; together with required fees payable in the future for agreed services, that has yet to be fulfilled, for the past financial year totaling Baht ____ -- ____



Compliance with the Good Governance Code (Code of Best Practices – SET)

Principle - 1 Be aware of the role and responsibilities of the Board of Directors, in its capacity as the leader of the organization in creating value added to the business on a sustainable basis

The Company has clearly defined and determined the role, duties and responsibilities of the Board of Directors. Apart from the duties and responsibilities that are in accordance with the laws, which specifies that the Board of Directors has the authority and duties to manage the Company according to all applicable laws, the objectives and regulations of the Company and the resolutions of the Shareholders Meetings, whereby the discharge of such duties must be undertaken in a responsible, careful and honest manner; the Company has also determined that the Board of Directors has the duties and responsibilities to determine the vision, mission, goals, policies, operational directions, business plans and the annual budget of the Company. The Board of Directors must also oversee and monitor that the conduct of the Company's business operations are in accordance with all applicable laws and policies, as well as with the established business plans and annual budget; together with reviewing the performance results of the Company's operations. As such, the Company has communicated to the Board of Directors and also all operating units about the established role and responsibilities of the Board of Directors, so that that the Board as well as all operating units will be aware of and fully understand such role and responsibilities of the Board of Directors

The Company has also established various Board Committees and also the Risk Management Sub-Committee; as well as have appointed the Chief Executive Officer (CEO), to support the Audit Committee, the Committee in discharging their respective responsibilities in ensuring that the management of the Company's business operations and activities are in compliance with all applicable laws and policies as well as with the established business plans and annual budget. Furthermore, the Company has also clearly determined the scope of authority and responsibilities of the various Board Committees and of the CEO.

Additionally, the Executive Committee has established the Risk Management Sub-Committee, comprising of 5

Members, who are responsible for considering and reviewing related issues and potential risk factors that may occur with regards to the Company's business operations together with determining measures to mitigate and minimize all such risks. This Risk Management Sub-Committee must also report its activities and findings to the Executive Committee, the Audit Committee and also the Board of Directors on a regular basis.

At the Board of Directors Meeting, a resolution was made to approve to the Charter of the Board of Directors and of the various Board Committees. Furthermore, the Board of Directors has arranged that Board Members and Members of the various Board Committees are fully informed about and acknowledge the respective Charters, together with monitoring that they all act in accordance with their respective assigned duties and responsibilities. The Board has also resolved that the various Charters are to be reviewed at least once a year, so that they will always be relevant and correspond with the current business direction of the Company.

The Board has arranged to define and issue the Company's Code of Business Conduct, together with various policies regarding good corporate governance practices, so that they can be used as operating guidelines relating good governance of the Company. This is to ensure that the conduct of its businesses will be undertaken in an ethical manner, together with respect for and being responsible to all Shareholders and all Stakeholders throughout the organization; as well as for the benefit of society and the environment. This is to also to ensure that the Company will be able to adapt to the ever-changing operating factors, so as to achieve ongoing positive operating performance results in a stable manner and for the long term. Moreover, the Company has communicated and informed about this Code of Business Conduct via the Company's website

Principle - 2 Define and determine the key objectives and goals of the Company's business so as to achieve sustainability

The Board of Directors has clearly defined the Company's Vision and Mission, together with determining the objectives and goals in conducting its business operations that

are appropriate for the Company. This is in order to determine the business direction of the Company that will enable it to grow together with society and in a sustainable manner; as well as to drive everyone within the organization in the same direction, so as to achieve the stated objectives and goals. The Company has a policy to communicate and inform about its established Vision and Mission, together with its objectives and goals in conducting its business operations, to its personnel at all levels of the organization, so that they will adhere to and use them as operating guidelines in discharging their duties and responsibilities. The Company has also communicated and informed all Stakeholders, so that they will be aware of and understand the core objectives and goals of the Company accordingly.

The Company has a policy to review and determine its corporate strategic plans and associated budgets every year so as to be confident that the strategic plans and budgets are both appropriate and correspond to the current economic situation as well as the Company's potential capabilities. The Company has a policy to assess the business environment, together with the key issues and various risk factors that may impact all involved Stakeholders, on the basis of being responsible to society and the environment. The Company also has a policy to promote and encourage innovation, to make use of information and communications technology in its business operations, and to further develop, in an effective manner, its sales operations system so as to reduce fraudulent activities within the selling and debt collection processes; as well as to look after the allocation of its key resources and to oversee that the business operations are in accordance with established business plans.

Additionally, the Board of Directors has assigned the Executive Committee to oversee that the business operations are undertaken in accordance with established strategies and associated budgets.

Principle - 3 Promote and support Board Effectiveness

The Company has a policy to determine the structure of the Board of Directors to be appropriate and correspond to both the business operations and size of the Company as well as

in accordance with specified and applicable laws. As such, the composition of the Board of Directors will have the proportion of Board Directors who are Executive and Non-Executive Directors, so as to reflect and achieve an appropriate balance of power within the Board. The composition of the Board is made up of 1/3 of the total number of Board Directors being Independent Directors; whereby, at present, the Board of Directors has a total of 8 Directors with 1 Executive Director and 4 Non-Executive Directors. Additionally, the Board of Directors has also appointed various Board Committees to support and assist the Board in the overseeing the Company's business operations, as follows:

- (1) Executive Committee: comprising of 8 Members; whereby this Committee is responsible for determining the overall business direction and associated strategies, that are in accordance with the objectives and goals specified by the Board of Directors and that achieve effective flexibility.
- (2) Audit Committee: comprising of 3 Independent Directors, with at least 1 Member being knowledgeable about and well-experienced in accounting, so as to be able to be responsible for reviewing the credibility of the financial statements of the Company. The primary duties and responsibilities of this Committee is to review and ensure that the Company has accurate financial reports and disclose adequate information as required, as well as has a system of internal controls together with a system of internal audit that are appropriate and effective. The core duty of this Committee is to give independent judgement and opinions on any related party transactions that may involve a conflict of interests.

Additionally, the Board of Directors has appointed the Risk Management Sub-Committee, comprising of 5 members, responsible for considering and reviewing any issues or potential risk that may occur in regard to the business operations of Company, as well as for determining measures to mitigate such risks or to manage the risks in reducing them to be as

low as possible. This Sub-Committee is to report its activities and findings to the Executive Committee, the Audit Committee and the Board of Directors on a regular basis.

The Executive Committee has a policy to separate the position of the Chairman of the Board from the position of the President or Chief Executive Office, which are to be held by 2 separate individuals. This is so to have a clear separation of the duties for determining policies and oversight from the responsibilities for the day-to-day management of the Company's operations. As such, the Company has clearly separated the role and responsibilities of the Board of Directors and the Management; whereby the Board of Directors has the duties to determine key policies and to oversee the operational activities of Management, while the Management has the duty to operate the various business activities of the Company in accordance with the established policies. Further, so as to prevent any one party having absolute control or power over the Company, the Company has clearly established the scope of authority, together with the approval authority and the authority in conducting the business operations of the Company.

Furthermore, in order that Board Directors are able to devote sufficient time in effectively discharging their duties within the Company, the Company has determined that a Board Director can hold Board Directorships in not more than 5 other listed companies; as well as that each Board Director must attend at least 75% of the meetings of the Board and respective Board Committees held every year. As such, the Board of Directors will meet at least 4 times every year, whereby specific Agenda Items will be determined for each Board Meeting, with notice of any Board Meeting to be sent to Board Directors, together with the relevant documents relating to the Agenda Items, not less than 7 days in advance so as to allow adequate time for reviewing and studying the relevant issues prior to attending the Board Meeting. Further, written Minutes of the Board Meeting and discussions will be recorded and approved by the Board, with those approved Minutes to be kept safe and made available to Board Directors and any other involved persons for future reference and review.

With regards to the term of office for Independent Directors, in that the business operations of the Company have specialized aspects that require full understanding and special expertise together with requiring a long term to study its details, the recruitment of persons to assume the Board Directorships requires time to identify together with a long time to study and fully understand the business of the Company. As such, the Company takes into consideration the importance of appropriateness regarding the term of office to be held by Independent Directors.

In recruiting and selecting persons to be considered for appointment as a Company Board Director, the Company has determined the associated procedures in a clear and transparent manner. The Company has appointed the Nomination and Remuneration Committee to undertake the duties and responsibilities in recruiting, identifying and proposing persons for consideration to be appointed as: The Chairman of the Board of Directors, Board Directors, Board Committee Members, the Chief Executive Officer/President, Senior Executives and the Company Secretary; as well as for considering the appropriate remuneration according to the assigned responsibilities and, importantly, to the overall performance results of the Company. The selected nominees will then be proposed to the Shareholders Meeting to approve being appointed as a Board Director.

The Company has determined policies on remuneration in a clear and transparent manner, whereby the remuneration is to be appropriate to the assigned duties and responsibilities for each Board Director as well as sufficient to motivate those Board Directors and Senior Executives with the exact qualifications required by the Company to be retained by the Company. Further, remuneration for Board Directors must be approved by the Company's Shareholders Meeting.

The Company discloses details of the personal profile of each Board Director and Executives - such as: age, educational background, professional experience, holding of shares of the Company, number of years in being a Board Director, Board Meetings attendance records, being a Board Director in other listed companies, being Members in the various Board

Committee, and assigned roles and responsibilities - together with Reports of the Board Committees, both monetary and non-monetary remuneration received by a Board Director, and Annual Statement of the Company (Form 56-1).

The Company has appointed the Company Secretary to be responsible in assisting, supporting and making recommendations to Board Directors and Executives relating to compliance with the applicable laws and specified rules and regulations together with the Regulations of the Company. The Company Secretary is also responsible in ensuring that compliance is achieved on a regular basis, and for arranging Board Meetings and the Shareholders Meetings together with coordinating and overseeing full compliance to the Resolutions of such Meetings, as well as other required duties as specified by the law.

Principle - 4 Recruitment and skills development of Senior Executives and Human Resources Management

The Company has determined clear success plans for key Senior Executive positions together with the position of the President of the Company so as to ensure continuous business operations of the Company. The Company has also determined policies relating to the remuneration for the President and key Senior Executive positions that are appropriate, so as to motivate their full efforts in working for the maximum benefits of the Company and its Shareholders; and carries out performance evaluations of these positions every year, so as to serve as the criteria for the consideration of their remuneration, together with undertaking ongoing skills development so as to enhance their effectiveness in working for the Company.

The Board Directors also undertake self-evaluations of its performance - both as a group and also on an individual basis - together with undertaking the consideration of the summary of these performance evaluations in the Board Meeting for acknowledgement and for taking further actions accordingly.

The Company has a policy to facilitate and arrange training programs in educating all those involved with regards

to good corporate governance practices within the Company, whereby this includes Board Directors, Executives and the Management, and the Company Secretary, in order to achieve on going compliance; as well as in undertaking training programs for Executives and the Management so as to benefit the determination of success plans.

Principle - 5 Promote and encourage innovation and conducting business in a responsible manner

In that the types of business to be undertaken by the Company will depend upon the degree of interest and acceptance on the part of its customers, the Company attaches importance to its development; as well as has a policy to promote and encourage the use of innovation and various information and communications technology systems in its business procedures and processes so as to address the interest and needs of our customers

The Company recognizes the rights of all Stakeholder groups - both internal and external. As such, so as to achieve a positive understanding and close collaboration between the Company and all Stakeholders that will be of maximum benefit in the conduct of the Company's business operations together with creating full confidence in and achieving long term competitiveness for the Company, the Company has determined the following policies and associated operating guidelines

- 1) **Shareholders;** Apart from the basic Shareholders rights and those specified by the relevant applicable laws and the Articles of Association of the Company, such as: the right to check the number of shares owned, the right to have share certificates, the right to attend Shareholders Meetings and exercise their entitled votes, the right to freely express opinions at the Shareholders Meeting, and the right to receive equitable returns on investments, the Company has also given Shareholders the right to propose any suggestions, via the assigned Independent Director, regarding the operations of the Company in their capacity as co-owners of the Company, whereby every suggestion is to be proposed to the Board of Directors for consideration.

2) Staff; The Company attaches great importance to its Staff, who are considered to be valuable resources of the Company; and it is committed to making every staff member feel proud of and confident in the Company. During the past year, the Company has undertaken various projects and activities to promote a good working environment, in order to support the creation of new ideas and actions as well as to enhance the capabilities of the Staff, so that they will be able to perform their duties more effectively. Additionally, the Company has given importance to maintaining the good health of its Staff, through arranging that Staff at every level always undergo a health check-up every year. In regards to work place safety, fire prevention and fire extinguishing systems are placed throughout the Company's facilities to ensure a safe working environment; and fire drills are also undertaken, both at the HO and the warehouse facilities, at least once a year. Furthermore, the Company promotes and supports a 'zero accident' policy, through placing PR posters throughout the Company's facilities, so that no accidents will occur within the Company; whereby during the last year there were no work-related accidents.

The Company continues to make improvements to the appearance of the office/facilities environment, so that is more appropriate to work in. The Company also promotes and supports its Staff to be learn more about the environment and associated issues, through arranging Staff training programs in order to create greater awareness and for the Staff to make use of the knowledge gained in their everyday life. The Company has also undertaken various activities and associated projects relating to preserving and protecting the environment, together with various other activities for the Staff to join and participate in preserving as well as protecting both the natural resources and the environment.

3) Customers; The Company is committed in giving customers of its products and services maximum benefits in terms of both quality and price, together with maintaining and sustaining the established good relations with its customers through choosing only quality products that have received the quality industrial standard or TISI certification. The Company has also established a central customer service center or Call Center (Tel: 0-2234-7171), that is an operating unit responsible for giving assistance and advice to customers on the use of its products or how to solve any product problems, as well as for receiving any customer complaints in order to achieve maximum customer satisfaction; together with Singer service 'hotline' (Tel: 0 - 818 - 404 - 555) to give direct quick responses to customers relating to after-sales services and repairs of electrical appliances.

4) Business Partners; The company is committed to operating its business within the framework of open and fair competition as well as honest trade practices together with strictly meeting all agreed terms and conditions, based on the established principles and standards of good business ethics, that have been documented and included in the Company's Policies and Guidelines on Good Corporate Governance.

5) Suppliers and Other Parties Related to its Businesses; The Company has in place policies to take good care of its business suppliers and other involved parties, in regards to the environment, work safety, and payments to be received; together with fully supporting the development of their capabilities as well as business-related and non-business knowledge, in order to enable them to work with increased efficiency and productivity.

6) Joint Investors; The Company respects the rights of joint investors and treats them in an equitable manner, as well as fully cooperates with them at

all times, so that the joint business operations can achieve full success in accordance with the agreed objectives of the joint venture project.

7) Creditors; The Company fully meets all its agreed obligations and commitments as well as all terms and conditions of loans agreements according to expected behaviors towards its creditors, namely: trade creditors and lenders; whereby these principles and guidelines have been documented in the Company's current Policies and Guidelines on Good Corporate Governance. The Company currently treats all creditors on equal basis, and does not give any guarantees to any one creditor in particular - except in regards to guaranteeing the loans of Singer Leasing (Thailand) Co. Ltd., a Subsidiary Company in which Singer Thailand Pcl. has a 99.99% equity holding.

8) Society and Communities; The Company operates its business in an equitable and moral manner towards all Stakeholders, and adheres to the principles of social responsibility, so as to help develop society as a whole as well as local communities. This is achieved through focusing on supporting the development of the livelihoods of its members, enhancing the happiness of those communities, and giving full support to various community activities - especially those activities related to improving the potential of young people and housewives in creating new livelihoods, skills and improved education. Additionally, the Company also encourages and enables its employees to participate and contribute towards these corporate social responsibilities related activities to help society and local communities, through the established 'Singer CSR Club'.

9) Government organizations and agencies; The Company places great importance on Government organizations and agencies in their capacity as a Stakeholder group, through establishing guidelines

that are to be strictly observed by its Staff, so they can act in a correct and appropriate manner. The Company also always cooperates with all Government agencies and supports their various related activities.

10) The Press and Media; The Government places great importance on disclosing information and news to the press and media, so that the Company can always communicate with the general public in an accurate, speedy and timely manner.

11) Competitors; The Company treats all competitors within the accepted framework of free and fair trade competition, through operating its business in an equitable manner as well as in accordance with the relevant laws and establish Company's Code of Good Business Conducts. During the past year, the Company has not had any disputes relating to its business competitors.

12) The Environment; The Company operates its business by always taking into consideration its responsibility towards society and the environment. The Company fully recognizes the need to conserve energy and protect the environment, through promoting the use of those appliances and products that are energy-efficient. Further, the Company continually develops appliances and products that have the 'No. 5 energy efficient' certification. Furthermore, Singer refrigerators use only Non-CFC refrigerants (or C-Pentane), that do not harm the environment or the ozone layer and which has a 'O-level' ozone layer damage certification.

Moreover, the Company constantly instills into its Staff and promotes their knowledge and participation in taking care of and protecting the environment, together with the need to restore and enhance vital natural resources, through jointly undertaking various associated projects or activities, initiated and sponsored by the Company, details of which are

given in the separate section on “Corporate Social Responsibility”

Policy Guidelines Relating to Intellectual Property

The Company operates its business activities as well as encourages its Staff to act in full accordance with all relevant applicable laws and regulations with regards to intellectual property rights (regardless of whether it is trademarks, service marks, copyrights, patents, or confidential trade secrets) and other legal proprietary rights - such as: use of copyright computer software programs, whereby all software programs used must be inspected and installed only by the IT Department. As such, copies of the Computer Crimes Act (2007) are posted on each employee desktop computer within the Company so as to serve as reminders of the prohibited associated actions. Additionally, the Company requires that all employees acknowledge and sign an agreement not to disclose any confidential Company information as well as not to violate any computer laws or intellectual property rights of others; whereby new employees must sign this agreement together with their Contracts of Employment.

Policy Guideline Relating to Respecting All Laws and Principles of Human Rights

The Company supports and respects the principles of human rights protection, and ensures that the Company's businesses is in no way involved with any activities that violate any basic human rights - such as: not supporting forced labor or use of child labor; treating all Stakeholders in an equitable manner; and respecting the basic human dignity without any prejudice or discrimination with regards to place of birth, race, gender, age, religious beliefs, nationality and family name, physical abilities/disabilities, skin color, or social status

Position on Anti-Corruption and Corrupt Practices

At the Company's Board of Directors meeting No. 224 on 9 November, 2018, a resolution was made to approve the Company's policy and position on anti-corruption together with the policy on Whistle - Blower Policy Information and Complaints, as well as to incorporate these policies in Management Handbook, the Company's 'Code on Good Business Conduct and Ethics' and the Policy Guideline

for a 'Zero Tolerance'. Further, the Company has joined and received formal certification from the “Private Sector Collective Action Coalition against Corruption Initiative (CAC)” as organized by the Thai IOD. The Company has assessed the risks relating to fraudulent and corrupt actions, and has determined policies on business ethics relating to anti-corruption practices. The Company has also communicated these policy guidelines throughout the organization together with procedures for whistle blowers/informants to submit details of any suspicious involvement by anyone in any alleged fraudulent or corrupt actions; whereby an internal Committee on Preventing and Suppressing fraudulent or corrupt activities has been established. The associated Anti-Corruption Policies and Guidelines Handbook has been documented to fully inform all employees, who are required to sign their acknowledgement of and agreement to fully comply with such policies and practices.

Policy Guideline Relating to Anti-Corruption and Corrupt Practices

The Company has established channels of communications for any Stakeholder to submit information or complaints relating to possible or alleged fraudulent situations. Guidelines have also been established relating to the giving/acceptance of gifts, assets, bribes or other benefits, entertaining or any inappropriate expenses beyond reasonable or authorized amounts, that are not in accordance with the Company's regulations. Also clear guidelines for the procurement process and for making donations, both of which activities are required to be undertaken in a transparent and equitable manner as well as in full accordance with all the relevant applicable laws and regulations, and established Company procedures.

As such, the Company has communicated these established rules and regulations relating to the activities of the Company to all Members of the Executive/Management group, so that they can also be informed to every employee - especially sales representatives and Field Staff - for their written acknowledgement and confirmation of their agreement to strictly observe these established practices in a correct manner.

Receiving Information and Complaints from Informants (or Whistle-Blowers)

The Company has assigned a Member of the Management to be responsible for directly receiving any information and complaints, together with a Joint Investigation Committee to assess and investigate the accuracy of any complaints in an equitable manner. Policies have also been established in regards to effective internal controls, together with a reporting process with full transparency and accountability, so that everyone can be confident that such investigations will be undertaken in an equitable manner. Additionally, various measures have been established to protect whistle-blowers/informants of any suspicious or alleged fraudulent acts - especially those informants or complainants, who are members of the Company's Staff, customers or persons assigned by the Company to investigate such possible incidents. This is so that such informants and other involved persons will be fully protected in accordance with applicable laws. Further, these measures have been included in the both the Company's Policies on Good Corporate Governance and the Company's Whistle-Blower Policy

In the event that any of the various Stakeholder groups have any suspicions or is aware of any possible or alleged irregular or illegal acts of misconducts, that are considered not to be in accordance with applicable laws, regulations or established Code of Good Business Conducts and Ethics of the Company, then they can submit such information or complaints, together with full supporting details or evidence, to the Company's Joint Investigation Committee to investigate and establish the truth in a fair manner. This Joint Investigation Committee will then investigate and assess the truth, as well as summarize its findings that will be then be submitted to the Company's Management for consideration and further action.

Such information and complaints should be sent to these contact details:

Join Committee for Investigation of the Company (to establish the true facts in a fair manner)

Singer Thailand Pcl. Post Office Box 17, Bangrak Post Office Bangrak, Bangkok 10500 e-mail: amnesty@singerthai.co.th

As such, during the previous year, the Company has received no disputes, issues, or information of any significance, from any Stakeholder groups

Principle - 6 Risk Management System and Appropriate Internal Controls

The Company attaches importance to the internal controls system at the management and the operational level. As such, the Company has clearly determined, in writing, both the scope of responsibility and authority in overseeing the use of its assets so as to create maximum benefits. The Company has also determined separate approval responsibilities and authorities, and the recording of accounting transactions and operational data together with safe keeping of the Company's assets, in order to achieve an appropriate degree of the balance of power and system of checks and balances. Additionally, the Company has established internal controls with regards to the financial system, whereby a financial reporting system has been established for submitting to the responsible management of the respective business units. Despite the fact that, at present, the Company has an Internal Audit Unit, in order to have review effectiveness and associated special expertise, the Company has also engaged an external independent Internal Auditor to review the established internal controls of the Company for particular business units and to report the results of the audit activity directly to the Audit Committee.

The Company has determined goals and targets in conducting its business operations that are clear and measurable, against which the Management group compares the operating performance results regularly every month; whereby both internal and external risk factors impacting the Company's ongoing operations are also assessed together with analyzing the cause of such risk factors for determining measures to monitor and minimize those risks on a continuing basis, with progress reports to be submitted to the Board of Directors.

The Company has appointed the Risk Management Sub-Committee, with responsibilities for considering and assessing risk factors that may occur to impact the Company, as well as for recommending various measures to manage those risks so as to prevent any negative impacts on the Company's business

operations, together with overseeing and ensuring that risk management activities are undertaken in accordance with the established Company policies.

The Board of Directors attaches importance to anti-corruption practices, through having determined clear policies on this matter together with communicating them to all involved parties, so as to inform them and enable them to adhere to such policies. Policies regarding the ‘whistle blower’ program to submit complaints and information have also been determined, so as to be a mechanism in overseeing and ensuring that respective involved parties also act in accordance with all established policies relating to corporate governance practices

Principle - 7 Information Disclosures and Transparency

The Company has determined that the disclosure of any information and any communications be a core policy of the Company, whereby an Investor Relations and Corporate Communications Unit was established to represent the Company and to be central communications link between the Executive/Management Group in regards to disseminating and disclosing information. The Company also places importance on the disclosure of information, since it is an operational aspect with potential impact on the decisions made by investors and Stakeholders; thus it needs to be well-controlled through specific measures relating to disclosing both financial and non-financial information, in full compliance with the relevant applicable laws and regulations. Such disclosures should be made in comprehensive detail that are credible, timely and an adequate manner - both in Thai and English - through the SET Community Portal as well as the Company’s website, as well as in full compliance with the relevant applicable laws and regulations as specified by the SEC and SET or other involved Government agencies. Further, these applicable rules and regulations need to be constantly monitored for any current amendments, so as to ensure that the Company is always in compliance such applicable regulations, and to guarantee to Shareholders that the Company operates its business in a fully transparent and straight forward manner, namely:

1. Disclose financial and non-financial information in an accurate, comprehensive, and timely manner.
2. Prepare the Report of the Board of Directors’ Responsibilities for the Financial Statements for inclusion, together with the Auditor’s Report on the Company’s Annual Report in the Company’s Annual Report.
3. Determine policies relating to the required reporting by Directors and Members of Management regarding their vested interests, as well as those of any related parties connected with the interests of the Company and Subsidiary Companies, based on the following guidelines and procedures:
 - Report upon initially assuming the duties of a Board Director or a Member of the Management Group
 - Report whenever there is any change in the information or status relating to their vested interests
 - Report at the end of every year
 - Report upon the expiry of the term of office as a Board Director, and upon being reappointed for another consecutive term; but Board Directors need not submit a report if there are no changes in the status relating to any vested interests
 - Board Directors and Members of Management are required to submit such reports (on the status of their vested interests) to the Company Secretary, who will then submit a copy to the Chairman of the Board and the Chairman of the Audit Committee within 7 working days from receiving such reports; whereby the agenda item relating to such reports on vested interests must be included for consideration by the Board of Directors Meeting every Quarter.
4. Disclose the procedures for selecting and propose nominations of new Board Directors.

5. Disclose the duties and activities of the various Board Committees, together with number of times each Committee met together with the attendance record of each Member of each Board Committee during the year.
6. Disclose the structure and nature of the business operations, as well as the shareholdings in each Subsidiary and JV Company.
7. Disclose information relating to the remuneration for each Board Director, in their capacity as a Board Director and a Member of the various Board Committees.
8. Disclose the policy relating to the remuneration for Directors and Members of Management, with details regarding the various types of remuneration and benefits, together with the remuneration for Board Directors as Members of the various Board Committees.
9. Disclose policies relating to protecting or taking care of the environment and society, together with the outputs and achievements resulting from the actions undertaken in compliance with these policies.
10. Report on the policies and practices relating to good corporate governance, together with the outputs and achievements resulting from the actions undertaken in compliance with these policies.
11. Disclose investments in any important projects together with the results of such investments; whereby such disclosures are made via the SET Community Portal and posted on the Company website, so that all Shareholders, investors, the press and media, and any involved parties are fully informed in an accurate, comprehensive and transparent manner in accordance with the Company's policy of giving great importance to full disclosures of information and transparency,

which is a key factor in the overall operations of the Company.

As a result of the Company placing great importance on information disclosures and transparency, that is a key factor in the conduct of its businesses, Singer Thailand Pcl. received the SET Awards for SET "Best Investor Relations Awards" for 2011 and 2012" for two consecutive years; while in 2016 the Company also received the "SET Outstanding Investor Relations Award" at the SET Awards ceremony in 2016.

The Investor Relations and Corporate Communications Department of the Company has undertaken activities relating to contacting, informing and communicating with institutional investors, general investors, and Shareholders, together with securities analysts and involved Government agencies on an equal and equitable basis. Shareholders who wish to contact the Investor Relations Unit for further information can do so directly via email at chank@singerthai.co.th or by telephone at 0-2352-4777 Ext: 4727.

During 2018, various activities were undertaken whereby the CEO, Director/Chief Financial Officer regularly met with various individual or institutional investors and securities analysts, in order to make presentations regarding the financial status of the Company and the Management Discussion & Analysis (MD&A); as well as participated in the SET Opportunity Day for investors to present the Company's operating performance results of overview for the future operating trends of the Company; with details as follows:

- Investors related activities and meetings involving the CEO and individual investors, in order to make a presentation and create a better understanding of the business trends and overall operating activities of the Company.
- Various company visits by and regular meetings or conference calls with securities analysts and investors - via email or telephone - in order to directly answer any questions.

Principle - 8 Support the participation of and communications with Shareholders

The Company recognizes and attaches importance to the various basic rights of its Shareholders; such as: the right to buy/sell and transfer shares of the Company; the right to share in the profits of the Company; the right to receive adequate and sufficient information and news about the Company's business operations; and the right to attend the Shareholders Meetings, so as to exercise their right to vote on the appointment of Board Directors and the engagement of the external auditor, and on any matters that will have an impact on the Company - eg: appropriation and allocation of dividend payments, determining or amending the Regulations as well as the Articles of Association of the Company, and the reduction or increase in the Company's registered capital.

The Company has a policy not to undertake any actions that either violates or restricts the rights of Shareholders. In addition to the basic Shareholders rights as mentioned above, the Company also gives importance to the right of Shareholders to receive information about the Company that is accurate, comprehensive and adequate as well as in a timely manner and on an equal basis. This is in order to enable Shareholders decisions to be made on any matter. As such, the Board of Directors has determined the following policies:

- 1) To hold Shareholders Meetings, so as to be an opportunity for Shareholders to consider important matters in accordance with the applicable laws or matters that may have an impact on the Company's ongoing business operations.
- 2) To arrange the distribution of the Notice of the Shareholders Meeting together with relevant supporting documents to all Shareholders in advance prior to the Meeting in the timeline as specified by the law or applicable regulations, so that Shareholders will have the opportunity to completely study the information prior to attending the Meeting. The Company also allows the opportunity for Shareholders to submit questions in advance prior to the Meeting, through determining

the applicable criteria and regulations in being able to submit questions in advance; whereby these are communicated to Shareholders on the Company's website, and the Company will compile the important questions received for consideration at the subsequent Meeting accordingly.

- 3) To allow Minority Shareholders to submit names of qualified persons for consideration to be elected as a Board Director of the Company, or to submit, in advance, additional Agenda Items for possible consideration at the next Shareholders Meeting. As such, the associated criteria and regulations have been clearly determined and informed to Shareholders in advance. Further, the Company will inform the Shareholders reasons for not including those Agenda Items submitted for consideration at the subsequent Shareholders Meeting.
- 4) In the event that any Shareholder cannot attend the Shareholders Meeting in person, the Company facilitates such Shareholders to appoint an authorized proxy; or the Company designates at least 1 specific Independent Director to be appointed as an authorized proxy in attending and voting at the Shareholders meeting on behalf of the Shareholder. As such, the name(s) of such designated Independent Director(s) will be informed to the Shareholder in the Notice of the Shareholders Meeting.
- 5) The Company also issues the Notice of the Shareholders Meeting, together with supporting documents, in English for distribution to foreign Shareholders.
- 6) The Company arranges to disseminate the Notice of the Shareholders Meeting on the Company's website at least 28 days in advance prior to the scheduled date of the Meeting, so that Shareholders can easily and conveniently download the complete set of information and associated regulations themselves.

- 7) The Company provides various conveniences and services, in regard to the appropriate venue and timing in attending the Shareholders Meeting, to all Shareholders on an equal basis.
- 8) With regards to the Shareholders Meeting, it will be conducted in accordance with the law and regulations of the Company, through considering and voting for the various Agenda Items in the same order as was announced, without any changes being made to the relevant significant information or any additions being made to the Agenda Items to be considered. Shareholders will have the right, on an equal basis, to ask questions or to express any opinions and to make any suggestions.
- 9) Voting ballots will be used for registering Shareholders votes on any important Agenda Items; whereby independent parties - such as: the external auditor and the legal advisor - will be appointed to monitor and oversee the voting process at the Shareholders Meeting.

- 10) The Company encourages all Board Directors and involved Members of the Management group to attend the Shareholders Meeting, so as to be able to respond to any relevant questions from Shareholders together.

Minutes of the Shareholders Meeting will be recorded in an accurate and comprehensive manner as well as the names of all Board Directors and Members of the Management group, who attended the Shareholders Meeting, the voting and voting counting process, and the resolution of the Shareholders Meeting and associated vote count, together with the various important questions asked and opinions expressed. This is so that Shareholders can review the Minutes; whereby it must be completed within 14 days from the date of the Shareholders Meeting. Additionally, the Company will arrange to have a VDO recording made of the Shareholders Meeting, which is to be kept for future reference. Further, the Company will send the Minutes of the Shareholders Meeting to the SET or other involved party within the specified timeframe, as well as communicate and disseminate these Minutes on the Company's website for informing to and reviewing by Shareholders.



Corporate Social Responsibility (CSR)

Policies and Guidelines for Corporate Social Responsibility

1. Conducting business in a just and equitable manner

To achieve just and equitable business operations, Singer Thailand Pcl., and its Subsidiary Companies have determined a core strategy of giving great importance to the rights of all Stakeholders, regardless of whether they are internal (ie: Staff and Members of Management) or external (ie: customers, creditors, and Government agencies or other involved organizations, including local communities, society as a whole, and the environment). This just and equitable way of conducting its businesses is not limited to what is required by law but also includes those actions that will not infringe upon or violate the basic rights of all these Stakeholder groups; whereby the following operating good business conduct and ethics have been defined as below :

- **Policies and responsibilities towards Shareholders**

1. Establishing a policy framework for good corporate governance principles and practices, in order to enhance full transparency towards as well as trust among Shareholders, investors, and all other Stakeholders, through having in place policies and directions relating to the Company's business operations and activities, together with giving great importance to having in place specific internal controls and audit systems. This is to effectively monitor and ensure that the Management Group fully complies with agreed internal policies and strategies for the overall benefit of the Shareholders.
2. Respecting the basic rights of all its Shareholders to receive, on a equal basis, all necessary and relevant information to facilitate an assessment of the Company operations, as well as making full disclosures on the Company's performance results and financial status together with detailed supporting information/documents as required by the rules and regulations of the SEC and SET.

3. Having in place effective systems and procedures, to ensure that every single Shareholder will receive the same equal treatment during Shareholders Meetings.

- **Guidelines relating to "Conflict of Interests" situations**

1. In their dealings with customers or other outside parties, all Staff are required to avoid any possible situations of conflict between to their own personal interests and those of the Company.
2. All Staff are required to be fully committed in devoting their time and efforts towards the activities of the Company. In the event that they need to have to take on any additional work outside the normal working hours (in order to increase their personal income or for whatever reason), the following guidelines must be observed :
 - it must not affect or impact their assigned role or responsibilities within the Company,
 - it must not be illegal; or cause any conflict or unrest; or be against normal moral, culture and good behavior of a Thai citizen,
 - it must not result in any negative impact on the good name or reputation of the Company,
 - it must not be in conflict with the business activities and interests of the Company, and
 - it must not involve the misuse use of any confidential information of the Company.

2. Anti-Corruption

The Company has determined its anti-corruption policy in the Handbook for the Management Group, the Code of Good Business Conduct and Ethics and in the Zero Tolerance Policies, as well as has joined in declaring its anti-corruption stance with the Private Sector Collective Coalition Against Corruption (CAC) as organized by the IOD, and has received full formal CAC certification.

3. Respect for Human Rights

Basic human rights are entitled by everyone and includes: the right to be happy as a human being and a part of society, together with the right to be treated with dignity and respect. The respect for these basic rights is the basis for a stable and peaceful society.

Singer Thailand Pcl. and its Subsidiary Companies, therefore, gives great importance to the respect for these basic human rights and recognizes the great value of its human resources; as well as wishes to all its Staff to feel proud of the Company. As such, the Company promotes a positive collaborative working environment, together with offers opportunities for all its Staff to advance in their respective career path on an equal basis; whereby all Staff members through the organization will be supported to develop through enhancing their knowledge and abilities equally and on continuous basis, in order to add value to the business that will enable the Company to be a leading business organization, within the following framework for the development of its human resources:

- **Equal treatment and opportunities for advancement**

1. Treating all employees alike and equally with respect for their dignity and value as a human being.
2. Recruiting and selecting capable people to operate our businesses, based on the required benefits and achievements of the Company, in a just and equal manner; as well as based on the needs of the Company's operations. This will facilitate acquiring 'good and capable' people, who share the same mindset that corresponds to business and cultural orientation of the Company, through taking into consideration, the required qualifications, education, experiences and other criteria for each position without any restrictions with regard to gender, age, race, nationality, religious beliefs, or personal relationships.
3. Determine and implement an employee's compensation plans as appropriate to the

individual's capabilities, together with a welfare and benefits package for the Staff member and their family, that corresponds to the current economic situation; as well as determine annual increases for the overall compensation plans, based on the Company's overall performance results and the individual employee's efforts, industriousness and contribution during the past year.

4. Encourage and promote continuous development of the Staff's knowledge and capabilities, including their basic business skills, management skills, and ability to effectively carry out their assigned responsibilities; whereby support is given by the Company in terms of training budgets and time-off allowed to be able participate in various development programs on a continuing basis. This is so that all Staff and employees have the same opportunities for self-development and improvement of their skills and capabilities, as well as to facilitate their career advancement, and to develop the Company's human resources to be good people with the right attitude and be knowledgeable in their work.
5. Continuously promote and enhance good internal communications to facilitate good relations and effective cooperation among all employees in the work place.
6. Promote and create an open environment, in which Staff member has the opportunity to communicate freely and submit any suggestions concerning work together with any complaints or issues regarding their working conditions and welfare through a Company Staff Welfare Committee. All suggestions and complaints will then receive full and serious consideration, and receive an appropriate response, in order benefit all parties and enhance good internal cooperation and working relationships.
7. Promote and offer opportunities for the Staff, at every level, to be able to participate in overseas

work-related training or field trips, in order to open up their minds to new ideas and expose them to new experiences, which they can then apply in their own work upon returning home.

- **Infringements and Violation**

1. All Managers and Supervisors should show the proper respect towards their Subordinates; and all Subordinates should act in the same manner towards their Superiors/Managers
2. Every Staff member must not express anything or act in any way that will infringe or violate upon the basic individual rights of others in terms of race, nationality or religious beliefs, as well as any physical or mental disabilities.

4. Equitable Treatment for all Workers

The Company values and believes in the power or ability of its human resources, which are vitally important in effectively driving the organization towards the realization of its vision and achievement of its mission in accordance with agreed business strategies. Thus, the Company strives to recruit and select new hires possessing the knowledge, capability, attitude and mindset, and full willingness to join and work for the Company. At the same time, the Company also strives to retain its existing employees through continuous development of their knowledge, skills and capabilities, so that they can to achieve good team work and assist each other as needed. Additionally, the Company strives to build up mutually solid working relationships and bonds that will enable the Company to more effectively and efficiently achieve its business goals and objectives. Most important of all, the Company continuously strives to create a positive and happy working environment, with all employees liking each other and feeling proud to be a part of the organization.

- **Management of compensation/remuneration schemes and employee welfare**

The Company believes in having an equitable compensation policy to facilitate a good and happy living standards that are appropriate to the current costs of living, as well as in providing financial assistance or support and

various other employee welfare benefits (such as providing staff uniforms, annual health check-ups, and annual staff trips etc.). The Company also believes in encouraging all employees to be happy at work and have a good balance between their work life and personal life, based on the principles of economic self-sufficiency.

- **Individual rights and freedom of choice of employees**

The Company gives great importance to the protection and preservation of human self-dignity and of individual rights and freedom of choice, through addressing and incorporating measures to prevent any such potential infringements of individual rights as an integral part of the Company's core operating procedures, and to ensure equal treatment for all employees. All Singer staff have the opportunity to submit any complaints or personnel management issues to their supervisors/managers, with 'suggestion boxes' being made available and located throughout the Company facilities for any employee to submit any such suggestions or observations and comments as well as any complaints and issues, or requests. The Company Staff Welfare Committee will then seriously consider such all inputs and then, at every monthly Management - Staff meetings, will make their recommendations to the Management as to the appropriate responses and feedback to be made and/or actions to be taken.

- **Development of staff potential**

The Company has established various procedures and systems relating to the continuous development of the potential of its employees at every level including formal training programs, Staff coaching, on the job training and mentoring, so that every employee is able to become more effective in their work and be a positive part of the organization.

- **Active participation in creative activities to benefit society and local communities**

The Company encourages all employees to be actively involved in various CSR-related programs and activities that will benefit society, the community and the environment .Through its CSR policies, each and every business unit and branch of the Company should actively participate in

undertaking good deed to give back to as well as help society and various communities-both at the national and local levels in which the Company operates. As such, the ‘CSR Club’ has been established through the joint cooperation among all employees and Staff Members, who volunteer to undertake activities that will positively benefit society and the environment.

5. Being Responsible towards Consumers and Business Partners

Apart from complying with all legal requirements relating to the treatment of consumers, Singer Thailand Pcl. and its Subsidiary Companies also have policies in place requiring all Staff members to apply good business conducts and ethics in their interactions with and towards both consumers and business partners, as follows:

- **Consumers**

1. Always be committed and strive to strictly adhere to any business terms and conditions as agreed with customers; and act in a just and credible manner.
2. Always be committed and strive to disclose all relevant information accurately and completely as well as in a timely manner; and continuously endeavor to promote a positive customer relationships.

- **Business Partners/Contractual Parties**

1. Always strive to source both products and services with high standards of quality, within a framework of equal information disclosures in a competitive manner; as well as use clear and transparent procedures in choosing to deal with any business partners and/or contractual parties. Make use of appropriate contractual agreement formats; as well as manage and monitor the established agreements to ensure full compliance to all agreed terms and condition. Prevent and avoid making use of any corrupt business practices or misconducts in all stages of the sourcing and procurement process; as well as undertake timely payments

strictly in accordance with the agreed terms and conditions.

2. Always strive to continuously develop and maintain positive and sustainable relationships with all business partners and contractual parties, based on clearly established mutual trust and agreed requirements in terms of supplying products/ services of the highest standard of quality as appropriate to the agreed pricing and/ or technical specifications.
3. All employees are strictly prohibited from receiving any “benefits” in any form whatsoever from any business partners and/or contractual parties.

6. Joint Development of Society and Local Communities

The Company always recognizes and is mindful of the great importance of operating its business based on the highest ethical and moral business standards; as well as believes in looking after and helping to create a good Thai society in a positive manner and on a sustainable basis. As such, the Company believes that effective vocational development and training of Thai society are vital as well as basic grass root requirements of society as a whole. Thus, the Company continuously develops and promotes vocational training programs for students, young people and housewives together with female prison inmates, whereby these activities form the basis for the various “creating vocations and jobs” projects undertaken by the Company in close cooperation with various Government agencies and other private organizations that create jobs and livelihoods.

7. Managing the Environment

The Company realizes the great importance of efficient use of energy and energy conservation together with protecting the environment; and thus promotes the use of energy-efficient electrical appliances, which is a one of the Company’s CSR practices. The Company has continuously developed appliances that are energy-efficient, bearing the official “No 5” Energy-Efficient label. Furthermore, Singer produces refrigerators that use non-CFC coolants that do not destroy or damage the

environment and the ozone layer - namely: C- Pentane, that has a ozone layer destruction rating of 'zero'.

Since the Company does not have any manufacturing operations or facilities, but sources its products and appliances from Original Equipment Manufacturers (OEM), who have quality production processes as well as avoid buying from low quality manufacturers; whereby the Company has a special Quality Assurance team, responsibly for selecting and sourcing products and appliances that are of the required quality standards. The Company also has a policy to select and source from those manufacturers who pay attention to environmental impact and related issues.

The Company also emphasizes and focuses on only operating its business with high quality standards for the overall and ongoing benefits of society and the consumers on a continuous basis. Further, the Company encourages its employees to recycle and reuse printing paper, as well as separates out its garbage and reuses its packaging materials.

8. Being Innovative and Spreading Innovative Ideas in conducting the Company's Business, through Respect for Corporate Social Responsibilities, the Environment and All Stakeholders

Singer is the leading sewing machines manufacturer and supplier, with a long-standing and well-established reputation as well as in regards to new products development, innovation and designs. These products that are easy to use together with being of the highest quality and offer various outstanding features and specifications that meet all the expectations of those interested in sewing to produce well-made clothing items and accessories. Additionally, the Company also has well-experienced and capable sewing instructors to teach the art of sewing by using Singer sewing machines, who are readily available to actively participate, on a continuing basis, in skills training projects that will create new vocations for young people and housewives in local communities as well as for female prisons inmates.



Report on the Activities Relating to Corporate Social Responsibility

Ever since the start of our business and up to today, “Singer” has always sought to share both happiness and a sense of well-being to the Thai society; together with continually developing the quality of both our products and services, in order to achieve the highest level of excellence.

Part of the Company’s core mission is to raise the quality of life and standards of living of the Thai people, in order to achieve a happy society. Therefore, various projects and activities have been initiated for the overall benefit of both society and the environment under the theme of ‘Creative Sharing, based on established strong relationships with the communities, and focused on developing and growing as well as going forward together’. This is achieved through the creation of jobs and vocations for Thais, together with skills development for those living in local communities that will enable them to become our sales representatives, so that we can all fit in well together with the local way of life, local culture and customs; and to promote better livelihoods for members of local communities.



Currently, the Company has established a “CSR Club” to enable every employee to have the opportunity to participate in and contribute to various activities aimed at promoting and supporting society and the environment. The “CSR Club” logo that consists of a ‘large tree’ (representing the current large communities) that, through the collective care, support and actions by Singer staff in planting and nurturing (with good soil, fertilizers, together with constant watering and care) has grown

to be big and strong from a small seedling (or small community) that now bears fruit and is able to be self-sustaining. This is similar to the many local communities that, through the care and sustained support from Singer employees given to its people, development and the environment, have now become strong, self-sufficient and self-reliant to grow on a sustainable basis.

CSR - in process

This aspect of CSR involves the Company undertaking activities relating to its core business activities based on policies related to being responsible towards society as a whole. This includes not only looking after the interests of the key Stakeholders groups, (namely: Shareholders, Customers, Consumers, and Business Partners) in an appropriate and equitable manner, but also disclosing all relevant information with full transparency together with recognizing the importance of good governance policies and practices.

As for its Employees, the Company takes good care of all its Staff, through offering equitable and competitive compensation together with Staff welfare benefits and assistance that will afford them an appropriate and happy livelihood, as well as other various supporting financial assistance and loan schemes. Additionally, the Company also offers other benefits - such as, uniforms, annual health check-ups, and annual staff trips, etc., together with encouraging all staff to achieve a positive personal work-life balance, based on the principles of ‘sufficiency economy’. Further, to promote its Staff in developing a habit of saving money, the Company has joined the SET’s ‘Happy Money’ program, which is aimed at developing good financial discipline on the part of the Staff and guiding them on how to save and manage their own money and also their family’s finances more effectively, together with offering financial assistance and solutions to any financial problems.

Additionally, the Company encourages its Staff to contribute towards better energy savings together with having a more effective use of paper and paper materials, with the overall objective of being more energy and resources efficient. All staff are also encouraged to participate in various activities that will benefit society and the environment.

CSR-after-Process

CSR-outside of the business operations involves undertaking various activities that are ‘outside’ or not directly related to the Company’s core business activities, but relate to supporting and encouraging all Staff to participate in various activities undertaken for the direct benefit of society and the environment. As such, the Company has established policies requiring every business unit within the Company, including its nation-wide branch outlets network, to join and participate together in projects that will benefit and help repay communities - both at the local and national level - in which they are located, through undertaking various types of projects specifically related to these 5 key social activities:

1. Support and promote the development of local children and young people.
2. Promote religion, culture, customs, and family life.
3. Offer assistance and relief to communities affected or damaged by any natural disasters.
4. Promote the improvement of the quality of life of people living in local communities.
5. Develop communities and society as a whole.

1. Support for and Promotion of the Development of Local Children and Young People

The Company has focused on activities relating to the development of and support for the education of disadvantaged children and young people, so that they will have the opportunity for further education together with further development and being instilled with a positive mindfulness and attitude towards society. The Company has supported development programs for disadvantaged children and young people, through working together with local communities to enable them to participate in various activities aimed at instilling an awareness for and at adapting various ways of life in preserving the surrounding natural resources that will correspond to their basic way of living and local Thai ways of life. The Company has also supported and promoted activities aimed spreading education and at reducing the disparity between the social life of developed municipalities and that of local communities.

During 2018, the Company undertook various activities

with regards to the development of children and young people as follows:

1. Joined in donating various goods and items on the National Children’s Day 2018
2. Donated products and money to various social welfare organizations and foundations
3. Undertook various activities to create jobs and vocations for young people at the Judicial Hospital, Phutthamonthon, Nakhon Pathom Province, and at the Chulamani SiSaket Vocational College, Kanthararom, Sisaket Province.



Undertook various activities to create jobs and vocations for young people at the Judicial Hospital





2. Promotion of Religious Beliefs, Local Customs and Cultures, and the Family Unit

The Company participated in various religious activities, so that the staff can have a central and common activity for achieving positive spiritual unity within the organization together with being able to celebrate and continue preserving the long-observed traditional customs and cultures of the Thai people such as: the Songkran Festival and various other religious or Buddhist Holidays and activities, that have been handed down through many generations to the present day; namely: the Loy Krathong Festival, Offering candles to temples

during Buddhist Lent; the Tod Katin Festival - as well as also undertook various other activities aimed at strengthening the family unit and family life, as follows:

1. Festival to make monks robes for the rainy season, to be offered to monks at temples during Buddhist Lent
2. Volunteering to clean up the temple at Wat Muang Khae, Bangrak, Bangkok, on the occasion of the 66th the birthday of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun
3. Offering monks robes and donated money for school, at the Wangkonhau School, Lhomkao, Phetchabun Province.

3. Offer of Social Assistance and Relief to the Victims of Natural Disasters.

The Company has always been concerned about society, as well as has actively participated, on a continuous basis, in providing assistance and relief to victims of natural disasters or any major disasters affecting a large number of people - such as: fires, wind storms and typhoons, and floods or other types of public disasters - that resulted in extensive destruction of and damages to people's lives, homes and belongings; whether it is through donating money or giving various needed goods and items.

4. Development of the Quality of Life of People in Local Communities

The Company has continuously participated in projects aimed at promoting the development and improvement of the quality of life of people living in local communities on a long term basis, through creating jobs and vocations, so that people in these communities will have work together with a comfortable and improved livelihood without having to migrate to work in urban centers; as well as through recruiting local people to be hired as employees at its local branch outlets. Additionally, through developing and offering various new business-generating products that are affordable and will enable owners to generate income and operate a small business - such as: coolers and freezers, various types of vending machines (ie; airtime vending machines, petrol vending machines, and various payments machines for consumers services), the Company has

helped to create local jobs and small business opportunities within local communities, together with being easily accessible to them by being sold at affordable prices.

5. Development of Local Communities and Society

The Company recognizes the importance of conducting our businesses based on good, virtuous and moral ethics coupled with, most importantly, taking care of, helping and collaborating to create a positive Thai society in a sustainable manner; and, thus, believes that vocational training of people within Thai society is a vital foundation for the ongoing development of society. As such, the Company has participated, on a continuous basis, in developing, promoting and supporting vocational training activities for students, young people and groups of housewives together with female prison inmates, whereby up to now, as a result of collaboration between the Company and various Public and Private Sector organizations to create jobs and vocations, this has created various new vocational programs, jobs and vocations as follows;

1. Prisons-related training undertaken during 2018 are as follows:

- Khonkaen Central Prison, Khon Kaen Province
- Narathiwat Provincial Prison, Narathiwat Province

In undertaking various projects and activities to create jobs and vocations for female prisoners, the Company joined the Royal Initiated 'Kamlang Jai Project', graciously undertaken by HRH Princess Bjarakitiyabha, that is aimed at helping those in Thai society requiring opportunities in new vocations and skills. Starting with pregnant female prisoners, HRH Princess Bjarakitiyabha graciously offered help and donated her personal funds, in cooperation with the Nursing Vocational School of the Thai Red Cross and the Department of Corrections, for various projects and activities to be undertaken to improve the lives of these female inmates as well as to teach them about health and improved hygiene; whereby these projects have fully achieved their intended objectives.

Based on this success, HRH Princess Bjarakitiyabha graciously saw the opportunity to widen the scope of these

assistance projects to include other needy groups; whereby HRH Princess Bjarakitiyabha requested the support of the Ministry of Justice to promote these projects together with its goals and successful outcomes to other groups on a wider scale. While still focusing on female prisoners, the objective of these Royal initiated projects were widened to include vocational training in various fields, so that the female inmates can have a better chance of successfully rehabilitating into society after their release from prison and of avoiding repeating their crimes.

The Company saw the importance of such projects aimed at creating vocations and jobs as well as at offering new opportunities for the recipients to teach themselves about sewing and producing articles of clothing or other products. As such, the Company sent in experienced trainers and skilled staff to train female inmates on sewing techniques and on how to make articles of clothing; and, thereby, creating new vocations and skills that they can use in order to have independent jobs as useful citizens after being release and rehabilitated into society outside of prison. Service technicians were also sent into the prisons to check, service and repair old sewing machines, so that they can become fully productive and usable again. These activities by the Company have resulted in much happiness and appreciation from all those involved.

2. Activities undertaken to help groups of housewives and people in local communities during 2018 are as follows:

- Group of Housewives of the Baan Nongtae, Nong Sung, Mukdahan Province
3. Joined in merit making and donating money to purchase equipment for use in public health related activities undertaken by the Community Volunteer Group in visiting sick people within the community.
4. Undertaking activities for the benefit of disabled persons during 2018:
- Vocation Development Center for Disabled Persons, Pakkred, Nonthaburi

In creating new opportunities through taking care, rehabilitating and developing new skills for the disadvantaged, the disabled and those with very low income potential together

with providing new skills and vocational training so that they will then be able to develop themselves and lead normal lives with pride; the Company also sent in skilled instructors and their staff, who have the experience and expertise in designing, sewing and decorating articles of clothing and other products, to train these groups of people in such skills. This is so that they will be able to design and produce various items that can then be sold as OTOP products to various Government agencies, which will then create new sources of steady income for these groups of disadvantaged people and disabled persons.

In this regard, the Company collaborated with the Vocation Development Center for the Disabled, Amphur Pakkred, Nonthaburi Province in undertaking various activities to promote disabled persons to work in some business units within the Company. As such, disabled persons were taken in as employees of the Company, whereby, at present, there is a total of 19 disabled persons working in the CSR Activities Unit of the Company and being responsible for sewing articles of clothing or other products, that are then used as souvenirs or gifts items from the Company to be given on the various annual festivities and, in the future, also to be used as gift items for sale sold. This will then result in additional steady income for the group of disabled persons as well as in making their lives to be better and more stable.

Additionally, the Company is a well-known leading sewing machine company, with a long standing positive reputation for its creative innovation in their development and design together with for launching new sewing machine products. Such new products are easy to use and are of good quality, as well as have many various unique product features that address the varying needs of its customers, who are keen on producing intricate designs for various clothing articles and decorative products. Furthermore, the Company has instructors and experienced specialists and skill trainers to train others on sewing techniques and on how to make various items of clothing with Singer sewing machines; whereby the Company is always ready to collaborate in providing, on a continuous basis, its skilled instructors to various jobs and vocations creation programs for young people and groups of housewives as well as female prison inmates.

Therefore, should any schools or educational institutions or any organizations and agencies, in both the Public and Private sectors, be interested in jointly undertaking programs or activities aimed at creating new jobs and vocations - so as to develop new or increasing skills and potential capabilities for young people or housewives together with the disabled or the disadvantaged, who have been ignored or are without the opportunity to be have jobs, so that they will then have a steady income together with being able to become self-sufficient and to look after their families without being a burden to society; as well as so as that local communities can be further developed and strengthened - the Company will be pleased and is always prepared to collaborate together in helping society as a whole. As such, please contact us at Singer Thailand Pcl.;

Telephone: 66-2352-4777 Ext. 4202;

or via E-mail: pansamaneep@singerthai.co.th

Preventing involvement in any acts of corruption

Singer Thailand Pcl. and its Subsidiary Companies has established policies and associated operating guidelines relating to preventing involvement with any acts of corruption; whereby guidelines that correspond to the established Anti-Corruption Policy are applicable for Singer's Board Directors, the Executives/Management Group and all Staff. This Anti-Corruption Policy has been compiled and incorporates various operating guidelines relating to possible means that could be used for preventing acts of corruption, the Whistle-Blower Program, Training and Communications Channels related activities, and Disclosures of Information to external parties, as well as Reporting and Operations Audit procedures. This is in order to ensure that the Management Group and all Staff can undertake their job responsibilities in a correct manner and appropriate to various situations.

As such, the Company has joined in declaring its anti-corruption stance with the Thailand Private Sector Collective Coalition Against Corruption (CAC), whereby at the CAC Committee meeting for Q4/2015, on 22 January 2016, a resolution was approved to recognize and grant formal CAC Certification to the Singer Thailand Pcl. as a full CAC Member, which is valid for a period of 3 years effective from the date the resolution was approved.

The Company's activities aimed at preventing involvement with any acts of corruption are as follows:

1. All Staff are required to act in an honest manner, with integrity and good morals standards, as well as be committed to behaving with good professional business ethics; whereby the Company will instill these positive behaviors in all newly hired employees.
2. Undertake an assessment of the various risks related to corruption on a regular basis together with the annual risks assessment activities.
3. The Company has determined the Anti-Corruption Policy, together with associated strict penalties to be imposed on anyone caught in being involved with any acts of corruption.
4. Undertake various associated training programs and courses as well as communications activities, so that all Members of the Management Group and Staff can be made aware of the established Anti-

Corruption Policy, together with undertaking an orientation program for newly hired employees so that all new staff members can fully understand the various anti-corruption measures.

5. Establish various channels of communications for use in submitting complaints and providing confidential information, by informants/whistle-blowers, on any alleged acts of corruption from any Staff Member or outside persons; whereby any information received will be investigated to find the true facts as well as all details of the informant/whistle-blower will be kept confidential.

As such, details of this policy are officially disclosed and posted on the Company's website, so that every person or party involved with the Company will be aware of the Company's Anti-Corruption Policy, details of which can be viewed at : http://www.singerthai.co.th/newweb/about/zero_tolerance_policies2.php



Internal Controls and Risk Management

The Board of Directors of the Company has established the Audit Committee, comprising of 3 Independent Directors, who possess the required qualifications as specified by the Stock Exchange of Thailand (SET). The Audit Committee is responsible for reviewing all financial reports of the Company, to ensure that they are accurate, correct and credible, as well as disclose the required information in an adequate manner together with being in full compliance with all applicable laws and regulations.

The Audit Committee is also responsible for reviewing that the Company has in place effective and adequate internal control procedures, and ensuring that the Internal Audit Department reports directly to the Audit Committee and the Chief Executive Officer. The Audit Committee has appointed Miss Kanokwan Bupphawed as the Internal Audit Manager, whereby he possesses all the required qualifications and professional experiences (as stated in detail in Management Profile: Details of the qualifications of the Internal Audit Manager); and, thus, the Committee is of the opinion that Miss Kanokwan Bupphawed is appropriately qualified to be appointed to this position and can effectively carry out the required duties and responsibilities. Further, in the event of any future appointment, dismissal or transfer of the Internal Audit Manager, approval from the Audit Committee is required.

At the Audit Committee Meeting No.1/2019, on 21 February, 2019, that was attended by all the 3 Independent Directors who are also Members of the Committee, a review and assessment was made of the existing internal controls system of the Company, through asking specific questions from the participating members of the Management and the external Auditors. From this thorough assessment of the 5 core components of the internal controls system, namely: internal control procedures within the organization, risks assessment and operational oversight and audit, together with information technology and communications systems, and monitoring procedures and systems, the Audit Committee concluded that the existing system of internal controls is adequate, and that the Company has assigned sufficient number of people to effectively undertake these responsibilities. It was also concluded that the monitoring procedures within the overall

internal controls system relating to the operations oversight of the Company and Subsidiary Companies, are already adequate in being able to protect the assets of the Company and Subsidiary Companies through being inappropriately misused by Directors and the Executive/Management in undertaking activities that are beyond scope of their scope authority as well as in regards to undertaking transactions with any related party that may have a conflict of interests.

With regard to other key aspects of internal control procedures, the Audit Committee is of the opinion that such procedures are also adequate; but also requested the Company to further develop the Enterprise Risk Management system (ERM). The Company has established the Risk Management Committee (RMC), responsible for assessing the internal controls system as well as for overseeing the overall management of risks within the organization. The RMC the various Heads of Departments as the 'risk owners' to be responsible for identifying various possible risks within their respective Departments; whereby such perceived risks would then be reported to the RMC for further consideration to determine appropriate risk management measures and then to propose to the Audit Committee for acknowledgement and consideration.

As such, the Audit Committee has attached much importance to the fraudulent accounts that has occurred, and has assigned the Company's external auditors to review and submit an in-depth report of the associated details at their Quarterly review meetings. The Committee has also assigning the Internal Auditor and the Risk Management Manager to closely monitor details of such fraudulent accounts and submit a detailed report, to the Audit Committee meetings every Quarter, of the actual facts, reasons for their occurrence and the various resultant impacts together with possible means to solve this key issue.

Additionally, the Company's external auditor, namely: KPMG Phoomchai Audit Ltd., responsible for reviewing and auditing the Company's Quarterly and Annual Financial Statements in 2018, has given its opinions in its audit report on the respective Consolidated Financial Statements of the Company and Subsidiary Companies and those for the Company only, ending as at 31 December 2018; whereby the report also

discloses both the consolidated financial status of the Group of Companies and that of the Company only, as well as the consolidated operations performance results and that of the Company only together with the associated consolidated cash flows of the Group and those of the Company only ending as at the same date. As such, all these financial reports are accurate and correct with regards to any significant financial information, and have been prepared in accordance with the required financial reporting standards.

At the Board of Director Meeting No. 227, held on 21 February, 2019, which was also attended by the Audit Committee, the Board of Directors considered the Audit Committee Report, questioned the Management group on specific matters, as well as reviewed and assessed the adequacy of the internal controls system summarized in the Audit Committee Report - based on the Committee's thorough assessment and discussions at the Audit Committee Meeting No.1/2019 held on 21 February, 2019; and, as such, it was concluded that Board of Directors did not have any differences of opinion from those expressed and submitted by the Audit Committee in its Report to the Board.

Additionally, the Audit Committee also focused on the issue of corporate governance, so as to facilitate ongoing reviews of and continuing improvements to be made to the internal controls system, with the following details:

1. The Organization and the Operating Environment

The Company has created an organization structure that enables the effectiveness of both the Management group and the activities of the staff, through having clearly defined working objectives and measurable targets. The Company has determined these goal based on appropriately realistic achievable assumptions; and also defined a code of ethics in conducting its businesses together with comprehensive regulations for the Management group and Staff members relating to possible conflicts of interests with the Company's business, as well as operating policies and procedures relating to financial transactions, procurement, and general management and administration that are concise and appropriate. Additionally,

policies and business activities plans have been determined relating to the equitable treatment of customers that will benefit the Company in the longer term.

2. Risk Management

The Company has assessed various external and internal risks that may have adverse impacts on the Company's business operations, through taking into consideration both the opportunities and the potential gains to be achieve. It has also as closely monitored various situations on a regular basis so as to enable various appropriate counter measures and strategies to be determined, which have been communicated to the Management group and all staff for implementation and adherence, in order to reduce the perceived risks to an appropriate and acceptable level. As such, the Company has also established specific measures to effectively manage risks of losses relating to the Company's financing and hire purchase services, through establishing a credit approval center to approve credit to be given prior to a sale is made so as to prevent potential risks resulting from having poor credit quality customers, together with close monitoring of hire-purchase customers accounts, on a regular basis, that has resulted in the Company having a hire purchase customers base that is of a good quality.

3. Control and Oversight of the Activities of the Management Group

The Company has established the scope of authority and responsibility for the Management Group together with clearly defined and appropriate levels of approval authority, with specific financial limits. There is also a clearly defined separation of duties and responsibilities relating recording accounting transactions and other key information, together with the safekeeping and maintenance of Company assets. Other measures have also been established to effectively control the implementation of various transactions that involve the majority Shareholder, Directors, members of the Management group or other parties involved with these group of people, so as to prevent any conflict of interests situations from occurring, as well as to achieve full transparency in the Company's business operations through taking into consideration the best interests of and benefits for the Company.

4. Information Technology and Information Communications.

The Company attaches great importance to its information technology systems and information communications activities, so that the information communicated is of a good quality and adequate enough to enable decisions to be made by the Board of Directors, the Management Group, Shareholders and investors, as well as for other involved parties in their consideration and decision making process. Additionally, the Company makes use of accounting policies and practices that conform to generally accepted accounting standards and that are appropriate to the Company's business operations with full accountability; whereby such accounting and financial records are carefully maintained and securely kept as appropriate as well as can be easily audited.

Letters of Invitation to Board and Shareholders Meetings, together with all relevant supporting documents, information and the respective Minutes of the Board or Shareholders Meetings (as applicable) are sent out sufficiently and appropriately in advance, as required by law, before the next scheduled meeting, so that they can be reviewed by the Board Directors or Shareholders prior to the Meeting. Furthermore, the Company regularly releases important news or information, both externally and internally to all Staff, through multiple

channels of communications - such as, newspapers, in order to properly and clearly inform everyone about the Company's business activities.

5. Monitoring System and Procedures

The Board of Directors closely monitors the activities of the Management Group to assess whether, or not, they are in full accordance with established business objectives; and has also arranged for regular reviews and assessments to be made with regard to operational procedures and internal controls system, in order to ensure whether, or not, they are adequate and appropriate as well as are being fully adhered to. This is achieved through the activities of the Internal Audit Department, who will then report its findings directly to the Audit Committee, so that timely consideration and decisions can then be made in regards to rectifying any deficiencies; whereby those involved will then report on the outcome of such corrective actions within an appropriate timeframe.

Further, the Management Group is also the required to report, to the Board of Directors, any incidents of misconduct as well as any fraudulent, unlawful or suspicious activities that may have any negative impacts on the image, reputation and financial status of the Company.



Audit Committee Report - Full Year 2018

The Audit Committee of Singer Thailand Public Company Limited is comprised of 3 Independent Directors, who possess the required qualifications specified by the Stock Exchange of Thailand, together with the Secretary of the Committee as follows:

1. Mr. Lucksananoi Punkrasamee
Chairman of the Audit Committee
2. Mr. Preecha Prakobkit
Member of Audit Committee
3. Mr. Bibit Bijaisoradat
Member of Audit Committee
And Miss Kanokwan Bupphawed
Secretary of the Audit Committee

The Audit Committee has discharged its duties and responsibilities according to the Charter for the Audit Committee and as assigned by the Company's Board of Directors, in overseeing the preparation of the Company's Consolidated Financial Statements so as to ensure that they are prepared in accordance with accounting standards and practices that are appropriate to the business operations; as well as with reviewing that all the financial reports of the Company are correct, fully accurate, comprehensive and adequate with regards to the information disclosed.

The Audit Committee has also established a system of internal controls and associated procedures, together with appropriate internal audit functions, that are effective and appropriate as well as in accordance with the applicable securities and exchange laws with regards to sufficiently disclosing information as required. Furthermore, the Audit Committee has expressed its opinions regarding the consideration of the proposed appointment of the external Auditor of the Company, together with overseeing the Company in preparing reports on related party transactions for submitting to the Board of Directors every Quarter; and has undertaken other tasks as assigned by the Board.

As such, in all these activities, the Audit Committee has discharged its duties and responsibilities with full independence and without any restrictions on receiving the

required information; together with being fully committed to ensuring that the Company conducts its businesses in compliance with the principles and practices of good corporate governance - namely, undertaking various activities as assigned with full transparency, equitability, credibility and accountability; together with having in place an effective system of checks and balances, in order to achieve maximum benefits not only for the Shareholders but also for the Staff and all other involved parties.

During 2018, the Audit Committee held a total of 4 meetings with the Internal Auditor and the Company's external Auditor, from the audit firm of KPMG Phoomchai Audit Ltd., inviting Members of the Management Group to attend such meetings as appropriate to the agenda items being considered. Additionally, a separate meeting was held with the external Auditor but without any members of the Management Group being present, so as to enquire and discuss, in a fully independent manner, various matters relating to the financial reports and also to exchange various opinions as well as to provide beneficial recommendations regarding the analysis of the sources of information used in the Quarterly and Annual Consolidated Financial Statements for 2018. This is in order to ensure that all the financial reports are prepared in a correct and comprehensive manner, as well as that they adequately disclose all the required information and are not in breach of any applicable specified laws and regulations.

After each Audit Committee Meeting, the Audit Committee prepared a meeting report, recording the various issues discussed and activities undertaken by the Audit Committee; whereby a summary of the various matters and activities of any significant importance are summarized below:

- Reviewed the Consolidated Financial Statements for each Quarter and for the full year financial period for 2018, before submitting them, for consideration and approval, to the Company's Board of Directors.
- Reviewed the outcome of the Internal Audit Group's activities, and assessed the ongoing adequacy of the

existing system of internal controls and procedures compared to the current business environment.

- Encourage and pushed for the deployment of management guidelines based on the principles of “Three Lines of Defense”; which requires that both the Management and staff recognize and understand their respective roles, scope of authority, duties and responsibilities, whereby all the activities are interconnect between the operations group, the oversight and governance group and the audit and monitoring group. This is so that ti increase the effectiveness and productivity of the both the operations and governance activities.
- Monitored and followed up on the latest accounting standards and also the international standards for financial reporting applicable for the Company, together with the possible impacts for the Company’s Financial Statements. This is especially so with regards to the TFRS 9 relating to financial tools, to which the Company place much importance; whereby specialist advisors were engaged to set up a model for possible use by the Company and also for analyzing the possible impacts that may result from its implementation. This activity is estimated to be completed during Yr. 2020.
- Monitored and followed up on the operating activities undertaken by the Management Group, as stated in the Management Letter prepared by the external audit firm KPMG, with regards to the outcome of the audit of the various business operations of the Company in each year.
- Monitored and followed-up on the activities of the Internal Audit Group,; as well as provided various recommendations on how to improve and further develop existing internal audit procedures together with on the preparation of the Internal Audit Report, so that they will be more effective and correspond to the current businesses of the Company.
- Monitored the operating activities and results of both SG Capital Co., Ltd., and Singer Service Plus Co., Ltd., together with providing various recommendations.
- Monitored and followed up on the results of the internal audit activities, undertaken by an external specialist professional, with regards to personnel management, management of the payments cycle, management of the revenues cycle, products and warehouse management, and fixed assets management. As such, the outcome of the internal audit process did not find any issues of any significant importance, the risks reaing to those various processes were at a low level; whereby a recommendation was made for the Company to also give importance to the internal audit of the core business operations of the Company.
- Reviewed and monitored possible acts of fraud and corruption with regards to the field activities during 2018; as well as provided recommendations on internal controls procedures, so that they can be improved to prevent such acts that may be applicable to every possible situation.
- Reviewed the internal controls system and procedures, in order to determine appropriate working guidelines for effectively managing various risks that may occur for the organization, together with providing various suggestions on the selection of suitably qualified persons to be assigned with the responsibility for working in the respective functional risk management groups as appropriate.

The Audit Committee is of the same opinion as the external Auditor that the Consolidated Financial Statements of the Company, together with the information disclosures, are fully adequate and correct as required; and that they are in accordance with generally accepted accounting standards and practices. The Audit Committee is also of the opinion that the existing internal controls system and procedures of the

Company are appropriate for the current business operations of the Company; but they still need further improvements, so that the system of internal controls and procedures become more comprehensive and concise than currently. This is so that such procedures can be more effective in meeting the current economic situation that has not yet fully recovered; whereby there may be various associated risks for the Company. Further, no irregularities of any significant importance have been found with regards to the system of internal controls; and there has been appropriate compliance to all applicable laws, rules and regulations as specified by the involved regulatory authorities.

The Audit Committee has proposed to the Board of Directors to consider and submit, for consideration and final approval, to the next Annual Shareholders Meeting the proposed appointment of the Ms. Pantip Gulsantithamrong and/or other suitably qualified auditors, from the audit firm KPMG Phoomchai Audit Ltd., to be the authorized external Auditor of the Company for the financial year 2019.

On behalf of the Audit Committee



(Mr. Lucksananoi Punkrasamee)

Chairman of the Audit Committee

February 21, 2019



Related Party Transactions

This is a report of the various significant related party transactions as disclosed in the Notes No. 4 to the Financial Statements for the Year ended December 31, 2017 and the Financial Statements for the Year ended December 31, 2018.

Based on the opinions of the Board of Directors with regards these related party transactions, it can be summarised that those related party transactions between the Company and its Subsidiary Companies, as described in the respective Notes to the Financial Statements for the year ended December 31, 2017 and to the Financial Statements for the Year ended December 31, 2018, have been undertaken in a fair and reasonable manner; as well as that the Company has benefited from these related party transactions accordingly.

So as to achieve good corporate governance, the Company does not have a policy to undertake transactions that will result in any conflict of business interests, except for very special circumstances or where the Company will gain maximum or the most equitable benefits. As such, the Audit Committee will participate in the consideration of such transactions before submitting them to the Board of Directors and/or the Shareholders for final consideration and approval, as applicable, in accordance with the rules and regulations of the Stock Exchange of Thailand. With regards to related transactions in the future, the Company still has the policy to lend/borrow funds amongst the various companies within the Singer Group, in the event that it is necessary for the ongoing operations of the businesses; whereby the interest rate charged will be in accordance with the then current market rates.

Companies that may have a conflict of interests

Parties who may have a conflict of interests	Types of transactions and nature of the relationships
SG Capital Co, Ltd., (SGC), in which Singer Thailand Pcl., has a 99.99% equity	Undertakes a hire purchase business, through buying products from Singer Thailand and selling them to customers on a hire purchase basis, with the support of sales representatives from Singer Thailand in making the sales and collecting the loans installment repayments together with making recommendations about the product being sold to customers. As such, Singer Thailand is still able charge service fees as per the the signed services agreements. Furthermore, loans are obtained from Singer Thailand by SGC for its hire purchase loans business.
SG Service Plus Co., Ltd., (SGS), in which Singer Thailand Pcl., has a 99.88% equity	Provides services in installing air conditioners together with after sales maintenance services to customers, who have bought SINGER appliance from Singer Thailand, through charging a monthly after sales services fees.
SG Broker Co., Ltd., (SGB), in which Singer Thailand Pcl., has a 99.99% equity	Operates a business as a broker or direct sales agency for life insurance products for Muang Thai Life Insurance Pcl., through Singer Thailand's sales representatives. However, from 2011, a change was made to the sales model; whereby the sales representatives reported directly to Muang Thai Life Insurance Pcl. for the brokerage business, so as to be in accordance with the regulations of the Department of Insurance. As such, there have not been any reports of related transactions made thereafter.

The relationships with the Subsidiary Companies have been disclosed in the Notes No.13 to the Financial Statements; while the relationships between important Executives and other related parties or business entities are as follows:

Names of Company/Business	Established in/ Nationality	Nature of the Relationships
Jaymart Pcl.	Thailand/Thai	A Major Shareholder, with a 24.99% equity in the Company; and having Joint Board Directors
Jaymart Mobile Co., Ltd.	Thailand/Thai	A Subsidiary Company of a Major Shareholder
JMT Network Services Pcl.	Thailand/Thai	A Subsidiary Company of a Major Shareholder
JAS Asset Pcl.	Thailand/Thai	A Subsidiary Company of a Major Shareholder
J Fintech CO.,LTD	Thailand/Thai	A Subsidiary Company of a Major Shareholder
Beans&Brown Co., Ltd.	Thailand/Thai	A Subsidiary Company of a Major Shareholder
Cafe Supply Co., Ltd.	Thailand/Thai	A Subsidiary Company of a Major Shareholder
Jay Insurance Broker Co., Ltd.	Thailand/Thai	An indirect Subsidiary Company of a Major Shareholder
JP Insurance Pcl.	Thailand/Thai	Having joint Board Directors
Thai Samsung Electronics Co., Ltd.	Thailand/Thai	Having joint Board Directors until April 9, 2018
Important Executives		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 Group.

Policy on determining prices and terms and conditions for related party transactions

Policy on determining the prices used for the respective types of related party transactions undertaken between individuals and business entities are as follows:

Transactions	Pricing policies
Sales of goods	Market cash price
Service income	Percentage rate as agreed
Revenue from marketing support	Price as agreed
Revenue from sales of rights in receivable	Price as agreed
Commission income	Price as agreed
Purchase of goods	Market price
Purchase of equipment	Price as agreed
Cost of rendering of services	Fixed price determine by product
Management fee income	15% of income and service cost plus margin Price as agreed
Management fee	Price as agreed

Transactions	Pricing policies
Dividend income	Upon declaration
Debt collecting fee	Percentage rate of debt collection
Interest income	Average funding cost
Interest expense	Average funding cost
Other income	Price as agreed
Other expense	Price as agreed

Significant agreements with related parties

Business transfer agreement

On 14 December 2012, the Company entered into business transfer agreement with SG Capital Co, Ltd., under which the Company agreed to transfer the business operation for hire-purchase of products to SG Capital Co, Ltd., on 31 December 2012. And SG Capital Co, Ltd., agreed to acquire the certain business operation on the terms and conditions as described in the agreement.

Service agreement

On 10 February 2014, the Company entered into service agreement with SG Capital Co, Ltd., whereby the Company agrees to grant the service support regarding to operation support, finance and accounting, personnel service, information technology and others to SG Capital Co, Ltd., In consideration thereof, SG Capital Co, Ltd., is committed to pay service fee based on a service cost plus margin. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 1 month prior to the date of expiration. On 1 January 2018, the Company and SG Capital Co, Ltd., has agreed to change the service fee where by SG Capital Co, Ltd., is committed to pay service fees as specified in the agreement.

On 1 January 2018, the Company entered into service agreement with SG Service Plus Co., Ltd., whereby the Company agrees to grant the service support regarding to operation support, finance and accounting, personnel service, information technology and others to SG Service Plus Co.,

Ltd., In consideration thereof, SG Service Plus Co., Ltd., is committed to pay service fee as specified in the agreement. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 1 month prior to the date of expiration.

On 1 July 2018, the Company entered into a service agreement with SG Broker Co., Ltd., whereby the Company agrees to grant the service support regarding operations support, finance and accounting, personnel service, information technology and others to SG Broker Co., Ltd., In consideration thereof, SG Broker Co., Ltd., is committed to pay service fees as specified in the agreement. The term of this agreement is effective on the date of the agreement for 6 months and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 1 month prior to the date of expiration.

On 30 May 2018, the Company entered into a service agreement with Jay Mart Public Company Limited, whereby Jay Mart Public Company Limited agrees to grant the service support regarding operations support, finance and accounting, marketing and management service and other to the Company. In consideration thereof, the Company is committed to pay service fees as specified in the agreement. The term of this agreement is effective for one year, since 1 January 2018 until 31 December 2018 and will be automatically renewed 1 year unless either party gives to the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration.

Receivable management and collection service agreement

On 23 September 2015, the Company and SG Capital Co, Ltd., entered into agreement with JMT Network Services Public Company Limited (JMT) for certain receivable management and collection services to be provided by JMT to the Company and SG Capital Co, Ltd., in return for fees at rates specified in the agreement. The term of these agreements are one year effective 29 September 2015 and shall be automatically renewed unless either party give to the other party written notice of non-renewal.

On 1 April 2017, SG Capital Co, Ltd., entered into agreement with SG Service Plus Co., Ltd., whereby SG Service Plus Co., Ltd., provides debt collection service to SG Capital Co, Ltd., SG Capital Co, Ltd., agreed to pay fees based on success performance at rate specified in the agreement by 45 days after verify the billing document complete. The term of this agreement is effective on 1 April 2017 until 31 March 2018 and will be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration. However, SG Capital Co, Ltd., had given SG Service Plus Co., Ltd., a written notice to terminate this agreement which was effective on 31 October 2018 onwards.

On 2 May 2018, the Company and SG Capital Co, Ltd., entered into agreements with JMT Network Services Public Company Limited (JMT) for certain collection services to be provided by JMT to the Company and SG Capital Co, Ltd., in return for fees at rates specified in the agreement. The term of these agreements are one year effective 2 May 2018 and shall be automatically renewed unless either party give to the other party written notice of non-renewal.

Consignment agreement

On 1 February 2016, the Company entered into a consignment agreement with Jay Mart Public Company Limited whereby the Company agrees to sale consignment products of Jay Mart Public Company Limited. In consideration thereof, Jay Mart Public Company Limited agreed to pay the

remuneration for the consignment sale to the Company at the rates as shown in the quotations and purchase orders within the 15 days of the next following month. The term of this agreement is effective on the date of the agreement and shall be terminated agreement if either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

On 1 January 2017, Jay Mart Public Company Limited transferred a partial of the business to Jaymart Mobile Company Limited which is a subsidiary of Jay Mart Public Company Limited and transferred its right and duty according to the consignment agreement as mentioned above.

Service area agreement

On 1 June 2017, SG Service Plus Co., Ltd., entered into service area agreement with Jay Mart Public Company Limited whereby Jay Mart Public Company Limited agreed to grant the rental area for install and rendering of service for vending machine. In consideration thereof, SG Service Plus Co., Ltd., is committed to pay service fee based on revenue from rendering of service as specific in the agreement. The term of this agreement is effective for one year, since 1 June 2017 until 31 May 2018 unless either party gives to the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration.

On 1 June 2016, SG Service Plus Co., Ltd., entered into service area agreement with JMT Network Services Public Company Limited whereby JMT Network Services Public Company Limited agreed to grant the rental area for install and rendering of service for vending machine. In consideration thereof, SG Service Plus Co., Ltd., committed to pay service fee based on revenue from rendering of service as specific in the agreement. The term of this agreement was effective for one year, since 1 June 2016 until 31 May 2017 unless either party gave the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration. However, JMT Network Services Public Company Limited had given SG Service Plus Co., Ltd., a written notice to terminate this agreement which was effective on 1 January 2017 onwards.

On 1 June 2017, SG Service Plus Co., Ltd., entered into service area agreement with JAS Asset Public Company Limited whereby JAS Asset Public Company Limited agrees to grant the rental area for install and rendering of service for vending machine. In consideration thereof, SG Service Plus Co., Ltd., commits to pay service fee based on revenue from rendering of service as specific in the agreement. The term of this agreement is effective for one year, since 1 June 2017 until 31 May 2018 unless either party gives the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration.

On 1 November 2018, SG Service Plus Co., Ltd., entered into building lease and service agreement with SG Capital Co., Ltd., whereby SG Service Plus Co., Ltd., agreed to rent out the front area of its warehouse building for the purpose of office setup and/or business operation. The agreement is effective for one year from 1 November 2018 to 31 October 2019 unless either party gives a notice of termination to the other at least 30 days in advance. The agreement is automatically renewed after expiration.

Supporting insurance business service agreement

On 1 January 2017, SG Capital Co, Ltd., entered into service agreement with SG Broker Co., Ltd., whereby SG Capital Co, Ltd., agreed to render the supporting insurance business service for SG Broker Co., Ltd. In consideration there of, SG Broker Co., Ltd., agreed to pay the service fees based on the percentage of revenue from commission and service income that SG Broker Co., Ltd., has received from

the insurer. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

On 1 December 2017, SG Capital Co., Ltd., entered into a service agreement with Jay Insurance Broker Co., Ltd. whereby SG Capital Co, Ltd., agreed to render the insurance premium collection service for Jay Insurance Broker Co., Ltd., In consideration thereof, Jay Insurance Broker Co., Ltd., agreed to pay the service fees. The term of this agreement is effective on 16 December 2017 to 31 December 2018 and shall be automatically renewed and continued for 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

Outsourcing agency

On 27 December 2017, SG Capital Co, Ltd., entered into a service agreement with J Fintech Co., Ltd., whereby SG Capital Co, Ltd., agrees to be outsource agency to provide the personal loan customers and fully prepare supporting documents for customers and submit to J Fintech Co., Ltd. In consideration thereof, J Fintech Co., Ltd., agreed to pay the service fees based on the net success approval rate as agreed. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued for 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.



Analysis of the Financial Status of the Company and Operating Performance Results for Full Year 2018

Consolidated Profit and Loss Statement

For the full year (FY) 2018 performance results, the Company had a Net Loss of Baht 80.8 million, compared to a Net Loss of Baht 9.8 million in the previous year. This was mainly due to the large Bad and Doubtful Debts expenses together with the increased Total Finance Costs. However, the Company had increased revenues for the full year period, with the FY/2018 Total Income increasing from Baht 2,363.4 million in 2017 to Baht 2,888.0 million, or equal to a 22.2% year-on-year (YoY). This increase was from the 36.4% increase YoY in the sale of the core products, the 5% increase in hire purchase loans interest income and the 81.4% increase in other income. At the same time, revenues from services decreased by 52.0%, mainly due to the decrease in the fees revenues in selling consigned goods that was 86.6% lower YoY because of the change in the structure and sales representative system based on an application used to confirm the actual customer. Nevertheless, despite having decreased fees revenue from selling consigned goods due to this sales system change, the Company remains fully confident that the more stringent sales system will help to enhance the credit control processes and also to improve the overall quality of our debtors. As such, sales for those products with a high sales price will make use of the main credit approval center together with the collection and acceptance of installments repayment via the various payments channels and also via the procedure of installment repayments being made to the sales representative that was launched in March 2018, whereby the sales representative will accept the installment repayment and then submit a report and send the installment payment via a MOBILE BANKING application of various financial institutions. This increases both the convenience and speed of services provided to the hire purchase customers; as well as improves the overall effectiveness in managing the loan customers' debts.

As for new products, in 2018 many new product models were introduced into the market, which were all well-received by the consumers - such as: Smart TV, Stereo sets and new washing machines with 2 bins. With regards to interest income from hire purchase contracts and other loans, this increased by Baht 12.0 million from Baht 635.3 million in 2017 to Baht

647.4 million in 2018; whereby the increase came from the expansion of the loans business to include loans using vehicle licenses as collateral together with hire purchase loans for buying machinery and equipment.

As at the end of December 2018, the Company had provisions for inventory on hand totaling Baht 45.0 million, an increase from the equivalent provisions, as at the end of December 2017, of Baht 33.1 million, or an increase of Baht 11.9 million YoY that was due to the relatively higher amount of repossessed goods and products. However, the Company has a policy to sell out those slow-moving goods and products so as to reduce the total provisions for goods and products that have been devalued.

As at the end of December 2018, the Company had bad debts and doubtful debts expenses totaling Baht 446.2 million, an increase of Baht 74.0 million from Baht 372.2 million as at the end of 2017. This is due to old receivables accounts, for which the borrower is not able to pay the existing overdue installments. However, the provision for doubtful debts has decreased by Baht 99.6 million from Baht 274.6 million in 2017 to total Baht 175.0 million in 2018.

Revenues from the sale of goods and products

In 2018, Total Revenues from the sale of the Company's goods and products was Baht 1,876 million, (an increase of Baht 501 million, or 36.4%, compared to the previous year). As such, compared to 2017, the total revenues increase came from the sale of all types of electrical home appliances and commercial products; while the sale of both coin-operated mobile phone air time vending machines and sewing machines decreased.

The year-on-year percentage increase/decrease from 2017 in the total revenues from the sale of various goods and products are as follows:

Sales of cooler and freezer products increased by 52.4%

Sales of TV products increased by 257.4%

Sales of refrigerator products increased by 96.4%

Sales of sewing machine products decreased by 3.4%

Sales of washing machine products increased by 94.3%

Sales of airtime vending machine products decreased by 39.1%

Sales of air conditioner products increased by 13.6%

Sales of mobile phone products increased by 394.2%

** Remarks: For 2018, the sewing machine group of products does not include decorative sewing machines for commercial use (which is included in other domestic products sold that is part of the Captive Finance product group)*

Operating Net Profit / (Loss)

In 2018, the overall operating performance result of the Company was a Total Net Loss of Baht 80.8 million, compared to a Net Loss of Baht 9.8 million in the previous year, or equal to a decrease in net profits of Baht 71.1 million, with a detailed analysis as follows:

Items	Baht million
An increase of products sale	500.5
An increase of interest from installment	12.0
A decrease of revenue service	-107.1
An increase of other income	119.2
An increase of cost of sale of goods	-251.9
An increase/decrease of cost of rendering services	42.2
An increase of distribution costs	-70.3
An increase of administrative expenses	-125.5
An increase/decrease of bad and doubtful debt expenses	-74.0
An increase of financial expenses	-66.4
A decrease/increase of income tax expenses	-49.8
Total P & L Variances	-71.1

Business Plans for 2019

The Company has set a growth target for its loans product that use vehicle license as collateral, from the actual total loans approved in 2018 of Baht 950 million, through promoting its stable growth together with the growth of hire purchase contract loans. As such, the loans using a vehicle license as collateral make it a good quality loan asset, coupled with the fact that these loan now come under the supervision of the Bank of Thailand, which will result in fair competition as well as will enable the Company to create new loan products so as to capture a larger share of a new loans market segment.

Apart from the the loans business using a vehicle license as collateral, the existing core business of the Singer Thailand, which is the hire purchase loans business for the purchase of eletrcal home appliances, already has associated credit quality control procedures in place through implementing information and communications technology systems for controlling the various selling process to be more effective. Moreover, there is the additional new channel for accepting loan installment payments, that makes the sales representative to continue servicing the hire purchase loan customer and to follow up on installment repayments; as well as the Company is still able to focus on selling hire purchase loans for those products that have a high gross margin and a low risk. Additionally, the Company will also continue to focus on expanding the Singer retail business outlets franchise, so as to increase both its market coverage and its access to as many customers as possible.

Statement of Financial Position

Assets

In 2018, the Total Assets of the Company increased by Baht 1,592 million, compared to the end of 2017. This is mainly because of the increase in hire purchase loan accounts (net of provisions for doubtful debts) totaling Baht 1,234 million, due to the fact that the Company has introduced new high purchase loans products together with the loans using vehicle licenses as collateral that was launched in March 2017. Additionally, this change in the increase of the Total Assets of the Company came from the Net Inventory on Hand, that increased by Baht 328 million, due to the purchase of new products and goods to support the targeted sales revenue in the next Quarter.

Hire Purchase Contracts Receivables – net

The net hire purchase customer accounts together with the net loans customer accounts using vehicle licenses as collateral Totaled Baht 3,294.3 million, which was higher than the equivalent loans customers receivables, as at the end of December 2017, that total Baht 2,059.5 million. Furthermore, the number of hire purchase contracts, as at the end of December 2018, totaled 138,793 accounts compared to the total number of hire purchase contracts accounts, as at the end of December 2017, of 188,181 accounts - or equal to a decrease of 49,388 hire purchase accounts year-on-year.

As at the end of December 2018, the Company had Total Loans Accounts Receivables for hire purchase contracts together with loans contracts using vehicle licenses as collateral (before provisions for doubtful debts) of Baht 3,469.3 million, comprising of hire purchase accounts receivables for the purchase of electrical home appliances totaling Baht 1,780.7 million (or equal to 51% of the total loans receivables for hire purchase contracts and loans contracts receivables using vehicle licenses as collateral), and loans contracts using vehicle licenses as collateral totaling Baht 1,263.4 million (or equal to 36%) together with hire purchase loans accounts receivables for the purchase of new machinery and equipment (or Captive Finance) totaling Baht 425.2 million (or equal to 12%)

Inventory on hand – Net

As at the end of December 2018, the Company had Total Inventory on hand - Net totaling Baht 640.4 million, an increase from the Total Inventory on hand - Net, as at the end of December 2017, totaling Baht 311.7 million, which is mainly due to the increased and large order of new goods and products purchased to support sales in Quarter 1/2019.

Liabilities

As at the end of December 2018, trade accounts payables totaled Baht 348.1 million, an increase from the trade accounts payables, as at the end of December 2017, totaling Baht 134.9 million, due the large amount of new goods and products purchased to support expected sales in 2019.

As at the end of December 2018, interest bearing debts increased to total Baht 2,801.0 million, compared to the interest bearing debts, as at the end of December 2017, totaling Baht 1,286.1 million - or equal to an increase of Baht 1,514.9 million.

This increased borrowing was for use in expanding the new credit business for loans using vehicle licenses as collateral that increased very significantly during 2018.

Shareholders' Equity

The main reason why Total Shareholders' Equity decreased was because of the Total Net Loss in 2018 of Baht 80.8 million. However, due to the revision in the total value of the Provisions for Employee Benefits of Baht 26.8 million, this resulted in the Net Total Shareholders' Equity to decrease by Baht 54.0 million

Liquidity

As at the end of December 2018, the Company had cash and cash equivalent totaling Baht 289 million that is derived from the Net Cash Flow from Operations of Baht 1,343 million; the Net Cash Flow from Investment Activities totaling Baht 53 million; and the Net Cash Flow from Financing Activities totaling Baht 1,408 million.

As at the end of 2018, the Ratio of Interest Bearing Debts to Equity was 1.84 times; and the Ratio of Debt to Equity (D/E Ratio) was 2.34 times, compared to the equivalent ratios, as at the end of 2017, of 0.82 times and 1.22 times respectively; while the overall Liquidity Ratio was 1.25 times, an increase from 4.79 times as the end of 2017. In 2018, the increased total liabilities were used for working capital and also for expanding the hire purchase loans together with the loans using vehicle licenses as collateral that increased during the year. This can be seen from the increase in the combined receivables from 2017 (before provisions for doubtful debts) for hire purchase loans and loans using vehicle licenses as collateral that total Baht 1,135.2 million.

Key Performance indicators (KPIs)

KPIs	2017	2018	Comments/Explanations
Net Profit Margin (%)	-0.41%	-2.80%	The Company had an increased Net Loss Margin, resulting from increased Bad and Doubtful Debts Expenses together with increased Total Finance Costs. As such, the Company has increased borrowing for use in expanding its hire purchase loans and loans using a vehicle ownership document as collateral.

KPIs	2017	2018	Comments/Explanations
Gross Profit Margin (%)	36.17%	38.27%	The Company has implemented a policy to control both the costs of sales of goods and the costs of providing services on a continuing basis
Operating Profit Margin (%)	-1.78%	-2.50%	The Company had an increased Operating Net Loss resulting from increased Bad and Doubtful Debts Expenses together with increased Total Finance Costs
%Selling & Administrative Expenses / Total Income	55.6%	54.1%	The Company has implemented a policy to control selling and administrative expense on a continuing basis
Return on Assets (RoA)	-0.29%	-1.88%	The Company had a decreased RoA, resulting from the increased Net Loss coupled with the increase in Total Assets, that resulted mainly from the increase the loans receivables for hire purchase loans and loans using vehicle licenses as collateral
Return on Equity (RoE)	-0.61%	-5.21%	The Company had a decreased RoE due to the increased Net Loss for the year
Net Interest Income /Total Assets Ratio ^{1/}	26.2%	18.6%	The Company had a decrease in the Net Interest Income/ Total Assets Ratio, due to the lower proportion of hire purchase loans for electrical home appliances that charges a higher interest rate, while the proportion of loans using vehicle licenses as collateral increased. However, despite the loans using vehicle licenses as collateral charges a lower interest rate, such loans have a significantly lower rate of bad debts compared to hire purchase loans for the purchase of electrical home appliances (namely: 0.61% and 16.13% respectively)
% Provisions for doubtful debts /Total Loans Receivables ^{2/}	11.8%	5.0%	The Company had a lower rate of bad debts and provisions for doubtful debts, due to having improved and developed more effective credit control procedures on a continuing basis; whereby currently both a pre-selling and post-selling credit checking processes are made through establishing the Credit Control Office to undertake a credit check and credit approval process. As such, the Company uses both the Company's own internal credit checking database as well as that of the National Credit Bureau.
% Bad Debts /Total Loans Receivables	11.9%	10.5%	

KPIs	2017	2018	Comments/Explanations
Liquidity Ratio (times)	4.78	1.25	The Company had a lower Liquidity Ratio, resulting from current shortterm assets relating to the decreased in loans accounts receivables for hire purchase loans and loans accounts receivables for loans using vehicle licenses as collateral; while, at the same time, its debt borrowings coming due within 2019 has increased. As such, this is due to the new business model and Company policy to focus more on those loans using vehicle licenses as collateral, that are made for a period of more than 1 year. As such, the Company sees that these loans are of a better quality, as they have a vehicle asset as a collateral. Moreover, in 2018 the Company had increased total debt borrowings for use in expanding the business for this type of loans.
Debt to Equity Ratio (D/E) (times)	1.22	2.34	In 2018, the Company had increased debt borrowings for use in expanding its business for both hire purchase loans and loans using vehicle licenses as collateral.

Remarks:

^{1/}Assets means the total loans made together with average interest charge receivables

^{2/}Total Loans means the total amount loans and interest charge receivables.

As such, in 2018 the Company also had special transactions, namely: Income from selling loans receivables totaling Baht 47.9 million; revenues from returning goods or products totaling Baht 39.5 million; and Other Income totaling Baht 43.5 million.




Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Singer Thailand plc. is responsible for and has provided the Consolidated Financial Statements and those for its Subsidiaries together with the associated information relating to their respective financial status as presented in this Annual Report.

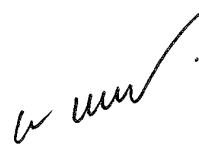
These Financial Statements and reports on the performance results for the financial year 2018 are prepared in accordance with generally accepted accounting principles and through the use of appropriate accounting policies that are consistently applied by the Company together with the use of careful consideration and best estimates. Further, all important and relevant information are adequately disclosed within the Notes to the Financial Statements.

Towards this end, the Board of Directors has appointed an Audit Committee consisting of Independent Directors, which is responsible reviewing the quality of these Financial Statements, the internal controls. The opinions and comments of the Audit Committee relating to these matters appear in the Audit Committee's Report that is included this Annual Report.

The Board of Directors is of the opinion that the overall internal controls system of the Company has functioned satisfactorily and, thus, has provided reliable, accurate and adequate information for the Consolidated and Financial Statements and those for its Subsidiaries for the financial year ending December 31, 2018.



Mr. Adisak Sukumvitaya
Chairman of the Board



Mr. Kittipong Kanokvilairat
Chief Executive Officer



Independent Auditor's Report

To the Shareholders of Singer Thailand Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Singer Thailand Public Company Limited and its subsidiaries (the “Group”), and of Singer Thailand Public Company Limited (“the Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of hire-purchase contract receivables and loan receivable with vehicle collateral	
Refer to Note 3 7 and 8	
The key audit matter	How the matter was addressed in the audit
<p>The core business of the Group is hire-purchase. The valuation of hire-purchase contract receivables significantly impacts to the financial statements. Hire-purchase contract receivables consist of a great number of accounts with small receivable value.</p> <p>Since 2017 the Group has operated new business which was loan receivable with vehicle collateral. The valuation of loan receivable with vehicle collateral significantly impacts to the financial statements. In addition, loan receivables with vehicle collateral consisted of a great number of wholesale and retail receivables.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Testing the controls designed in respect of the appropriate valuation of hire-purchase contract receivables, including receivables which have changed of their repayment conditions, and loan receivables with vehicle collateral, and understanding the policies and procedures that the Group's management applied for estimating and recognising of the allowance for doubtful accounts

<p>The valuation of hire-purchase contract receivables, including receivables which have changed their repayment conditions, and loan receivables with vehicle collateral involves a high degree of management judgement on the estimation uncertainty, the expectation on customers' repayment abilities and current economics. Consequently, I consider that this is a significant matter.</p>	<ul style="list-style-type: none"> • Testing the reliability and accuracy of arrears of hire-purchase contract receivables, including receivables have changed of their repayment conditions, and loan receivables with vehicle collateral from the accounting systems and the extraction of data. • Testing on a sampling basis items in the arrears report of overdue receivables and corroborating whether these items were classified in the appropriate arrears bracket. • Considering the reliability of the Group's debt allowance policy and also analysing historical information and information after the reporting date, including testing the subsequent receipts of debtors after the period-end to consider whether the Group's estimate was reasonable. • Considering the adequacy of the Group's disclosures in accordance with the related Thai Financial Reporting Standards.
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Valuation of receivables from ex-employee's shortage remittance	
Refer to Note 3 and 10	
The key audit matter	How the matter was addressed in the audit
<p>Before 1 September 2016, the Company had assigned salesperson to collect money from the customers in respect of installment sales. Salesperson had responsibility for remitting money to the Company. There were long outstanding of receivables from ex-employee's remittance shortage.</p> <p>The valuation of receivables from ex-employee's remittance shortage involves a high degree of estimation uncertainty based on analysis of payment histories and future expectations of employee payments. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Testing the controls designed in respect of the appropriate valuation of receivables from employee's remittance shortage and understand the policies and procedures that the Company's management applied for estimation and recognition of the allowance for doubtful accounts. • Considering the reliability of the Company's debt allowance policy and also analysed the company's historical information and information after reporting date including testing the subsequent receive of debtors after period-end for consider whether the Company estimate was reasonable. • Considering the adequacy of the Group's disclosures in accordance with the related Thai Financial Reporting Standards.

Valuation of inventory	
Refer to Note 3 and 12	
The key audit matter	How the matter was addressed in the audit
<p>With regard to the changing speedy and dynamically on technological and electronic products industry and the extremely volatile with significantly changing in consumer demand. The Group has the uncertainty risk that the carrying value of inventory may exceed its net realisable value.</p> <p>The Group considers the allowance for decline in value and obsolescence by the management estimates and judgment. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Testing the controls designed in respect of the appropriate of the adequacy of estimation about decline on valuation of inventory and understanding the policies and procedures that the Group applied. • Understanding the internal control related to inventory management and attending the inventory observation and testing the physical of inventory. • Testing on a sampling basis items in the inventory report and corroborating whether these items were classified in the appropriate aging bracket and categories. • Considering the reliability of net realisable value of inventory with the historical information, current situation and sales plan for consideration of the reasonableness of current assumptions. • Considering the adequacy of the Group's disclosures in accordance with the related Thai Financial Reporting Standards.

Other Information

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

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available

and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

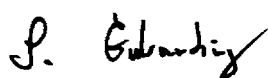
I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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



(Pantip Gulsantithamrong)

Certified Public Accountant

Registration No. 4208

KPMG Phoomchai Audit Ltd.

Bangkok

21 February 2019



Statement of financial position

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017
Assets					
<i>Current assets</i>					
Cash and cash equivalents	5	289,263,844	277,104,169	155,324,119	140,039,714
Trade accounts receivable	4, 6	12,734,324	13,398,269	131,574,507	267,765,255
Current portion of hire-purchase contract receivables	7	1,116,083,851	1,302,814,950	-	-
Current portion of loan receivables with vehicle collateral	8	206,533,079	116,217,564	-	-
Short-term loan receivables	9	-	56,596,234	-	-
Other receivables	4, 10	253,250,712	147,626,060	198,371,419	122,022,086
Short-term loans	4, 11	-	5,000,000	2,895,543,965	1,350,000,000
Inventories	12	640,447,633	311,710,759	634,520,276	303,777,285
Accrued income	4	7,639,045	55,679,517	49,633,117	54,827,118
Assets foreclosed		3,174,000	-	-	-
Total current assets		2,529,126,488	2,286,147,522	4,064,967,403	2,238,431,458
<i>Non-current assets</i>					
Hire-purchase contract receivables	7	1,169,539,571	549,898,045	-	-
Loan receivables with vehicle collateral	8	802,175,977	90,581,630	-	-
Investments in subsidiaries	13	-	-	1,458,990,400	1,458,990,400
Other long-term investment	14	2,000,000	2,000,000	-	-
Property, plant and equipment	15	429,808,182	438,949,755	415,480,290	427,511,996
Prepayment for outlet leases		7,270,252	3,919,981	7,270,252	3,919,981
Intangible assets	16	54,874,751	26,708,663	49,987,940	21,789,704
Deferred tax assets	17	83,866,590	86,818,545	2,618,304	20,163,841
Other non-current assets		13,876,134	15,486,209	13,106,428	12,870,514
Total non-current assets		2,563,411,457	1,214,362,828	1,947,453,614	1,945,246,436
Total assets		5,092,537,945	3,500,510,350	6,012,421,017	4,183,677,894

The accompanying notes are an integral part of these financial statements

Statement of financial position

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements 31 December		Separate financial statements 31 December	
	Note	2018	2017	2018	2017
Liabilities and equity					
<i>Current liabilities</i>					
Bank overdrafts and short-term borrowings					
from financial institutions	18	364,002,633	86,149,442	309,000,000	86,148,325
Trade accounts payable	4, 19	348,067,815	134,903,818	379,729,102	136,855,907
Other payables	4, 20	189,133,554	253,003,764	275,541,116	243,466,373
Current portion of debentures	18	800,000,000	-	800,000,000	-
Short term loans from other parties	18	287,022,739	-	287,022,739	-
Current income tax payable		28,110,268	728,205	28,110,268	-
Other current liabilities		5,000,000	3,000,000	5,000,000	3,000,000
Total current liabilities		2,021,337,009	477,785,229	2,084,403,225	469,470,605
<i>Non-current liabilities</i>					
Debentures	18	1,350,000,000	1,200,000,000	1,350,000,000	1,200,000,000
Provision for employee benefit	21	139,170,130	160,570,550	118,473,015	137,781,160
Employee security deposits		1,713,675	2,806,244	-	1,175,482
Provident funds	22	56,553,242	81,665,709	55,921,298	79,970,557
Total non-current liabilities		1,547,437,047	1,445,042,503	1,524,394,313	1,418,927,199
Total liabilities		3,568,774,056	1,922,827,732	3,608,797,538	1,888,397,804

The accompanying notes are an integral part of these financial statements

Statement of financial position

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017
Equity					
Share capital:	23				
Authorised share capital		270,000,000	270,000,000	270,000,000	270,000,000
Issued and paid share capital		270,000,000	270,000,000	270,000,000	270,000,000
Share premium:					
Premium on ordinary shares	23	225,000,000	225,000,000	225,000,000	225,000,000
Reserve arising from business combination under common control		-	-	974,117,594	974,117,594
Retained earnings:					
Appropriated:					
Legal reserve	24	27,000,000	27,000,000	27,000,000	27,000,000
Unappropriated		781,296,601	832,028,082	687,038,597	575,507,960
Other components of equity	15, 24	220,467,288	223,654,536	220,467,288	223,654,536
Total equity		1,523,763,889	1,577,682,618	2,403,623,479	2,295,280,090
Total liabilities and equity		5,092,537,945	3,500,510,350	6,012,421,017	4,183,677,894

The accompanying notes are an integral part of these financial statements

Statement of comprehensive income

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	Note	2018	2017	2018	2017
Income					
Revenue from sale of goods	4	1,876,283,079	1,375,774,883	1,881,678,933	1,369,589,174
Interest income from hire-purchase contract and loans		647,355,851	635,312,167	-	-
Revenue from rendering of services	4	98,728,157	205,871,167	80,817,700	192,646,405
Revenue from management fees	4	-	-	52,846,889	63,471,877
Other income	4	265,657,026	146,446,816	198,300,821	133,939,416
Total income		2,888,024,113	2,363,405,033	2,213,644,343	1,759,646,872
Expenses					
Cost of sale of goods	12	1,133,466,769	881,526,353	1,147,563,784	888,131,671
Cost of rendering of services		85,756,740	128,004,091	46,620,679	91,361,285
Distribution costs	26	740,207,583	669,873,021	526,362,517	476,872,849
Administrative expenses	27	424,289,082	298,820,325	242,255,149	188,790,620
Bad and doubtful debts expenses		446,218,258	372,237,521	14,507,913	17,981,362
Finance costs	29	107,447,549	41,085,138	107,112,003	39,547,678
Total expenses		2,937,385,981	2,391,546,449	2,084,422,045	1,702,685,465
Profit (loss) before income tax expense		(49,361,868)	(28,141,416)	129,222,298	56,961,407
Tax expense (income)	30	31,404,722	(18,384,349)	45,540,488	4,835,967
Profit (loss) for the year		(80,766,590)	(9,757,067)	83,681,810	52,125,440
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gains on revaluation of assets	15, 30	-	28,772,281	-	28,772,281
Gains on remeasurements defined benefit plan	30	26,847,861	-	24,661,579	-
Other comprehensive income for the year, net of tax		26,847,861	28,772,281	24,661,579	28,772,281
Total comprehensive income (expense) for the year		(53,918,729)	19,015,214	108,343,389	80,897,721
Basic earnings (loss) per share	31	(0.30)	(0.04)	0.31	0.19

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

Consolidated financial statements

			Retained earnings		Other components of equity		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Revaluation of assets	Total equity
Year ended 31 December 2017							
Balance at 1 January 2017		270,000,000	225,000,000	27,000,000	906,495,174	197,672,305	1,626,167,479
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	32	-	-	-	(67,500,075)	-	(67,500,075)
Total transactions with owners, recorded directly in equity		-	-	-	(67,500,075)	-	(67,500,075)
Comprehensive income for the year							
Loss for the year		-	-	-	(9,757,067)	-	(9,757,067)
Other comprehensive income	30	-	-	-	-	28,772,281	28,772,281
Total comprehensive income (expense) for the year		-	-	-	(9,757,067)	28,772,281	19,015,214
Transfer to retained earnings	15	-	-	-	2,790,050	(2,790,050)	-
Balance at 31 December 2017		270,000,000	225,000,000	27,000,000	832,028,082	223,654,536	1,577,682,618
Year ended 31 December 2018							
Balance at 1 January 2018		270,000,000	225,000,000	27,000,000	832,028,082	223,654,536	1,577,682,618
Comprehensive income (expense) for the year							
Loss for the year		-	-	-	(80,766,590)	-	(80,766,590)
Other comprehensive income	30	-	-	-	26,847,861	-	26,847,861
Total comprehensive income (expense) for the year		-	-	-	(53,918,729)	-	(53,918,729)
Transfer to retained earnings	15	-	-	-	3,187,248	(3,187,248)	-
Balance at 31 December 2018		270,000,000	225,000,000	27,000,000	781,296,601	220,467,288	1,523,763,889

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

Separate financial statements								
			Reserve arising from business combination under common control	Retained earnings		Other components of equity		
	Note	Issued and paid-up share capital	Share premium		Legal reserve	Unappropriated	Revaluation of assets	รวมส่วนของ ผู้ถือหุ้น
Year ended 31 December 2017								
Balance at 1 January 2017		270,000,000	225,000,000	974,117,594	27,000,000	588,092,470	197,672,305	2,281,882,369
Transactions with owners, recorded directly in equity								
Dividends to owners of the Company	32	-	-	-	-	(67,500,000)	-	(67,500,000)
Total transactions with owners, recorded directly in equity		-	-	-	-	(67,500,000)	-	(67,500,000)
Comprehensive income for the year								
Profit for the year		-	-	-	-	52,125,440	-	52,125,440
Other comprehensive income	30	-	-	-	-	-	28,772,281	28,772,281
Total comprehensive income for the year		-	-	-	-	52,125,440	28,772,281	80,897,721
Transfer to retained earnings	15	-	-	-	-	2,790,050	(2,790,050)	-
Balance at 31 December 2017		270,000,000	225,000,000	974,117,594	27,000,000	575,507,960	223,654,536	2,295,280,090
Year ended 31 December 2018								
Balance at 1 January 2018		270,000,000	225,000,000	974,117,594	27,000,000	575,507,960	223,654,536	2,295,280,090
Comprehensive income for the year								
Profit for the year		-	-	-	-	83,681,810	-	83,681,810
Other comprehensive income	30	-	-	-	-	24,661,579	-	24,661,579
Total comprehensive income for the year		-	-	-	-	108,343,389	-	108,343,389
Transfer to retained earnings	15	-	-	-	-	3,187,248	(3,187,248)	-
Balance at 31 December 2018		270,000,000	225,000,000	974,117,594	27,000,000	687,038,597	220,467,288	2,403,623,479

The accompanying notes are an integral part of these financial statements

Statement of cash flows

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
		2018	2017	2018	2017
<i>Cash flows from operating activities</i>					
Profit (loss) for the year		(80,766,590)	(9,757,067)	83,681,810	52,125,440
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>					
Tax expense (income)		31,404,722	(18,384,349)	45,540,488	4,835,967
Finance costs		107,447,549	41,085,138	107,112,003	39,547,678
Depreciation		26,188,272	16,839,956	17,984,878	12,436,150
Amortisation		21,165,890	9,531,011	21,165,890	9,298,252
Dividend received		-	-	-	(36,249,925)
Provision for employee benefit		17,999,413	17,205,951	15,580,291	15,087,864
(Reversal of) provision for provident funds		(12,878,089)	4,596,222	(11,830,740)	4,016,339
Unrealised gain on exchange rate		-	(5,945)	-	(5,945)
Bad and doubtful debts expenses		446,218,258	372,237,521	14,507,913	17,981,362
Losses on inventories devaluation		11,863,195	7,700,709	8,823,646	7,700,709
Reversal of impairment losses on property, plant and equipment and intangible assets		-	(1,407,944)	-	(1,098,944)
(Gain) loss on disposal of property, plant and equipment and intangible assets		613,406	472,565	(9,128)	253,843
Loss on repossession		95,226,837	69,758,516	-	-
Investment income		(3,063,159)	(1,427,018)	(84,214,807)	(43,599,458)
		661,419,704	508,445,266	218,342,244	82,329,332
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(948,919)	(2,401,008)	134,577,885	135,045,013
Hire-purchase contract receivables		(904,787,707)	(325,276,212)	-	-
Loan receivables with vehicle collateral		(807,670,670)	(207,249,798)	-	-
Short-term loan receivables		4,123,139	(57,500,442)	-	-
Other receivables		(118,519,703)	21,885,501	(93,664,934)	(7,918,761)
Accrued income		48,040,472	(39,710,379)	5,194,002	(34,457,441)
Inventories		(340,600,069)	(18,913,442)	(339,566,637)	(13,929,481)
Prepayment for outlet leases		(9,309,700)	(4,842,417)	(9,309,700)	(4,842,417)
Other non-current assets		1,610,073	(1,269,957)	(235,913)	906,335
Trade accounts payable		213,163,997	(100,454,939)	242,873,195	(107,892,095)
Other payables		(64,929,462)	7,922,953	31,553,092	(22,798,953)
Other current liabilities		2,000,000	(3,000,000)	2,000,000	(3,000,000)
Employee benefit paid		(5,840,007)	(8,878,367)	(4,592,991)	(8,156,571)

The accompanying notes are an integral part of these financial statements

Statement of cash flows

Singer Thailand Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
		2018	2017	2018	2017
Employee security deposits		(1,092,569)	(665,656)	(1,175,482)	(1,041,429)
Provident funds paid		(12,234,377)	(21,003,534)	(12,218,519)	(20,991,259)
Net cash generated from (used in) operating		(1,335,575,798)	(252,912,431)	173,776,242	(6,747,727)
Tax paid		(7,782,669)	(27,591,626)	(1,629,527)	(6,505,307)
Tax received		-	8,249,050	-	6,664,874
Net cash from (used in) operating activities		(1,343,358,467)	(272,255,007)	172,146,715	(6,588,160)
Cash flows from investing activities					
Interest received		3,063,159	1,427,018	84,214,807	43,599,458
Dividend received		-	-	-	36,249,925
Acquisition of plant and equipment		(17,193,608)	(43,783,248)	(5,973,165)	(32,407,045)
Proceeds from sale of property, plant and equipment		218,692	1,214,953	29,159	-
Decrease (increase) in short-term loans		5,000,000	500,000	(1,545,543,965)	(492,500,000)
Acquisition of intangible assets		(44,057,737)	(8,471,331)	(43,404,737)	(7,869,931)
Acquisition of investment in other long-term investment		-	(1,000,000)	-	-
Net cash used in investing activities		(52,969,494)	(50,112,608)	(1,510,677,901)	(452,927,593)
Cash flows from financing activities					
Finance cost paid		(106,388,295)	(50,461,423)	(106,058,824)	(46,553,381)
Dividends paid to owners of the Company		-	(67,500,075)	-	(67,500,000)
Increase (decrease) in bank overdrafts and					
short-term borrowings from financial institutions	18	277,853,192	(14,283,940)	222,851,676	(14,285,057)
Increase from short-term loans from others	18	287,022,739	-	287,022,739	-
Repayment of long-term borrowings from					
financial institutions	18	-	(58,140,000)	-	-
Proceeds from issue of debentures	18	950,000,000	1,200,000,000	950,000,000	1,200,000,000
Repayment of debentures	18	-	(600,000,000)	-	(600,000,000)
Net cash from financing activities		1,408,487,636	409,614,562	1,353,815,591	471,661,562
Net increase in cash and cash equivalents		12,159,675	87,246,947	15,284,405	12,145,809
Cash and cash equivalents at 1 January		277,104,169	189,857,222	140,039,714	127,893,905
Cash and cash equivalents at 31 December	5	289,263,844	277,104,169	155,324,119	140,039,714

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

For the year ended 31 December 2018

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For the year ended 31 December 2018

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 21 February 2019.

1 General information

Singer Thailand Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 72 CAT Building 17 Floor, Charoenkrung Road, Bangrak, Bangkok.

The Company was listed on the Stock Exchange of Thailand in June 1984.

The Company’s major shareholder during the financial year was Jay Mart Public Company Limited (24.99% shareholding) incorporated in Thailand.

The principal business of the Company relates to the sales electronic appliances, commercial products, mobile phones, loan receivables with vehicle collateral and others.

Details of the Company’s subsidiaries as at 31 December 2018 and 2017 are given in notes 4 and 13.

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 (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for annual financial period. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 37.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Land and building	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (p)

Notes to the financial statements

For the year ended 31 December 2018

(c) *Functional and presentation currency*

The financial statements are 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.

(d) *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 policies and reported amounts of assets, liabilities, income and expenses. 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 significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

Note 6	Trade accounts receivables - allowance for doubtful accounts
Note 7	Hire-purchase contract receivables - allowance for doubtful accounts
Note 8	Loan receivables with vehicle collateral - allowance for doubtful accounts
Note 9	Short-term loan receivables - allowance for doubtful accounts
Note 10	Other receivable - allowance for doubtful accounts
Note 12	Inventories - allowance for obsolete and damaged inventory
Note 17	Recognition of deferred tax assets availability of future taxable profit against which tax losses carried forward can be used
Note 21	Measurement of defined benefit obligation: key actuarial assumptions

Measurement of fair values

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

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

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

Notes to the financial statements

For the year ended 31 December 2018

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

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

- Level 1: quoted prices (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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the note 15 Property, plant and equipment.

3 Significant accounting policies

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

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

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

Transactions eliminated on consolidation

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

Notes to the financial statements

For the year ended 31 December 2018

(b) Foreign currencies

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

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

(c) 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.

(d) Trade receivables, other accounts receivable and ex-employee receivables

Trade receivables, other accounts receivable and ex-salesman receivables are stated at their invoice value less allowance for doubtful accounts.

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

The allowance for doubtful for ex-employee receivables accounts is assessed primarily on analysis of payment histories. Bad debts are written off when incurred.

(e) Hire-purchase contract receivables

Hire-purchase contract receivables are stated at the original amount of the hire-purchase installments less installments received, unearned interest income and allowances for doubtful accounts.

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

The allowance for doubtful accounts has been estimated from the arrears of hire-purchase contract receivable (net of unearned interest income) and collateral. The product collateral under electronic appliances and other contract was valued by 50% - 100% of product price at contract date. Hire-purchase receivable with vehicles collateral which overdues more than 3 months were not considered the collateral to calculate the allowance for doubtful accounts. The percentage of allowance for doubtful accounts is as follows;

Notes to the financial statements

For the year ended 31 December 2018

	Hire-purchase contract receivables	
	Electronic appliances and others	Vehicles
	(%)	
Current	1	1
Overdue:		
Less than 3 months	5	2
3-6 months	25	100
6-9 months	35	100
9-12 months	75	100
Over 12 months	100	100

The Group's method of calculating the allowance doubtful accounts for hire-purchase contract receivables is different from the method prescribed in the accounting guideline issued by the Federation of Accounting Professions Re: Providing allowance for doubtful accounts for consumer finance business ('FAP Guideline'). The FAP Guideline prescribes that allowance for doubtful accounts should be made in the full amount of all outstanding receivables that are overdue for over 3 installment periods without the deduction of collateral values from the remaining debt and that consideration should also be given to making a general allowance for receivables which are overdue for less than 3 installment periods. However, the management considered, and has changed the Group's method for calculating the allowance for doubtful accounts with deduction of collateral to reflect more properly the Group's exposure to credit risk.

(f) *Loan receivables with vehicle collateral and short-term loan receivables*

Loan receivables with vehicle collateral and short-term loan receivables stated at the principal amount included of accrued interest receivable.

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

The allowance for doubtful accounts has been estimated from the arrears of loan receivables with vehicle collateral and short-term loan receivables (included of accrued interest receivable). Only loan receivables with vehicle collateral was considered the collateral to calculate the allowance for doubtful accounts. The overdue of receivables over 3 months will not considered collateral in calculate allowance for doubtful accounts. The percentage of allowance for doubtful accounts is as follows;

	(%)
Within due	1
Overdue :	
Less than 3 months	2
Over 3 months	100

The Group's method of calculating the allowance doubtful accounts for loan receivables with vehicle collateral and short-term loan receivables is different from the method prescribed in the accounting guideline issued by the Federation of Accounting Professions Re: Providing allowance for doubtful accounts for consumer finance business ('FAP Guideline'). The FAP Guideline prescribes that allowance for doubtful accounts should be made in the full amount of all outstanding receivables that are overdue for over 3 installment periods without the deduction of collateral values from the remaining debt and that consideration should also be given to making a general allowance for receivables which are overdue for less than 3 installment periods. However, the management considered, and has changed the Group's method for calculating the allowance for doubtful accounts with deduction of collateral to reflect more properly the Group's exposure to credit risk.

Notes to the financial statements

For the year ended 31 December 2018

(g) Inventories

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

Revert inventories are repossessed inventories from the defaulted customers.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

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

An allowance is made for deteriorated, damaged, obsolete and slow-moving inventories.

(h) Investments

Investments in subsidiaries

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

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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.

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 net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant

Notes to the financial statements

For the year ended 31 December 2018

rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

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

Depreciation

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

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

Buildings	50 years
Leasehold improvement	5 years
Office furniture and equipment	5 years

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

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

(j) Prepayment for outlet leases

Prepayment for outlet leases is amortised over the lease periods on the straight-line method.

(k) Intangible assets

Software licenses that are acquired by the Group which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Notes to the financial statements

For the year ended 31 December 2018

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 software licenses 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 years are five to ten years.

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

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(m) Assets foreclosed

Assets foreclosed consisting of vehicles and machines are stated at the lower of cost or net realisable value less estimated disposal expenses of the assets foreclosed. Where the carrying value of assets foreclosed incurred impairment, the Group will recognise the provision for impairment of assets foreclosed in total.

Any gains and losses on disposal of assets foreclosed are determined by comparing the proceeds from disposal with the carrying amount of assets foreclosed, and are recognised in profit or loss.

(n) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at cost less attributable transaction charges.

Notes to the financial statements

For the year ended 31 December 2018

(o) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(p) *Employee benefits*

Defined contribution plans

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

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated 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 by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, 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 recognised in profit or loss.

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

Short-term employee benefits

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

Provident funds for staff

The provident funds' contributions for the staff are calculated at the rates fixed by the fund criteria and by the Group at the same amount deducted from staff. The contributions to provident fund are recognised as an expense in profit or loss according to the criteria of the funds (see note 22).

(q) *Provisions*

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

Notes to the financial statements

For the year ended 31 December 2018

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(r) Reserve arising from business combination under common control

The reserve arising from business combination under common control arises from the merger of businesses under the common control of the Company. The reserve represents the difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination. The Company recognises the difference arising from common control transactions under shareholders' equity. It is non-distributable and will be retained until the respective business or assets are sold or otherwise disposed of.

(s) Revenue

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

Sale of goods and services rendered

Revenue from the sale of goods consists of cash sales, credit sales and hire-purchase contract sales. 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.

Hire-purchase contract sales are based on hire-purchase contracts in which the hire-purchase contract receivable the related debts are effectively secured by the products sold. Revenue from hire-purchase sales comprises revenue from the sales of products and interest. Revenue from the sales of product is recognised when a contract is signed and the first payment is received. Interest is recorded as unearned interest income and is recognised in income using the effective rate method.

After a customer has defaulted on 3 consecutive payments, the Group ceases to recognise the related earned interest income from hire-purchase contract.

Service income is consisted of remuneration for the consignment, sale revenue sharing and others which is recognised as services are provided.

Interest income from loan receivables

The group recognised interest income from loan receivables with vehicle collateral and short-term loan receivables as accrual basis by using the effective rate method along the contract period.

After a customer has defaulted on 3 consecutive payments, the Group ceases to recognise the related earned interest income from loan.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Notes to the financial statements

For the year ended 31 December 2018

Interest income

Interest income is recognised in profit or loss of income as it accrues.

(t) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(u) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

Notes to the financial statements

For the year ended 31 December 2018

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

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

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

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

(w) Earnings (loss) per share

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

(x) Segment reporting

Segment results that are reported to the Group'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.

Notes to the financial statements

For the year ended 31 December 2018

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in note 13. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation	Nature of relationships
Jay Mart Public Company Limited	Thailand	Major shareholder, 24.99% shareholding and common director
Jaymart Mobile Co., Ltd.	Thailand	Subsidiary of major shareholder
JMT Network Services Public Company Limited	Thailand	Subsidiary of major shareholder
JAS Asset Public Company Limited	Thailand	Subsidiary of major shareholder
J Fintech Company Limited	Thailand	Subsidiary of major shareholder
Beans and Brown Co., Ltd.	Thailand	Subsidiary of major shareholder
Cafe Supply Co., Ltd.	Thailand	Subsidiary of major shareholder
J Insurance Broker Co., Ltd.	Thailand	Indirect subsidiary of major shareholder
JP Insurance Public Company Limited	Thailand	Common director
Thai Samsung Electronics Co., Ltd.	Thailand	Common director (until 9 April 2018)
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 Group.

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

Transactions	Pricing policies
Sales of goods	Market cash price
Service income	Percentage rate as agreed
Revenue from marketing support	Price as agreed
Revenue from sales of rights in receivable	Price as agreed
Commission income	Price as agreed
Purchase of goods	Market price
Purchase of equipment	Price as agreed
Cost of rendering of services	Fixed price determine by product
Management fee income	15% of income and service cost plus margin
	Price as agreed
Management fee	Price as agreed
Dividend income	Upon declaration
Debt collecting fee	Percentage rate of debt collection
Interest income	Average funding cost
Interest expense	Average funding cost
Other income	Price as agreed
Other expense	Price as agreed

Notes to the financial statements

For the year ended 31 December 2018

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>For the year ended 31 December</i>	<i>(in thousand Baht)</i>			
Major shareholder				
Sales of goods	38	-	-	-
Service income	9	-	-	-
Other expense	4	209	4	209
Management fee	3,600	-	3,600	-
Subsidiaries				
Sale of goods	-	-	1,611,683	1,012,090
Management fee income	-	-	52,846	63,472
Dividend income	-	-	-	36,250
Interest income	-	-	81,479	42,311
Revenue from sales of rights in receivable	-	-	42,311	2,707
Purchase of goods	-	-	118,831	232,485
Purchase of equipment	-	-	-	1,578
Cost of rendering of services	-	-	46,008	32,872
Other related parties				
Sale of goods	192	389	87	398
Service income	10,906	81,087	10,906	81,087
Revenue from marketing support	3,742	25,084	3,742	25,084
Commission income	30,646	-	-	-
Revenue from sales of rights in receivable	67,729	11,027	21,373	-
Other income	5,506	321	1,341	321
Purchase of goods	217,459	68,640	217,459	68,640
Purchase of equipment	-	1,804	-	-
Debt collecting fee	27,463	59,705	251	331
Other expense	1,683	214	244	214
Key management personnel				
Key management personnel compensation				
Short-term benefit	71,335	24,561	54,845	23,315
Post-employment benefits	2,240	2,284	1,905	2,185
Total	73,575	26,845	56,750	25,500

Notes to the financial statements

For the year ended 31 December 2018

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts receivable from related parties				
Subsidiaries	-	-	118,926	255,572
Other related parties	446	188	-	188
Total	446	188	118,926	255,760
Other receivables from related parties				
Major shareholder	-	300	-	300
Subsidiaries	-	-	14,202	5,709
Other related parties	18,927	5,144	14,060	5,144
Total	18,927	5,444	28,262	11,153
Accrued income from related parties				
Subsidiaries	-	-	46,889	7,438
Other related parties	1,195	23,059	988	23,059
Total	1,195	23,059	47,877	30,497

	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans to related parties						
Subsidiaries	4.01 - 5.37	4.01 - 5.08	-	-	2,895,544	1,345,000
Total			-	-	2,895,544	1,345,000

Movements during the year ended 31 December of loans to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Loans to related party				
Short-term loans				
Subsidiary				
At 1 January	-	-	1,345,000	852,000
Increase	-	-	2,217,425	1,761,000
Decrease	-	-	(666,881)	(1,268,000)
At 31 December	-	-	2,895,544	1,345,000

Notes to the financial statements

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts payables to related parties				
Subsidiaries	-	-	83,677	7,646
Other related parties	81,225	46,393	81,225	46,393
Total	81,225	46,393	164,902	54,039
Other payables to related parties				
Subsidiaries	-	-	131,416	23,472
Other related parties	9,438	14,013	14	2
Total	9,438	14,013	131,430	23,474

Significant agreements with related parties

Business transfer agreement

On 14 December 2012, the Company entered into business transfer agreement with SG Capital Co, Ltd. under which the Company agreed to transfer the business operation for hire-purchase of products to SG Capital Co., Ltd. on 31 December 2012. And SG Capital Co., Ltd. agreed to acquire the certain business operation on the terms and conditions as described in the agreement.

Service agreement

On 10 February 2014, the Company entered into service agreement with SG Capital Co., Ltd., whereby the Company agrees to grant the service support regarding to operation support, finance and accounting, personnel service, information technology and others to SG Capital Co., Ltd. In consideration thereof, SG Capital Co., Ltd. is committed to pay service fee based on a service cost plus margin. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 1 month prior to the date of expiration. On 1 January 2018, the Company and SG Capital Co., Ltd. has agreed to change the service fee where by SG Capital Co., Ltd. is committed to pay service fees as specified in the agreement.

On 1 January 2018, the Company entered into service agreement with SG Service Plus Co., Ltd., whereby the Company agrees to grant the service support regarding to operation support, finance and accounting, personnel service, information technology and others to SG Service Plus Co., Ltd. In consideration thereof, SG Service Plus Co., Ltd. is committed to pay service fee as specified in the agreement. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 1 month prior to the date of expiration.

On 1 July 2018, the Company entered into a service agreement with SG Broker Co., Ltd., whereby the Company agrees to grant the service support regarding operations support, finance and accounting, personnel service, information technology and others to SG Broker Co., Ltd. In consideration thereof, SG Broker Co., Ltd. is committed to pay service fees as specified in the agreement. The term of this agreement is effective on the date of the agreement for 6 months and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 1 month prior to the date of expiration.

Notes to the financial statements

For the year ended 31 December 2018

On 30 May 2018, the Company entered into a service agreement with Jay Mart Public Company Limited, whereby Jay Mart Public Company Limited agrees to grant the service support regarding operations support, finance and accounting, marketing and management service and other to the Company. In consideration thereof, the Company is committed to pay service fees as specified in the agreement. The term of this agreement is effective for one year, since 1 January 2018 until 31 December 2018 and will be automatically renewed 1 year unless either party gives to the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration.

Receivable management and collection service agreement

On 23 September 2015, the Company and SG Capital Co., Ltd. entered into agreement with JMT Network Services Public Company Limited (JMT) for certain receivable management and collection services to be provided by JMT to the Company and SG Capital Co., Ltd. in return for fees at rates specified in the agreement. The term of these agreements are one year effective 29 September 2015 and shall be automatically renewed unless either party give to the other party written notice of non-renewal.

On 1 April 2017, SG Capital Co., Ltd. entered into agreement with SG Service Plus Co., Ltd. whereby SG Service Plus Co., Ltd. provides debt collection service to SG Capital Co., Ltd. SG Capital Co., Ltd. agreed to pay fees based on success performance at rate specified in the agreement by 45 days after verify the billing document complete. The term of this agreement is effective on 1 April 2017 until 31 March 2018 and will be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration. However, SG Capital Co., Ltd. had given SG Service Plus Co., Ltd. a written notice to terminate this agreement which was effective on 31 October 2018 onwards.

On 2 May 2018, the Company and SG Capital Co., Ltd. entered into agreements with JMT Network Services Public Company Limited (JMT) for certain collection services to be provided by JMT to the Company and SG Capital Co., Ltd. in return for fees at rates specified in the agreement. The term of these agreements are one year effective 2 May 2018 and shall be automatically renewed unless either party give to the other party written notice of non-renewal.

Consignment agreement

On 1 February 2016, the Company entered into a consignment agreement with Jay Mart Public Company Limited whereby the Company agrees to sale consignment products of Jay Mart Public Company Limited. In consideration thereof, Jay Mart Public Company Limited agreed to pay the remuneration for the consignment sale to the Company at the rates as shown in the quotations and purchase orders within the 15 days of the next following month. The term of this agreement is effective on the date of the agreement and shall be terminated agreement if either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

On 1 January 2017, Jay Mart Public Company Limited transferred a partial of the business to Jaymart Mobile Company Limited which is a subsidiary of Jay Mart Public Company Limited and transferred its right and duty according to the consignment agreement as mentioned above.

Service area agreement

On 1 June 2017, SG Service Plus Co., Ltd. entered into service area agreement with Jay Mart Public Company Limited whereby Jay Mart Public Company Limited agreed to grant the rental area for install and rendering of service for vending machine. In consideration thereof, SG Service Plus Co., Ltd. is committed to pay service fee based on revenue from rendering of service as specific in the agreement. The term of this agreement is effective for one year, since 1 June 2017 until 31 May 2018 unless either party gives to the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration.

Notes to the financial statements

For the year ended 31 December 2018

On 1 June 2016, SG Service Plus Co., Ltd. entered into service area agreement with JMT Network Services Public Company Limited whereby JMT Network Services Public Company Limited agreed to grant the rental area for install and rendering of service for vending machine. In consideration thereof, SG Service Plus Co., Ltd. committed to pay service fee based on revenue from rendering of service as specific in the agreement. The term of this agreement was effective for one year, since 1 June 2016 until 31 May 2017 unless either party gave the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration. However, JMT Network Services Public Company Limited had given SG Service Plus Co., Ltd. a written notice to terminate this agreement which was effective on 1 January 2017 onwards.

On 1 June 2017, SG Service Plus Co., Ltd entered into service area agreement with JAS Asset Public Company Limited whereby JAS Asset Public Company Limited agrees to grant the rental area for install and rendering of service for vending machine. In consideration thereof, SG Service Plus Co., Ltd commits to pay service fee based on revenue from rendering of service as specific in the agreement. The term of this agreement is effective for one year, since 1 June 2017 until 31 May 2018 unless either party gives the other party a written notice to terminate this agreement at least 30 days prior to the date of expiration.

On 1 November 2018, SG Service Plus Co., Ltd entered into building lease and service agreement with SG Capital Co., Ltd whereby SG Service Plus Co., Ltd agreed to rent out the front area of its warehouse building for the purpose of office setup and/or business operation. The agreement is effective for one year from 1 November 2018 to 31 October 2019 unless either party gives a notice of termination to the other at least 30 days in advance. The agreement is automatically renewed after expiration.

Supporting insurance business service agreement

On 1 January 2017, SG Capital Co., Ltd. entered into service agreement with SG Broker Co., Ltd. whereby SG Capital Co., Ltd. agreed to render the supporting insurance business service for SG Broker Co., Ltd. In consideration thereof, SG Broker Co., Ltd. agreed to pay the service fees based on the percentage of revenue from commission and service income that SG Broker Co., Ltd. has received from the insurer. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

On 1 December 2017, SG Capital Co., Ltd entered into a service agreement with J Insurance Broker Co., Ltd. whereby SG Capital Co., Ltd. agreed to render the insurance premium collection service for J Insurance Broker Co., Ltd. In consideration thereof, J Insurance Broker Co., Ltd. agreed to pay the service fees. The term of this agreement is effective on 16 December 2017 to 31 December 2018 and shall be automatically renewed and continued for 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

Outsourcing agency

On 27 December 2017, SG Capital Co., Ltd. entered into a service agreement with J Fintech Co., Ltd. whereby SG Capital Co., Ltd. agrees to be outsource agency to provide the personal loan customers and fully prepare supporting documents for customers and submit to J Fintech Co., Ltd. In consideration thereof, J Fintech Co., Ltd. agreed to pay the service fees based on the net success approval rate as agreed. The term of this agreement is effective on the date of the agreement and shall be automatically renewed and continued for 1 year unless either party gives to the other party a written notice of non-renewal of this agreement at least 30 days prior to the date of expiration.

Notes to the financial statements

For the year ended 31 December 2018

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	218	91	153	80
Cash at banks - current accounts	113,761	146,391	60,307	45,581
Cash at banks - saving accounts	175,134	122,350	94,713	86,107
Cash in transit - current / saving accounts	151	8,272	151	8,272
Total	289,264	277,104	155,324	140,040

6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	446	188	118,926	255,760
Other parties		15,156	14,465	15,517	13,260
Total		15,602	14,653	134,443	269,020
Less allowance for doubtful accounts		(2,868)	(1,255)	(2,868)	(1,255)
Net		12,734	13,398	131,575	267,765
Bad and doubtful debts expenses for the year		1,613	485	1,613	485

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within credit terms	5,678	8,276	124,519	262,643
Overdue:				
Less than 3 months	6,863	4,498	6,863	4,498
3-6 months	264	918	264	918
6-9 months	1,617	238	1,617	238
9-12 months	392	7	392	7
Over 12 months	788	716	788	716
	15,602	14,653	134,443	269,020
Less allowance for doubtful accounts	(2,868)	(1,255)	(2,868)	(1,255)
Net	12,734	13,398	131,575	267,765

The normal credit term granted by the Group range from 30 days to 60 days.

Notes to the financial statements

For the year ended 31 December 2018

7 Hire-purchase contract receivables

	Consolidated financial statements					
	Portion due within one year		Portion due after one year		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>					
Hire-purchase contract receivables	1,870,196	2,019,314	1,521,372	715,039	3,391,568	2,734,353
Less unearned interest income	(599,931)	(478,228)	(334,077)	(129,278)	(934,008)	(607,506)
	1,270,265	1,541,086	1,187,295	585,761	2,457,560	2,126,847
Less allowance for doubtful accounts	(154,181)	(238,271)	(17,755)	(35,863)	(171,936)	(274,134)
Net	1,116,084	1,302,815	1,169,540	549,898	2,285,624	1,852,713

Consolidated financial statements

2018 2017

(in thousand Baht)

Bad and doubtful debts expenses (net of bad debt recovery) for the year

361,990 347,211

During the years ended 31 December 2018 and 2017 the Group has written off doubtful debt for which the allowance totalled Baht 478.85 million and Baht 161.92 million, respectively.

Aging analyses for electronic appliances hire-purchase contract receivables as at 31 December were as follows:

	Consolidated financial statements			
	Hire-purchase contract receivables net of unearned interest income	Net receivables for set up allowance for doubtful account ⁽¹⁾	Percentage of allowance for doubtful	Allowance for doubtful accounts
	<i>(in thousand Baht)</i>		<i>(%)</i>	<i>(in thousand Baht)</i>
31 December 2018				
Within credit terms ⁽²⁾	1,460,185	374,230	1%	3,742
Overdue:				
Less than 3 months ⁽²⁾	389,868	199,077	5%	9,954
3-6 months ⁽²⁾	151,449	104,777	25%	26,194
6-9 months ⁽²⁾	100,068	73,379	35%	25,683
9-12 months ⁽²⁾	75,345	75,345	75%	56,509
Over 12 months ⁽²⁾	28,991	28,991	100%	28,991
Additional allowance for doubtful debt ⁽³⁾				15,907
Total	2,205,906	855,799		166,980

Notes to the financial statements

For the year ended 31 December 2018

	Consolidated financial statements			
	Hire-purchase contract receivables net of unearned interest income	Net receivables for set up allowance for doubtful account ⁽¹⁾	Percentage of allowance for doubtful	Allowance for doubtful accounts
	(in thousand Baht)		(%)	(in thousand Baht)
31 December 2017				
Within credit terms ⁽²⁾	1,264,532	482,769	1	4,828
Overdue:				
Less than 3 months ⁽²⁾	436,095	255,907	5	12,795
3-6 months ⁽²⁾	163,768	121,445	25	30,361
6-9 months ⁽²⁾	79,242	61,184	35	21,414
9-12 months ⁽²⁾	29,285	29,285	75	21,964
Over 12 months ⁽²⁾	5,656	5,656	100	5,656
Additional allowance for doubtful debt ⁽³⁾				176,000
Total	1,978,578	956,246		273,018

⁽¹⁾ Net of collateral (products)

⁽²⁾ Consisted of receivables agreed with the Group to change repayment conditions by renewal of contract or used the current contract and starting new aging once they change the repayment conditions.

⁽³⁾ Additional allowance for doubtful debt for the change of repayment conditions of receivables of the Group. In order to manage credit risk of such receivables, the Group has set up allowance for doubtful debt by significantly consider of historically overdue of the receivables. The Group is monitoring the practices and ability of the receivables by considering repayment of installments consecutively.

Aging analyses for vehicles hire-purchase contract receivables as at 31 December were as follows:

	Consolidated financial statements			
	Hire-purchase contract receivables net of unearned interest income	Net receivables for set up allowance for doubtful account ⁽⁴⁾	Percentage of allowance for doubtful	Allowance for doubtful accounts
	(in thousand Baht)		(%)	(in thousand Baht)
31 December 2018				
Within credit terms	195,966	1,478	1	15
Overdue:				
Less than 3 months	50,826	3,924	2	79
3-6 months	3,312	3,312	100	3,312
6-9 months	1,104	1,104	100	1,104
9-12 months	446	446	100	446
Total	251,654	10,264		4,956

Notes to the financial statements

For the year ended 31 December 2018

Consolidated financial statements				
	Hire-purchase contract receivables net of unearned interest income	Net receivables for set up allowance for doubtful account ⁽⁴⁾	Percentage of allowance for doubtful	Allowance for doubtful accounts
	(in thousand Baht)		(%)	(in thousand Baht)
31 December 2017				
Within credit terms	114,928	11,987	1	120
Overdue:				
Less than 3 months	32,430	4,281	2	86
Over 3 months	910	910	100	910
Total	148,268	17,178		1,116

⁽⁴⁾ Net of collateral (vehicles)

As at 31 December, the gross investment under hire-purchase contracts and the present value of minimum payments of hire-purchase contract receivables were as follows:

Consolidated financial statements				
	2018		2017	
	Gross investment under the hire-purchase contracts	Present value of minimum payments of hire-purchase contract receivables	Gross investment under the hire-purchase contracts	Present value of minimum payments of hire-purchase contract receivables
	(in thousand Baht)			
Portion due within one year	1,870,196	1,270,265	2,019,314	1,541,086
Portion due over one year but within five years	1,521,372	1,187,295	715,039	585,761
	3,391,568	2,457,560	2,734,353	2,126,847
Less unearned interest income	(934,008)		(607,506)	
Net investment under hire purchase contracts	2,457,560		2,126,847	

Changing of repayment conditions of hire-purchase contract receivables

The financial statements for the year ended 31 December include the following changes through various types of debt rescheduling:

	Consolidated financial statements		Consolidated financial statements	
	2018		2017	
	Before debt rescheduling	After debt rescheduling	Before debt rescheduling	After debt rescheduling
	(in thousand Baht)			
Changes of repayment conditions of hire-purchase contract receivables	12,939	13,140	707,965	715,953

Notes to the financial statements

For the year ended 31 December 2018

Cash collection under debt rescheduling of hire-purchase contract receivables for the year ended 31 December was as follows:

	Consolidated financial statements	
	2018	2017
	(in thousand Baht)	
Cash collection under debt rescheduling	124,900	102,567

As at 31 December debt rescheduling of hire-purchase contract receivables have remaining balances as follows:

	Consolidated financial statements	
	2018	2017
	(in thousand Baht)	
Hire-purchase contract receivables after debt rescheduling ⁽⁵⁾	42,965	512,215

- ⁽⁵⁾ As at 31 December 2018 the Group has set up additional allowance for doubtful debt of such receivables in amount Baht 15.9 million (2017: 176.0 million). In order to manage credit risk of such receivables, the Group has set up allowance for doubtful debt by significantly consider of historically overdue of the receivables. The Group is monitoring the practices and ability of the receivables by considering repayment of installments consecutively.

8 Loan receivables with vehicle collateral

	Consolidated financial statement					
	Portion due within one year		Portion due after one year		Total	
	2018	2017	2018	2017	2018	2017
	(in thousand Baht)					
Loan receivables with vehicle collateral	204,261	115,597	803,885	90,783	1,008,146	206,380
Add accrued interest receivable	3,600	870	-	-	3,600	870
	207,861	116,467	803,885	90,783	1,011,746	207,250
Less allowance for doubtful accounts	(1,328)	(250)	(1,709)	(201)	(3,037)	(451)
Net	<u>206,533</u>	<u>116,217</u>	<u>802,176</u>	<u>90,582</u>	<u>1,008,709</u>	<u>206,799</u>

	Consolidated financial statements	
	2018	2017
	(in thousand Baht)	
Bad and doubtful debts expense for the year	<u>3,037</u>	<u>451</u>

Notes to the financial statements

For the year ended 31 December 2018

Aging analyses for loan receivables with vehicle collateral as at 31 December were as follows:

	Consolidated financial statements			
	Loan receivables with vehicle collateral and accrued interest receivable	Net receivables for set up allowance for doubtful account ⁽¹⁾	Percentage of allowance for doubtful	Allowance for doubtful accounts
31 December 2018	(in thousand Baht)		(%)	(in thousand Baht)
Within credit terms overdue:	943,915	11,261	1	113
Less than 3 months	65,033	6,292	2	126
3-6 months	1,605	1,605	100	1,605
7-9 months	78	78	100	78
9-12 months	1,115	1,115	100	1,115
Total	1,011,746	20,351		3,037

⁽¹⁾ Net of collateral (vehicles)

	Consolidated financial statements			
	Loan receivables with vehicle collateral and accrued interest receivable	Net receivables for set up allowance for doubtful account ⁽¹⁾	Percentage of allowance for doubtful	Allowance for doubtful accounts
31 December 2017	(in thousand Baht)		(%)	(in thousand Baht)
Within credit terms overdue:	203,820	43,257	1	433
Less than 3 months	3,430	902	2	18
Total	207,250	44,159		451

⁽¹⁾ Net of collateral (vehicles)

9 Short-term loan receivables

Short-term loan receivables as at 31 December were as follows:

	Consolidated financial statements	
	31 December 2018	31 December 2017
	(in thousand Baht)	
Short-term loan receivables	-	56,192
Add accrued interest receivable	-	1,308
	-	57,500
Less allowance for doubtful accounts	-	(904)
Net	-	56,596

Notes to the financial statements

For the year ended 31 December 2018

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Bad and doubtful debts expenses for the year	53,377	904

Aging analyses for short-term loan receivables as at 31 December 2017 were as follows:

	Consolidated financial statements			
	Long-term loan receivables and accrued interest receivable	Net receivables for set up allowance for doubtful account	Percentage of allowance for doubtful	Allowance for doubtful accounts
<i>31 December 2017</i>	<i>(in thousand Baht)</i>		<i>(%)</i>	<i>(in thousand Baht)</i>
Within credit terms	24,580	24,580	1	246
overdue:				
Less than 3 months	32,920	32,920	2	658
Total	57,500	57,500		904

10 Other receivables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	18,927	5,444	28,262	11,153
Ex-employee		111,425	183,527	111,425	183,527
Other parties					
- Advance payment for goods		899	762	899	762
- Advance payment for employee		4,479	7,217	3,814	6,652
- Value added tax		24,272	25,752	1,288	2,845
- Advance payment for rendering service		21,835	28,112	21,835	28,112
- Rebate and royalty receivables		78,261	5,028	78,261	5,028
- Accrued promotion income		38,089	7,172	38,089	7,172
- Others		65,225	53,100	24,659	45,259
Total		363,412	316,114	308,532	290,510
Less allowance for doubtful accounts - ex-employee and others		(110,161)	(168,488)	(110,161)	(168,488)
Net		253,251	147,626	198,371	122,022
Bad and doubtful debts expenses for the year		12,895	17,497	12,895	17,497

Notes to the financial statements

For the year ended 31 December 2018

11 Short-term loans

	Note	Interest Rate		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017	2018	2017
		(% per annum)		(in thousand Baht)			
Related parties	4	4.01 - 5.37	4.01 - 5.08	-	-	2,895,544	1,345,000
Others		-	9.00	-	5,000	-	5,000
Total				-	5,000	2,895,544	1,350,000

During 2018 the Company has offset the loans to other parties with guarantee deposit amount Baht 7 million.

12 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Finished goods	556,117	205,320	550,413	200,119
Reverted inventories	126,031	123,770	126,031	123,770
Service parts	3,264	15,722	-	12,989
	<u>685,412</u>	<u>344,812</u>	<u>676,444</u>	<u>336,878</u>
Less allowance for loss on decline in value	(44,964)	(33,101)	(41,924)	(33,101)
Net	<u>640,448</u>	<u>311,711</u>	<u>634,520</u>	<u>303,777</u>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	1,121,604	873,825	1,138,741	880,431
- Write-down to net realisable value	11,863	7,701	8,823	7,701
Net	<u>1,133,467</u>	<u>881,526</u>	<u>1,147,564</u>	<u>888,132</u>

Notes to the financial statements

For the year ended 31 December 2018

13 Investments in subsidiaries

Investments in subsidiaries as at 31 December were as follows:

Separate financial statements						
	Type of business	Country of incorporation	Ownership Interest 2018	Interest 2017	Paid share capital 2018	Cost method 2017
			(%)		(in thousand Baht)	
SG Broker Co., Ltd. SG Capital Co., Ltd.	Life and non-life insurance broker	Thailand	99.99	99.99	4,000	3,999
	Hire-purchase of home appliance, commercial products, hire-purchase of vehicle, loan receivables with vehicle collateral and others				4,000	3,999
SG Service Plus Co., Ltd.	Repair and maintenance service of electronic appliances, provide debt collection service to a related company	Thailand	99.99	99.99	1,450,000	1,449,997
					1,450,000	1,449,997
Total		Thailand	99.88	99.88	5,000	4,994
					1,458,990	1,458,990

In 2018, the Company had no dividend income from SG Capital Co., Ltd. (2017: Baht 36.2 million).

Notes to the financial statements

For the year ended 31 December 2018

14 Other long-term investment

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Fixed deposit - TISCO Bank Public Company Limited	2,000	2,000	-	-
Total	2,000	2,000	-	-

Fixed deposit is maintained as the minimum security required by the Office of the Insurance Commission.

Notes to the financial statements

For the year ended 31 December 2018

15 Property, plant and equipment

	Consolidated financial statements							
	Land and land improvement	Buildings	Leasehold improvement	Office furniture and equipment	Tools and equipment	Vehicle	Construction in progress	Total
				<i>(in thousand Baht)</i>				
Cost / revaluation								
At 1 January 2017	286,949	132,208	42,914	72,352	3,762	13,384	-	551,569
Additions	-	-	10,770	23,159	843	-	9,011	43,783
Surplus on revaluation	16,563	2,648	-	-	-	-	-	19,211
Transfer	-	-	7,270	891	-	-	(8,161)	-
Disposals	-	-	-	(338)	-	(1,955)	-	(2,293)
At 31 December 2017 and 1 January 2018	303,512	134,856	60,954	96,064	4,605	11,429	850	612,270
Additions	-	-	5,310	10,963	12	-	909	17,194
Transfer	-	-	-	850	-	-	(850)	-
Disposals	-	-	-	(270)	-	-	-	(270)
At 31 December 2018	303,512	134,856	66,264	107,607	4,617	11,429	909	629,194
Depreciation and impairment loss								
At 1 January 2017	1,763	62,616	39,496	59,668	1,332	10,373	-	175,248
Depreciation charge for the year	-	3,749	4,237	7,607	728	519	-	16,840
Reversal of accumulated depreciation on building revaluation	-	(17,854)	-	-	-	-	-	(17,854)
Reversal of impairment losses	-	-	-	-	-	(309)	-	(309)
Disposals	-	-	-	(232)	-	(373)	-	(605)
At 31 December 2017 and 1 January 2018	1,763	48,511	43,733	67,043	2,060	10,210	-	173,320
Depreciation charge for the year	-	3,993	9,370	12,084	343	399	-	26,189
Disposals	-	-	-	(123)	-	-	-	(123)
At 31 December 2018	1,763	52,504	53,103	79,004	2,403	10,609	-	199,386

Notes to the financial statements

For the year ended 31 December 2018

Consolidated financial statements							
	Land and land improvement	Buildings	Leasehold improvement	Office furniture and equipment	Tools and equipment	Construction in progress	Total
	<i>(in thousand Baht)</i>						
<i>Net book value</i>	285,186	69,592	3,418	12,684	2,430	-	376,321
	301,749	86,345	17,221	29,021	2,545	850	438,950
	301,749	82,352	13,161	28,603	2,214	909	429,808

Notes to the financial statements

For the year ended 31 December 2018

	Separate financial statements					
	Land and land improvement	Buildings	Leasehold improvement	Office furniture and equipment	Vehicle	Construction in progress
				(in thousand Baht)		Total
Cost / revaluation						
At 1 January 2017	286,949	132,208	42,913	69,189	11,683	542,942
Additions	-	-	8,552	17,832	-	32,407
Surplus on revaluation	16,563	2,648	-	-	-	19,211
Transfer	-	-	5,173	-	-	-
Disposals	-	-	-	(223)	(254)	(477)
At 31 December 2017 and 1 January 2018	303,512	134,856	56,683	86,798	11,429	594,083
Additions	-	-	903	5,070	-	5,973
Transfer	-	-	-	850	-	-
Disposals	-	-	-	(97)	-	(97)
At 31 December 2018	303,512	134,856	57,541	92,621	11,429	599,959
Depreciation and impairment losses						
At 1 January 2017	1,763	62,616	39,496	58,623	9,713	172,211
Depreciation charge for the year	-	3,749	3,110	5,079	499	12,437
Reversal of accumulated depreciation on building revaluation	-	(17,854)	-	-	-	(17,854)
Disposals	-	-	-	(223)	-	(223)
At 31 December 2017 and 1 January 2018	1,763	48,511	42,606	63,479	10,212	166,571
Depreciation charge for the year	-	3,993	5,530	8,063	399	17,985
Disposals	-	-	-	(77)	-	(77)
At 31 December 2018	1,763	52,504	48,136	71,465	10,611	184,479
Net book value						
At 1 January 2017	285,186	69,592	3,417	10,566	1,970	370,731
At 31 December 2017 and 1 January 2018	301,749	86,345	14,032	23,319	1,217	427,512
At 31 December 2018	301,749	82,352	9,405	21,156	818	415,480

Notes to the financial statements

For the year ended 31 December 2018

The gross amount of the Group and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 239.77 million and Baht 238.09 million respectively (2017: Baht 219.98 million and Baht 219.23 million respectively).

Measurement of fair value

Fair value hierarchy

The fair values of land and buildings were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

During 2017, the Company's land and buildings were reappraised by an independent valuer using the market comparison approach. The value of the buildings was estimated using the cost of replacement, new less depreciation (CRNLD) of the building, then the difference between the open market value and the building valuation was taken as the value of land, resulting in an increase in the carrying value of lands and buildings in the amount of Baht 301.75 million and Baht 86.35 million Baht, respectively.

As at 31 December 2018, fair value measurement for land and buildings, net of Baht 384.10 million (2017: Baht 388.10 million) have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Land	
- Total market price less building value	• Open market value
Building	
- Cost of replacement, new less depreciation approach	• Cost of replacement

Movement of unrealised surpluses on revaluation of assets for the years 2018 and 2017 were as follows:

	Consolidated and Separate financial statements	
	2018	2017
	(in thousand Baht)	
Balance at 1 January	223,654	197,672
Revaluation of land	-	15,463
Revaluation of buildings	-	20,502
Increase in deferred tax liabilities - revaluation	-	(7,193)
	-	28,772
Depreciation	(3,984)	(3,689)
Decrease in deferred tax liabilities - depreciation	797	899
	(3,187)	(2,790)
Balance at 31 December	220,467	223,654

Notes to the financial statements

For the year ended 31 December 2018

16 Intangible assets

	Consolidated financial statements		
	Software licences	Software licences under installment	Total
	(in thousand Baht)		
Cost			
At 1 January 2018	50,690	8,640	59,330
Additions	5,395	3,076	8,471
Transfer	6,386	(6,386)	-
At 31 December 2017 and 1 January 2018	62,471	5,330	67,801
Additions	42,483	1,575	44,058
Transfer	5,130	(5,130)	-
Disposals	(9,561)	-	(9,561)
At 31 December 2018	100,523	1,775	102,298
Amortisation			
At 1 January 2017	36,397	-	36,397
Amortisation for the year	4,695	-	4,695
At 31 December 2017 and 1 January 2018	41,092	-	41,092
Amortisation for the year	15,892	-	15,892
Disposals	(9,561)	-	(9,561)
At 31 December 2018	47,423	-	47,423
Net book value			
At 1 January 2017	14,293	8,640	22,933
At 31 December 2017 and 1 January 2018	21,379	5,330	26,709
At 31 December 2018	53,100	1,775	54,875

Notes to the financial statements

For the year ended 31 December 2018

	Separate financial statements		
	Software licences	Software licences under installment	Total
	(in thousand Baht)		
Cost			
At 1 January 2017	49,732	4,800	54,532
Additions	5,174	2,696	7,870
Transfer	6,386	(6,386)	-
At 31 December 2017 and 1 January 2018	61,292	1,110	62,402
Additions	41,830	1,575	43,405
Transfer	1,290	(1,290)	-
Disposals	(9,561)	-	(9,561)
At 31 December 2018	94,851	1,395	96,246
Amortisation			
At 1 January 2017	36,150	-	36,150
Amortisation for the year	4,462	-	4,462
At 31 December 2017 and 1 January 2018	40,612	-	40,612
Amortisation for the year	15,207	-	15,207
Disposals	(9,561)	-	(9,561)
At 31 December 2018	46,258	-	46,258
Net book value			
At 1 January 2017	13,582	4,800	18,382
At 31 December 2017 and 1 January 2018	20,680	1,110	21,790
At 31 December 2018	48,593	1,395	49,988

17 Deferred tax

Deferred tax assets and liabilities as at 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Deferred tax assets	142,623	146,350	61,374	79,695
Deferred tax liabilities	(58,756)	(59,531)	(58,756)	(59,531)
Net	83,867	86,819	2,618	20,164

Notes to the financial statements

For the year ended 31 December 2018

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

	Consolidated financial statements			
	(Charged) / credited to:			
	At 1 January 2018	Profit or loss (note 30)	Other comprehensive income (note 21)	At 31 December 2018
	(in thousand Baht)			
Deferred tax assets				
Allowance for doubtful accounts	79,870	(32,548)	-	47,322
Allowance for decline in value of inventories	6,620	2,373	-	8,993
Interest income from hire-purchase contract	18,704	(18,704)	-	-
Provision for employee benefit	29,532	3,291	(6,712)	26,111
Provision for provident funds	10,890	(4,217)	-	6,673
Provision for warranty	600	400	-	1,000
Impairment loss on property, plant and equipment and intangible assets	134	-	-	134
Loss carry forward	-	52,390	-	52,390
Total	146,350	2,985	(6,712)	142,623
Deferred tax liabilities				
Property, plant and equipment	(59,531)	775	-	(58,756)
Net	86,819	3,760	(6,712)	83,867

	Consolidated financial statements			
	(Charged) / credited to:			
	At 1 January 2017	Profit or loss (note 30)	Other comprehensive income (note 15)	At 31 December 2017
	(in thousand Baht)			
Deferred tax assets				
Allowance for doubtful accounts	52,886	26,984	-	79,870
Allowance for decline in value of inventories	5,080	1,540	-	6,620
Interest income from hire-purchase contract	16,198	2,506	-	18,704
Provision for employee benefit	27,866	1,666	-	29,532
Provision for provident funds	13,194	(2,304)	-	10,890
Provision for warranty	1,200	(600)	-	600
Impairment loss on property, plant and equipment and intangible assets	415	(281)	-	134
Total	116,839	29,511	-	146,350
Deferred tax liabilities				
Property, plant and equipment	(53,020)	682	(7,193)	(59,531)
Net	63,819	30,193	(7,193)	86,819

Notes to the financial statements

For the year ended 31 December 2018

	Separate financial statements			
		(Charged) / credited to:		
	At 1 January 2018	Profit or loss (note 30)	Other comprehensive income (note 21)	At 31 December 2018
	(in thousand Baht)			
Deferred tax assets				
Allowance for doubtful accounts	33,949	(12,446)	-	21,503
Allowance for decline in value of inventories	6,620	1,765		8,385
Provision for employee benefit	27,556	2,304	(6,165)	23,695
Provision for provident funds	10,837	(4,179)	-	6,658
Provision for warranty	600	400	-	1,000
Impairment loss on property, plant and equipment and intangible assets	133	-	-	133
Total	79,695	(12,156)	(6,165)	61,374
Deferred tax liabilities				
Property, plant and equipment	(59,531)	775	-	(58,756)
Net	20,164	(11,381)	(6,165)	2,618
	Separate financial statements			
		(Charged) / credited to:		
	At 1 January 2017	Profit or loss (note 30)	Other comprehensive income (note 15)	At 31 December 2017
	(in thousand Baht)			
Deferred tax assets				
Allowance for doubtful accounts	37,306	(3,357)	-	33,949
Allowance for decline in value of inventories	5,080	1,540	-	6,620
Provision for employee benefit	26,170	1,386	-	27,556
Provision for provident funds	13,154	(2,317)	-	10,837
Provision for warranty	1,200	(600)	-	600
Impairment loss on property, plant and equipment and intangible assets	353	(220)	-	133
Total	83,263	(3,568)	-	79,695
Deferred tax liabilities				
Property, plant and equipment	(53,020)	682	(7,193)	(59,531)
Net	30,243	(2,886)	(7,193)	20,164

Notes to the financial statements

For the year ended 31 December 2018

Deferred tax assets arising from temporary differences that have not been recognised in the financial statements were as follows:

	Consolidated Financial statements		Separate Financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Reserve arising from business combination under common control	77,929	97,412	-	-
Total	77,929	97,412	-	-

18 Interest-bearing liabilities

	Consolidated Financial statements		Separate Financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts and short-term loans from financial institutions				
- unsecured	364,003	86,149	309,000	86,148
Current portion of debentures				
- unsecured	800,000	-	800,000	-
Other short-term loans				
- Bill of exchange - net	287,023	-	287,023	-
	1,451,026	86,149	1,396,023	86,148
Non-current				
Debentures - unsecured	1,350,000	1,200,000	1,350,000	1,200,000
	1,350,000	1,200,000	1,350,000	1,200,000
Total	2,801,026	1,286,149	2,746,023	1,286,148

	Consolidated and Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Bill of exchange		
Bill of exchange	300,000	-
Less Unamortise discount from bill of exchange	(10,688)	-
Less Unamortise transaction cost from issuing bill of exchange	(2,289)	-
Bill of exchange - net	287,023	-

As at 31 December 2018 the Company had bank overdrafts bearing interest at MOR rates of 6.87% to 7.20% per annum (2017: 6.87% to 7.50% per annum).

As at 31 December 2018 the Group and the Company had unutilised credit facilities totalling Baht 87 million (2017: Baht 601 million).

Notes to the financial statements

For the year ended 31 December 2018

Debentures

As at 31 December the Group and the Company had debentures as detailed below;

	Consolidated Financial statements		Separate Financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Balance at the end of year	2,150,000	1,200,000	2,150,000	1,200,000
Less Current portion of debentures	800,000	-	800,000	-
Debentures - net of current portion	1,350,000	1,200,000	1,350,000	1,200,000

Debenture issued by Singer Thailand Public Company Limited

The Board of Directors meeting of the Company on 18 February 2016 passed a resolution approving the issuance of unsecured and senior debentures in the amount of Baht 500 million at face value of Baht 1,000, interest rate at 4.00% per annum. The Company issued the debenture on 29 April 2016 and maturity date of debenture is 29 April 2019.

On 10 August 2017, The Board of Directors meeting passed a resolution approving the issuance of debentures detailed as follows:

1. The first series of 2 years, the amount of Baht 300 million at par value of Baht 1,000, interest rate at 5.30% per annum, unsecured, unsubordinated debentures, debenture holders' representative and mature in October 2019
2. The second series of 3 years, the amount of Baht 400 million at par value of Baht 1,000, interest rate at 5.50% per annum, unsecured, unsubordinated debentures, debenture holders' representative, mature in October 2020 and the issuer is enable to redeem before maturity date of debenture

The Company issues debentures as mentioned above on 20 October 2017.

On 22 December 2017, the Board of Directors meeting of the Company passed a resolution approving the plan of debenture issuance for the year 2018 with the issuance size limit not to exceed Baht 950 million. On 30 March 2018, the Company issued the debenture in the amount of Baht 950 million at face value of Baht 1,000, interest rate at 5.50% per annum, unsubordinated and unsecured. The debenture will mature on 30 March 2021.

19 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Related parties	4	81,225	46,393	164,902	54,039
Other parties		266,843	88,511	214,827	82,817
Total		348,068	134,904	379,729	136,856

Notes to the financial statements

For the year ended 31 December 2018

20 Other payables

		Consolidated		Separate	
	Note	financial statements		financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Other payables - related parties	4	9,438	14,013	131,430	23,474
Advance received		31,232	44,737	31,232	44,737
Accrued commission		22,928	55,914	16,783	55,914
Accrued tradename and trademark expenses		16,239	13,599	16,239	13,599
Accrued advertising and sales promotion		15,598	35,178	15,598	34,359
Accrued interest		12,256	11,202	12,256	11,203
Retention for goods		7,379	22,464	7,379	22,464
Accrued welfare		7,024	1,054	4,860	1,298
Value added tax payable		2,590	6,951	799	6,911
Others		64,450	47,892	38,965	29,507
Total		189,134	253,004	275,541	243,466

21 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Statement of financial position obligations for:				
Post-employment benefits	139,170	160,571	118,473	137,781
Statement of comprehensive income Recognised in profit or loss				
Post-employment benefits	17,999	17,479	15,580	15,088
Recognised in other comprehensive income:				
Actuarial gains recognised in the year	33,560	-	30,826	-
Cumulative actuarial gains recognised	41,603	-	42,892	-

The Group operates a defined benefit pension plan based on the requirements 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 Group to actuarial risks, such as longevity risk and interest rate risk.

Notes to the financial statements

For the year ended 31 December 2018

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate Financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	160,571	152,243	137,781	130,850
Include in profit or loss:				
Current service cost	14,031	13,705	12,166	11,877
Interest on obligation	3,968	3,774	3,414	3,211
	17,999	17,479	15,580	15,088
Included in other comprehensive income:				
Actuarial gains	(33,560)	-	(30,826)	-
Others:				
Benefit paid from employee transfers to related company	-	-	531	-
Benefit paid	(5,840)	(9,151)	(4,593)	(8,157)
At 31 December	139,170	160,571	118,473	137,781

Actuarial losses (gains) recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate Financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	(19)	-	(18)	-
Financial assumptions	2,214	-	1,858	-
Experience adjustment	(35,755)	-	(32,666)	-
Total	(33,560)	-	(30,826)	-

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated and Separate financial statements	
	2018	2017
Discount rate	2.50%	2.70%
Future salary growth		
– salaried staff	5.0%	5.0%
– commissioned agent	Notional commission model, inflated by price inflation of 3.5%	Notional commission model, inflated by price inflation of 3.5%

Assumptions regarding future mortality are based on published statistics and mortality tables.

Notes to the financial statements

For the year ended 31 December 2018

At 31 December 2018 and 2017, the weighted-average duration of the defined benefit obligations was 8 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 obligations by the amounts shown below.

	Consolidated financial statements		Separate Financial statements	
	Increase	Decrease	Increase	Decrease
At 31 December 2018				
	<i>(in thousand Baht)</i>			
Discount rate (1% movement)	(10,488)	12,055	(8,806)	10,106
Future salary growth (1% movement)	11,334	(10,077)	9,454	(8,417)
	Consolidated financial statements		Separate Financial statements	
	Increase	Decrease	Increase	Decrease
At 31 December 2017				
	<i>(in thousand Baht)</i>			
Discount rate (1% movement)	(11,202)	12,758	(9,482)	10,809
Future salary growth (1% movement)	12,008	(10,770)	10,122	(9,070)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment becomes law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 15.46 million and Baht 15.31 million, respectively.

22 Provident funds

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	81,666	98,073	79,971	96,945
Provision used				
- Company and interest	(8,803)	(15,361)	(8,796)	(15,358)
- Employee	(3,752)	(5,642)	(3,742)	(5,633)
Provision setup				
- Company and interest	2,006	3,438	1,925	2,904
- Employee	691	1,158	651	1,113
Provision reverse				
- Company and interest	(15,255)	-	(14,088)	-
At 31 December	56,553	81,666	55,921	79,971

Notes to the financial statements

For the year ended 31 December 2018

The provident funds for staff are established and managed by the Group. Membership of the funds is on a voluntary basis. Contributions are made monthly by the staff at the rates fixed by the fund criteria and by the Group at the same amount deducted from salesmen and shop managers whose remuneration, being commission based, is variable and not fixed as with basic salaries. Consequently, the funds do not qualify to be registered with the Ministry of Finance as juristic entities nor can the funds be managed by a licensed Fund Manager. Therefore the funds have been established on a voluntary basis and managed by the Group based on the relevant criteria set-down by the Group governing the fund contributions and benefits. The contributions are based on the number of years of membership and at rates fixed by the fund criteria.

23 Share capital

	<i>Par value per share (in Baht)</i>	2018		2017	
		Number	Baht	Number	Baht
		<i>(thousand share/thousand Baht)</i>			
<i>Authorised</i>					
At 1 January					
- ordinary shares	<i>1</i>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>
At 31 December					
- ordinary shares	<i>1</i>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>
<i>Issued and paid</i>					
At 1 January					
- ordinary shares	<i>1</i>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>
At 31 December					
- ordinary shares	<i>1</i>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

24 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other components of equity

Valuation changes

The valuation changes account within equity comprises the cumulative net change in the valuation of land and building included in the financial statements at valuation until such land and building are sold or otherwise disposed of.

Notes to the financial statements

For the year ended 31 December 2018

25 Segment information

The Group has three reportable segments, as described below, which are the Group'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 Group's reportable segments.

- Segment 1 Trade sales
- Segment 2 Hire purchase and loans
- Segment 3 Service and others

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit (loss) 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.

Consolidated financial statements					
	Trade sales	Hire-purchase and loans	Service and others	Eliminations	Total
<i>(in thousand Baht)</i>					
For the year ended 31 December 2018					
Revenue from sale of goods					
- External revenue	185,681	1,682,615	7,987	-	1,876,283
- Inter-segment revenue	1,695,998	34,516	-	(1,730,514)	-
Other income					
- External revenue	186,734	797,518	27,489	-	1,011,741
- Inter-segment revenue	134,325	-	81,125	(215,450)	-
Total segment revenue	2,202,738	2,514,649	116,601	(1,945,964)	2,888,024
Finance costs	107,112	80,755	1,060	(81,479)	107,448
Segment profit (loss) before income tax	129,222	(178,984)	399	-	(49,363)
Segment assets as at 31 December 2018	2,025,166	3,778,402	61,439	(772,469)	5,092,538

Notes to the financial statements

For the year ended 31 December 2018

Consolidated financial statements					
	Trade sales	Hire- purchase and loans	Service and others	Eliminations	Total
<i>(in thousand Baht)</i>					
For the year ended 31 December 2017					
Revenue from sale of goods					
- External revenue	357,499	1,014,417	3,859	-	1,375,775
- Inter-segment revenue	1,012,090	232,485	-	(1,244,575)	-
Other income					
- External revenue	166,469	719,942	101,219	-	987,630
- Inter-segment revenue	105,783	-	60,135	(165,918)	-
Total segment revenue	1,641,841	1,966,844	165,213	(1,410,493)	2,363,405
Finance costs	39,548	43,687	161	(42,311)	41,085
Segment profit (loss) before income tax	20,711	(46,781)	(2,071)	-	(28,141)
Segment assets as at 31 December 2017	1,379,687	2,381,510	55,598	(316,285)	3,500,510

Geographic segments

The Group is managed and operates principally in Thailand. There is no material revenues derived from, or assets located in, foreign countries.

26 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Employee benefit expenses	371,129	370,194	354,943	346,318
Loss on repossession	95,227	69,758	-	-
Debt collecting fee	68,023	62,432	-	-
Travel expenses	48,211	38,311	36,270	38,311
Rental expense	41,621	29,530	40,623	29,530
Trade discounts	32,815	6,819	-	-
Local freight	27,722	17,996	27,722	17,901
Management service fee	21,895	20,032	25,146	20,032
Advertising	7,383	5,957	6,957	4,674
Product warranty	4,283	16,819	26,360	12,957
Others	21,899	32,025	8,341	7,150
Total	740,208	669,873	526,362	476,873

Notes to the financial statements

For the year ended 31 December 2018

27 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Employee benefit expenses	282,233	182,691	157,291	119,589
Depreciation and amortisation	41,025	21,136	33,191	16,899
Travel expenses	38,033	49,342	19,795	25,750
Professional fee	25,593	19,661	12,661	10,219
Rental expense	19,598	25,972	16,136	22,023
Stationery	13,952	11,382	8,856	8,243
Bad debt recovery	(45,242)	(39,403)	(28,898)	(29,654)
Others	49,097	28,039	23,223	15,722
Total	424,289	298,820	242,255	188,791

28 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Commission	286,526	164,306	210,651	164,240
Wages and salaries	258,494	211,522	141,303	120,819
Sales incentive	106,151	150,515	108,846	143,310
Defined contribution plans	23,267	19,272	16,073	14,283
Defined benefit plans	17,999	17,479	15,580	15,088
Others	27,252	11,250	19,781	8,167
Total	719,689	574,344	512,234	465,907

Defined contribution plans

The defined contribution plans comprise provident funds established by the companies in the Group for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

29 Finance costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finance costs:				
Debentures	97,617	29,690	97,617	29,690
Bank loans and overdrafts	4,977	9,839	4,977	8,318
Bill of exchange	1,726	-	1,726	-
Others	3,128	1,556	2,792	1,540
Total	107,448	41,085	107,112	39,548

Notes to the financial statements

For the year ended 31 December 2018

30 Income tax expense

Income tax recognised in profit or loss

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Current tax expense					
Current year		35,165	11,809	34,160	1,950
Deferred tax expense	17				
Movements in temporary differences		(3,760)	(30,193)	11,380	2,886
Total tax expense (income)		31,405	(18,384)	45,540	4,836

Income tax recognised in other comprehensive income

	2018			2017		
	Before tax	Tax expense (note 21)	Net of tax	Before tax	Tax expense (note 15)	Net of tax
<i>(in thousand Baht)</i>						
Consolidated financial statements						
Revaluation of property, plant and equipment	-	-	-	35,965	(7,193)	28,772
Actuarial gains	33,560	(6,712)	26,848	-	-	-
Total	33,560	(6,712)	26,848	35,965	(7,193)	28,772
<i>(in thousand Baht)</i>						
	2018			2017		
	Before tax	Tax expense (note 21)	Net of tax	Before tax	Tax expense (note 15)	Net of tax
Separate financial statements						
Revaluation of property, plant and equipment	-	-	-	35,965	(7,193)	28,772
Actuarial gains	30,826	(6,165)	24,661	-	-	-
Total	30,826	(6,165)	24,661	35,965	(7,193)	28,772

Notes to the financial statements

For the year ended 31 December 2018

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Loss before income tax expense		(49,362)		(28,141)
Income tax using the Thai corporation tax rate	20	(9,873)	20	(5,628)
Effect of income tax from subsidiaries		1,030		(174)
Expense difference between accounting and tax		(778)		(19,482)
Expenses not deductible for tax purposes		42,332		7,739
Double deduction expense for tax purposes		(953)		(918)
Under provided in prior years		(353)		79
Total	63.62	31,405	65.33	(18,384)

Reconciliation of effective tax rate

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		129,222		56,961
Income tax using the Thai corporation tax rate	20	25,844	20	11,392
Income not subject to tax		-		(7,250)
Expenses not deductible for tax purposes		20,495		1,525
Double deduction expense for tax purposes		(799)		(831)
Total	35.24	45,540	8.49	4,836

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

31 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2018 and 2017 were based on the profit (loss) for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht / thousand shares)			
Profit (loss) attributable to equity holders of the Company (basic)	(80,767)	(9,757)	83,682	52,125
Number of ordinary shares outstanding	270,000	270,000	270,000	270,000
Basic earnings (loss) per share (in Baht)	(0.30)	(0.04)	0.31	0.19

Notes to the financial statements

For the year ended 31 December 2018

32 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2017, the shareholders approved the appropriation of dividend of Baht 0.25 per share, amounting to Baht 67.5 million. The dividend was paid to shareholders during 2017.

33 Financial instruments

Financial risk management policies

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

Capital management

The Board's 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 of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flow. Loan interest rates are mainly fix from debentures and short-term loans from other parties. (Note 18).

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:

	Consolidated financial statements			
	Effective interest rate	Within 1 year	After 1 year but within 5 years	Total
	(% per annum)			
2018				
Current				
Bank overdrafts and short-term borrowings from financial institutions	3.49 - 5.50	364,003	-	364,003
Short-term loans from other parties	7.50 - 8.00	287,023	-	287,023
Non - Current				
Debentures	4.00 - 5.50	800,000	1,350,000	2,150,000
Total		1,451,026	1,350,000	2,801,026

Notes to the financial statements

For the year ended 31 December 2018

2018

Current

Bank overdrafts and
short-term borrowings
from financial institutions
Short-term loan from
other parties

Non - Current

Debentures

Total

Separate financial statements

Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
3.49 - 5.53	309,000	-	309,000
7.50 - 8.00	287,023	-	287,023
4.00 - 5.50	800,000	1,350,000	2,150,000
	1,396,023	1,350,000	2,746,023

Consolidated financial statements

Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2.87 - 5.00	86,149	-	86,149
4.00 - 5.50	-	1,200,000	1,200,000
	86,149	1,200,000	1,286,149

2017

Current

Bank overdrafts and
short-term borrowings
from financial institutions

Non - Current

Debentures

Total

Separate financial statements

Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2.87 - 5.00	86,148	-	86,148
4.00 - 5.50	-	1,200,000	1,200,000
	86,148	1,200,000	1,286,148

2017

Current

Bank overdrafts and
short-term borrowings
from financial institutions

Non - Current

Debentures

Total

Notes to the financial statements

For the year ended 31 December 2018

Foreign currency risk

The Group and the Company was not exposed to foreign currency risk in respect of financial assets and liabilities denominated in foreign currencies.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. That concerned with trade accounts receivable, hire-purchase contract receivables, loan receivables with vehicle collateral and short-term loans. Management has a credit policy in place and the exposure to credit risk is properly monitored. Therefore, the Company expect that there were no significant concentrations of credit risk. Moreover, credit approval of the Company was not concentration due to the Company has lots of customer base and the maximum exposure to credit risk is represented by the carrying amount of trade accounts receivable, hire-purchase contract receivables, loan receivables with vehicle collateral and short-term loans in the statement of financial position.

Liquidity risk

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

Carrying amount and fair values of financial assets and liabilities

Financial instruments not measured at fair value

Carrying amount and fair values of financial assets and liabilities at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in thousand Baht)</i>			
31 December 2018				
Debenture	2,150,000	2,143,583	2,150,000	2,143,583
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in thousand Baht)</i>			
31 December 2017				
Debenture	1,200,000	1,199,619	1,200,000	1,199,619

The Group determines Level 2 fair values for over-the-counter securities based on broker (bank) quotes.

The fair values of the current portion of financial assets and liabilities are taken to approximate the carrying values due to the relatively short-term maturity of these financial instruments.

Notes to the financial statements

For the year ended 31 December 2018

34 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Capital commitments				
Contracted but not provided for:				
Software	4,475	15,569	3,905	12,695
Leasehold improvement	-	360	-	360
Total	4,475	15,929	3,905	13,055

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Non-cancellable operating lease commitments				
Within one year	44,331	29,055	42,941	25,807
After one year but within five years	42,018	31,803	39,846	27,743
After five years	2,387	1,352	2,387	1,352
Total	88,736	62,210	85,174	54,902

The Group has commitment relating to rental agreements of office buildings, shop buildings, warehouse, vehicles and office equipment. The rental fees, terms and conditions are as described in the agreements.

	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(in thousand Baht)			
Other commitments				
Purchase orders for goods and services	294,651	244,741	294,607	214,830
Bank guarantees	1,180	1,030	1,020	1,020
Total	295,831	245,771	295,627	215,850

The Company has committed with the local banks for letters of guarantee issued in favor of a local company and a state enterprise for guarantee the payment of goods and postage service that are their requirement for every customers to deal with them.

Notes to the financial statements

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Significant agreements

Trade name and trademark license agreement

On 1 August 2015, the Company entered into trade name agreement with Singer Company Limited S.a.r.l and trademark license agreement with Singer Asia Limited. These new agreements are based on a Master License Agreement between Singer Asia Limited and The Singer Company Limited (Isle of Man). The payment of trade name license fee is US Dollar 0.25 million per year to Singer Company Limited S.a.r.l and trademark license fee is 0.5% of consideration revenue to Singer Asia Limited. The term of these agreements are effective on 1 August 2015 to 31 July 2025 unless either party gives to the other parties a written notice of termination of the agreement at least 12 months at any time from 31 July 2020 for the trademark license agreement and 31 July 2025 for the trade name agreement.

35 Contingent liabilities

As at 31 December 2018, the Company has litigation cases as follow:

Patent infringement

On 4 May 2018, a company ("Plaintiff") filed a lawsuit against to the Company with three other defendants in a joint patent infringement case. According to the indictment, plaintiff claimed to be the owner of an invention patent concerning one device in the product that the Company hired first defendant to produce under the sale contract of automatic fuel vending machine as well as requested the damages in the amount of Baht 100 million.

Regarding the sale contract of automatic fuel vending machine, the Company is only the buyer of the first defendant and the plaintiff has confirmed that plaintiff is the owner of copyright, patent, and petty patent which licensed or legally represented by the real owner of a copyright, a patent, a petty patent in goods and equipment. Besides, the first defendant will be solely responsible for any damage to the company or its customers or outsiders in the case of products be alleged as piracy, patent infringement, or petty patent.

The Company assigned the attorney-at-law to apply statement of defence on 5 July 2018. Then, on 3 September 2018, the court fixed the day for settlement of issues and scheduled to take evidence from the plaintiff and the defendant in July 2019.

This case has not been investigated the evidence. Therefore, the result and trends of the case are uncertain and the Company cannot assess the impact at this time. The Company thus does not record any potential loss from such matter in the financial statements.

36 Event after the reporting period

Capital stock issuance by Singer Thailand Public Company Limited

On 8 January 2019 the Board of Directors' Meeting of the Company held and approved the issuance of share capital of Baht 432 million and offering of new ordinary shares offering of amount not exceeding 432,000,000 shares at the par value of Baht 1.00 per share as expressed below:

The Company shall issue and allocate newly issued ordinary shares of not exceeding 216,000,000 shares to the existing shareholders in proportion to their shareholding (Right Offering) in the ratio of 5 existing shares to 4 new shares (or 1.25 existing shares to 1 new shares), at the offering price which

Notes to the financial statements

For the year ended 31 December 2018

will have a discount of not lower than 10 percent but not higher than 20 percent of the market price. During the subscription period, the existing shareholders are entitled to subscribe the newly issued shares in excess of their proportionate entitlement (Excess Rights) at the same offering price by submitting their intention to subscribe ordinary shares in excess of their rights. The existing shareholders shall be allocated those shares subscribed in excess of their rights only if there are remaining shares after the allocation to all existing shareholders in proportion to their respective shareholdings. The offering of such remaining shares to each shareholder who submit their intention to subscribe ordinary shares in excess of their rights shall be allotted on a pro rata basis based on the shareholding of those existing shareholders who submit their intention to subscribe ordinary shares in excess of their rights. The process would be repeated until there are no remaining shares available.

In case the number of shares that the existing shareholders subscribe in excess of their rights are less than the number of shares remain from the proportionate allotment, the Company shall allot the remaining shares to the existing shareholders who subscribed for excess rights as specified in the subscription form, and paid all fee of their excess rights.

In case the number of shares that the existing shareholders subscribe in excess of their rights are greater than the number of shares remain from the proportionate allotment, the Company shall allot the remaining shares to each shareholder subscribe for excess rights on a pro rata basis which shall be based on the shareholding proportion. The process would be repeated until there are no remaining shares available. The Company will return the unallocated shares subscription payments to the shareholders without interest within 14 days from the subscription.

If there are any shares remaining after the allocation as aforementioned, the Company shall further propose the Shareholders' Meeting to consider and approve the reduction of registered capital.

The Company shall issue newly issued ordinary shares of not exceeding 108,000,000 shares to reserve for exercising Warrants No. 1 (SINGER-W1) allocated to existing shareholder who subscribed newly issued ordinary shares and received the allocation of new ordinary shares offering to existing shareholders in proportion to their shareholding, without charge in the ratio of 2 new shares to 1 unit of warrant.

The Company shall issue newly issued ordinary shares of not exceeding 108,000,000 shares to reserve for exercising Warrants No. 2 (SINGER-W2) allocated to existing shareholder who subscribed newly issued ordinary shares and received the allocation of new ordinary shares offering to existing shareholders in proportion to their shareholding, without charge in the ratio of 2 new shares to 1 unit of warrant.

The Board of Directors or the Executive Committee and/or the person(s) entrusted by the Board of Directors or the Executive Committee shall be empowered to consider and determine the details with regard to the issuance of newly issued ordinary shares which including but not limited to the date fixed to determine the names of shareholders who entitle to subscribe for new ordinary shares (Record Date), subscription period, offering price, Warrant issuance date, first and last exercise date, exercise of Warrants to purchase new shares, conditions necessary and relevant to the allocation and offering.

To execute the application and necessary supporting documents relevant to the issuance and allotment of the Right Offering shares together with Warrants, to contact and file such application and documents to the authorities or government agencies concerning the new share issuance and the listing of the new shares on the Stock Exchange of Thailand.

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For the year ended 31 December 2018

To correct words or texts in any related document such as minutes of meeting, memorandum, application form and/or take any action to comply with the Registrar request for the Company's capital register to the Department of Business Development, Ministry of Commerce.

To take any other action which are deemed necessary and appropriate to the issuance and allotment of the Right Offering shares and Warrants.

The Company will held the Extraordinary General Meeting of Shareholders on 27 February 2019 for consider to approve the increases of the Company's registered capital, approve the increases of the Company's registered capital, approve the issue of warrants to purchase ordinary shares in the Company and approve the allotment of new ordinary shares.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) *TFRS 15 Revenue from Contracts with Customers*

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group has made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated and separate financial statements in the period of initial application.

(b) *TFRS - Financial instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

Annual General Shareholders Meeting (AGM) No.51st

“The 51st Annual General Meeting of Shareholders of Singer Thailand PCL., was held on April 20, 2018 at the Conference Room, CAT Telecom Tower, 30th Fl., Charoenkrung road, Bangrak, Bangkok. The meeting was presided over by Mr. Adisak Sukumvitaya, Chairman of the Board acted as the Chairman of this Meeting with attendees from all Singer’s Board of Directors, Management, more than 100 shareholders and proxies to consider and approve various agenda items by the Shareholders which all agendas have been approved.



Opportunity Day

Singer Thailand PCL., had joined the event “Opportunity Day” which has organized by the Stock Exchange of Thailand as always. The event aims to facilitate investor relations activities of the listed companies. In year 2018, the Company joined to announce company performance result 3 times for year 2017, Q2/2018, Q3/2018 together with the other companies in Jaymart Group.

An Opportunity Day was made to convenient for analysts, investors, the media and other interested parties to find out about the business and operations of listed companies - and for listed firms to communicate with these key audiences. The session was broadcasted via webcast facilities of SET with live and can also be reviewed retroactively on the Company’s website at www.singerthai.co.th.



Put gold leaf on the Buddha statue, to celebrate the Company's 130th Anniversary.

As in 1919 Singer Thailand Pcl., will have been in operation for 130 years, Mr. Kittipong Kanokvilairat, Chief Executive Officer together with Mrs. Nonglak Laksanapokin, Director, led the Company's Board of Directors, the Management Group and staff joining together to sponsor a merit making activity for unity, so as to collect funds for donating and contributing to the cost of repairing to put the gold leaf onto the Buddha statue (90 inches wide and 3 meters high) at Wat Tham Si Wilai Wararam temple, Amphur Buengkan, Bueng Kan Province. This is so as to bring good fortune and prosperity to the Company as well as for all the staff.

This merit making activity consisted of donating a piece of the Lord Buddha' relic to be embedded above the Head of the of the main Buddha Statue of this temple, as well as contributing funds to put the gold leaf onto the Buddha statue (measuring 90 inches wide and 3 meters tall) itself, together with donating a 5-tier Chatr (or religious decorative umbrella), a yellow sabai cloth to dress the main Buddha Statue and decorative vases. The activity also included making the tradition of almsgiving with sticky rice to monks according to a local custom that has been handed down through many generations; whereby many local people also joined in the merit making activity.



Recreational Activities



The team of Singer Thailand Pcl., led by Ms Chanthornjira Kongtongsmut, Chief Operating Officer, held various recreational activities and a staff party, under the theme of "Forming Unity and Good Relationships" for the group of disabled Company employees at the Center for persons with disabilities occupational promotion, pakkred, nonthaburi province, whereby Mr. Vinai Kaengsuwarn, Director of the Center, participated and led other disabled persons from the Center to also join in the various activities. This is to create a feeling of unity between the staff members from the Company's central HO and the disabled staff employed by the Company; as well as to help encourage further development of potential capabilities on the part of those disabled employees.

A roaring temple fair

Singer Thailand Pcl., and the subsidiary companies joined together for the annual new year's staff party for the staff as usual. As such, in the morning a ceremony was held to worship and pay respect to various religious statues at the Company together with the Garuda as well as a merit making activity to offer food and other items for daily use to monks.

Then in the evening, a staff party under the theme of a traditional “Roaring Temple Fair” at the outdoor car park in front of the Company’s HO at the CAT Telecom Tower Building, Bangrak, Bangkok, with all the central HO staff together with Senior Executives and Management all joining in the fun-filled party together.



Merit making activity

SINGER



บริษัท ซิงเกอร์ประเทศไทย จำกัด (มหาชน) และบริษัทในเครือ
ร่วมเป็นเจ้าภาพจัดทอดผ้าป่าเพื่อการศึกษา

(สร้างห้องน้ำ และปรับปรุงห้องสมุด)

ณ โรงเรียนบ้านวังกันหวด อ.หล่มเก่า จ.เพชรบูรณ์

วันศุกร์ที่ ๒๘ ธันวาคม ๒๕๖๑



The Management and staff of Singer Thailand Pcl., and the subsidiaries, led by Ms. Chanthornjira Kongtongsmut, Chief Operating Officer, jointly the merit making activity to donate money for school at the Bann Wangkonhaud School, Lhomkao, Phetchabun Province with the purpose of raising funds for the repair of broken down toilets and to improve the library to normal standards. As such, Mr. Mongkol Kaeworasarn, the school Director, led the group of teachers and students together with their parents to join and participate in this activity. Apart from holding the merit making activity, people in the local community held a Blessing Ceremony, 'Bai Sri Su Kwan', to

welcome the visitors from Singer Thailand together with a local cultural show by a group of local housewives and students. The overall welcoming ambiance was very warm and friendly as well as fun. In all, the merit making activity raised a total of Baht 227,399.

Bann Wangkonhaud School was established on May 9, 1936 as a small school, under the supervision of the Petchabun Primary Educational Service Area Office 2 and started teaching kinder garden and primary student. Currently, there is a total of 74 students together with 4 permanent teachers at this school.



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