

## Risks Factor

Risk factors present in the Company's business operation could drastically impact the Company's investment return. The guidelines for risk prevention could be summarized as follows:

### Risks towards the Company's operation

#### Risks from reliance on major raw material vendors

Raw materials used in the Company's production are those with specific characteristics that are safe when come into contact with food and that comply with the industrial regulations. The Company adheres to the regulations issued by government agencies of each respective country that are in charge of food safety (FDA approved raw material). Although the Company is able to procure most raw materials from general vendors, some types of raw materials are provided by very few vendors. This poses some risks in raw material shortage when vendors are not able to deliver at the time and volume required, negatively affecting the production line.

Nevertheless, the Company has specified control measures such as a policy to ensure adequate stock of raw materials, a meeting to revise the demand of raw materials, a regular order placement with close monitoring, and a policy to procure raw materials from other vendors both domestic and international. The Company also took an approach of generating a written record of safety stock of raw materials, which are placed under the responsibility of the procurement department, the production planning department, and the research and develop department.

#### Risks associated with major customers

The number of major customers in each country is varied. At present, 15 major customers account for 50% of the Company's total sales volume. Since the Company is able to supply products that meets more of the major customers' needs than that of the smaller customers, more staff is required to reach out to small customers. In addition, since the Company does not have any major customer whose sales volumes exceeds 10% of the total sales volume, any potential impact on the Company's sales revenue would be small.

The Company has imposed control measures as follows: customer satisfaction evaluation in Company's products and services, an emphasis on customer relationship building, applying technical management to maintain customer base. The Company also implements several management approaches to establish confidence among customers, presents new products to increase sales volume, and appoints sales representatives and consultants in order to understand problems customers face and respond to the issues rapidly. The Company has a policy to grow its customer base among the small- and medium-sized customers in order to reduce any potential impact. This initiative is under the responsibility of the sales department, the production planning department, the research and develop department, and the management team

#### Risks associated with changes in packaging technology

The product the Company uses is metal packaging. Any changes in the material of the packaging could potentially affect the business. As of now, others packaging technologies are not able to maintain product quality or deliver transportation safety as well as the metal packaging. Therefore, the metal packaging industry is still a popular choice for food and beverage packaging. The Company never stops but continues to develop new products that could utilizes new types of materials in the future.

#### Environmental risks

The Company engages in the production of lacquer and sealing compound which are chemical products. The production processes may produce pollution in form of noise, odor, waste industrial, and water contamination. Therefore, the Company has applied the environmental management system (ISO14001:2015), resulting in a significant environmental impact assessment in all processes leading to the development of processes to improve the efficiency in waste water treatment system and reduction resources used such as water, electricity, and fuel subject to the compliance of laws and relevant environmental regulations.

By establishing a control measure such as the “Quality, Environment, Occupation Health and Safety Policy” the annual work plan, implementary and controlling in accordance with the strict operational policy to comply with all laws and regulations including the inspection from external independent unit with reports of inspection results and solution guidelines under the supervision of quality system and production department.

#### Occupational Health and Safety risks

As the Company’s products are chemical , therefore, the factory area has a risk of accidents. Injuries or occupational diseases which have an impact to the production efficiency and the quality of employees’ life. The Company has a policy to apply the Occupational Health and Safety system (ISO45001:2018) in the organization and establishing “Quality, Environment, Occupational Health, and Safety policy” as a guideline in the Occupational Health and Safety management within the organization. Under the supervision of Quality System and the production department.

#### Production risks

Although the Company utilizes an automatic production control system, there are chances that production errors may arise if the production control system is not functioning. This problem has been solved through the design of the system that permits human control during the production process to ensure uninterrupted production.

#### Product quality risks

Customers may face problems during the use of the Company’s product, for example, at the customer’s factory or at the deliver location after the products have been packaged. The Company has arranged product liability Insurance to prevent lost from customers’ claims in all regions. The Company has also implemented a risk control measure by providing a monitoring service at the customer’s factory. The technical service team and the sales team will work together to inspect and assess risks, as well as to provide recommendations that will be discussed with customers in order to quickly solve the problem.

The technical service department, research and development department, sales department, quality system department and production department are responsible for this task.

#### Risks associated with material cost fluctuation

hemical product is the main material used in manufacturing tin-coating lacquer and sealant polymer, accounting for 70% of the total production cost. The material costs are driven by the supply and demand of the market, which also determines the production costs of the Company, as well as affects all manufacturers in the same industry. Nevertheless, the Company has set up a control measure as follows: a policy that revises purchasing orders and remaining stock to ensure proper procurement decision; a policy to contract for purchasing raw materials in advance, depending on the situation; a close monitoring of petrol and raw material prices; building good relationship with suppliers for pricing flexibility. The Company also prepares a sales forecast for long-term planning, which is under the responsibility of the procurement department, sales department, planning department, and the warehouse.

#### Financial Risk

This financial risk is caused by the risk in currency exchange. Since more than 60% of the Company’s business activities lie in export, while the import of raw materials occur in a smaller proportion, the volatility of exchange rate could potentially impact the Company’s profits. The Company hence adopted a risk control measure by means of Natural Hedging and Forward Contract with domestic financial institutions and FCD account. The execution of the policy is dependent upon the Baht currency rate situation.

**Investment Risk of the Stakeholders**Risk from the Company Having major shareholders

The first 10 majority shareholders as of December 30, 2020 own a total shares of 87.63% of the paid-up shares. Overall, the Dhangwattanotai Family owns 26.82%, the Krittayanutkul Family owns 22.83%, the Temritikulchai Family owns 22.04%, of the total paid-up shares. This might lead to majority shareholders having a controlling interest including the votes in the shareholders meeting and resolutions for the agenda requiring a majority vote to pass, except the agenda which requires at least 3/4 of shareholders' votes as restricted by Law or the Company's regulations.

**Corruption Risk**Corruption Risk

The Company does not tolerate any kind of corruption activities related to businesses and transactions in every country and work department. The Company will not tolerate any dishonest and fraudulent conduct carried out for personal gain or to acquire benefits for colleagues and/or others. Therefore, the Company has initiated the anti-corruption policy and guidelines, which shall be abided by the director, management and all employees.