

# Annual Report 2018



**บริษัท สหยูเนียน จำกัด (มหาชน)**  
**SAHA-UNION PUBLIC CO., LTD.**  
และบริษัทในกลุ่ม • And Group Companies

## VISION

A leading and reliable investment Company engaging in diverse business activities, managing the investments for the Company's growth and long-term stability with sound return on investments.

## MISSIONS

- To develop the growth and stability of existing businesses.
- To enlarge/extend the businesses that members of the Group are adept and well versed.
- To administer existing investments while exploring new opportunities offering long-term potential and sound return on investments.
- To groom new generation of knowledgeable and efficient executives with leadership quality, those who could blend well with the Company's cultures, uphold integrity, quality and service.
- To promote and avail the employees the opportunities to continuously develop their knowledges and skills.
- To persistently instil the Company's good will.
- To regulate the administration of the Company for efficiency, transparency and conformity with international auditing standards, in order to increase the value and obtain optimum results for the Company, all participants and stakeholders, i.e., employees, shareholders, investors, customers, trade partners, creditors, competitors, communities, societies and the Country.

## GOAL

The Company's goal is to conduct business by investments in various businesses with a system of good governance, create growth and maximize the benefits to all stakeholders under the moral of integrity, quality and service.

## STRATEGY

To invest in the businesses with appropriate returns by taking into account the risks potential and the situation that may change in the future.





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## Major Financial Information and Ratio

(Unit : Million Baht)

Saha-Union Public Company Limited and its subsidiaries	2018	2017	2016
Total revenues	12,416.4	12,073.6	12,242.0
Revenues from sales and services income	10,957.0	10,689.7	10,939.9
Gross profit	1,653.0	1,426.8	1,608.9
Profit for equity holders of the Company	1,481.8	1,344.1	1,323.0
Total assets	25,891.5	25,540.8	24,020.9
Total liabilities	3,520.8	3,830.9	3,075.5
Total shareholders' equity	22,370.7	21,709.9	20,945.4
Earning ratio (%)	11.93%	11.13%	10.81%
Earnings per share (Baht)	5.11	4.64	4.56
Book value per share (Baht)	70.62	68.55	65.76
Net tangible assets per share (Baht)	68.82	66.75	63.96
Return on assets (%)	5.76%	5.42%	5.55%
Return on equity (%)	7.34%	6.90%	7.04%
Debt to equity ratio (Times)	0.16	0.18	0.15

Saha-Union Public Company Limited	2018	2017	2016
Revenues	2,140.5	2,299.4	2,796.4
Sales and service income	1,220.7	1,234.5	1,176.4
Export sales	425.7	506.2	482.5
Local sales	795.0	728.3	693.9
Gross profit	17.6	15.3	18.4
Profit for equity holders of the Company	820.4	903.8	1,181.0
Earnings per share (Baht)	2.73	3.01	3.94
Dividend per share (Baht)	2.00	2.00	2.00
Book value per share (Baht)	51.26	50.56	48.24

## Message from the Board of Director



Regarding financial status and performance of Saha-Union Public Co., Ltd. in 2018, according to the separate financial statement, the Company has assets amounted to THB 15,997.29 million, which was THB 147.53 million lower than the previous year; liabilities amounted to THB 620.64 million, which was THB 356.04 lower than the previous year; net profit amounted to THB 820.37 million, accounted for THB 2.73 per share. According to the consolidated financial statement, the Company has total assets amounted to THB 25,891.54 million, which was THB 350.69 million higher than the previous year; total liabilities amounted to THB 3,520.84 million, which was THB 310.06 lower than the previous year; profit for equity holders of the Company amounted to THB 1,481.78 million, accounted for THB 5.11 per share.

Miss Dalad Saphavichaikul  
**Chairman**

In 2018, the global economy expanded constantly with some risk factors that needed closely monitoring such as European political situation, Chinese financial stability, fluctuation in global currency market, and the US trade barrier measures that were quite unpredictable and could lead to counter-measures from key economy countries. Such situation might give even more pressure on the international trade and investment, directly and indirectly affecting the global production chain.

Thai economy in 2018 expanded quite well with some significant driving force, import and tourism sectors, as well as the increasing government expenditures. Progress in Government's large infrastructure projects and Special Economic Zone (SEZ) developments boosted confidence and encouraged more domestic investment from public sector, resulting in a steady growth of consumption. However, Thai economy is continuing to face external risk factors such as fluctuation in global currency market, the US trade barrier measures and counter-measures from other competitors that might impact trade in a global scale and halt the growth of Thailand's business partners. This could potentially affect Thailand's export directly and indirectly. Such policies and trade negotiation need to be closely watched.

Regarding financial status and performance of Saha-Union Public Co., Ltd. in 2018, according to the separate financial statement, the Company has assets amounted to THB 15,997.29 million, which was THB 147.53 million lower than the previous year; liabilities amounted to THB 620.64 million, which was THB 356.04 lower than the previous year; net profit amounted to THB 820.37 million, accounted for THB 2.73 per share.

According to the consolidated financial statement, the Company has total assets amounted to THB 25,891.54 million, which was THB 350.69 million higher than the previous year; total liabilities amounted to THB 3,520.84 million, which was THB 310.06 lower than the previous year; profit for equity holders of the Company amounted to THB 1,481.78 million, accounted for THB 5.11 per share.

Regarding performance of Saha-Union Group Companies, as most Group Companies are in manufacturing industry, manpower shortage has always been a problem in all levels. The increased wage also affects the performance. Furthermore, other domestic and overseas factors such as unstable cost of main material (cotton, polyester, plastic pellets, rubber), fluctuation in oil prices and currency exchange rates, Baht appreciation, partners' economic situations, weakening power of purchase, changes in customers' purchasing behaviors, demands for much higher quality, and more complicated production process for new products. Selling prices play an important role in customers' purchase decision. Competitors are trying to gain more market shares with price competition. Saha-Union Group has been trying to adapt and revise our operation plans to maintain our competitiveness and profits, constantly enhancing production techniques and processes to improve the production lines.

However, with reliable quality of Saha-Union products, we can secure customers who demand high quality products, on-time delivery, high flexibility, and incomparable services. The Company also encourages Group Companies to develop innovation that creates more value to their products and services,



as well as collaborating with partners to strengthen our competitiveness and drive business growth.

Throughout the years of business, the Board of Directors has always been aware of our responsibilities in operation, based on the principle of sustainable development under good corporate governance, a way which is widely acknowledged. According to Corporate Governance Report of Thai Listed Companies 2018, Saha-Union was listed as a company with 'Very Good CG Scoring'. Board of Directors is review the corporate governance guideline annually. In 2018, Board of Directors learned about the Corporate Governance Code for Listed Companies 2017 (CG Code), issued by Securities and Exchange Commission (SEC). Board of Directors immediately adopted the 8 principles in the CG Code into the Company's corporate governance guideline to make sure our corporate governance is efficient, fair, transparent, and well-operated. Board of Directors keep improving and empowering our existing businesses while seeking new opportunities to invest in domains that will potentially yield proper returns and add create more value to the Company.

Moreover, the Company believes that in order to ensure our steady growth against the changes in economy and society, we cannot only focus on making profits. For this reason, the Company has been investing in corporate responsibilities for society, communities, and environment to support the sustainable growth in compliance with the expectations from businesses, investors, markets, and society. The Company provides appropriate supports to society and communities through our CSR projects each year. Regarding the environment, Saha-Union Group has been certified

with international standards such as Quality Management, Environmental Management, Occupational Health and Safety Assessment Specification. Therefore, The Company was listed by Thaipat Institute as one of the top 100 companies with outstanding performance in environmental, social and governance (ESG100) in 2015 and 2018. In addition, Union Pioneer Public Co., Ltd., one of our Group Companies, was listed by Thaipat Institute as one of the top 100 companies with outstanding performance in environmental, social and governance (ESG100) in 2017. It was awarded 'THAI CHAMBER OF COMMERCE BEST AWARDS 2018'.

Today, corruption aims to create conflict of interest and is one of the main issues that interfere the country's development in economy and society. Saha-Union and Group Companies are determined to concretely fight against all forms of corruption with our efficient and effective internal control, inspection, and risk management. The Board of Committee has issued anti-corruption policies and business ethics, fostering understanding and awareness in our employees of all levels to strictly abide by.

On behalf of the Board of Directors, I would like to express my sincere appreciation to our Shareholders, our co-investors, our partners, our business allies, and all concerned persons, for entrusting and supporting the Company and Group Companies. More importantly, I would like to thank our Board of Directors and every employee for their endeavors and efforts that greatly contribute to our success. I assure that Saha-Union Group will always put our full efforts and abilities to operate our businesses based on

the sustainable development principle under good corporate governance code to balance the development of economy, society, and environment for maximum benefits to all stakeholders. With our core value, “INTEGRITY, QUALITY, SERVICE”, we will be strong as a trusted leading investment company that invests in different businesses, operating with stability and sustainability to yield lucrative returns according to our vision.

On Behalf of the Board of Directors



(Miss Dalad Saphavichaikul)

**Chairman**

28 February 2019

## BOARD OF DIRECTOR



**Miss Dalad Saphavichaikul**  
Chairman



**Mr. Chutindhon Darakananda**  
Vice Chairman Nomination and  
Remuneration Committee



**Mrs. Achara Chandrachai**  
Chairman of the Audit Committee /  
Independent Director



**Miss Pakinee Prertitumrong**  
Audit Committee /  
Independent Director / Nomination  
and Remuneration Committee



**Miss Pakpachong Vadhanasindhu**  
Audit Committee /  
Independent Director



**Mr. Yanyong Tangchitkul**  
Independent Director / Chairman of  
the Nomination and Remuneration  
Committee



**Mrs. Busarakham Nilavajara**  
Independent Director





**Mrs. Chantorntree Darakananda**  
President



**Mr. Preecha Shunhavanich**  
Vice President



**Mr. Thitivat Suebsaeng**  
Director



**Mr. Supakit Paungbua**  
Director



**Mrs. Piniporn Darakananda Kasemsap**  
Director



**Mr. Bovornrat Darakananda**  
Director



**Mr. Vacharaphong Darakananda**  
Director



**Mr. Nanthiya Darakananda**  
Director



**Mrs. Chadaporn Jiemsakultip**  
Company Secretary

# BOARD OF DIRECTOR

**Miss Dalad Saphavichaikul**

Chairman

**Mr. Chutindhon Darakananda**

Vice Chairman / Nomination and Remuneration Committee

**Age** 62 years

## Education

- Master's Degree in Computer Science, University of Illinois at Urbana - Champaign, U.S.A.
- Bachelor's Degree (First Class Honor) in Economics, Chulalongkorn University

## IOD's Training

- Director Certification Program (DCP) Class 9/2001
- Finance for Non-Finance Director (FN) Class 1/2001
- Audit Committee Program (ACP) Class 10/2005
- Director Diploma Examination Class 4/2001
- Ethical Leadership Program (ELP) Class 13/2018

## Experiences

- December 1999 - 2007 Executive Director and Vice President, Saha-Union Public Company Limited.
- 1999 - 2011 Director, Saha-Union Public Company Limited.
- 1995 - May 2015 Director, Union Textile Industries Public Company Limited.
- 2011 - May 2014 Director, Union Plastic Public Company Limited.
- 2012 - May 2012 Director, Union Pioneer Public Company Limited.
- 2012 - 2016 President, Saha-Union Public Company Limited.
- 2017 Vice Chairman, Saha-Union Public Company Limited.
- January 2017 - October 2018 Chairman, Saha-Union Holding Co., Ltd.

## Current Positions

### Listed Companies

- 2018 - Present Chairman, Saha-Union Public Company Limited.
- May 2015 - Present Chairman, Union Textile Industries Public Company Limited.
- May 2014 - Present Chairman, Union Plastic Public Company Limited.
- June 2012 - Present Chairman, Union Pioneer Public Company Limited.
- 2012 - Present Chairman of the Risk Management Committee, Saha-Union Public Company Limited.

### Saha-Union Group Companies

- 2012 - Present Chairman, Union Nifco Co., Ltd.
- 2012 - Present Chairman, Union Garment Co., Ltd.
- 2013 - Present Chairman, Union Zojirushi Co., Ltd.
- 2013 - Present Chairman, Union Micronclean Co., Ltd.
- 2013 - Present Chairman, Union Stainless Steel Products Co., Ltd.
- March 2014 - Present Chairman, Union Thai-Nichiban Co., Ltd.
- May 2014 - Present Director, The Royal Hotel Co., Ltd.
- 2017 - Present Chairman and President, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

### Other Companies

- 1989 - Present Director, Processing Center Co., Ltd.
- August 2015 - Present Director, The Sukhumvit 62 Medical Limited.
- December 2017 - Present Vice Chairman, KPN Healthcare Public Co., Ltd.

**Years of Directorship** 19 years (since December 1999)

**Age** 59 years

## Education

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Stanford University, U.S.A

## IOD's Training

- Director Accreditation Program (DAP) Class 17/2004

## Experiences

- December 1990 - 2006 Director, Saha-Union Public Company Limited.
- 1992 - February 2017 Vice Chairman, Venus Thread Co., Ltd.
- 1993 - 2007 Director, Union Textile Industries Public Company Limited.
- 1993 - 2007 Director, Union Pioneer Public Company Limited.
- 2001 - March 2009 Director, Union Energy (China) Co., Ltd.
- 2002 - January 2018 Vice Chairman / Managing Director, Union Thread Industries Co., Ltd.
- 2002 - January 2018 Vice Chairman / Managing Director, Union Industries Corp., Ltd.
- 2007 - 2012 Vice Chairman (Investments in China), Saha-Union Public Company Limited.
- May 2014 - February 2017 Director, The Royal Hotel Co., Ltd.

## Current Positions

### Listed Companies

- 2013 - Present Vice Chairman, Saha-Union Public Company Limited.
- February 2013 - Present Director, Union Textile Industries Public Company Limited.
- May 2017 - Present Director, Union Pioneer Public Company Limited.

### Saha-Union Group Companies

- 2013 - Present Director, Union Garment Co., Ltd.
- 2013 - Present Director, Union Micronclean Co., Ltd.
- November 2015 - Present Director, Union Zojirushi Co., Ltd.
- March 2017 - Present Director, Venus Thread Co., Ltd.
- May 2017 - Present Director, Union Nifco Co., Ltd.
- February 2018 - Present Chairman, Union Spinning Mills Co., Ltd.
- February 2018 - Present Chairman / Managing Director, Union Business Management Co., Ltd.
- February 2018 - Present Chairman / Managing Director, Union Thread Industries Co., Ltd.
- February 2018 - Present Chairman / Managing Director, Union Industries Corp., Ltd.
- March 2018 - Present Chairman, The Royal Hotel Co., Ltd.
- November 2018 - Present Chairman, Saha Union Holding Co., Ltd.
- Present Chairman, Vice Chairman and Director, Other Companies in Saha-Union Group

### Other Companies

- April 2017 - Present Director, The Sukhumvit 62 Medical Limited.
- December 2017 - Present Director, KPN Healthcare Public Co., Ltd.

**Years of Directorship** 28 years (since December 1990)

**Mrs. Achara Chandrachai**

Chairman of the Audit Committee / Independent Director

**Miss Pakinee Prertitumrong**Audit Committee / Independent Director /  
Nomination and Remuneration Committee**Age** 70 years**Education**

- Ph.D. (Quantitative Business Analysis), Arizona State University, U.S.A.
- Master of Business Administration (Finance), Second Class Honor, National Institute of Development Administration
- Higher Graduate Diploma Program in Auditing, Chulalongkorn University
- Bachelor Degree in Accountancy, Chulalongkorn University

**IOD's Training**

- Director Certification Program (DCP) Class 45/2004
- Audit Committee Program (ACP) Class 27/2009
- Ethical Leadership Program (ELP) Class 12/2018

**Experiences**

- 2009 - 2012 Chairman of the Audit Committee/Independent Director, Union Textile Industries Public Company Limited.

**Current Positions****Listed Companies**

- 2013 - Present Chairman of the Audit Committee / Independent Director, Saha-Union Public Company Limited.

**Other Listed Companies**

- 2007 - Present Chairman of the Audit Committee / Independent Director, Internet Thailand Public Company Limited.

**Saha-Union Group Companies**

- None -

**Other Positions**

- 2005 - Present Emeritus Professor, Faculty of Commerce and Accountancy, Chulalongkorn University
- 2007 - Present Member of the Audit Committee / Independent Director, Pan Rajatawee Group Public Company Limited.
- 2012 - Present Lecturer, Technopreneurship & Innovation Management Program, Chulalongkorn University
- 2014 - Present Committee, Rakkaew Foundation
- 2015 - Present Chairman of the Audit Committee / Independent Director, CMC Group
- 2017 - Present Vice Chairman, Friends in Need(of"PA") Volunteers Foundation Thai Red Cross

**Years of Directorship**

6 years (since January 2013)

**Years of Independent****Directorship**

6 years (since January 2013)

**Age** 69 years**Education**

- Bachelor's Degree in Economics, Thammasat University

**IOD's Training**

- Director Accreditation Program (DAP) Class 2/2003

**Experiences**

- 1983 - April 2008 Director, Union Industries Corp., Ltd.
- 1994 - April 2008 Director, Union Thread Industries Co., Ltd.
- 1994 - April 2016 Director, Venus Button Co., Ltd.
- April 1998 - 2004 Director, Saha-Union Public Company Limited.
- 1999 - March 2011 Audit Committee / Independent Director, Union Technology (2008) Public Company Limited.

**Current Positions****Listed Companies**

- 2005 - Present Audit Committee / Independent Director, Saha-Union Public Company Limited.
- 2014 - Present Nomination and Remuneration Committee, Saha-Union Public Company Limited.

**Saha-Union Group Companies**

- 1996 - Present Director, Union Button Corp. Ltd.

**Other Companies**

- None -

**Years of Directorship**

20 years 9 months (since April 1998)

**Years of Independent****Directorship**

14 years (since January 2005)



**Miss Pakpachong Vadhanasindhu**  
Audit Committee / Independent Director

**Age** 68 years

#### Education

- B.Com., M.Com., Faculty of Commerce and Accountancy, Chulalongkorn University
- MBA. U. of Nebraska at Omaha
- DBA. United States International University

#### IOD's Training

- Director Accreditation Program (DAP) Class 21/2004
- Director Certification Program (DCP) Class 58/2005
- Audit Committee Program (ACP) Class 36/2011
- Monitoring Fraud Risk Management (MFM) Class 6/2011
- Monitoring of the Quality of Financial Reporting (MFR) Class 15/2012
- Monitoring the Internal Audit Function (MIA) Class 12/2012
- Monitoring the System of Internal Control and Risk Management (MIR) Class 14/2013
- Audit Committee Forum 2018 "Learn, unlearn and relearn - Audit Committee in the Age of Disruption"

#### Experiences

- 2003 - 2007 Head of the International Business Management Program, Faculty of Commerce and Accountancy, Chulalongkorn University
- 2004 - 2008 Director, Master of Management in International Business Program
- 2004 - 2012 Sub-committee of Indices Determination for Assessment of the State Enterprises, Ministry of Finance
- 2008 - 2010 Board Member of the Technology and Innovation Management Program, Chulalongkorn University
- March 2009 - 2016 Chairman of the Audit Committee / Independent Director, Union Plastic Public Company Limited.
- 2011 - 2013 Chairman of the Risk Management Committee and Independent Director, Cambodian Commercial Bank Ltd.
- February 2012 - 2016 Nomination and Remuneration Committee, Union Plastic Public Company Limited.

#### Current Positions

##### Listed Companies

- 2017 - Present Audit Committee / Independent Director, Saha-Union Public Company Limited

##### Saha-Union Group Companies

- None -

#### Experiences

- Present Lecturer on Business Ethic, Strategic Management, Entrepreneurship
- Present Business Advisor for Organization and Personnel Management, Strategic Planning, Strategic Management and Innovation.

**Years of Directorship** 2 years (since 1 January 2017)

**Years of Independent Directorship** 2 years (since 1 January 2017)

**Mr. Yanyong Tangchitkul**  
Independent Director / Chairman of the Nomination and Remuneration Committee

**Age** 66 years

#### Education

- Bachelor's Degree in Economics, Thammasat University
- Master's Degree in Business Administration (Second Class Honor),
- National Institute of Development Administration (NIDA)
- Management Development Program, Indiana University, U.S.A.

#### IOD's Training

- Director Accreditation Program (DAP) Class 79/2009

#### Experiences

- March 2009 - January 2011 Audit Committee / Independent Director, Union Pioneer Public Company Limited.

#### Current Positions

##### Listed Companies

- September 2009 - Present Independent Director, Saha-Union Public Company Limited.
- 2013 - Present Chairman of the Nomination and Remuneration Committee, Saha-Union Public Company Limited.

##### Saha-Union Group Companies

- None -

##### Other Companies

- 1980 - Present Managing Director, Niyom Service Co., Ltd.

**Years of Directorship** 9 years 4 months (since September 2009)

**Years of Independent Directorship** 9 years 4 months (since September 2009)

**Mrs. Busarakham Nilavajara**

Independent Director

**Mrs. Chantornree Darakananda**

President

**Age** 68 years**Education**

- Bachelor's Degree in Education (Second Class Honor), Chulalongkorn University

**IOD's Training**

- Director Accreditation Program (DAP) Class 100/2013

**Experiences**

- 2003 - 2007 Assistant to the Treasurer, Children's International Summer Villages (Thailand) Foundation, Ministry of Social Development and Human Security
- 2004 - 2007 Secretary to the Executive Committee, Saha-Union Public Company Limited.
- 2007 - 2011 Director, Children's International Summer Villages (Thailand) Foundation, Ministry of Social Development and Human Security

**Current Positionss****Listed Companies**

- 2013 - Present Independent Director, Saha-Union Public Company Limited.

**Saha-Union Group Companies**

- None -

**Other Companies**

- None -

**Years of Directorship** 6 years (since January 2013)**Years of Independent Directorship** 6 years (since January 2013)**Age** 55 years**Education**

- Doctor of Medicine, Chulalongkorn University
- Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

**IOD's Training**

- Director Accreditation Program (DAP) Class 5/2003

**Experiences**

- 1990 - February 2017 Director, Ladphrao Hospital Public Company Limited.
- 1994 - 2008 Deputy Managing Director, Union Industries Corp., Ltd.
- 2002 - 2008 Deputy Managing Director, Union Thread Industries Co., Ltd.
- 2002 - 2008 Director, Saha-Union Public Company Limited.
- 2002 - 2009 Director, Union Textile Industries Public Company Limited.
- 2002 - 2014 Director, Pro-Lab Co., Ltd.
- 2009 - March 2017 Deputy Managing Director, Venus Thread Co., Ltd.
- 2009 - March 2017 Deputy Managing Director, Union Zip Co., Ltd.
- 2013 - September 2014 Director, Saha-Union Public Company Limited.
- September 2014 - 2016 Executive Vice President, Saha-Union Public Company Limited.
- May 2014 - March 2017 Director, The Royal Hotel Co., Ltd.

**Current Positions****Listed Companies**

- June 2014 - Present Director, Union Plastic Public Company Limited.
- January 2015 - Present Director, Union Textile Industries Public Company Limited.
- May 2015 - Present Nomination and Remuneration Director, Union Textile Industries Public Company Limited.
- April 2015 - Present Director, Union Pioneer Public Company Limited.
- 2017 - Present President, Saha-Union Public Company Limited.

**Saha - Union Group Companies**

- April 2015 - Present Director, Computer Union Co., Ltd.
- April 2015 - Present Director, Union Zojirushi Co., Ltd.
- April 2015 - Present Director, Union Nifco Co., Ltd.
- April 2015 - Present Director, Union Rubber Products Corp., Ltd.
- April 2015 - Present Director, Thai Rubber Enterprise Co., Ltd.
- April 2015 - Present Director, Union Stainless Steel Products Co., Ltd.
- March 2016 - Present Director, Union Thai-Nichiban Co., Ltd.
- March 2017 - Present Director, Union Zip Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

**Other Companies**

- 2012 - Present Director, Union Sime Darby (Thailand) Co., Ltd.
- August 2015 - Present Director, The Sukhumvit 62 Medical Limited.
- December 2017 - Present Director, KPN Healthcare Public Company Limited.

**Years of directorship** 6 years (since January 2013)

**Mr. Preecha Shunhavanich**

Vice President

**Age** 61 years**Education**

- Master's Degree in Business Administration (MBA), National Institute of Development Administration (NIDA)

**IOD's Training**

- Director Accreditation Program (DAP) Class 62/2007

**Experiences**

- 1977 - 1989 Assistant Group Products Marketing Manager, Sahapathanapibul Public Co., Ltd.
- 1989 - 1995 Deputy Managing Director, PG Intertrade Co., Ltd.
- 1995 - 2003 Sales Manager, Osotsapha Co., Ltd.
- 2003 - 2004 General Manager, Unilever Bestfoods (Thailand) Ltd.
- 2004 - 2007 Director, Union Pioneer Public Co., Ltd.
- 2004 - 2007 Director, Union Plastic Public Co., Ltd.
- 2004 - 2007 Director, Union Zojirushi Co., Ltd.
- 2004 - 2007 Director, Union Thai-Nichiban Co., Ltd.
- 2007 - 2008 General Manager, Union Energy (Hong Kong) Co., Ltd.

**Current Positions****Listed Companies**

- 2015 - Present Vice President, Saha-Union Public Company Limited.

**Saha - Union Group Companies**

- 2008 - Present Director, Computer Union Systems Co., Ltd.
- 2013 - Present Director, Soldev Co., Ltd.
- February 2014 - Present Managing Director of Sales and Services Business, Computer Union Co., Ltd.
- April 2014 - Present Director, Union Stainless Steel Products Co., Ltd.
- 2017 - Present Director, Union Nakorn Co., Ltd.

**Other Companies**

-None-

**Years of Directorship** 4 years (since January 2015)**Mr. Thitivat Suebsaeng**

Director

**Age** 65 years**Education**

- Ph.D. in Chemistry, Marquette University, U.S.A.
- M.Sc. in Inorganic Chemistry, Chiangmai University
- B.Sc. in Chemistry, Chiangmai University

**IOD's Training**

- Director Accreditation Program (DAP) Class 21/2004

**Experiences**

- September 1993 - October 2001 Managing Director, Union Plastic Public Company Limited.
- March 2007 - March 2013 Chairman, Union Zojirushi Co., Ltd.
- March 2007 - April 2015 Director, Union Zojirushi Co., Ltd.
- 2007 - February 2013 Chairman, Union Stainless Steel Products Co., Ltd.
- 2007 - March 2014 Chairman, Union Thai-Nichiban Co., Ltd.
- 2007 - April 2015 Director, Union Nifco Co., Ltd.
- January 2008 - December 2011 President, Saha-Union Public Company Limited.
- March 2008 - April 2012 Chairman, Union Garment Co., Ltd.
- March 2008 - 2013 Director, Union Garment Co., Ltd.
- March 2008 - April 2013 Chairman, Union Micronclean Co., Ltd.
- March 2008 - December 2013 Director, Union Textile Industries Public Company Limited.
- April 2008 - April 2012 Chairman, Union Universe Co., Ltd.
- April 2008 - April 2014 Director, Union Universe Co., Ltd.
- June 2008 - March 2013 Director, TenCate-Union Protective Fabrics Asia Limited.
- August 2008 - March 2014 Director, Union Technology (2008) Public Company Limited.
- March 2009 - June 2017 Director, Yunnan Energy Luliang-Union Cogeneration Co., Ltd.
- January 2010 - December 2011 Managing Director, Union Plastic Public Company Limited.
- January 2012 - May 2014 Chairman, Union Plastic Public Company Limited.
- September 2015 - December 2015 Acting Managing Director, Union Plastic Public Company Limited.

**Current Positions****Listed Companies**

- September 1992 - Present Director, Union Plastic Public Company Limited.
- January 2003 - Present Director, Saha-Union Public Company Limited.
- August 2018 - Present Acting Managing Director, Union Plastic Public Company Limited.

**Saha-Union Group Companies**

- February 1999 - Present Director, Union Stainless Steel Products Co., Ltd.
- April 2008 - Present Director, Union Rubber Products Corp., Ltd.
- Present Director, Other Companies in Saha-Union Group

**Other Companies**

- None -

**Years of Directorship** 16 years (since January 2003)



**Mr. Supakit Paungbua**  
Director

**Mrs. Pinijporn Darakananda Kasemsap**  
Director

**Age** 58 years

#### Education

- Master of Business Administration (M.B.A) at National Institute of Development Administration (NIDA)
- Bachelor of Industrial in Technical Education, Technology and Vocational Education Collage (Thewet Campus)
- Bachelor of Education Program (Educational Administration) at Chandrakasem Teacher Collage

#### IOD's Training

- Director Accreditation Program (DAP) Class 148/2018

#### Experiences

- 1983 - 1991 Teacher, The Bangkok Technology School
- 1991 - 1993 Head of Education Promotion, The Bangkok Technology College
- 1993 Product Division Manager, Union Nifco Co., Ltd.
- 1993 - 2006 Product Department Manager, Union Zojirushi Co., Ltd.
- December 2006 - February 2007 Deputy Managing Director, Union Stainless Steel Products Co., Ltd.
- February 2007 - February 2011 Managing Director, Union Stainless Steel Products Co., Ltd.
- July 2007 - September 2007 Deputy Managing Director, Union Nifco Co., Ltd.

#### Current Positions

##### Listed Companies

- January 2018 - Present Director, Saha-Union Public Company Limited.

##### Saha-Union Group Companies

- October 2007 - Present Managing Director, Union Nifco Co., Ltd.

##### Other Companies

- None -

**Years of Directorship** 1 year (since January 2018)

**Age** 56 years

#### Education

- 1985 - 1991 University of California, San Francisco (Doctor of Pharmacy)
- 1981 - 1985 University of California, Davis (B.S. Chemistry)

#### IOD's Training

- Director Accreditation Program (DAP) Class 92/2011

#### Experiences

- 1984 - 1991 Deputy Manager, Geary Pharmacy (U.S.A.)
- 1991 - 1996 Deputy Manager of the Export Sales Department, Union Thread Industries Co., Ltd.
- 1996 - 2005 Managing Director, Venus Kids Co., Ltd.
- 1995 - March 2017 Director, Union Spinning Mills Co., Ltd.
- 2009 - March 2017 Director, Union Zip Co., Ltd.
- 2009 - March 2017 Director, Venus Thread Co., Ltd.

#### Current Positions

##### Listed Companies

- December 2010 - Present Director, Saha-Union Public Company Limited

##### Saha-Union Group Companies

- 1995 - Present Director, Union Thread Industries Co., Ltd.
- 1995 - Present Director, Union Industries Corp., Ltd.
- 1996 - Present Managing Director, Uni-Agro Co., Ltd.
- 2008 - Present Deputy Managing Director, International Investment Projects, Saha-Union Investment (China) Co., Ltd.
- March 2011 - Present Director, Thai Rubber Enterprise Co., Ltd.
- April 2011 - Present Director, Saha Union Holding Co., Ltd.
- April 2011 - Present Director, Union Equity Co., Ltd.
- April 2011 - Present Director, Union Multi-Capital Co., Ltd.
- May 2014 - Present Managing Director, The Royal Hotel Co., Ltd.
- March 2017 - Present Director, Union Zojirushi Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

##### Other Companies

- None -

**Years of Directorship** 8 years (since December 2010)

**Mr. Bovornrat Darakananda**

Director

**Age** 55 years**Education**

- Master of Science Degrees in Management and Electrical Engineering, Massachusetts Institute of Technology, U.S.A.
- Bachelor of Science Degrees in Management and Electrical Engineering, Massachusetts Institute of Technology, U.S.A.

**IOD's Training**

- Director Accreditation Program (DAP) Class 18/2004

**Experiences**

- 1993 - December 2006 Director, Union Textile Industries Public Company Limited.
- 1993 - December 2006 Director, Union Pioneer Public Company Limited.
- 1994 - December 2006 Director and Executive Director, Union Energy Co., Ltd.
- 1996 - 2009 Director and Manager, Union Energy (China) Co., Ltd.
- 2001 - March 2017 Director, Venus Thread Co., Ltd.
- 2001 - March 2017 Director, Union Zip Co., Ltd.
- 2011 - December 2012 Director, Union Textile Industries Public Company Limited.
- Vice President, Saha-Union International (Georgia) Inc.
- General Manager, Saha-Union Investment (China) Co., Ltd.

**Current Positions****Listed Companies**

- April 1991 - Present Director, Saha-Union Public Company Limited.

**Saha-Union Group Companies**

- 1997 - Present Director, Union Thread Industries Co., Ltd.
- 1997 - Present Director, Union Industries Corp., Ltd.
- 2001 - Present Managing Director, Union Spinning Mills Co., Ltd.
- April 2011 - Present Director, Saha Union Holding Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

**Other Companies**

- None -

**Years of Directorship** 27 years 9 months (since April 1991)**Mr. Vacharaphong Darakananda**

Director

**Age** 53 years**Experiences**

- Bachelor's Degree in Physics, Harvey Mudd College, California, U.S.A.

**IOD's Training**

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) Class 69/2006
- Director Diploma Examination Class 19/2006
- Role of the Compensation Committee (RCC) Class 15/2012
- Chartered Director Class (CDC) 7/2013

**Experiences**

- Assistant Manager, Venus Thread Company Limited.
- 1990 - May 2013 Director, Computer Union Co., Ltd.
- 1999 - 2000 General Manager, Saha-Union Public Company Limited (Sriracha Operation)
- 2001 - December 2006 Director, Union Textile Industries Public Company Limited.
- 2007 - 2008 Director, Union Thai-Nichiban Co., Ltd.
- 2007 - 2011 Director, Union Zojirushi Co., Ltd.
- 2007 - March 2014 Managing Director, Union Technology (2008) Public Company Limited.
- May 2014 - March 2017 Director, The Royal Hotel Co., Ltd.

**Current Positions****Listed Companies**

- February 1992 - Present Director, Saha-Union Public Company Limited.
- April 1999 - Present Director, Union Pioneer Public Company Limited.
- April 2000 - Present Director, Union Plastic Public Company Limited.

**Saha-Union Group Companies**

- May 2007 - Present Director, Union Stainless Steel Products Co., Ltd.
- 2007 - Present Director, Thai Rubber Enterprise Co., Ltd.
- 2007 - Present Director, Union Rubber Products Corp., Ltd.
- 2008 - Present Director, Union Nifco Co., Ltd.
- 2009 - Present Managing Director, Union Thai-Nichiban Co., Ltd.
- 2012 - Present Managing Director, Union Zojirushi Co., Ltd.
- September 2015 - Present Acting Managing Director, Union Stainless Steel Products Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

**Other Companies**

- None -

**Years of Directorship** 26 years 11 months (since February 1992)

**Mr. Nanthiya Darakananda**

Director

**Age** 50 years**Education**

- Master's Degree in Business Administration,
- SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Applied Physics, University of California, Davis, U.S.A.

**IOD's Training**

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) Class 212/2015

**Experiences**

- 1996 - September 2013 Director, Union Button Corp., Ltd.

**Current Positions****Listed Companies**

- April 1993 - Present Director, Union Pioneer Public Company Limited.
- April 1996 - Present Director, Saha-Union Public Company Limited.
- April 1998 - Present Director, Union Plastic Public Company Limited.

**Saha-Union Group Companies**

- None -

**Other Companies**

- None -

**Years of Directorship** 22 years 9 months (since April 1996)**Mrs. Srinual Sombatpraiwan**

Chief Financial Officer, was assigned to the highest responsibility in the line of Accounting and Finance (a) and the person who was assigned to take direct responsibility for the Accounting Control (b), by (a) and (b) was the same person

**Age** 65 years**Appointment Date**

1 February 2004

**Education**

- Bachelor of Accountancy, Thammasat University (Graduated in 1975)  
Major in Accounting Minor in Economics

**Training**

- Trader in the Stock Exchange Class 11 (October 1978)
- Executive Development Program (Mini MBA) 123 hours (25 January - 29 April 1994)
- Faculty of Commerce and Accountancy, Thammasat University
- Basics of Financial Derivatives by Mr. Philippe Carrel arranged by Association of Securities Companies Training Center and International Financial Institute (Trained and qualified) (May 19 - June 4, 1996)
- Finance for Executive, 2003 (7 October - 15 November 2003), Faculty of Commerce and Accountancy, Chulalongkorn University
- CFO Certification Program Class 8/2008 (March 2008) by Federation of Accounting Professions
- Others Accounting Standards Training 12 hours per year for Continuing Profession Development according to the criteria of Department of Business Development, Ministry of Commerce and the Federation of Accounting Professions.

**Experiences**

- 1977 - February 1999 Union Securities Co., Ltd.  
Type of Business: Financial Institution  
Last position, Director and Deputy Managing Director (Approved by the Securities and Exchange Commission)
- 1995 - 1998 Subcommittee, The Stock Exchange of Thailand
- 1996 - 1999 Director and Honorary Treasurer  
Foundation for the Welfare of the Crippled Under the Royal Patronage of HRH the Princess Mother  
(Type: Charity Organization)
- February 1999 - December 2000 Internal Audit Office Manager,  
Saha-Union Public Company Limited.
- January 2001 - January 2004 Assistant to the Chief Financial Officer,  
Saha-Union Public Company Limited.

**Current Positions**

- February 2004 - Present Chief Financial Officer,  
Saha-Union Public Company Limited.

**Mrs. Chadaporn Jiemsakultip**  
Company Secretary

**Mrs. Chanpen Nopsuri**  
Chief Audit Executive

**Age** 56 years

#### Education

- Bachelor's Degree in Business Administration (Management), Sukhothai Thammathirat Open University
- Certificate in Business Administration (Accounting), Vocational College, Bangkok Technical Campus, (Current Named Rajamangala University of Technology Krungthep (RMUTK)), Bangkok

#### Training

- CGR Workshop 1/2018 Enhancing Good Corporate Governance based on CGR Scorecard, Thai Institute of Directors (IOD)
- Company Secretary Program (CSP) Class 27/2008, Thai Institute of Directors (IOD)
- Effective Minute Taking (EMT) Class 11/2008, Thai Institute of Directors (IOD)
- Fundamental Practice for Corporate Secretary (FPCS 28), Thai Listed Companies Association
- Smart Disclosure Program (SDP), The Stock Exchange of Thailand
- CSR for Corporate Sustainability (Preliminary Course) (P01)
- CSR Reporting
- Sustainability Risk and Materiality Analysis (S04) CSR Evaluation and Data Management (S05) Sustainability Reporting (S06) SR Center and Sustainable Business Development Institute, The Stock Exchange of Thailand Customs Professional Program, The Customs Department

#### Experiences

- July 2008 - 2013 Assistant to the Company Secretary, Saha-Union Public Company Limited.

#### Current Positions

- January 2009 - Present Company Secretary, Union Textiles Industries Public Company Limited.
- January 2014 - Present Company Secretary, Saha-Union Public Company Limited.
- January 2016 - Present Company Secretary, Union Plastic Public Company Limited.
- January 2016 - Present Company Secretary, Union Pioneer Public Company Limited.

**Years of secretary position** 5 years

**Age** 62 years

#### Education

- Bachelor's Degree in Business Administration (Accounting), Ramkhamhaeng University

#### Training

- Writing Audit Report
- Assessment of the internal control system and risk management according to COSO
- Audit System Planning

#### Experiences

- 1987 - 1992 Internal Audit Officer, Bangkok Metropolitan Bank
- 1996 - 1997 Assistant Director of Security Operation Department, ITF Finance & Securities Ltd.
- 2002 - 2013 Internal Audit Officer, Saha-Union Public Company Limited

#### Current Positions

- 2014 - Present Chief Audit Executive, Saha-Union Public Company Limited.

Related Person	Relationship
Mr. Chutindhon Darakananda	<ul style="list-style-type: none"> <li>- Elder brother of Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda</li> <li>- Elder brother of the husband of Mrs. Chantorntree Darakananda</li> </ul>
Mrs. Chantorntree Darakananda	<ul style="list-style-type: none"> <li>- Younger sister in law of Mr. Chutindhon Darakananda</li> <li>- Elder sister in law of Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda</li> </ul>
Mrs. Pinijporn Darakananda Kasemsap	<ul style="list-style-type: none"> <li>- Younger sister of Mr. Chutindhon Darakananda</li> <li>- Elder sister of Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda</li> <li>- Younger sister of the husband of Mrs. Chantorntree Darakananda</li> </ul>
Mr. Bovornrat Darakananda	<ul style="list-style-type: none"> <li>- Younger brother of Mr. Chutindhon Darakananda and Mrs. Pinijporn Darakananda Kasemsap</li> <li>- Elder brother of Mr. Vacharaphong Darakananda</li> <li>- Younger brother of the husband of Mrs. Chantorntree Darakananda</li> </ul>
Mr. Vacharaphong Darakananda	<ul style="list-style-type: none"> <li>- Younger brother of Mr. Chutindhon Darakananda, Mrs. Pinijporn Darakananda Kasemsap and Mr. Bovornrat Darakananda</li> <li>- Younger brother of the husband of Mrs. Chantorntree Darakananda</li> </ul>
Mr. Nanthiya Darakananda	<ul style="list-style-type: none"> <li>- Cousin of Mr. Chutindhon Darakananda, Mrs. Pinijporn Darakananda Kasemsap, Mr. Bovornrat Darakananda and Mr. Vacharaphong Darakananda</li> </ul>



# IOD's Accreditation and Certification Training Program of the Board of Directors

## About the Responsibility and Skills of being the Director

[illegible]

# Board Structure and Company Executives

As of 31 December 2018

## Board of Directors

• Miss Dalad	Sapthavichaikul	Chairman
• Mr. Chutindhon	Darakananda	Vice Chairman
• Mrs. Achara	Chandrachai	Independent Director
• Miss Pakinee	Prertitumrong	Independent Director
• Miss Pakpachong	Vadhanasindhu	Independent Director
• Mr. Yanyong	Tangchitkul	Independent Director
• Mrs. Busarakham	Nilavajara	Independent Director
• Mrs. Chantornree	Darakananda	President
• Mr. Preecha	Shunhavanich	Director
• Mr. Thitivat	Suebsaeng	Director
• Mr. Supakit	Puangbua	Director
• Mrs. Pinijorn	Darakananda Kasemsap	Director
• Mr. Bovornrat	Darakananda	Director
• Mr. Vacharaphong	Darakananda	Director
• Mr. Nanthiya	Darakananda	Director
• Mrs. Chadaporn	Jiemsakulthip	Company Secretary

## Audit Committee

• Mrs. Achara	Chandrachai	Chairman of the Audit Committee
• Miss Pakpachong	Vadhanasindhu	Director
• Miss Pakinee	Prertitumrong	Director

## Nomination and Remuneration Committee

• Mr. Yanyong	Tangchitkul	Chairman of the Nomination and Remuneration Committee
• Miss Pakinee	Prertitumrong	Director
• Mr. Chutindhon	Darakananda	Director

## Risk Management Committee

• Miss Dalad	Sapthavichaikul	Chairman of the Risk Management Committee
• Mrs. Chantornree	Darakananda	Director
• Mr. Vacharaphong	Darakananda	Director
• Mrs. Srinual	Sombatpraiwan	Director and Secretary

## Investment Committee

• Miss Dalad	Sapthavichaikul	Chairman of the Investment Committee
• Mr. Chutindhon	Darakananda	
• Mr. Thitivat	Suebsaeng	
• Mr. Aksornprasit	Darakananda	
• Mrs. Chantornree	Darakananda	
• Mrs. Pinijorn	Darakananda Kasemsap	
• Mr. Bovornrat	Darakananda	
• Mr. Vacharaphong	Darakananda	

## Executives

• Mrs. Chantornree	Darakananda	President
• Mr. Preecha	Shunhavanich	Vice President
• Mrs. Srinual	Sombatpraiwan	Account and Finance Department Manager

**Remark :** 1. Miss Pakpachong Vadhanasindhu was appointed to be a Chairman of the Audit Committee, effective January 1<sup>st</sup>, 2019.  
 2. Mrs. Suttima Jamnarnwej was elected to be a Director, Independent Director and Audit Director as the replacement of Mrs. Achara Chandrachai, who resigned from the Director, Independent Director and Chairman of the Audit Committee, effective January 1<sup>st</sup>, 2019.

## Direct Investment of Saha-Union (in Group Companies)

as at 31 December 2018

Group of Business	Company's Name	Registered Capital (Baht)	Paid-up Capital (Baht)	Paid-up per share (Baht)	Investment %	Investment per share (Baht)
	<b>Saha-Union Public Company Limited</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>	<b>10.00</b>		
Textile Business	Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	USD 30,300,000	USD 30,300,000		39.590	37.71
	Union Textile Industries Public Company Limited	600,000,000	600,000,000	10.00	49.882	10.73
	Union Garment Co., Ltd.	50,000,000	50,000,000	100.00	99.987	140.71
	Union Universe Co., Ltd.	7,500,000	7,500,000	100.00	49.865	100.31
	Union Micronclean Co., Ltd.	5,000,000	5,000,000	10.00	25.001	10.00
	Union Spinning Mills Co., Ltd.	200,000,000	200,000,000	100.00	25.000	93.13
Plastic, Rubber and Metal Business	Union Pioneer Public Company Limited	75,000,000	75,000,000	10.00	48.958	14.46
	Union Plastic Public Company Limited	250,000,000	250,000,000	10.00	49.521	19.02
	Union Zojirushi Co., Ltd.	600,000,000	600,000,000	100.00	51.000	100.22
	Union Stainless Steel Products Co., Ltd.	40,000,000	40,000,000	100.00	98.000	133.70
	Union Rubber Products Corp., Ltd.	20,000,000	20,000,000	100.00	99.998	80.56
	Thai Rubber Enterprise Co., Ltd.	32,000,000	32,000,000	100.00	50.693	105.90
	Union Nifco Co., Ltd.	100,000,000	100,000,000	100.00	30.002	105.18
	Union Thai-Nichiban Co., Ltd.	15,000,000	15,000,000	100.00	40.285	319.68
Trading Business	Computer Union Co., Ltd.	100,000,000	100,000,000	100.00	98.386	105.01
Energy Business	Zhejiang Jiashan-Union Cogeneration Co., Ltd.	USD 24,100,000	USD 24,100,000		56.929	36.69
	Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.	RMB 300,000,000	RMB 300,000,000		25.000	4.99
	Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	USD 24,658,660	USD 24,658,660		40.000	42.30
Hotel Business	The Royal Hotel Co., Ltd.	3,000,000,000	3,000,000,000	10.00	96.000	10.00
Hospital Business	Sukhumvit 62 Medical Ltd.	847,250,000	428,625,000	100 , 50	47.212	50.13
	KPN Healthcare Public Company Limited	950,000,000	950,000,000	10.00	25.000	10.00
Investment Business and Others	Saha-Union International Ltd.	HKD 404,500,000	HKD 404,500,000	100.00	99.988	4.72
	Saha-Union Investment (China) Co., Ltd.	USD 45,000,000	USD 45,000,000		100.000	34.95
	Taixing Union Zond Chemicals Co., Ltd.	USD 29,000,000	USD 27,930,000		23.845	32.88
	Jiangsu Zhonglian-Union Carpet Co., Ltd.	RMB 79,394,073.79	RMB 79,394,073.79		25.000	4.86
	Saha-Union International Taipei Ltd.	TWD 5,000,000	TWD 5,000,000	25.00	10.000	0.77
	Saha-Union Holding Co., Ltd.	1,600,000,000	1,300,000,000	100 , 25	99.540	81.25
	Venus Shoes Co., Ltd.	72,000,000	72,000,000	100.00	76.000	80.42
	Union Printing Corp., Ltd.	30,000,000	30,000,000	10.00	94.735	10.37
	Union Equity Co., Ltd.	160,000,000	160,000,000	10.00	99.794	10.01
	Union Shoes Co., Ltd.	24,000,000	24,000,000	24.00	61.910	35.68
	Union Construction Corp., Ltd.	600,000,000	600,000,000	100.00	62.487	100.14
	Saha-Union Property Co., Ltd.	500,000,000	125,000,000	25.00	99.999	25.00
	Saha-Union Wealth Plus Co., Ltd.	500,000,000	125,000,000	25.00	99.999	25.00
	Union Nakhon Co., Ltd.	350,000,000	210,000,000	60.00	75.000	60.00
	Uni-Fibre Co., Ltd.	120,000,000	120,000,000	100.00	25.667	100.00
	Uni-Agro Co., Ltd.	65,000,000	65,000,000	100.00	30.000	104.95
	Union Thread Industries Co., Ltd.	200,000,000	200,000,000	10.00	24.898	10.41
	Union Industries Corp., Ltd.	150,000,000	150,000,000	100.00	24.900	116.01

	SUC Investment at cost (Baht)	Book Value per share (Baht)	Market Value per share (Baht)	Investment Market Value (Baht)	Registration Date	Nature of Business
		51.26	45.50		10 Aug. 1972	Investment, distribution of raw materials and products manufactured by group companies
	452,337,284.26	17.85	17.85	214,124,494.50	20 Jun. 2003	Contract manufacture and distribution of textile products
	321,180,863.41	12.16	13.00	389,079,600.00	21 Mar. 1977	Manufacture and distribution of textiles
	70,344,917.52	104.62	104.62	52,303,304.32	26 Apr. 1974	Manufacture and distribution of garments
	3,751,380.06	140.27	140.27	5,245,957.73	7 Mar. 1968	Distributor of Grand Slam shirts
	1,250,405.30	80.85	80.85	10,106,815.95	24 Jan. 1996	Manufacture and distribution of anti-electrostatic and dust clothing
	46,563,324.78	135.93	135.93	67,965,000.00	4 Jun. 1971	Manufacture and distribution of thread
	53,084,046.25	48.75	64.50	236,832,390.00	8 Oct. 1973	Manufacture and distribution of elastic products
	235,432,531.30	19.64	24.50	303,313,185.00	3 Jan. 1969	Contract manufacture of plastic products, manufacture and repair of molds
	306,658,338.14	206.16	206.16	630,848,775.36	18 Aug. 1986	Manufacture and distribution of vacuum stainless bottles
	52,411,447.56	233.09	233.09	91,370,813.82	16 Dec. 1988	Manufacture and distribution of stainless steel kitchenware
	16,110,954.50	92.69	92.69	18,537,536.55	24 Mar. 1971	Manufacture and distribution of rubber products
	17,179,605.10	235.42	235.42	38,189,361.56	9 Jul. 1970	Rubber estates
	31,556,005.62	489.10	489.10	146,741,738.40	3 Nov. 1988	Manufacture and distribution of plastic parts and molds
	19,317,762.42	2,981.40	2,981.40	180,160,039.20	21 Jun. 1973	Manufacture of adhesive paper, corrugated adhesive paper, clear tape and OPP tape
	103,311,882.35	258.64	258.64	254,464,515.84	18 Nov. 1982	Computer and accessories dealer
	503,413,312.53	51.18	51.18	702,186,426.84	15 Aug. 1994	Power generation
	374,415,749.43	7.91	7.91	593,250,000.00	19 Nov. 2002	Power generation
	417,270,553.54	16.08	16.08	158,604,501.12	6 Jul. 1994	Power generation
	2,880,000,000.00	9.96	9.96	2,868,480,000.00	2 May 2014	Hotel
	200,500,000.00	50.60	50.60	202,400,000.00	6 Mar. 2014	Hospital
	237,500,000.00	9.09	9.09	215,887,500.00	8 Jul. 2015	Hospital
	1,907,800,576.88	4.94	4.94	1,997,983,000.00	18 Aug. 1972	Investment
	1,572,809,060.01	46.70	46.70	2,101,500,000.00	19 Jan. 1995	Investment
	218,957,706.00	30.85	30.85	205,461,000.00	29 Aug. 2007	Manufacture of Phthalic anhydride & Fumaric acid and associated products
	249,239,518.07	10.71	10.71	212,577,627.78	21 May 2007	Manufacture of automobile carpet
	385,917.66	2.02	2.02	1,010,000.00	8 Nov. 1984	Investment
	1,294,019,006.88	56.95	56.95	907,008,252.20	14 Nov. 1989	Investment
	44,006,626.43	99.69	99.69	54,550,667.07	29 Sep. 1988	Dormitory rental and services
	29,465,812.50	7.16	7.16	20,349,078.00	10 Jul. 1970	Rental services
	159,770,484.00	21.90	21.90	349,678,197.90	31 May 1989	Investment
	22,087,110.54	45.94	45.94	28,441,454.00	5 Aug. 1986	Rental services
	375,457,200.00	94.76	94.76	355,277,034.80	7 Sep. 1973	Real estate
	124,999,875.00	25.80	25.80	128,999,871.00	22 Apr. 2013	Investment
	124,999,875.00	30.87	30.87	154,349,845.65	16 May 2013	Investment
	157,499,880.00	50.22	50.22	131,827,399.56	22 Aug. 2013	Real estate
	30,800,193.16	944.87	944.87	291,020,904.87	5 Nov. 1980	Investment / Agency and Service business / Distribution of textile products and other materials
	20,464,690.80	103.76	103.76	20,233,200.00	22 Aug. 1972	Investment and agriculture
	51,861,469.06	151.69	151.69	755,354,007.10	2 Nov. 1973	Investment
	43,328,196.18	1,282.19	1,282.19	478,897,965.00	23 May 1961	Investment and real estate rental
<b>Total</b>	12,771,543,562.24		<b>Total</b>	15,574,611,461.12		
<b>Group Companies</b>	12,771,543,562.24		<b>Group Companies</b>	15,574,611,461.12		
<b>Other Companies</b>	1,648,793,818.28		<b>Other Companies</b>	2,136,133,331.55		
<b>Total</b>	<u>14,420,337,380.52</u>		<b>Total</b>	<u>17,710,744,792.67</u>		

## Business Results and Five Years Financial Status

(Unit : Million Baht)

	2018	2017	2016	2015	2014
					(Restated)
<b>Revenues</b>					
Sales and service income	1,220.7	1,234.5	1,176.4	1,273.7	1,283.7
Export sales	425.7	506.2	482.5	520.9	536.4
Local sales	795.0	728.3	693.9	752.8	747.3
Dividend income	829.3	910.0	1,082.6	792.0	1,309.3
Other income	90.5	154.9	537.4	71.7	167.9
<b>Total revenues</b>	<b>2,140.5</b>	<b>2,299.4</b>	<b>2,796.4</b>	<b>2,137.4</b>	<b>2,760.9</b>
<b>Expenses</b>					
Cost of sales and services	1,203.1	1,219.2	1,158.0	1,250.6	1,265.5
Selling expenses	7.2	9.5	8.8	10.4	9.9
Administrative expenses	109.1	110.1	100.2	95.6	121.0
Other expenses	(2.7)	46.0	258.6	210.9	140.1
<b>Total expenses</b>	<b>1,316.7</b>	<b>1,384.8</b>	<b>1,525.6</b>	<b>1,567.5</b>	<b>1,536.5</b>
<b>Profit before finance cost and income tax income (expenses)</b>	<b>823.8</b>	<b>914.6</b>	<b>1,270.8</b>	<b>569.9</b>	<b>1,224.4</b>
<b>Finance Cost</b>	<b>(3.3)</b>	<b>(5.7)</b>	<b>(2.2)</b>	<b>(1.5)</b>	<b>(5.9)</b>
<b>Profit before income tax income (expenses)</b>	<b>820.5</b>	<b>908.9</b>	<b>1,268.6</b>	<b>568.4</b>	<b>1,218.5</b>
Income tax income (expenses)	(0.1)	(5.1)	(87.6)	5.8	(12.7)
<b>Equity holders of the Company</b>	<b>820.4</b>	<b>903.8</b>	<b>1,181.0</b>	<b>574.2</b>	<b>1,205.8</b>
Earnings per share (Baht)	2.73	3.01	3.94	1.91	4.02
Dividend per share (Baht)	2.00	2.00	2.00	1.50	1.75
Dividend per net profit (%)	73.14%	66.39%	50.80%	78.37%	43.54%



## Business Results and Five Years Financial Status

(Unit : Million Baht)

	2018	2017	2016	2015	2014
					(Restated)
<b>Assets</b>					
Cash and cash equivalents	827.7	1,466.7	2,070.6	342.9	664.7
Trade and other receivables	188.3	137.1	229.1	180.1	202.5
Short-term loans to related parties	276.4	155.5	2.1	363.0	211.7
Other current assets	40.6	33.9	25.3	20.5	22.5
Investment in associate held for sale	-	-	169.7	-	-
Investment in subsidiaries, joint ventures, associates and other companies	13,466.6	13,147.6	11,652.4	12,568.6	12,441.5
Investment properties	1,142.2	1,148.7	1,155.1	1,161.6	1,168.8
Property, plant and equipment	45.8	50.3	57.8	63.2	49.8
Other non-current assets	9.7	5.0	7.2	5.4	5.8
<b>Total assets</b>	<b>15,997.3</b>	<b>16,144.8</b>	<b>15,369.3</b>	<b>14,705.3</b>	<b>14,767.3</b>
<b>Liabilities and shareholders' equity</b>					
Trade and other payables	122.3	106.9	91.8	80.7	77.2
Deposits from related parties	315.4	683.8	664.3	865.8	836.0
Other current liabilities	0.9	1.2	53.8	1.6	7.3
Other non-current liabilities	182.1	184.8	87.3	72.8	103.2
<b>Shareholders' equity</b>					
Issued and fully paid	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Share premium	2,599.0	2,599.0	2,599.0	2,599.0	2,599.0
Retained earnings	9,117.8	8,896.1	8,592.3	7,861.3	7,815.6
Other components of shareholders' equity	659.8	673.0	280.8	224.1	329.0
Total shareholders' equity	15,376.6	15,168.1	14,472.1	13,684.4	13,743.6
<b>Total liabilities and shareholders' equity</b>	<b>15,997.3</b>	<b>16,144.8</b>	<b>15,369.3</b>	<b>14,705.3</b>	<b>14,767.3</b>
Book Value (Baht)	51.26	50.56	48.24	45.61	45.81

# Revenues Structure of the Company and Its Subsidiaries

## Comparative from 2016-2018

(Unit : Million Baht)

### Consolidated financial statements

Segment	Export						Local						Total					
	2018	%	2017	%	2016	%	2018	%	2017	%	2016	%	2018	%	2017	%	2016	%
Textile Business	716.3	5.77	691.7	5.73	772.1	6.31	544.0	4.38	618.4	5.12	514.8	4.21	1,260.3	10.15	1,310.1	10.85	1,286.9	10.51
Plastic, Rubber and Metal Business	4,213.7	33.94	4,132.6	34.23	4,663.4	38.09	1,890.9	15.23	1,936.1	16.04	1,938.1	15.83	6,104.6	49.17	6,068.7	50.27	6,601.5	53.93
Trading Business	22.4	0.18	24.2	0.20	33.0	0.27	2,161.0	17.40	2,556.8	21.18	2,720.1	22.22	2,183.4	17.58	2,581.0	21.38	2,753.1	22.49
Energy Business	1,769.6	14.25	1,234.1	10.22	903.5	7.38	-	-	-	-	-	-	1,769.6	14.25	1,234.1	10.22	903.5	7.38
Hotel Business	-	-	-	-	-	-	584.5	4.71	500.1	4.14	464.2	3.79	584.5	4.71	500.1	4.14	464.2	3.79
Investment Business and Others	10.3	0.08	5.1	0.04	6.8	0.06	43.0	0.35	44.5	0.37	37.2	0.30	53.3	0.43	49.6	0.41	44.0	0.36
<b>Total</b>	<b>6,732.3</b>	<b>54.22</b>	<b>6,087.7</b>	<b>50.42</b>	<b>6,378.8</b>	<b>52.11</b>	<b>5,223.4</b>	<b>42.07</b>	<b>5,655.9</b>	<b>46.85</b>	<b>5,674.4</b>	<b>46.35</b>	<b>11,955.7</b>	<b>96.29</b>	<b>11,743.6</b>	<b>97.27</b>	<b>12,053.2</b>	<b>98.46</b>
(Less) Related transaction	-	-	-	-	-	-	(998.7)	(8.04)	(1,053.9)	(8.73)	(1,113.3)	(9.09)	(998.7)	(8.04)	(1,053.9)	(8.73)	(1,113.3)	(9.09)
<b>Sales and service income - net</b>	<b>6,732.3</b>	<b>54.22</b>	<b>6,087.7</b>	<b>50.42</b>	<b>6,378.8</b>	<b>52.11</b>	<b>4,224.7</b>	<b>34.03</b>	<b>4,602.0</b>	<b>38.12</b>	<b>4,561.1</b>	<b>37.26</b>	<b>10,957.0</b>	<b>88.25</b>	<b>10,689.7</b>	<b>88.54</b>	<b>10,939.9</b>	<b>89.37</b>
Dividend Income													209.6	1.69	315.1	2.61	376.2	3.07
Rental Income													42.7	0.34	49.9	0.41	52.4	0.43
Interest income													66.0	0.53	60.8	0.50	54.4	0.44
Other income													1,141.1	9.19	958.1	7.94	819.1	6.69
<b>Total revenues</b>													<b>12,416.4</b>	<b>100.00</b>	<b>12,073.6</b>	<b>100.00</b>	<b>12,242.0</b>	<b>100.00</b>

## Investment Structure of the Company and Its Subsidiaries

Group of Business	Company's Name	% Investment Equity Method	Group of Business	Company's Name	% Investment Equity Method
<b>Textile Business</b>	Zhejiang Saha-Union Feilun Thread Industries Co.,Ltd.	57.57	<b>Investment Business and others</b>	Saha-Union International Ltd.	99.99
	Union Textile Industries Public Company Limited	51.42		Saha-Union Investment (China) Co.,Ltd.	100.00
	Union Garment Co., Ltd.	99.99		Union Energy (Hong Kong) Co.,Ltd.	100.00
	Union Universe Co., Ltd.	49.87		Shanghai Dacity Co.,Ltd.	100.00
	Union Micronclean Co., Ltd.	51.00		Taixing Union Zond Chemicals Co.,Ltd.	29.65
	Union Spinning Mills Co., Ltd.	51.99		Jiangsu Zhonglian-Union Carpet Co.,Ltd.	35.00
	Union Zip Co., Ltd.	24.85		Wuhan Taicang Car Internal Decoration Parts Co.,Ltd.	35.00
	Venus Thread Co., Ltd.	24.90		Zhonglian-Union Carpet (Foshan) Co.,Ltd.	21.00
<b>Plastic, Rubber and Metal Business</b>	Union Pioneer Public Company Limited	52.73		Jiangsu Zhonglian-Union Carpet (Teiling) Co.,Ltd.	35.00
	Union Plastic Public Company Limited	49.69		Zhuji-Union Real Estate Co.,Ltd.	25.00
	Union Zojirushi Co., Ltd.	51.00		Saha-Union International Taipei Ltd.	42.30
	Union Stainless Steel Products Co., Ltd.	98.00		Saha-Union Holding Co., Ltd.	99.54
	Union Rubber Products Corp., Ltd.	99.99		Venus Shoes Co., Ltd.	99.99
	Thai Rubber Enterprise Co., Ltd.	50.69		Union Printing Corp. Ltd.	94.74
	Union Nifco Co., Ltd.	50.00		Union Equity Co., Ltd.	99.79
	Union Thai-Nichiban Co., Ltd.	40.29		Union Shoes Co., Ltd.	98.23
<b>Trading Business</b>	Computer Union Co., Ltd.	98.39		Union Construction Corp., Ltd.	99.99
	Computer Union System Co., Ltd.	99.99		Saha-Union Property Co., Ltd.	99.99
	Soldev Co., Ltd.	61.00		Saha-Union Wealth Plus Co., Ltd.	99.99
<b>Energy Business</b>				Union Nakhon Co., Ltd.	77.49
	Zhejiang Jiashan-Union Cogeneration Co.,Ltd.	75.96		Uni-Fibre Co., Ltd.	62.35
	Shaoxing Shangyu Hangzhou-Union Cogeneration Co.,Ltd.	50.00		Uni-Agro Co., Ltd.	44.94
	Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	50.00		Union Thread Industries Co., Ltd.	35.99
<b>Hotel Business</b>				Union Industries Corp., Ltd.	29.46
				Union Business Management Co., Ltd.	37.54
				Union Distributor Co., Ltd.	24.80
				Union Management and Service Co., Ltd.	24.87
<b>Hospital Business</b>	The Royal Hotel Co., Ltd.	96.26		Union Asset Management Co., Ltd.	24.90
				Union Enterprise Holdings Co., Ltd.	22.32
	Sukhumvit 62 Medical Ltd.	47.21		Union Capital Holdings Co., Ltd.	29.46
	KPN Healthcare Public Company Limited	25.00		PSV Molds Co., Ltd.	25.00
				Tencate-Union Protective Fabrics Asia Ltd.	49.35
				Union Asset Holdings Co., Ltd.	39.77
				Union Langsuan Residence Co., Ltd.	29.40

# Textile Business

## Type of Products or Services

There are 4 categories in manufacturing and selling textile products.

1. Sewing accessories such as zippers, thread.
2. Woven fabric. The process of manufacturing starting from spinning and weaving such as 100% cotton, polyester cotton and/or other synthetic fiber with special characteristics for making workwear and fabric used in other industries.
3. Garments such as fashionwear and workwear.
4. Clean Room Garments.

## Supply of Products for Manufacturing or Services

The production of woven fabrics starts from spinning the yarn to weaving fabric. The main raw materials used in producing the yarn are cotton which is 100% imported from overseas and synthetic fiber which mainly was purchased from local suppliers and some from abroad. For garments and Clean room garment production, the main important materials used for this production are fabric and sewing accessories. Fabric used in this category came from both importing from other countries and purchasing from the local suppliers depending on customers' desires. Most of the sewing accessories came from local suppliers.



## Performance in 2018

**Woven fabric** in 2018 yielded more income compared to 2017, mainly from export sale. However, with low profit rate and fierce price competition in the woven fabric market, the Company could only raise selling price by a small margin which becomes an important factor that affects the company's profitability. However, the Company could still maintain the status and competitiveness. Thanks to the customers' trust in our quality and punctuality, along with efficient cost management and profitable use of assets in possession, the Company managed to stay steady in the competition. There was thorough risk management such as the risk from main materials, cotton and polyester, and from the exchange rate. The Company closely communicated with customers about the demands to be able to efficiently manage material cost purchasing. Timely forward contracts that covered a net sale order from customers were used to mitigate the risk.

**Garment**, mostly exported, was affected by the economic slowdown of major customer countries, resulting in a decline in sale orders. The competition became more intense with competitors having advantages in several aspects. Year 2018, thus, suffered a decrease in sale volume and value compared to 2017.

**Clean Room Garment** sales and performance was considerably good. The Company focused on varieties of high-quality products, marketing flexibility that meets the needs of customers with no limitation as minimum orders, and on-time delivery.

## Trends of the Industry and Competition

Key factor in maintaining competitiveness in textile business is pricing. Price is the decisive point for customers. Despite higher quality, delivery, and services, the Company is at a disadvantage against competitors from countries with lower wages and advantage of the tax benefits from the Generalized System of Preferences (GSP). Therefore, the Company needs to maintain existing clientele and empower sales team to encourage sale. Niche market is also another territory for the Company to secure and expand for its steady growth.

Overall, the textile business is currently struggling through economic situations, facing with labor and higher wage problems, as well as other possible risks such as the global financial and economic situations, the fluctuation in currency exchange and oil prices, the instability of important countries' trade policies which may affect positively or negatively such as Chinese economy that is likely to decline, the Brexit, etc.





# Plastic, Rubber and Metal Businesses

## Type of Products or Services

The production and sales in the Group Companies of plastic, rubber and metal businesses are divided into 4 categories:

1. Plastic products. The Companies under this group produced plastic parts using plastic injection molding process. The main products are parts used in motorcycle and automobile, electronic appliances, household items. The Company also designs and manufactures plastic injection molds, offering spray-painting and silk-screen painting services.
2. Rubber and rubber products. The Group has a complete range of operations on its rubber industry ranging from rubber plantation to manufacturing rubber products. The rubber latex is used for production of rubber blocks and smoked sheets. The rubber blocks are used for making elastic threads, elastic bands, elastic webbings and elastic braids, all under the trademark of "Venus," mostly used in other goods manufacturing such as garments, textiles, medical equipment, exercise equipment, physical therapy equipment, diapers and adult pants or other purposes depending on customers' type of business.
3. Adhesive Tape products. The rubber blocks and smoked sheets are materials in manufacturing high quality rubber-based glue for adhesive tapes such as paper tape, transparent tape, masking tape and printing tape used for packaging industry and office supplies.
4. Stainless steel products. Stainless steel products include vacuum bottles and food containers, stainless steel tubes and household products.



## Supply of Products for Manufacturing or Services

The Group Companies of plastic, rubber and metal businesses have its facilities located in Minburi District, Bangkok Metropolis and Bangpakong District, Chachoengsao Province. As for the sourcing raw materials for productions, they vary according to the types of industries.

**Plastic products.** Plastic-pallets are the raw materials required for the manufacturing, sourced from both local and overseas suppliers.

**Rubber and rubber products.** The main raw material is natural rubber which is supplied from the rubber plantations and the Company's subsidiary's rubber factory, as well as from other suppliers.

**Adhesive tape business.** Rubber-based adhesive for coating the tape is mainly composed of natural rubber and chemical substances. The tape consists of Cellophane and OPP (Oriented Polypropylene), kraft paper, and crepe paper, all of which are sourced from both local and overseas suppliers.

**Stainless steel business.** The main raw material is stainless steel sheets supplied by both local and overseas suppliers.

## Performance in 2018

In 2018, the overall performance of Plastic, Rubber and Metal Businesses was considered good, despite some businesses being affected by the fierce price competition. Therefore, the sale volume and performance were underachieved.

Plastic part production for industry and mold is mainly for automotive industry such as automobiles, pick-up trucks, and motorcycles. In 2018, the automotive industry increased the production volume higher than the previous year due to the growth of domestic market.

Union Nifco Co., Ltd. showed strong sale and performance with main customers being the automotive companies. New products were introduced to promote sale. The production process development was enhanced to be more cost-efficient, including the higher production of molds compared to the previous years, which is expected to generate constant revenue.

Regarding Union Plastic Public Co., Ltd. in 2018, the performance is at loss due to the main reason being the decreasing sale revenues affected by the fiercer competition and higher cost of production. The business is now being revised to turn the tables.

Rubber block, white crepe rubber, and smoked rubber sheet manufacturing, which relies on latex supplied by the Group Companies and purchased from outside to manufacture special-grade products only for supplying the Group Companies. The Company also implemented integrated farming to generate extra revenue. However, the production of latex varied based on the seasons, causing fluctuation in prices. In 2018, the prices of rubber products dropped significantly, resulting in underperformance from this sector.

Production of elastic products from natural rubber and artificial rubber by Union Pioneer Co., Ltd. in 2018 were underachieved as a result of still demands for elastic products and high competition in the textile and medical equipment markets. Sellers were attempting to increase their market shares, granting buyers greater power to bargain for lower prices. Although prices are the main decisive factor for customers, quality, safety, and punctual delivery are still preferred. Therefore, the Company aimed to improve the infrastructure and processes to boost the efficiency, allowing for sustainable competitiveness in the market. We also invested in R&D to seek for new products which could create the vales added to the Company.

**Natural rubber adhesive tape products** 2018 performance did not achieve as expected since there were new competitors in the market thus fiercer price competition, while material prices increased. However, the Company had better reputation in terms of quality and services compared to other competitors. The Company not only attempted to maintain its customer base and develop new products to expand the business but also constantly held the sales promotion to keep its market share.

**Stainless steel vacuum bottle' production by Union Zojirushi Co., Ltd.** after the Company had expanded its production capacity and enhanced efficiency, the performance and sale in 2018 were higher than 2017. However, the continually-stronger Baht was a big obstacle that heavily affected the Company's revenue which was mainly from exports. Another problem was the production of new products with more complicated designs that resulted in a number of production defects. Nevertheless, the sale order' reduction from overseas customers was expected to be only temporary, and the sale would likely to grow in the future as the products have been globally acknowledged in terms of quality and great design. The Company will continue to improve the production process so as to reduce cost.

**Stainless tube manufacturing** in 2018 showed good sale and performance. In 2019, The Company will focus on designing and developing products to suit various needs, creating more values of products, and expanding distribution channels to promote the higher sales.

## Trends of the Industry and Competition

In 2019, Thailand's economy is expected to continue the growth seen during 2018, with higher purchasing power and consumption from household sector. Overseas markets will be still vulnerable to risks from major countries' trade and financial policies that may result in highly fluctuating exchange rate, especially the Baht appreciation, affecting Thailand's export trade and possibly the industry manufacturing.



# Trading Business

## Characteristics of Business

Computer Union Co., Ltd., has been in computer and Information Technology (IT) business since 1982. A wide variety of computer and IT products and services is currently provided for all types of business, ranging from Small Office Home Office (SOHO) to large enterprises, both in Bangkok and its environs, across the regions of Thailand. In 2012, the trading business was expanded to the Lao People's Democratic Republic. In 2015, the Company was authorized by IBM (Thailand) as a distributor for hardware and software products in Myanmar.

## Type of products or services

The Company is an authorized dealer and distributor of products and also services provider as follows:

- Authorized dealer for server and storage products of IBM (Thailand) such as IBM Power Systems (AIX and i05), IBM PureFlex, all products in Integrated Solution and Storage line from low to high end, as well as server-related Switch/Network equipment;
- Authorized dealer for IBM (Thailand) software products, including every group of products such as:
  - System Software
 

Including operating systems like Mainframe Power (AIX) and Power (i), information management and backup services like Tivoli, and application server like WebSphere;
  - Big Data / Business Analytics
 

Including data-analysis and database software like DB2, Cognos, SPSS;
  - Cloud: Cloud management software
  - Mobile: Mobile device software
  - Security: IT security management software





- Authorized dealer in products of IBM (Thailand) Global Technology Services (GTS), including Maintenance Agreement (MA), system installation, GTS Implementation Services and Cloud Services;
- Authorized dealer in Lenovo (Thailand) for Intel Server, Workstation, and OEM Storage Products
- Authorized dealer in Acronis products (Backup Software from USA)
- Authorized dealer in CommVault (a Backup Software to supervise the storage and data usage management)
- Authorized dealer in T-max Software products, a leading brand from South Korea offering various database and system software tools
- Authorized dealer and service center for Pure Storage Inc.'s advanced storage products
- Authorized dealer and service center for ThaiWPS Software, an Office Suite for desktop computers.
- Authorized dealer in Ronsyys products - Reader/Encoder and PIN pad
- Authorized dealer in NCR products (ATMs, ATM Security, Banking Software, mobile Banking, Branch Transformation as well as Payment and Imaging)
- Authorized dealer in products of Lexmark International Co., Ltd., including printer, toner and software solution under Lexmark brand
- Master dealer in products of Samsung (Thailand) Co., Ltd. for CCTV and others under Samsung brand
- Gold Server Platform and Gold Datacenter of Microsoft Corporation
- Select Certified Partner and Advance Unified Computing Technology Specialization of Cisco System (Thailand) Co., Ltd.
- Authorized Reseller of Apple South Asia (Thailand) Co., Ltd.
- Authorized Distributor in Wacom Business Solution Group, certified by Wacom Singapore Pte. Ltd.
- Authorized Dealer of Swisslog automated medicine dispensers
- Authorized Service Provider of Lenovo, HP, Epson, Samsung and Lexmark
- Authorized Dealer in Lenovo products (PC, ThinkPad, Server) including hardware products (HP, Ronsyncs, Epson, Samsung, Canon, Fujitsu, Dell, Acer, etc.
- Repair and maintenance services provider for hardware, software and Network System including equipments as well as design work and system development.
- Distributing and offering installation service for closed-circuit television cameras (CCTV) and other security systems.
- Design, application software development for Mobile Application like IOS and Android as well as installation and consulting service.
- Media data recovery service (Hard Disk, Flash Drive, Memory cards) by Clean room class 100 since 2004, including all operating systems (DOS, Windows, Linux, Unix, Novell, Macintosh), which treated customer information as strictly confidential.





## Supply of Products for Manufacturing or Services

The Company has engaged in trading and service business as an authorized dealer of IBM Thailand Co., Ltd. The Company is a dealer of related products for other brands as well.

## Performance in 2018

The performance was good, despite lower-than-expected sales due to slowdown of investment from the government sector as a result of global economy. Besides, the investments from the government sector during the first three quarters were unexpectedly lower. Nevertheless, there was more spending from the government sector in the 4<sup>th</sup> quarter as a result of the economic stimulus policy and stronger private sector. Therefore, the Company's overall performance was stronger than expected.

## Trends of the Industry and Competition

The business is constantly growing due to the changes in consumers' lifestyle that widely adopts the use of the Internet. In addition, the Government's Thailand 4.0 policy urges all sectors such as authorities, public sectors, organizations, and the citizens to be prepared for imminent technological changes potentially affecting the whole economic and social systems. Industries have implemented more automated production to reduce production cost. Data storage products sale is rapidly growing due to support the big data analysis of the customers, as well as the use of Artificial Intelligence (AI) to respond to customers and collect information. Banking and financial business is transforming in response to customers' needs for convenience and instant transactions. User-friendly mobile banking applications have been promoted to encourage online businesses. All businesses continue to rely more on digital marketing and advertisement to reduce cost in reaching prospect customers and offering deals to them.

However, the Company is still highly competitive in the market with its emphasis on delivering quality products and services, as well as reliable delivery to meet various needs of customers and gain their trust.

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# Hotel Business

## Type of Products or Services

The Royal Hotel Co., Ltd. (RH), key investor in hotel business, located at 33 Naret Damri Road, Hua Hin Sub-District, Hua Hin District, Prachuap Khiri Khan Province, is a five-star hotel on the beachfront center of Hua Hin Town. The Hotel is 17-story high, offering 296 rooms of different types. Each room has the spectacular view of the Gulf of Thailand. The Hotel provides conference and banquet rooms capable of seating approximately 500 guests. There are a total of 7 bars, bistros and restaurants, as well as a spa, a fitness center, tennis courts, squash courts, a swimming pool, as well as other facilities.

## SUPPLY OF PRODUCTS OR SERVICES

The hotel is operated under the name HILTON HUA HIN RESORT & SPA.

## Performance in 2018

The global and national economy in 2018 recovered from the previous year, allowing for a good opportunity for hotel business thanks to an increasing number of foreign and Thai tourists, as well as the Government's policy to stimulate tourism, one of the main channels for the country's income.

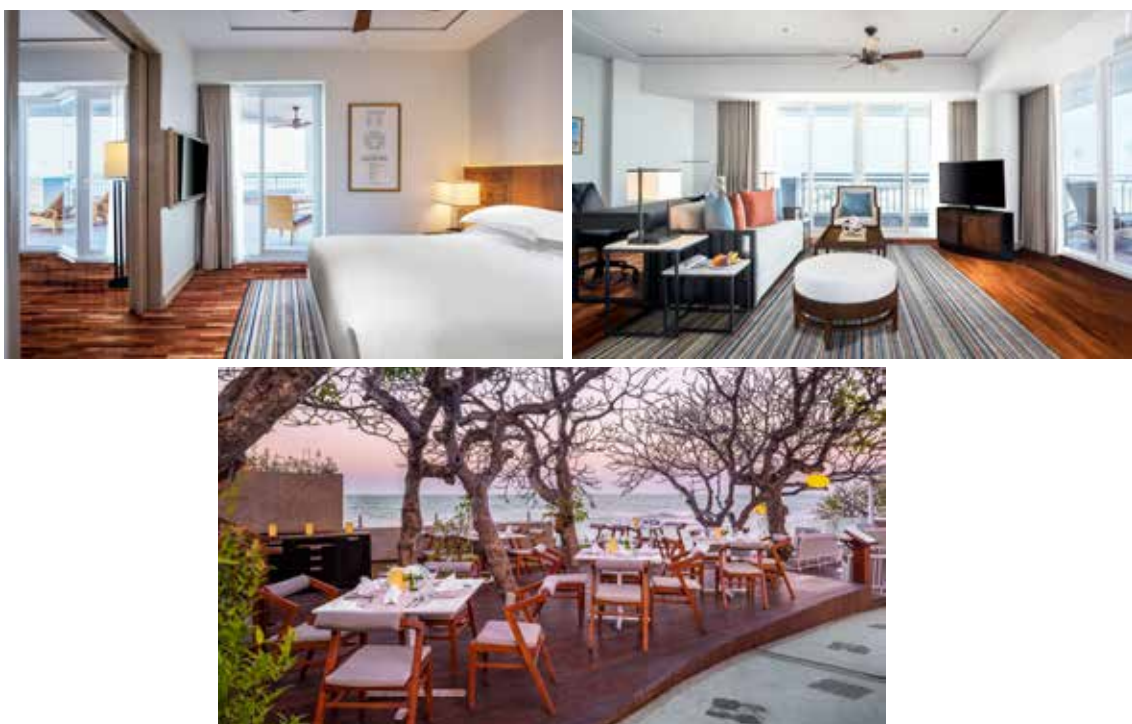
In 2018, after the renovation project of 102 rooms during mid-2016 to 2017 had been completed, the performance and occupation rate of Hilton Hua Hin Resort & Spa has been strong and highly competitive despite the fiercer competition in pricing and high supplies in the market.



## Trends of the Industry and Competition

Hotel, resort, and condominium businesses in Thailand's lucrative tourism destinations is showing an upward trend due to the expansion in tourism industry and ever-increasing number of tourists and hotel demands each year. Moreover, the Government has launched a policy to promote tourism in less visited areas so as to distribute income to such areas and develop sustainable potential in tourism industry under a campaign called "Thailand Riviera" that boosts tourism in the western coastal provinces to their full potential, aiming to be world-class destinations for relaxation. The plan is to develop the infrastructure, especially the transport standards to provide convenience to tourists and encourage them to visit different places. The transportation development project by land and boat are to be connected to allow convenient transition. The transportation by air, airports will be expanded and improved in quality. High - speed train for Bangkok - Hua Hin route and double track trains for Nakhon Pathom - Hua Hin, Hua Hin - Prachuap Khiri Khan, and Prachuap Khiri Khan - Chumphon routes will be developed for railway transport. Such developments will significantly and directly create greater tourist counts to Petch Buri and Prachuap Khirikhan, benefiting the hotel business. Hua Hin will be even more popular as a vacation destination than it is now.

Regarding competitiveness, more and more hotel, resort, and condominium projects are being invested in the area, resulting in tough competition in pricing and market shares. HILTON HUA HIN RESORT & SPA will have to maintain its quality standards as a five-star hotel and develop its personnel to properly respond to the needs of both foreign and local customers. More innovation will be implemented to provide customers more convenience and attract more guests. We will be working in collaboration with authorities and public sectors, as well as the locals, to conserve, develop, and create more value added to the tourism resources socially, culturally, and environmentally.





# Hospital Business

## Type of Products or Services

The Company has invested in hospital and healthcare business, a total of 2 projects which are now under early stage and construction stage respectively:

1. **Sukhumvit 62 Medical Co., Ltd. or Ruamjaiarak Hospital** has a total investment of THB 1,800 million, with registered capital of THB 847.25 million. The Company's investment accounts for 47.21 percent. The project is scheduled to start construction mid-2019 as a 134-bed hospital.

2. **KPN Health Care Public Co., Ltd. (KPNHC)**, an investment in hospital business, located on Ratchada-Ramintra Road, has a total investment of THB 4,000 million, with registered capital of THB 1,600 million. The hospital size is 152 beds. The Company's investment accounts for 25 percent. This project is now under construction and is expected to open late-2019.



# Energy Business in the People's Republic of China

## Type of Products or Services

At present, the Company has investments in energy business in the People's Republic of China in the form of cogeneration plants that produce and sell power and steam, operating 3 joint ventures with the State - Owned Chinese Enterprises: two in Zhejiang Province; Zhejiang Jiashan - Union Cogeneration Co., Ltd. and Shaoxing Shangyu Hangzhou - Union Cogeneration Co., Ltd. with the generation capacity of 33 megawatts and 60 megawatts respectively; and one in Yunnan Province named Yunnan Energy Luliang - Union Cogeneration Co., Ltd. Recorded impairment reached net investment capital in 2017.

## Supply of Products for Manufacturing or Services

The cogeneration plants in Zhejiang Province, the People's Republic of China uses coal as main fuel which mostly came from coal mines of the Northwestern part of the country.

## Performance in 2018

The two cogeneration plants in Zhejiang Province were upgraded to enhance their power and steam production efficiency in response to greater demands from customers, resulting in good performance overall in 2018.

## Trend of the Industry and Competition

Cogeneration power plant business is regarded as the nation's utility. Its production and sales volumes depend on the country's economic growth. The strict policy to control and reduce pollution which requires factories to improve their efficiency in energy consumption will cause power plants to suffer higher operation cost investing pollution filtration system.

Regarding the business competition, all electricity generated will be sold to the local electricity authority for the fixed price. Steam is mostly sold to factories within the industrial estate for agreed prices, which can vary based on the changing price of coal. The steam delivery is done by piping through underground internal network systems which are designed and approved by the industrial estate itself. As a result, by default, this reduces the problem of competing with overlap steam pipelines from other power plants.



## Other Businesses in the People's Republic of China

### Real Estate Business

#### Type of Products or Services

Project in Zhuji City, Zhejiang Province, operated by Zhuji Union Real Estate Co., Ltd. It is a construction project of residential condominiums, shops, and parking areas, situated on a total property of 35.46 MU or 23,640 square meters.

#### Supply of Products or Services

The Company entered bid for a property license from the local government for residential and commercial development projects in Zhuji City.

#### Performance in 2018

Regarding the real estate project in Zhuji City, Zhejiang Province, it is operated by Zhuji Union Real Estate Co., Ltd., with the registered capital of RMB 150 million (approximately THB 750 million). The Company's subsidiary, Union Energy (Hong Kong) Co., Ltd. (where the Company hold 99 percent of its indirect shares), has an investment of 25 percent. 24 percent of shares are held by other overseas affiliated companies. And the other 51 percent of shares are held by other Chinese entities with no relation with the Company. The project is under construction and expected to launch sale in 2019.

#### Trends of the Industry and Competition

Real estate business in the People's Republic of China is showing slow growth after rapid growth in 2018. More projects are spreading from big cities to smaller ones. The competition and demands vary based on the location of the projects.

The prices of real estate in large cities has been going up for the past few years. More developments are seen in smaller cities with the improvement in transportation, which makes more affordable prices in these areas. However, the global economy and Chinese economy still play an important part in real estate pricing in the market.



## Other Businesses in the People's Republic of China

### Chemical Industry Business

#### Type of Products or Services

The Company has invested in chemical industry business in the People's Republic of China, operated by Taxing-Union Zond Chemical Co., Ltd. (Taixing-Union), located in Taixing, Jiangsu Province. The plant mainly manufactures Phthalic Anhydride (PA) which is a chemical for the production of Phthalate Plasticizers, Thermoplastic Resins-Polyvinyl Chloride (PVC), etc.

#### Supply of Products for Manufacturing or Services

Ortho-Xylene is a petrochemical that was previously used as the main material in the production of Phthalic Anhydride. After improvements in manufacturing process regarding production techniques in a bid to be able to use variety of raw materials for production, Naphthalene is now being used as a supplement raw material in the production of Phthalic Anhydride due to its lowered price, thus reducing the production cost. The manufactured Phthalic Anhydride in the form of crystal or liquid is supplied to the producers of Plastic PVC, Polyester, Resin and other products

### Performance in 2018

In 2018, the performance was underachieved due to adverse factors such as wildly-fluctuating prices of materials regardless of stalling in selling prices as a result of high competition in the market. In addition, the Chinese Government continued to strictly enforce their pollution control policies, prohibiting excess production that forced chemical plants to adjust the production processes or reduce the production capacity. The Company needs to thoroughly monitor the material prices to secure the most profitable gap between cost and selling prices, as well as maintaining the customer base while expanding to promote sale.

### Trends of the Industry and Competition

The Chinese economy is expected to slow down and significantly affect the industry. The competition is still high in this business, whereas demand and supply can be unstable. Phthalic Anhydride (PA) is classified as an industrial chemical whose plants, according to the law, must be located in a chemical industrial estate and provided with strict rules and assessment of environmental impact constantly. However, with the existing production process, the Company managed to lower pollution and control pollution emission in conformity with the set forth standards.



## Corporate Social Responsibility (CSR)



The main activities of Saha-Union Public Company Limited are investments in textile, plastic, rubber, metal, trading, energy and hotel businesses, including other businesses in the People's Republic of China such as property, chemical and automobile carpets. The Company has conducted business with the sense of corporate social responsibility (CSR) for the economic benefit of all stakeholders by concerning with the social and environment for its sustainable growth.

The Company has set its ethical values, that is-integrity, quality and service. For over 40 years, these values have been transmitted by the highest ranked executives to all levels of employees, ranging from executives to workforce level. They have been all informed and adhered to the Company's values.

To meet the changing circumstances, the Board of Directors had considered the vision and mission.

### Vision

A leading reliable investments company on diverse business activities, while managing a strong business growth and producing high yields of return on investment.

### Mission

- Improve and strengthen the existing business activities.
- Extend the business of which the subsidiaries have skills or body of knowledge
- Manage the existing investments and seek new long term potential investments yielding a good return.
- Promote a new generation of skilled and competent executives showing leadership and sharing the Company's culture based on integrity, quality and service.
- Encourage staff and give them the opportunity to continuously improve their learning and skills.
- Cultivate continuously the corporate values.
- Oversee business management in a way that it is efficient, transparent and verifiable according to the international standards, with the aim of maximizing profits, increasing the value of trade and yielding a suitable return to the Company, related parties and all stakeholders, namely employees, shareholders or investors, customers, trade partners, creditor/s, rivals, communities, society and nation.

Incidentally, the scope of this Corporate Social Responsibility (CSR) report is focused on the Company's investment and sales of raw materials used in woven fabric, elastic band and metal businesses to the Group Companies and the export of adhesive tape products overseas. However, the sales part has no significant proportion. According to the disclosure information standards, the risk factor in business was taken into consideration as it is reflecting the way the Company operates its business and the report was done in accordance with the guidelines set by the Stock Exchange of Thailand (SET), issued by the Office of the Securities and Exchange Commission (SEC).

The following report of CSR performance was done in consideration of stakeholders namely, investors and or shareholders, employees, associates, customers, trading partners, debtors, competitors, communities, relating organizations and intellectual property owners.

The Company's operations of CSR under the organizational competencies and currently available resources (in 2018) consist of:

## **1. Fair Business Operations**

The Company conducted the business with morality and fairness as following:

### **1.1 Fair Competition**

The Company committed to do business fairly without taking advantage of its rivals. Therefore, no prior business information or any relating information was used to compete with business rivals or to discredit them. The Company would not disseminate any partners' confidential information. Any agreement made would be followed earnestly. For example, once the advance purchase of cotton was established, the cotton's market price dropped later, the Company yet continued to respect the agreement made earlier including making every payment on time as scheduled.

In addition, the Company consistently has conducted businesses fairly vis-à-vis its customers, without taking any advantages with honesty and good professional ethics.

### **1.2 Corporate Social Responsibility (CSR) in the Business Value Chain**

The Company's joint ventures were equally treated and had the equal rights as shareholders. They were paid the same amount of dividend and at the same time as those of Thai party. All joint venture's benefits were not abused due to the accuracy, completeness and ethical transparency of finances and related financial information.

### **1.3 Respect for the Property of Others and Infringement of Intellectual Property**

The Company made an announcement of policy against any actions by its employees involved in intellectual property violation. All executives and employees were encouraged to use products, equipment and services of which its legal copyright preserved.

## 2. Anti-Corruption Measures

### 2.1 The anti-corruption policy

In 2017, The Company has formulated written policies for all companies of Saha-Union Group: “Anti-corruption Policy” and “Policy of corruption leads-reporting and complaint-filing” (See [www.sahaunion.com](http://www.sahaunion.com)). The policies have been provided to be executed as guidelines to the Company Group’s work in order that its management would be efficient, transparent and verifiable, enabling every group of stakeholders to be assured and confident of the Company Group’s performance.

The Company’s executives and employees were informed of the policy statement through training by way of printed documents containing summary with compliance illustrations to ensure that they understand and abide by the policies. Besides, the policy statement was publicly accessible and visible to the executives and employees as well.

Moreover, to affirm and demonstrate the Company’s commitment and to disseminate the anti-corruption policy, the person concerned sent both policies above-mentioned to all stakeholders. Then, they were required to acknowledge them and sign for before returning them to the Company.

The Company set the code of conduct as prescribed by the Board of Director by holds a policy of doing business based on previously-mentioned ethical values and good corporate governance-that is to work honestly without corruption. This policy was enforced not only among the business of the Company and the Company group in Thailand but also the invested Company overseas. All the accounting reports must be done with completeness and with accuracy including correct tax calculation and payments. There were not any bribes paid to any persons involved. As a result, the related authorities always received the correct information. The Company would pay taxes correctly. The government would not lose its benefit. This is the policy that the Company has followed consistently. In this way, the Company has earned trust from both the government sector and the society.

### 2.2 Guidelines according to the Policy

The Company has instilled high a value of morality, quality and benefits all the way from management to employees. Laws and regulations will be observed and followed strictly by raising awareness of both executives and employees. Moreover, employees will receive a Guide to Rules and Regulations for Employees, as stated in chapter 6, “The discipline and disciplinary sanctions article 6.1 (f)”, article 6.2 (4) “Work with honesty” and article 6.3, “Violation Penalty Policy” and “The Termination of Employment”. In order to reinforce the Company’s policy in business operations, an internal control system was established to efficiently and productively monitor and track for corruption, all of which would go under an inspection procedure conducted by the internal auditing department.

The Company has established Guidelines for Directors and Employees according to the 7 anti-corruption policies;

- Guidelines regarding Conflict of Interest,
- Guidelines regarding Security Trade and Insider Trading,
- Guidelines regarding for Receiving or Giving Assets or Other Incentives that may Influence One's Decision,
- Guidelines regarding Procurement,
- Guidelines regarding Contact with Government Sectors,
- Guidelines regarding Charity Donation and Financial Support Provision,
- Guidelines regarding Political Issues.

Prior 2014, the Board of Directors had committed to the policy of anti-corruption in the society by donating 1 million baht to Thailand's Private Sector Collective Action Coalition against Corruption (CAC).

### **2.3 The Disclosure of Performance and Progress in Practice**

In 2018, there were not any issues or substantial faults involving the prosecutions, investigation, allegations or any lawsuit regarding unfair competition operation, corruption, discrimination or unequal employment, non-compliance with laws, including getting fined or non-fine penalty in any violations caused by non-transparent or incorrect operation of previously mentioned matters.

## **3. The Respect for Human Rights**

The Company promotes basic human rights of freedom, equality in expression, including rights in economic, social and cultural status to which all individuals concerned are entitled according to the highest standards possible.

### **3.1 Respect Human Rights Principles at Work**

The Company has a policy of basic human rights, for example, employee rights to express their opinions. The Company will indiscriminately listen to employees' agendas and put it into consideration to find measures to prevent or release, and or correct the effects of the matters caused by the organization's activities. As for the right of investors or shareholders, the Company will indiscriminately respect their right of both local and foreign investors. The Company will receive and response to the comments from the minor shareholders with respect. The Company has established an investor relations department to help provide information as well as the opportunity for the shareholders to propose the agenda 4 months prior to the next shareholders' meeting. Furthermore, the Company will respect the customers and partners' rights based on the mutual agreement.

### 3.2 Policy and Guidelines at work

Since the Company's main business is both domestic and overseas investments, the policy of human rights is firmly established to observe the rights of the invested companies' employees are not violated but individually, fairly and indiscriminately respected. Also the employees' safety and occupational health measures are legally established and strictly followed.

### 3.3 Important Measures on Labor Rights

The Company's policy offers its employees the labor rights in accordance with the relating law and standards. The employees receive benefits based on the Company's rules and regulations, including provident funds. The representatives from the Company and the Group Company, periodically participate in the meetings to oversee possible labor problems, sort out corrective action plans to work peacefully together.

## 4. Practice on Fair Labor

The partly important stakeholders in an organization are staff or employees. The Company attaches importance to human resources matter consistently as it is an essential mechanism in driving the organization to achieve its economic targets as well as creating the impact in the society.

### 4.1 Employment and Benefits

The Company's human resource management policy is setting up criteria for employment, benefits, salary based on job position and fringe benefits. Employees will be treated fairly and will not be exploited. Employees will receive their pay in full and on time. In addition to benefits offered to employees in accordance with the Company's rules and regulations not less than determined by law or more as appropriate, the contributions and benefits from employees' provident funds, based on the funds' regulations are included. Moreover, the employees are offered the benefits from Employee Savings and Credit Cooperatives of Saha-Union Group. The Company will allow employees holidays, sick leave and annual vacation based on years of service to the company. Moreover, the employees benefit the right of yearly physical examination according to the regulations. In 2018, the Company had 68 employees in total, 0% were newly employed and 14% were out of employment status. 100% were the rate of employee retention or those returning to work after maternity leaves. The Company offers its employees equal labor rights and benefits, regardless of gender.

### 4.2 Occupational Health and Safety

Even though the Company is not industrial factory, but employees' occupational health and safety are taken into consideration. For example, water of good clean quality as well as drinking water is provided to promote healthy employees, including annual health examinations. Schedule routine-maintenance for workplace's air-conditioning system as well as provide a good work environment and adequate workspace. Routinely inspect the elevator system including setting up the alarm systems. A number of fire extinguishers are installed properly in each location and routinely maintained. Therefore as the investment Company, there are not cases of pollution emissions to the nearby area concerned. The employees' work environment carries high standards of occupational



health and safety. However, the executives will accept (if any) complaints and take any measures necessary for improvement in accordance with the company's emphasis on employees well-being policy.

#### **4.3 Diversity and Equal Opportunity**

The Company employs diversified group of employees, regardless of their genders, races, religions, age, education and others. The policy of equal treatment and opportunity employment is firmly held in place. For example, employees, regardless of gender, will receive their pay equally such as basic salary rate based on job description. Moreover, the Company gives employees the opportunities to improve their learning and competences which match their job description, including promotion potential to a higher position. Employees are also offered 6 hours of training per person per year.

### **5. Responsibilities to Consumers (Customers)**

The Company adheres to its standards of product quality or services, of which is for not only consumers' health safety but also at reasonable price based on the agreed quality.

#### **5.1 Health and Safety of Customers**

The Company products which are raw materials used in woven fabric such as cotton and synthetic fiber, and stainless steel, all of which are used to manufacture garments, elastic bands and vacuum bottles, respectively. The Company selectively offers the products with high quality and safe to human body. Stainless steel used in the manufacturing of vacuum bottles are of very high quality standards with good protection and durable. Also, under the Group Company's manufacturing process, the vacuum bottles offer consumers a very safe and healthy product. The food coloring used in this product is at the safety level for consumers. Therefore the consumers can trust the Company's product quality as well as those manufactured and distributed by the Group Company. Similarly, the Company exports high quality adhesive tape products under the trademark of "Unitape, Panfix, Fuji and Nichiban". In addition, the Company will not only maintain the quality of products but also take responsibility in tracking the shipment, its quality, price and agreement's time period.

#### **5.2 Product Labels and Services**

The Company not only offers to its customer's high quality products but also provides a communication on products and correct instructions. This is to achieve the Company's objectives of offering high quality products to its customers as much as maximizing the use of products. The Company will clearly label the product according to standards by showing its name, its brand name, its capacity, bar code data, its ingredients by identifying the Universal Product Code (if any), its qualification, its use recommendation, its warnings and manufactured date according to the international laws and standards. The information provided will be all valid information.

#### **5.3 Marketing Communications and Customer Privacy**

The Company's main business is an investment and trading with the partners who are not the end user. Since the Company did not have marketing expense, the merchandise price did not have to absorb the advertising costs, therefore, the sale price is very reasonable. The Company is aware that good ethical business practices

can lead to business sustainability. Up to now, the Company has never disclosed customers' confidentiality, nor exploited it to the Company or relating party's benefit without permission.

In the past, the Company never got fined from violations of consumer protection laws and other relating regulations.

## 6. Responsibilities to Partners

The Company offers fairness in purchasing, hiring process, including agreement with our partners, reliability in business confidentiality, solemn compliance with the promised conditions or agreements. The Company communicates with partners information about its anti-corruption policies to ensure morality, honesty, sincerity, and quality for mutual long-term benefits.

## 7. Environment Conservation

The Company's major business is an investment, there was not any significant element that requires natural resources where living organisms might be affected by their operations. The Company and its other businesses' operations emitted neither pollution nor polluted water that might destroy the environment. The Company carefully uses energy and water efficiently based on normal standards. However, the Company has invested in the use of natural resources and environmental conservation including complying with any relating laws and regulations.

### 7.1 Sustainable Utilization Strategy of Natural Resource

The Company invested in the Cogeneration Plant in Zhejiang Province, in the People's Republic of China which uses coal as fuel. Therefore the Company did a study of how to reduce coal consumption. By using modern technology of recycling the ash, the residual waste from coal can be used as fuel as well. This method not only helps reduce the consumption of natural resources but also improves the performance since production costs are lower.

### 7.2 Prevention and Reduction of Pollution Impact

Every factory in which the Company has investments is a manufacture industrial factory. All of them have pollution prevention systems and are invested in programs that reduce environmental pollution impact. Their managements are implemented according to the standards and laws. To give an example, the elastic band factory has 2-step-wastewater treatment system. Until the wastewater was tested safe, not creating any pollution to the environment, it will be released from the factory.

## 8. Social and Community Development

The Company is aware of stakeholders both in community and those outside the area. Consequently, for a better living, the Company has participated in the following activities;

### 8.1 Role in the Market and Job Creation

The Company and its invested company developed the community by hiring people mostly from the local area and surrounding communities in order to build a strong foundation for their lives. For example, the invested companies in Bangpakong District, Bang Chan District, and Hua Hin, most of their employees are local residents. Their communities become important labor markets, constantly creating jobs to increase their incomes. As a result, the community and society have been developed.

### 8.2 Community Involvement

In regard of Item 8.1, the above mentioned companies hold annual religious activities such as Kathin ceremony-that is offering robes to Buddhist monks or Tod Pa Paa, Buddhist Lent Festival at neighborhood temples, and donating some books as well as sports equipment to schools of the communities involved with the Company's business. Moreover, the companies will accept any ideas or complaints from the local residents in order to find the way to improve to the better society.

In 2018, the Company and its subsidiaries did not receive any investigations, accusations or lawsuits that could significantly affect the business operation, reputation or the Company and its subsidiaries' reliabilities over the principles of the above-mentioned operations.

## 9. Corruption Prevention Policy

The Company has developed an Anti-corruption Policy and Guideline Handbook separately from the Corporate Governance Handbook, Code of Business Conduct and Rules and Regulations for Employees in accordance with core values of the Saha-Union, that is-integrity, quality and service. These values have been observed by the Company's directors, executives and all employees and regarded as ethical corporate culture which has been promoted and cultivated. It is their duty and responsibility to acknowledge, understand and ensure its rigorous compliance.

The organizational structure is established through a sufficient and appropriate system to prevent business conduct of the Company from any actions related to corruptions, no matter what form of bribery and corruption: seeking, accepting or paying.

The Company provides a system of internal audit to oversee and monitor its compliance with the Corporate Governance Handbook, Code of Business Conduct and rules and regulations for Employees by requiring regular audits. Then, the audit reports will be submitted to the Audit Committee and/or the President. This system includes integrating audits relevant to corruptions into internal audit plans.

The Company will examine and improve standards of anti-corruption measures proposed in the Thailand's Private Sector Collective Action Coalition Against Corruption Project (CAC) and review the Corporate Governance Handbook, Code of Business Conduct and Rules and Regulations for Employees with the aim of adopting clearer and more inclusive guidelines through HR Management, ensuring clear communication to Employees of all levels so that they can practically follow the guidelines.

## Corporate Social Responsibility



Saha-Union Public Co., Ltd. and Group Companies operate our businesses with social and environmental responsibilities, based on the principles of sustainable development under good corporate governance according to our core values “**INTEGRITY, QUALITY,**

**SERVICE,**” aiming to bring out balance to all aspects such as economy, society, cultures, natural resources, and environment. All of these is done with people at the center of the development, developing people, creating careers, giving education opportunity, training personnel, and supporting projects that benefit the whole society. We continue working in collaboration with the Government, public sector, and other organizations to improve people’s quality of life, which is the key to sustainable development of economy and society. In 2018, Saha-Union Public Co., Ltd. and Group Companies organized events to give back to the society and the environment as follows:

### Education

Saha-Union Public Co., Ltd. and Group Companies are aware of the importance of education, the foundation of learning and development of knowledge, skills, and expertise to secure a career and create value to the society. Therefore, the Company provides support and opportunities to students with good results and behaviors:



- The Company, on 29 November 2018, granted a supporting fund to bachelor’s degree students majoring in Accounting, Faculty of Business Administration, Rajamangala University of Technology Phra Nakhon, a total of THB 200,000, received by Dr. Srisuda Inthamas, Associate Dean for Student Affairs, the representative.





- The Company, on 29 November 2018, gave a supporting fund to students of High Diploma, Accounting Department, Bangna Commercial College, a total of THB 100,000, received by Mr. Prasert Chantothai, a Director of Bangna Commercial College, along with the faculty and officials, the representative.



- A Group Company in Bang Pu District, along with the employees, donated stationery and dried food to Iamsuree School, Bang Pu Mai, Muang District, Samut Prakan, on the occasion of Children's Day.

## Healthcare Service Activities to the Society

Thailand is going to become an aging society. Thus, it is crucial to support and provide services for old people, empowering medical staff and pushing the Government's policies to develop the country by focusing on developing medical service standards and education. The Company and Group Companies, therefore, aim to create value through activities as follows:



- A Group Company in Bang Pu District, in collaboration with the Employee's Cremation Charity, on 29 August 2018, granted a fund to build a multipurpose building and to purchase medical supplies for Bang Pu Mai Healthcare Promoting Hospital, Muang District, Samut Prakan, a total of THB 150,000.



- Executives and employees from a Group Company in Bang Chan District, donated hospital beds for Nopparat Rajathanee Hospital.



Furthermore, the Group Company also organized a society-improving activity as follows:

- A Group Company in Bang Chan District organized a campaign "Police Mind by UP", donating 100 chairs to Min Buri Metro Police Station to supports the large number of people visiting the police station.



## Environment

Saha-Union Public Co., Ltd. and Group Companies aims to make our employees aware of the values of natural resources and know how to efficiently use them, encouraging contribution to conservation of natural resources and the environment, reducing impacts upon the environment according to the law stipulation and universal standards. Saha-Union Group adopts the environment management standard ISO14001 to improve our efficiency in production. With such policy, Saha-Union Group plays an important part to develop and conserve the environment along with our business operations:

- Encourages efficient use of water, reserving electricity, enhanced systems' power-saving by replacing electrical equipment and light bulbs to reduce energy consumption, and encouraged employees to use power more efficiently.
- Reuses paper, stationery, and folders.
- Provides water treatment before disposal.

## Religion

During the year, Saha-Union Public Co., Ltd. and Group Companies participated in activities that instill morality and good merits in our employees as follows:

- Lent Candle Festival at Bamphen Nua Temple and Bamphen Tai Temple, Min Buri District, Bangkok



- Kathina Offering at Wat Lat Wai Temple, Bang Phrieng Sub-District, Bang Bo District, Samut Prakan.
- Executives and employees participated in food offering to the monks on the New Year's Day celebration.

## Shareholding Structure

### Corporate securities

- The Company had a fully paid-up registered capital of Baht 3,000 million, divided into 300,000,000 ordinary shares of Baht 10 each.
- The Company had no types of shares which differed in rights or conditions other than the ordinary shares.
- The Company had no plan to issue and convertible shares to the Thai Trust Fund or to issue non-voting depository receipts (NVDR) which was regarded as a listed security.
- The Company had no securities other than the ordinary shares.
- There was no Shareholders Agreement between groups of major shareholders on effect of the Company's securities issuance or its management.

### Shareholders

List of Top 10 major shareholders of Saha-Union Public Company Limited

As of 5 April 2018

No.	Shareholders	Beneficial Owner	Major Business	No. of Shares	Percentage of Shares
1	Group of Companies				
1.1	Union Thread Industries Co., Ltd.	Darakananda Group	Investment	29,850,000	9.95
1.2	Union Business Management Co., Ltd.	Darakananda Group	Investment	22,574,000	7.53
1.3	Union Capital Co., Ltd.	Darakananda Group	Investment	20,396,000	6.80
1.4	Union Industries Corp., Ltd.	Darakananda Group	Investment	17,988,300	6.00
1.5	Uni-Fibre Co., Ltd.	Darakananda Group	Investment	13,628,740	4.54
1.6	Saha-Union Holding Co., Ltd	Saha-Union PLC.	Investment	6,239,994	2.08
1.7	Union Multi-Capital Co., Ltd	Darakananda Group	Investment	6,082,000	2.03
1.8	Darakananda Co., Ltd	Darakananda Group	Investment	3,000,000	1.00
1.9	Union Equity Co., Ltd	Saha-Union PLC.	Investment	2,782,700	0.93
1.10	Union Wealth Management Co., Ltd	Darakananda Group	Investment	2,420,000	0.81
2	Mrs. Jarunee Chinnawongworakul			18,100,000	6.03
3	Mr. Chalermchai Mahagitsiri			14,865,400	4.96
4	Bangkok Bank Public Company Limited			12,325,000	4.11
5	DBS BANK LTD.			10,926,100	3.64
6	Mr. Weerapat Poonsakudomsin			9,711,234	3.24
7	The Southeast Life Insurance Public Company Limited			7,121,000	2.37
8	Mr. Sumeth Darakananda			2,974,814	0.99
9	Mr. Supachai Suthiphongchai			2,823,800	0.94
10	East Fourteen Limited - Dimensional Emer Mkts Value Fund			2,551,300	0.85
	<b>Total</b>			<b>206,360,382</b>	<b>68.79</b>

## Policy of dividend payment

The Company's policy on dividend payment was a proper rate of return on investment to shareholders, dependent on the performance of the Company, at a rate not less than 1/3 of the annual net profit, after accumulated loss (if any), from the separate financial statement of the Company and depending on the need for investment of the business.

Concerning the subsidiaries' policy on dividend payment for the Company, it is determined by each subsidiary based on its performance.

## Shareholding of the Directors and Executive as of 31 December 2018.

No.	Name		Shareholding		
			No. of Shares held in 2018	No. of Shares held in 2017	% Change
1	Miss Dalad	Sapthavichaikul	13,052	13,052	-
2	Mr. Chutindhon	Darakananda	3,427,700	1,627,700	110.59
3	Mrs. Achara	Chandrachai	-	-	-
4	Miss Pakinee	Prertitumrong	1,950,624	1,950,624	-
5	Miss Pakpachong	Vadhanasindhu	-	-	-
6	Mr. Yanyong	Tangchitkul **	434,000	434,000	-
7	Mrs. Busarakham	Nilavajara	-	-	-
8	Mrs. Chantornree	Darakananda **	269,400	269,400	-
9	Mr. Preecha	Shunhavanich **	10,000	10,000	-
10	Mr. Thitivat	Suebsaeng	-	-	-
11	Mr. Supakit	Puangbua	-	-	-
12	Mrs. Pinijporn	Darakananda Kasemsap**	137,000	137,000	-
13	Mr. Bovornrat	Darakananda	-	-	-
14	Mr. Vacharaphong	Darakananda	50,000	-	100
15	Mr. Nanthiya	Darakananda	-	-	-

Remark : \*\* Included related person

Director No. 6 held 419,000 shares / Spouse 15,000 shares

Director No. 8 held 17,500 shares / Spouse 251,900 shares

Director No. 9 Spouse held 10,000 shares

Director No. 12 held 12,000 shares / Spouse 125,000 shares

No.	Name		Shareholding		
			No. of Shares held in 2018	No. of Shares held in 2017	% Change
1	Mrs. Srinual	Sombatpraiwan**	602	10,602	(94.32)

Remark : \*\* Included related person

Executive No. 1 held 53 shares / Spouse 549 shares

## Directors' Remuneration

Remunerations for the Company's Directors comprising of Meeting allowance and/or Directors' remuneration, which are fixed based on individual position and previously approved by the 2018 Shareholders' Meeting. Remunerations paid to each Director for the fiscal year 2018 were as follows:

Unit : Baht

No.	Name	Position	Remuneration					Total Remuneration from Subsidiaries
			Remuneration of the Position	Board of Directors' Meeting Allowance	Audit Committee' Meeting Allowance	Nomination and Remuneration Committee' Meeting Allowance	Total Remuneration	
1	Miss Dalad Saphavichaikul	Chairman	4,590,000	144,000			4,734,000	288,000
2	Mr. Chutindhon Darakananda	Vice Chairman/Member of the Nomination and Remuneration Committee	4,320,000	144,000		20,000	4,484,000	192,000
3	Mrs. Achara Chandrachai	Chairman of the Audit Committee/		144,000	132,000		276,000	
4	Miss Pakinee Prertitumrong	Member of the Audit Committee/Independent Director Member of the Nomination and Remuneration Committee		144,000	120,000	20,000	284,000	
5	Miss Pakpachong Vadhanasindhu	Member of the Audit Committee/Independent Director		144,000	120,000		264,000	
6	Mr. Yanyong Tangchitkul	Chairman of the Nomination and Remuneration Committee/ Independent Director		144,000		20,000	164,000	
7	Mrs. Busarakham Nilavajara	Independent Director		144,000			144,000	
8	Mrs. Chantontree Darakananda	President		144,000			144,000	300,000
9	Mr. Preecha Shunhavanich	Vice President		144,000			144,000	
10	Mr. Thitivat Suebsaeng	Director		144,000			144,000	96,000
11	Mr. Supakit Puangbua	Director		144,000			144,000	
12	Mrs. Pinijporn Darakananda Kasemsap	Director		144,000			144,000	
13	Mr. Bovornrat Darakananda	Director		144,000			144,000	
14	Mr. Vacharaphong Darakananda	Director		144,000			144,000	210,000
15	Mr. Nanthiya Darakananda	Director		144,000			144,000	192,000
			8,910,000	2,160,000	372,000	60,000	11,502,000	1,278,000

## Executives' Remuneration

Total remunerations was paid to the 4 Company's Executive and Non-Executive Directors in 2018 amounted to Baht 10,127,000.- comprising of salaries and bonuses. Apart from the aforementioned, other Executive Directors holding equivalent position to the 4th Executive succeeding the President were not entitled to remuneration of this kind, because they had been the Executives in other Group Companies and accordingly received remunerations from those companies in term of salaries and bonuses.

In 2018, the Company paid an aggregate of Baht 98.32 million as remunerations (salaries and bonuses) to totally 56 Executives in 10 Subsidiaries undertaking

## Others Remuneration

In addition to the above salaries and bonuses, the Company paid other remunerations to 1 Executive in the form of contributions to Provident Fund, managed by the BBL Asset Management Co., Ltd. as a Fund Manager, at a rate of 3% of individual salary. The other remunerations in 2018 were Baht 111,600.-

## Personnel

As of 31 December 2018, the company has had 68 employees. The Company's subsidiaries' total number of employees nationwide is 8,288. In the past 3 years, the Company has not obtained any major labor disputes.

Since year 2007, the Company has made some changes on its structure of management by setting a policy to allow direct sales between subsidiary companies and the customers. In order to provide uninterrupted service to the customers, the Company has relocated some employees to resume the same positions at the subsidiary companies. As a result, the number of employees has significantly changed from the past.

The total remuneration of the Company's as of year 2018 came as monthly salary, bonus pay, provident fund and social security fund with the total value of Baht 42.54 million.

The Company's human resource development has set a policy projecting employee self-evaluating, creative thinking and job improvement. The employee should have knowledgeable, ability and skills in accordance with the applicable job description including a potential ability to take on a higher level position. Thus, the Company has been training employees using both inside and outside seminars, depending on appropriate occasions. The Company attends seminars designed for mid-level executives as part of the Company's continuing executive development plan. This has been done continually to prepare the Company's accounting department to become one with global standards, legally promulgated since 1 January 2011 and which the Company will enforce on 1 January 2019.

The Company has provided a guideline for the Directors, Executives, and Employees of all levels, including additional guideline for the Directors in Corporate Governance Manual and Business Ethics for Executives. Such guidelines in Business Ethics are part of "Employee's Regulations" for all Directors, Executives, and Employees to abide by, contributing to effective corporate administration under the Company's main goals to maintain its core values "INTEGRITY, QUALITY, SERVICE". "

# Structure of Management

## 1. Board of Directors

The Company's Board of Directors structure is composed of four committees, namely the Board of Directors of which five or one-third of the fifteen directors are independent. The sub-committees are the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Investment Committee.

Here are lists of the committees as of 31 December 2018 with scope of their authorities.

**(1) Board of Directors :** There are 15 members on the Board of Directors as follows:

1.	Miss Dalad	Sapthavichaikul	Chairman
2.	Mr. Chutindhon	Darakananda	Vice Chairman
3.	Emeritus Professor Dr. Achara	Chandrachai	Independent Director
4.	Miss Pakinee	Prertitumrong	Independent Director
5.	Associate Professor Dr. Pakpachong	Vadhanasindhu	Independent Director
6.	Mr. Yanyong	Tangchitkul	Independent Director
7.	Mrs. Busarakham	Nilavajara	Independent Director
8.	Mrs. Chantorntree	Darakananda	President
9.	Mr. Preecha	Shunhavanich	Vice President
10.	Mr. Thitivat	Suebsaeng	Director
11.	Mr. Supakit	Puangbua	Director
12.	Mrs. Pinijporn Darakananda	Kasemsap	Director
13.	Mr. Bovornrat	Darakananda	Director
14.	Mr. Vacharaphong	Darakananda	Director
15.	Mr. Nanthiya	Darakananda	Director

**The Board of Directors has authorities in line with the business administration structure as below**

1. Plan directions, set goals and business operating policies of the Company.
2. Supervise and oversee business administration, monitor appropriate risk management and make profits so as to make appropriate return on investment to the Shareholders.
3. Supervise and oversee the Company's accounting system in compliance with accounting standard and provide financial reports with complete and accurate records.
4. Ensure a good reputation and image of the Company.
5. Appoint and remove the President of the Company as well as the Managing Director of the subsidiaries of which the Company is a major Shareholder.
6. Stipulate a purview of the Company's President and the subsidiaries' Managing Directors.
7. Make decisions on work plans and annual budgets proposed by the Company's Managing Director.
8. Abide by the laws, objectives, regulations and resolution of the Shareholders' Meeting.
9. Evaluate performance of the President.



Under their power, the Board of Directors may assign one or several member(s) of the Board or other person(s) to perform task(s) on its behalf.

The Board of Directors shall appoint a member of the Board to perform a function of Managing Director who shall have authorities as it is deemed appropriated.

The Board of Directors shall be at least five and a half of its total members shall be resident in the Kingdom of Thailand. Furthermore, at least three-fourth shall be Thai nationality.

The Board of Directors shall be selected by statutory Shareholder meeting in accordance with the rules and procedures for members and directors nomination.

**Below is a list of five Independent Directors, in other words, one-third of the Board of Directors, which comprised of 4 female Independent Directors and 1 male Independent Director.**

1. Emeritus Professor Dr. Achara Chandrachai
2. Associate Professor Dr. Pakpachong Vadhanasindhu
3. Miss Pakinee Prertitumrong
4. Mrs. Busarakham Nilavajara
5. Mr. Yanyong Tangchitkul

#### **Criteria for Independent Directors Selection**

Independent Directors are selected on the basis of competency, experience and knowledge of business operations relating to those of the subsidiaries. They shall be non executive directors of the Company, with vision, have time to perform duties and be fully qualified in conformity with the rules and official regulations. They are invited by the Nomination Committee to be Independent Directors whom the Company considers to be capable and helpful to manage the Company and the corporate business as well.

#### **Board of Directors' Meeting**

Generally, the Company arranges a meeting to be convened at least once a month. They meet to consider the proposals made by executives, to make decisions on issues for further action as it is deemed appropriated and also to follow up performance, aiming at verifying if the business runs as planned or their objectives are attained. In some cases, corrections might be considered and carried out the solutions, personnel may be assigned for further follow-up. In 2018, twelve meetings were held and attended by all Directors with the exception of those who were on duty abroad or absent by force majeure. Since the Company has had a lot of overseas investments and some members of the Board had to take care of and follow up operation of business invested by the Company, they could not be present at the monthly meetings of the year 2018. However, those who have worked for associated companies in Shanghai, Hong Kong or USA, attended the meetings via VDO conferences on the same day. In addition, the Secretary submitted regularly the minutes to all of members, no matter what they were present or absent, to keep them informed and to ask for their suggestions (if any).

### Record of 2018 Meeting Attendances of Director

Name		No. of Meeting Attendances
1. Miss Dalad	Sapthavichaikul	12/12
2. Mr. Chutindhon	Darakananda	11/12
3. Emeritus Professor Dr. Achara	Chandrachai	10/12
4. Miss Pakinee	Prerttiumrong	11/12
5. Associate Professor Dr. Pakpachong	Vadhanasindhu	12/12
6. Mr. Yanyong	Tangchitkul	9/12
7. Mrs. Busarakham	Nilavajara	9/12
8. Mrs. Chantorntree	Darakananda	12/12
9. Mr. Preecha	Shunhavanich	12/12
10. Mr. Thitivat	Suebsaeng	12/12
11. Mr. Supakit	Puangbua	10/12
12. Mrs. Pinijporn Darakananda	Kasemsap	8/12
13. Mr. Bovornrat	Darakananda	9/12
14. Mr. Vacharaphong	Darakananda	12/12
15. Mr. Nanthiya	Darakananda	10/12

Sometimes the director got sick or went to abroad for business trip could not attend the Board of Directors' Meeting.

**The Company's Secretary** is Mrs. Chadaporn Jiemsakulthip.

The Company's Board of Directors' Meeting No. 12/2013 had a resolution to appoint Mrs. Chadaporn Jiemsakulthip, a full-time employee of the Company, to be a Company's Secretary since 1 January 2014.

#### Duties and responsibility of Company Secretary

The Company's secretary must perform duties with a sense of responsibility, attentively, honestly as well as loyally, in compliance with the Section 89/15, 89/16, 89/17 and 89/23 of the Securities and Exchange Act (Volume No. 4) B.E. 2551. Besides, she has to comply with the rules of law, the objectives and regulations of the Company, the Board of Directors' resolutions, including the Shareholders' resolutions.

### (2) Audit Committee

The Audit Committee comprises of three members who have all necessary qualifications in accordance with the rules set forth by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). At the meeting held on 22 December 2016, the Board of Directors passed a resolution to appoint the Audit Committee to hold office for the term of three years. In this regard, all members of the Audit Committee are independent directors.

List of the Audit Committee is as follow;

	Name	Position
1.	Emeritus Professor Dr. Achara Chandrachai	Chairman of the Audit Committee
2.	Associate Professor Dr. Pakpachong Vadhanasindhu	Director
3.	Miss Pakinee Prerttitumrong	Director

The Audit Director who has knowledgeable about finance and experienced in auditing company financial statements was Dr. Achara Chandrachai, Emeritus Professor from Faculty of Commerce and Accountancy, Chulalongkorn University and Associate Professor Dr. Pakpachong Vadhanasindhu, a Scholar and expert from the Faculty of Commerce and Accountancy, Chulalongkorn University.

**Charter of the Audit Committee shall have duties and responsibilities as follows:**

- (1) Ensure the accuracy of Company's financial statement according to certified accounting standards.
- (2) Ensure the effectiveness of Company's internal control, risk management, and internal audit. Assess the independence of internal audit division and propose suggestions for appointment, transfer, or dismiss the internal audit manager.
- (3) Ensure that the Company complies with the laws related to Securities and Exchange, SET regulations, and other laws related to the Company's businesses.
- (4) Consider, qualify, propose independent person(s) to be the Company's auditor, and their remunerations. Attend the meeting with auditors by without the Management at least once a year.
- (5) Consider any related transactions or possible conflict of interest to comply with the law and SET regulations to make sure such transactions are reasonable and optimally beneficial to the Company.
- (6) Review the accuracy of references and self-assessment form regarding the Company's anti-corruption measures according to the Collective Action Coalition Against Corruption (CAC).
- (7) Prepare the Audit Committee's Report, signed by Chairman of the Audit Committee, to be disclosed in the Company's Annual Report. Such report involves opinions on the internal control and risk management, as well as other opinions about the performance of the Audit Committee.
- (8) Inform the Management of flaws discovered and urge for solution.
- (9) Monitor and assess the performance deemed necessary by the Audit Committee.
- (10) Perform other tasks assigned by the Board of Directors.

In 2018, six meetings were organized and attended by Emeritus Professor Dr. Achara Chandrachai for five times and one time absent because of other business. Associate Professor Dr. Pakpachong Vadhanasindhu and Miss Pakinee Prerttitumrong attended all 6 meetings. Moreover, the Audit Committee was organized a meeting with the Risk Management Committee and another meeting with the Auditor for independently discussion regarding the Auditor's observations and opinions, by without the Company's management.

### (3) The Nomination and Remuneration Committee

The Company has appointed qualified and experienced board members as below;

	Name		Position
1.	Mr. Yanyong	Tangchitkul	Chairman of the Nomination and Remuneration Committee
2.	Miss Pakinee	Prertitumrong	Director
3.	Mr. Chutindhon	Darakananda	Director

The Nomination and Remuneration Committee shall have duties and responsibilities as follows:

1. Establish procedures and selection method for director nomination.
2. Select the persons whose qualifications are in compliance with the government agencies to be nominated as new directors. Such qualifications are based on the principles of good corporate governance in terms of Board of Directors structure.
3. Consider procedures of remuneration for directors, based on their responsibilities, frame of work, performance of the Directors, the Company's performance and financial status, the overall economic situation compared to other registered companies with similar size of business and/or in a similar industry.
4. Determine the amount and model of Director's remuneration by submitting proposals to the Board of Directors for further propose to the Shareholder meeting's approval

In 2018, two meetings were organized and attended by all three Directors of the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee was not Chairman of the Company's Board of Directors.

### (4) The Risk Management Committee

List of the Risk Management Committee is as follows:

	Name		Position
1.	Miss Dalad	Sapthavichaikul	Chairman of the Risk Management Committee
2.	Mrs. Chantorntree	Darakananda	Director
3.	Mr. Vacharaphong	Darakananda	Director
4.	Mrs. Srinual	Sombatpraiwan	Director and Secretary

The Risk Management Committee shall have authorities and responsibilities: establish policies and monitor the Company's risk management, conduct reviews of risks and improve risk categories, assess potential risks and their impacts, and also take measures to manage risks and see the outcome. In addition, the Committee may designate a Specific Risk Management Sub-committee to be charged with management as it deems appropriate.

In 2018, two meetings were organized to perform as the scope of duties, the Company's objectives and policy and one meeting were held with the Audit Committee.

## (5) The Investment Committee

List of the Investment Committee is as follows:

	Name	Position
1.	Miss Dalad Sapthavichaikul	Chairman of the Investment Committee
2.	Mr. Chutindhon Darakananda	
3.	Mr. Thitivat Suebsaeng	
4.	Mr. Aksornprasit Darakananda	
5.	Mrs. Chantornree Darakananda	
6.	Mrs. Pinijporn Darakananda	Kasemsap
7.	Mr. Bovornrat Darakananda	
8.	Mr. Vacharaphong Darakananda	

The Investment Committee shall have duties and responsibilities as follows

1. Seek the opportunity and feasibility study of new projects investment that will bring benefits and progress to Saha-Union Group and propose to the Board of Directors.
2. Have a structure and duties according to what stipulated in the business administration policy and structure guideline approved by the Board of Directors.
3. Perform other tasks assigned by the Board of Directors.

## 2. Executives

As of 31 December 2018, the Company's Executives were as follows:

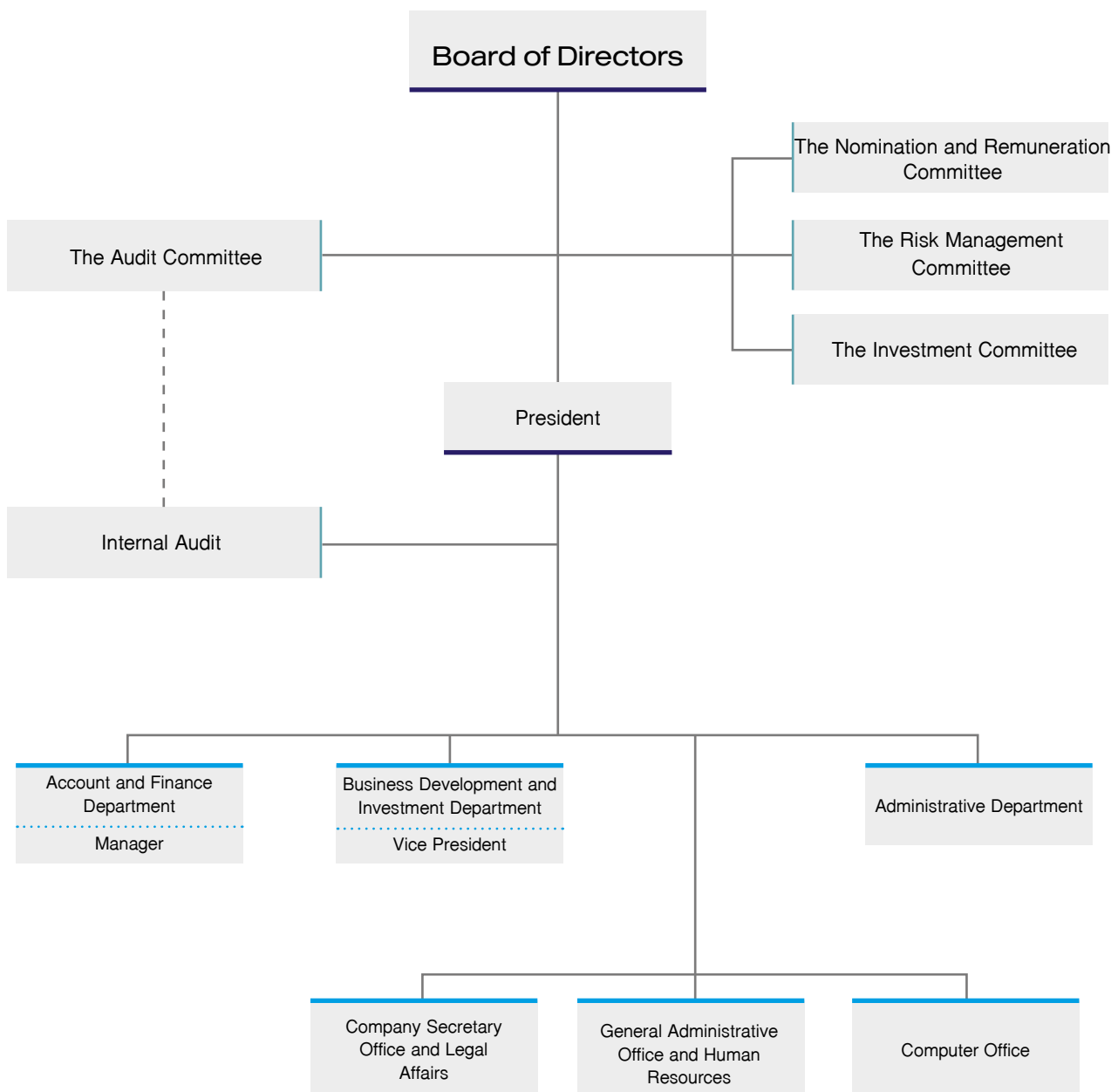
	Name	Position
1.	Mrs. Chantornree Darakananda	President
2.	Mr. Preecha Shunhavanich	Vice President
3.	Mrs. Srinual Sombatpraiwan	Account and Finance Department Manager

- 2.1 Chief Financial Officer, was assigned to the highest responsibility in line of Accounting and Finance and the person who was assigned to take responsibility for the Accounting Control**

The same person is Mrs. Srinual Sombatpraiwan whose qualifications and profile are on page 17.

The Company's organization chart was as follows:

Organization Chart Dated 1 January 2018 - 31 December 2018





## Nomination of Directors and Executives

Regarding the election of the Company's directors, the Nomination Committee shall recruit persons who are highly qualified or competent and experienced in business administration. In addition, they shall be ready to perform their duties for the Company. Such qualifications shall not be contrary to the regulations of government agencies concerned. Having assessed suitability of interested persons, the Committee suggests them to the Board of Directors who presents to the Shareholders' Annual General Meeting, in accordance with the Company's regulations stipulated below;

1. A Shareholder shall have one vote per one share.
2. Candidates may be elected, at one time, individually or in group, according to the required number of directors at the moment as it is deemed appropriated by the Shareholders' Meeting. The election procedures shall be in line with the public law.
3. Directors shall be elected by majority votes. In case of equal votes, the chairman of meeting shall have a casting vote. Concerning the minor Shareholders, they shall comply with the Company's regulations as mentioned above as their voting rights are not stipulated as a special case. It means that they have equal voting rights.

At the Annual General Meeting, one-third of the directors shall vacate office. In case that the number of directors could not be divided into three parts, the most approximate number to one-third of the directors shall vacate office.

After the Company's registration, directors vacating office in the first year and the second year shall be selected by drawing lots while, in the following years, directors who have held office for the longest time shall vacate office.

Directors vacating office may be re-elected.

In addition to vacating office on the exemption of term, directors vacate office upon:

1. Death
2. Resignation
3. Disqualification
4. Being removed by a resolution of at least three-fourth of the Shareholders attending the meeting and having the voting rights, whose shares, when calculated, are not less than a half of shares held by Shareholders attending the meeting and having the voting rights.
5. The court judgment

All of the Directors were nominated by the Nomination and Remuneration Committee and a resolution on its nomination was adopted by the 2018 Annual General Meeting of Shareholders in the electing directors' agenda.

## Corporate Governance

The Board of Directors provides the good corporate governance to support sustainable growth with sharing value among the society and environment, operations and the expectation of stakeholders including customers, partners, employees, shareholders and government agencies.

The company has operated an optimal and sustainable business structure in the long-term that build confidence among shareholders, government and private agencies, as well as the capital market and the general public.

The Board of Directors has always been committed to corporate governance around principles of virtue, ethics, honesty, prudence and responsibility that cascades down through all employees, resulting in a strong corporate culture.

Over the past 30 years, all employees have adhered to the corporate core value; “Integrity, Quality and Service” as an operational guidepost.

The Company has executed a corporate governance policy with the following key matters.

### 1. Corporate Governance Policy

The Company regularly reviews its Corporate Governance Policy with the latest edition approved by the Board of Directors on 22 November 2018. The edition was revised to cover the Corporate Governance Code for listed companies 2017 issued by the Securities and Exchange Commission. The policy also included topics on business ethics, anti-corruption and whistle-blowing policy, of which can be viewed on the corporate website at [www.sahaunion.com](http://www.sahaunion.com). The details of the policy are summarized as follows.

### 2. Subcommittee

2.1 **The structure of the Board of Directors** consists of the Board and four subcommittees, the details of management structure are in the section which comprised of the list of members of the subcommittee and the scope of duty and authority of each committee.

2.2 **The Audit Committee** according to the details of subcommittee listed above and the Structure of Management section on No 1 (2), in which included the respectable and experienced directors in auditing the financial statements of the Company namely Emeritus Professor Dr. Achara Chandrachai and Associate Professor Dr. Pakpachong Vadhanasindhu, a scholar and expert from the Faculty of Commerce and Accountancy, Chulalongkorn University.

The detail of the duties of the Audit Committee is specified in No. 7 under a sub-item 7.6.2 under the Responsibility of the Board of Directors, which also indicates the duties and responsibilities of the Audit Committee as well.

### 3. Nomination and appointment of Directors and Top Executives

#### (1) Independent Director

The Company's Nomination and Remuneration Committee had specified the selection process, the scope of duties, responsibilities and operation in section 1(3) structure of management.

In 2018, the Independent Director had no business relationship and any professional services.

#### (2) Nomination of Directors and Top Executives

Through the Nomination and Remuneration Committee mentioned above, in 2018, the Annual General Meeting of the Shareholders has passed the resolution for selecting persons to be appointed as director under the guidelines for the Company's Director's appointment under the Corporate Governance section at item 8.1 regarding the Rights of Shareholder and 8.2 Equality among Shareholders.

### 4. Supervision of subsidiaries, joint ventures and associated companies

The Company's subsidiaries, joint ventures and associated companies engage in many fields of businesses. The Company has supervised the subsidiaries, joint ventures and monitored the associated companies through the following methods;

(1) Company's Board of Directors supervises the management and operation of subsidiaries following its objective. Regarding representatives in subsidiaries, the Company assigns the representatives to act as directors or executives to control management and be responsible for the subsidiaries' operation.

Such representatives must be appointed by the Company's Board of Directors. Representatives are sent to the joint ventures and associates to perform their duties as directors of those entities, to provide helpful comments, to acknowledge business trends and operation results of joint ventures and associates in line with the proportion of its shareholding. There will be regular Board of Directors meeting for subsidiaries, joint ventures and associates.

The number of the Directors seat in the subsidiaries, joint ventures and associates must be at least in proportion with the Company's shareholding.

The Company's representative who performed their duties as the directors or executives of the subsidiaries, joint ventures and associates have duties and responsibilities as stated in the management guide, which includes the participation in determining key operating policy for such businesses.

Regarding the supervision of subsidiaries, the Company has done through the Board meeting which regularly holds almost every month to inform the Board on the financial position and operating results or to seek approval on any significant transactions following the relevant mandatory rules.

The Company has determined that its subsidiaries have appropriate and adequate internal audit procedures. The Company has incorporated internal control into 2 steps.

Firstly, the subsidiaries will assess the adequacy of the internal audit by itself. Secondly, the Company's internal audit will randomly inspect the subsidiaries' internal systems through the subsidiaries' internal audit department.

(2) The Company and shareholders of the subsidiaries, joint ventures and associates have no other agreements which are significant to the business operation or the Group of Companies other than the usual business practice.

## 5. Insider Information Control

From the beginning, the Company has always prudently operated with the ethical code of conducts for the Company's directors, executives and employees to follow. The Company's core value is emphasizing Integrity, Quality and Service.

Besides, there are other related rules as follows:

- Prohibit the use of either self-authority or other's authority for personal benefit or illegally assisting others.
- Dedicate time and attention to the work for the Company's benefit
- Perform duty with best knowledge and effort
- Perform duty honestly and loyally

The Company exercises disciplinary actions against wrongdoers. If there is any violation of the above mentioned, penalty measures clearly stated in the Company's rules.

Moreover, the Company prohibits and prevents the use of insider information and insider trading practice to avoid an unequal investment opportunity to the public.

The Company's Board of Directors has resolved every year that the executives and Board of Directors must avoid trading the Company's shares 14 days prior to the disclosure date of the Company's annual or quarterly financial statements report and within 24 hours thereafter. The Company's Secretary shall be in charge of making announcements of the Silent Period schedule throughout the year for all directors during the Board of Directors' meeting.

## 6. Auditor's Remuneration

### Audit fee

The auditor of the Company and its subsidiaries for the year 2018 was Mr. Khitsada Lerdwana, Certified Public Accountant No. 4958 (the 3<sup>rd</sup> year auditor) or Mrs. Poonnard Paocharoen, Certified Public Accountant No. 5238 or Ms. Vilailak Laohasrisakul, Certified Public Accountant No. 6140 of EY Office Ltd.

These auditors were independent, had no relationship, and/or conflict of interest with the Company, its subsidiaries, executive, major shareholder, directors or person related to the stated persons. These auditors were certified auditor obtaining approval from the Securities and Exchange Commission (SEC).

At the Annual General Meeting of Shareholders, the Company nominated at least 3 auditors from the same office for consideration. The nominated auditors were qualified entirely according to the Securities and Exchange Commission's requirements and have declared their independence as indicated above for shareholders' consideration.

In the fiscal year 2018, the Company and its subsidiaries paid the audit fee to EY Office Ltd., which is the audit firm the auditor working for totally Baht 10,895,000. The Company and its subsidiaries did not pay audit fee to the auditor directly, any person or business related to the auditor, or other audit firms where the auditor was working for. The Company also did not pay audit fee to the company that owns the audit firm or one owned by the audit firm, or the related company under the common control as the audit firm, whether directly or indirectly.

#### **Non-audit Fee**

In the fiscal year 2018, the Company did not pay any non-audit fee to EY Office Ltd. or related companies under common control and there were no other remaining services to be paid in the following year to the auditor or to EY Office Ltd., or to any person/business in connection with the auditor and the audit office where the auditor was working for.

## **7. Application of Corporate Governance Code for Listed Companies 2017**

Once a year, the Board of Directors appropriately reviews and applies Corporate Governance Code for Listed Companies 2017 with the Company's core business, which is the investment business. On the latest edition, the Board of Directors reviewed, improved and passed the board resolution on 22 November 2018 as disclosed on the Company's website at [www.sahaunion.com](http://www.sahaunion.com).

The Corporate Governance (CG) information disclosed by the Company comprises of the structure of the Company's Board of Directors, sub-committees, roles and responsibilities of the Board of Directors based on 8 Principles of CG Code and other relevant matters. The CG best practice details can be summarized as follow.

**7.1 Role and Responsibilities of the Board of Directors** as the organization's leader to achieve sustainable value creation.

- The Board demonstrates a thorough understanding of its leadership role whose responsibilities are to ensure the Company operating with good governance. The objectives, goals, strategy and operating policies are defined under the strong ethical practice, with concerning over the potential impact on society and environment. As well, the Board monitors, evaluates and assesses the performance reports.

- The Board has ethically governed the Company to formulate and drive corporate culture under the core value “Integrity, Quality and Service” over the past 30 years.
- In supervising the financial performance, the Board takes into account the changing environment to ensure the Company remain competitive. The Board targets the strong operating results with taking long-term effects into account and being adjustable amid the variable factors.
- The Board prepared the Company’s Corporate Governance Manual with written underlying principles and operating guidelines.

The Board prepared the Code of Conduct Manual, which disclosed on the Company’s as indicated above.

The Company has declared the Corporate Governance Manual and Code of Conduct Manual to directors, executives and employees to acknowledge and sign as the operational guideline. Moreover, there are operational monitor procedures through the self-evaluation of all executives and employees and further audit by the internal audit department.

- The Board will ensure that all directors and executives perform duties responsibly, prudently and honestly as well as prudently comply with entire related laws under the Company’s regulation, the Board’s resolution, as well as the shareholders’ resolution. All actions must be carried out for the best interest of the Company, based on adequate information and without any conflict of interest. All related transactions, asset acquisition or disposal, and dividend payment decisions must be carried out in accordance with the relevant laws.
- The Company prepared Director Manual for every director. The manual ensures a better understanding of roles and responsibilities of the Board of Directors and sub-committees, roles and responsibilities of Chairman, with clearly distinguishing the roles between the Board of Directors, Chairman of the Board, President and management. Director Manual has been reviewed yearly to align with the Company’s objectives and directions.
- Governance policy indicated the characteristics, scope of duties and responsibilities of Directors in of the Board of Directors such as determining the corporate mission, key business objectives, nomination and remuneration, evaluating directors, create the corporate culture to prudently operate ethically or any other critical issues on the policy planning level. Besides, the governance policy is assigned to be duties and responsibilities of the President or the management to operate business and propose key issue to the Board, such as annual budget approval, ensure adequate risk management and internal audit, provide credible, accurate, complete and timely information disclosure, both financial and non-financial, follow up on operation progress, or other issues that significantly affect operation.



- The Board shall not intervene or take ownership of the responsibility of management, shall not interfere management decision unless deem necessary, nor violate any relevant law and regulation, such as approving the transaction with conflict of interest.

## 7.2 Define Objectives and Goals that Promote Sustainable Value Creation

The Board defined objectives or goals that appropriately support the Company's business model, of which the core business is the investment in textile, plastic, rubber, metal, computer, energy, hotel, other business in overseas as well as any business that could be value-accretive for the Company, stakeholders and general public. To determine the business that could create such value, the Company take into consideration the ecosystem, changing factors, requirements of customers and stakeholders, as well as the Company's competitiveness over time. The Company applies innovative technology to serve the changing elements including modernising information technology system, upgrading the production system of the subsidiaries to improve efficiency, reduce the negative impact on society and environment, and to support longer-term operational growth, which all lead to value creation for all stakeholder in the long run.

The Company determine key objectives, visions, missions and strategies under Corporate Governance Manual as disclosed on the Company's website at [www.sahaunion.com](http://www.sahaunion.com) on page 4/33 and 5/33, of which are communicated in documents to the Board, executives and all employees under the core value, "Integrity, Quality and Service." These core values have been practiced throughout every level of the organization, resulting in consistent corporate culture over the past 30 years.

The Company and subsidiaries which operate the core business formulate strategies and medium-term plans and annual business plans by taking into account environmental factor, market competition, and their competencies to anticipate and analyze any potential risks. Sometimes, strategies and plans might be reviewed or amended to suit the current situation to ensure long-term competitiveness, while still in line with the Company's key objectives.

The Company provides the particular channel of communication between stakeholders and the Company to obtain accurate information, issues and requirements of each group of stakeholders. For the internal stakeholders, a suggestion box on the 6th floor of the Company's head office is provided. For the external stakeholders, they can communicate via post mail addressing Chairman of the Audit Committee and/or President, Saha-Union Public Co., Ltd. 1828 Sukhumvit Road, Phra Khanong Tai, Phra Khanong, Bangkok 10260, or the corporate website. When the Company receives the issues or expectations from any stakeholders, it will identify and prioritizes them based on the level of importance and impact then addresses the issues that could create co-value with such stakeholder.

Everyone in the organization, as well as related persons, well acknowledge that the Company will only perform legally and ethically.

The Company conducts the follow-up and monitoring practices to ensure that the implementation of the company's strategies and plans are consistent with the plan. The Company must provide the responsible person to report to the Board every month of the subsidiary or affiliate's status.

### 7.3 Strengthen Board Effectiveness

**7.3.1 The structure of the Board of Directors** comprises of 15 members including both independent directors and executive directors, which is suitable for the Company's operation that invests in various businesses, both domestic and overseas.

- The Board comprises of directors with diversified skills, experience, abilities and character traits, such as marketing, plastic auto-part, logistics, metal, textile and sewing equipment industry, commerce, accountancy, and so forth. Two non-executive directors have expertise in the core businesses that the Company is currently investing in.
- There are seven non-executive directors out of a total of 15 directors, or 46.67 per cent or around half of the Board members. There are eight executive directors to oversee and represent business investments. The balanced proportion between executive directors and non-executive directors provide support for proper checks and balances.
- The portion of the non-executive directors around half of the total executive directors enables the former to exercise objective and independent judgement on the executive actions.
- There are five independent directors out of a total of 15 directors, or one-third of the Board members. All of which are qualified with all applicable legal requirements stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. The independent directors and the entire board can collaborate and fulfil their role and responsibilities efficiently and in the best interest of the company while exercising objective and independent judgement.
- The Company determined that the Board of Directors must be comprised of persons with knowledge, skills and experience applicable to the Company's core businesses and investments with no gender discrimination. Every director must be qualified with all applicable legal requirements stipulated by relevant regulators. Details of the Board, such as directors' age, gender, education, experience, shareholding percentage, years of service as a director, and director position in other listed company, are disclosed under the section Structure of Management.

#### 7.3.2 Chairman of the Board, the Board's composition and independent judgement

- Chairman is independent and non-executive director
- Chairman is a different individual from President and has different roles and responsibilities. There are clearly defined roles and responsibilities of both positions.
- The Chairman is responsible for leading the board with duties as followed:

1. Oversee, monitor, and ensure that the board efficiently carries out its responsibilities to achieve the Company's objectives and goals.
  2. Ensure that all directors contribute to the company's ethical culture and good corporate governance.
  3. Call for the Board meeting by sending the invitation and related documents to all directors at least 7 days before the meeting.
  4. Set the Board meeting agenda by discussing with the President which essential matters should be included.
  5. Preside over the Board meeting and allocate sufficient time for management to propose topics and for directors to debate essential issues thoroughly. Encourage directors to exercise independent judgement in the best interest of the company. Conclude the Board meeting's resolution.
  6. Promote a good and constructive relationship between the executive and non-executive directors, and between the board and management.
  7. Preside over the shareholders' meeting to ensure that it is conducted according to the Company and relevant laws and regulations. Allocate sufficient time for shareholders to make the inquiry or provide feedback fairly. Ensure that shareholder's inquiry is appropriately and transparently responded.
- The Company does not establish the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of service since the Company deems independent directors are sufficiently independent and exercise objective and independent judgement that benefit the Company's operation.
  - The Company set up sub-committees to prescreen the issues before bringing such matter to the consideration of the Board, such as related transactions, assessment of internal audit and risk management, and to recommend action for Board is approval.
  - The Board oversees the information disclosure about the roles and responsibilities of the Board and the sub-committees, the number of meetings and the number of meetings attendants in meetings throughout the previous year, and other relevant information as disclosed under the section 1 and the Board of Directors and the sub-committee performance item 7.3.3 and 7.3.4. The Board must approve this information before being disclosed in the Annual Report.

### 7.3.3 The selection and nomination of directors and directors' remuneration

The Company has a clear and transparent policy and procedures for the selection and nomination of directors resulting in the desired composition of the Board. The Company proposes the directors' remuneration for shareholders' approval. The Company forms the Nomination Committee and the Remuneration Committee as one committee. Most members of the committee accounting 66 percent, are independent directors, including the Chairman are an independent director. The Committee has highly experienced and well-qualified directors. They are:

Name	Position
1. Mr. Yanyong Tangchitkul	Chairman of Nomination and Remuneration Committee / Independent Director
2. Miss Pakinee Prertitumrong	Nomination and Remuneration Director / Independent Director
3. Mr. Chutindhon Darakananda	Nomination and Remuneration Director

The scope of duty and responsibility of the Nomination and Remuneration Committee are as followed:

1. Conduct the meeting to set up guidelines for nominating the Company's director, as well as the selection process.
2. Select the qualified persons suitable to be nominated for new directors, according to the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the Corporate Governance Principles regarding Board of Directors. Upon proposal to and approval by the board of a candidate, the candidate is nominated to the shareholders' meeting for election and appointment as a director.
3. Review the guidelines of the director's remuneration every year. Benchmark the remuneration with listed companies of similar size and taking into account the responsibilities, experience, Company's performance and economic circumstance.
4. Set the value and form of remuneration for the director. Upon proposal to and approval by the Board, the remuneration plan is presented to the shareholders' approval.

In 2018, the committee conducted two meetings for considering the relevant matters with members' full attendance on 22 February 2018 and 23 November 2018.

Each director's remuneration from the Company and/or subsidiary (if any) has been disclosed in the table under the section Structure of Management.

### 7.3.4 Nomination of Audit Committee and related responsibilities

The Board appoints Audit Committee which comprised exclusively of independent directors who are qualified following the requirements of relevant regulators. The Audit Committee has a scope of responsibilities and other details as mentioned in section 7.6.2.

**7.3.5 Director's responsibility in allocating sufficient time to perform their duties effectively.**

- Every director understands his or her duties very well. The Board sets the dates of the meetings in advance for the whole year to ensure that directors can attend all sessions. Every director usually attends every meeting unless in the event of unforeseen, such as crucial overseas engagement, accident or sickness. The attendance record of every director is listed individually under the section Structure of Management.
- The Company does not set any criteria limiting the number of director positions directors can hold simultaneously in other companies because there are many subsidiaries and affiliates that the Company is investing in across many industries. The directors are representing those companies to monitor and ensure operations are consistent with the Company's objectives. Therefore, multiple director positions in these affiliated companies are benefiting the Company. In the meantime, the number of listed companies each director holds directorship position does not exceed five companies.
- The Company secretary collected information about directors holding positions at other companies every year. Such information is publicly disclosed as part of Directors profile in both the Annual Registration Statement (Form 56-1) and Annual Report.
- The Company establishes an information security measures and procedures with the information retention system. For the information that should be publicly disclosed, such as market-sensitive information, related transaction, asset acquisition or divestment, dividend payment, and so forth, the Board will discuss the matters in the Board meeting and disclose through the Electronic Company Information Disclosure (ELCID) system of the Stock Exchange of Thailand to all shareholders and investors within the same day.
- Every director attended at least 75 per cent of the total number of Board meetings held during the year; attendance information is disclosed under the section Structure of Management.

**7.3.6 The investment in subsidiaries and other businesses supervision framework**

The core business of the Company is the investment in subsidiaries, joint ventures and affiliates. The Company, therefore, has to define operating guidelines for executives, management and authorized persons in subsidiaries to oversee and monitor businesses in which the Company has a significant investment in, which could be summarized as follow:

- To determine written policies governing subsidiaries and communicate those policies to directors or managements supervising such businesses.
- To appoint subsidiary directors, executives, or others with governing power to the business in which the Company has a significant investment.

- Defines duties and responsibilities of the Company's representatives, subsidiary's senior executives, finance and accounting manager, and so forth to perform following the prescribed authority with emphasizing in the subsidiary's best interest and consistent with the governance framework and policies of the Company in the same time.
- Ensures subsidiary's internal control systems are effective and that all transactions comply with relevant law and regulations. Subsidiary must complete self-evaluation regarding its internal audit for the parent Company every year and will be subjected to periodically audited by the Company's internal audit.
- Requires subsidiary and business in which the Company has a significant investment in to disclose financial information, related-party transactions, acquisition and disposition of assets and other important transactions to the Company at least every quarter and financial information every quarter.
- For the business in which the Company has a significant investment in, the Company ensures that written shareholder agreements are in place to enable the company's performance monitoring and participation in the businesses' management, including for approval of significant transactions and decisions. This is also used as the information for the Board meeting discussion and shareholders' resolution, of which the information and financial statements have complied with relevant rules and regulations.

### **7.3.7 Annual performance evaluation of the Board**

The Company requires that the Board's operational self-evaluation be conducted once a year according to the 2018 assessment criteria and form of the Stock Exchange of Thailand. The evaluation form was sent to the Board of Directors and the Nomination and Remuneration Committee on 25 October 2018 and was collected on 28 December 2018. The Company Secretary reported the evaluation result to the Board on 24 January 2019.

- The evaluation method applied to both collective and individual director level.
- For the entire Board's evaluation, the Board of Directors collectively assesses and provides the score. The Company Secretary then summarize the evaluation result and present to the Board for further discussion. The Board then make the suggestion on the matter requires attention, improvement and development to enhance the Board's effectiveness further.
- 2018 Self-evaluation result for the Board of Directors' performance was at 96.40/100, the individual director at 95.91/100 and Nomination and Remuneration Committee at 98.04/100. The Board acknowledged, reviewed and examined each self-evaluation topic of the Board, subcommittees and individual director to improve the Board's effectiveness in relevant matters further.



### 7.3.8 Training and development of Board of Directors' roles and responsibilities

The Company has constantly ensured that every individual director is provided adequate knowledge and better understanding to perform duties and responsibilities. The Company supports and encourages the director to receive essential and sufficient training and development from external institutes, such as in the area of relevant rules and regulations, laws financial and so forth.

- For the information regarding the business operation, environment, internal and external changing factors, operating performance and other relevant matters, the Board regularly receives up-to-date information from the Company to enable the Board better understand and perform.
- The newly appointed director will receive a formal and proper induction and all information relevant to their responsibilities and performing their duties, including details about the company's objectives, vision, missions, core value, the nature of the business, and other relevant company's operations from the Company's management. Besides, the new director will be provided training about director's duties from the Thai Institute of Directors (IOD), for instance, DAP and DCP programs, for DAP and ACP programs for Audit Committee.
- The training and knowledge development of the Board are disclosed in the section Structure of Management in both the Annual Registration Statement (Form 56-1) and Annual Report.

### 7.3.9 Duties of the Board and the Company Secretary

- The Company set up the Board's meeting schedule in advance for the whole year. The Company Secretary proposes the schedule to the Board's meeting; hence, each director should receive sufficient notice to ensure attendance.
- The Board's meeting invitation letter, agenda and relevant documents are sent to every director at least seven days prior to the Board's meeting.
- The Company holds Board's meeting monthly, in which executive or management reporting operation and relevant information for the Board's acknowledgement, consideration and/or approval.
- Before issuing the Board's meeting invitation, every director and executive can propose the inclusion of relevant items on the meeting agenda.
- The Board encourages the President to invite key executives to attend board meetings to provide further details of the meeting agenda that they are directly responsible for.
- The Board can access further accurate, relevant, timely and clear information required for their respective roles from the President, other executives or the Company Secretary within the scope of policies. If necessary, the Board may seek independent professional advice at the company's expense.

- Non-executive directors can hold the meeting, as necessary, among themselves without the management team. In this case, they will report the outcome of their meeting to the Company's President.
- The Board appoints Company Secretary with the necessary qualifications, knowledge, skills, and experience for performing his/her duties, including providing advice on corporate governance, legal, regulatory and administrative requirements for the Board, preparing board meetings and other relevant documents, record the meeting minutes, and coordinating the implementation of board resolutions. The Company Secretary is responsible for duties prescribed in the Securities and Exchange Act, 4<sup>th</sup> edition (B.E.2551), Section 89/15, Section 89/16, Section 89/17 and Section 89/23.
- The Company Secretary has been received ongoing training and education relevant to his/her duties, including Company Secretary Program (CSP) 27/2008, Effective Minute Taking Program (EMT) 11/2008 from the Thai Institute of Directors (IOD) Fundamental Practice for Corporate Secretary Program (FPCS 28) from Thai Listed Companies Association, and Smart Disclosure Program (SDP) from the Stock Exchange of Thailand.
- The qualifications and experience of the Company Secretary are disclosed following to the director's background under the section Board of Directors.

#### 7.4 Ensure Effective Executive and People Management

7.4.1 The Company deems that capable executives that possess the wealth of knowledge, skills, experience, and characteristics are necessary for the Company to achieve objectives. Therefore, **the Board has prescribed effective executive management process** with the following guidelines:

- The Board assigns the Nomination and Remuneration Committee to establish, the criteria and procedures for nomination and appointment of the President. Over the past year, the Company's recently appointed President was nominated through such selection process and was approved by the Board of the Directors.
- The Board ensures that the President appoints knowledgeable, skilled, and experienced key executives and approved the appointment of the key executives nominated by the Board and the Company's President.
- To ensure business continuity, the Board develops and succession plan for the President and key executive positions. The succession plan is presented to the Board every year, particularly about the executives of the Company, subsidiaries and significant joint-ventures.
- The Board promotes continuous development and education of the President and key executives that is relevant and beneficial to their roles and responsibilities.

- The Board sets clear criteria and guidelines for the President and key executives serving as a director in other companies. Such instruction indicates the type of position and authority but does not limit the number of director positions he/she can hold simultaneously in other companies due to the most of those directorship positions is the Company's affiliates.

#### **7.4.2 Compensation structure and performance evaluation**

7.4.2.1 The Company offers attractive compensation structure to incentivize the President, key executives and employees at all levels of the organization to encourage them to perform in support the company's key objectives and values and fosters long-term benefit for the Company's operation through:

- The appropriate combination of salary and other short-term compensation such as bonus, and long-term benefit such as provident fund contribution which it only paid to the employee upon departure under the labour law, plus the retirement pay (in the case of retirement).
- Ensures individual total compensation takes into account industry standards and company performance, and
- Ensures the employees at all level acknowledge the Company's performance evaluation criteria.

7.4.2.2 Non-executive directors have a role in determining the total compensation and performance evaluation criteria of the President. The non-executive directors should:

- Approve the performance evaluation criteria of the President. The appropriate standards could incentivize the President to perform his/her duties under the Company's objectives and for the long-term benefits. The President already acknowledged the evaluation criteria.
- The Company conducted a performance evaluation of the President every year. A senior director will communicate the evaluation result as well as suggesting a key area of improvement to the President. The performance evaluation takes financial performance and other relevant factors into consideration.
- Approve total annual compensation of the President, taking into account the evaluation above.

7.4.2.3 The Board establishes the performance evaluation criteria and overall compensation structure of senior management. Besides, the Board also ensures that the President would evaluate the performance of the senior management in line with the criteria.

7.4.2.4 The Board ensures that clear and predetermined performance evaluation criteria are in place for all employees.

#### **7.4.3 The Company's shareholder structure and relationships, which may affect the management**

The Board acknowledges and understands the Company's shareholder structure and relationships that the major shareholders are the Company's business partners. Such structure provides it with strategic bargaining power and mutually benefits all parties over the past 40 years in which each major shareholder focus on his/her own specialized business.

- Over time, the shareholder structure does not affect the performance and execution of the Board of Directors.
- The Company has no agreement nor conditions among shareholders that might have any impact on the management control over the Company.

#### **7.4.4 Human resources management and development**

The Board pays much attention to the development of human resources management and people.

- The Company ensures that the human resources management is aligning with the company's objectives and strategies with an appropriate number of employees. Also, the Company ensures employees have possessed adequate knowledge and competencies to perform assigned task, fairly-compensated and treatment, as well as the well-being in the workplace to retain capable employees to remain with the Company.
- The Company provides two long-term saving plans for the employee in the event of departure or retirement, including; 1. monthly saving to the Employee Savings and Credit Cooperatives of Saha-Union Group of which the withdrawal is only allowed upon departure, and 2. Provident fund contribution, of which the Company also co-contributes to the employee's fund. Both saving is deducted from employees' monthly salary. For the provident fund, there are employee representatives to participate in the fund committee and choose relatively low-risk investment which is suitable for the majority of employees for the sake of their long-term financial security.

### **7.5 Nurture Innovation and Responsible Business**

7.5.1 Since the Company's core business is the investment in various industries including industrial or service sectors. The economic benefit usually comes from the dividend income from the invested companies, which translates into the return to shareholders. The key contributors to enable the Company to achieve its key objectives are subsidiaries, joint-venture and affiliates who operate the core businesses. Most of the Company's business activities are of those subsidiaries. Therefore, any critical innovation that would transform the business will also be engaged by those subsidiaries, which will indirectly create value for the Company's stakeholders and related parties. Innovation could be implemented throughout the supply

chain and working processes of the businesses that the Company has invested in; from product design, product development, research and development, efficiency enhancement and the reduction of negative impact on society and environment.

However, the Board emphasizes on creating a corporate culture and the core value “Integrity, Quality, Service” to be implemented by employees across the Company and all subsidiaries to ensure that they operate ethically, compete effectively, and treat all employees fairly. The Company encourages training and development for employees to be knowledgeable and capable to competently engage in the innovation transformation to improve work efficiency, maintain a good relationship with joint-venture partners, customers, suppliers, relevant regulators, communities and related stakeholders as well as any follow up action.

7.5.2 The Board ensures management to adopt responsible operations to society and environment, and incorporate them into the company’s operational plan. The Company applies ethical operating guidelines to grow the organization sustainably, which covers various aspects including employee, customer, supplier, community, environment, fair competition and anti-corruption, as disclosed under the section **Corporate Social Responsibility (CSR)**.

7.5.3 The Board have a thorough understanding of the company’s resource needs

- Monetary resource: Utilizing appropriate resource to support its business model as necessary.
- Human resource: Provide sufficient and qualified employees, as well as support training and development to enhance employees’ skill and effectiveness in related fields.
- Social resources and relations: Organize CSR activities, collaborate with relevant government agencies and create healthy and legally relationships with them.
- Environmental resource: Efficiently utilize power and water consumption, improve the efficiency of energy consumption to reduce the impact on the environment indirectly.

7.5.4 The Company has the policy to manage the information technology resource to cope with the changing environment effectively and to allocate IT resources for business operation sufficiently.

- The Company has operated the IT risks with a clear policy announcing to comply with cyber law strictly. The Company prohibits any software piracy, intellectual property violation, and any violations of relevant Information Technology laws and regulations.
- The Company establishes a cybersecurity policy and measures, with the monitoring system, put in place by the internal audit department. As well, the accounting auditor also audits the IT matter, for instance, the IT working system, the risk management, the information security, right of information usage, information access, the contingency plan and so forth.

## 7.6 The Board of directors' effectively strengthen the risk management and internal control

7.6.1 The Board has focused on risk management and internal control system to comply with the regulations and relevant standards. The risk management guidelines are summarized as follow:

- The Board assigns Risk Management Committee to consider and review risk management policy, risk factor, possibility, potential impact and mitigation measures. The Company also identifies the internal and external risks, prioritizes them and the solutions that are suitable for business operation.
- Various risk factors are listed in the section **"Risk Factors"**. The Risk Management Committee has reviewed the risk management policy annually and regularly informed any findings and recommendations to the Audit Committee and the Board of Directors.
- The Board aware and understand the significant risk and approves the risk appetite of the Company. The Company sets risk management policies for everyone across the organization to abide.
- The Board ensures that all business operations and activities comply with applicable laws and regulation as well as relevant national and international standards.
- The Company summarize the result of self-assessment, internal control, and risk management of the Company's subsidiaries and affiliates that the Company has a significant investment in (the shareholding between 20 per cent to 50 per cent of total). The summary report is presented to the Audit Committee for further consideration.
- The Company already disclosed details about risk management practices under the section **"Internal Control and Risk Management"**.

7.6.2 The Board set up the Audit Committee that can act effectively and independently.

- The Audit Committee comprises of three members who are all independent director. They possess all necessary qualifications and duties under the rules set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). At the meeting held on 22 December 2016, the Board of Directors passed a resolution to appoint the Audit Committee to hold office for the term of three years. List of the Audit Committee is as follows.

Name	Position	No.of Meeting Attendances
1. Emeritus Professor Dr. Achara Chandrachai	Chairman of the Audit Committee / Independent Director	5/6
2. Associate Professor Dr. Pakpachong Vadhanasindhu	Director / Independent Director	6/6
3. Miss Pakinee Prertitumrong	Director / Independent Director	6/6



All three Audit Committee Directors have continued to perform duties independently. During 2018, there were six Audit Committee meetings. The number of meeting attendances are indicated above. The Audit Committee reported its operations and findings to the Board quarterly. During 2018, the **Audit Committee has fulfilled every duties and responsibility as defined in written of the Charter of the Audit Committee** as follows:

1. Review the Company's financial reports for accuracy, completeness and to be in accordance with the Generally Accepted Accounting Standards.
2. Review internal control, risk management system and internal audit procedures to ensure they are appropriate and effective. Also, the Company reviews the independence of the internal audit as well as approving the appointment or termination of the Chief Audit Executive.
3. Review the company's operations to ensure the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand, and all relevant and applicable law and standards.
4. Review, select, and recommend to the Board for nomination and shareholder approval an independent person to be the Company's external auditor, consider the auditor's remuneration as well as hold a meeting with the external auditor without the presence of management at least once a year.
5. Review related transactions and other transactions that may have a conflict of interest, to ensure that they comply with applicable law, are reasonable and carried out in the best interest of the Company.
6. Review the company's compliance with the private sector's anti-corruption and certification programs, including the Collective Action Coalition Against Corruption's Self-Evaluation Tool.
7. Prepare the report of the Audit Committee and disclosed in the Annual Report. Such report has been signed by the Chairman of the Audit Committee, providing comments about the adequacy of the internal control system, risk management system, along with other significant issues concerning the duties of Audit Committee.
8. Ensure the management to address any issues found and push them to solve the issues quickly.
9. Monitor and evaluate the operations which the Audit Committee deems crucial.
10. Perform other tasks as assigned by the Board of Directors.
  - The Audit Committee has full access to any information necessary to perform its duties, including summoning related person for inquiry, discussing with external auditor without the presence of the management, or seeking independent advice from external professional advisers.
  - The Board establishes an independent internal audit with the responsible task in reviewing and improving the efficiency of the risk management and internal control systems, and reporting the review results to the Audit Committee. The report of the Audit Committee is disclosed in the Annual Report.
  - The Audit Committee provides its opinion on the adequacy of the Company's internal control and risk management systems which is disclosed in the Annual Report.

### 7.6.3 Monitoring and managing potential conflicts of interest

The Board monitors and manages conflicts of interest that might occur between the Company and management, directors, and shareholders. The Company also has a procedure to prevent inappropriate use of corporate assets, information, and opportunities, including improper transactions with related parties.

- The Board establishes an information security system, including policies and procedures, to protect confidentiality and integrity of business information, as well as the market-sensitive information. The Board regularly monitors that directors, executives and employees comply with the information security policies as indicated in the Corporate Governance Manual. The policies also apply to the external relevant parties, such as legal or financial advisors, by signing the compliance agreement.
- The Board manages and monitors any transactions that potentially cause the conflict of interest, such as related transactions. The Company establishes clear guidelines and procedures for operation and information disclosure according to the relevant regulations for the best interest of the Company and shareholders. Any related parties who have interests in such transaction have no involvement in neither meeting nor the decision-making.
- The Board has set the corporate governance requirements concerning the policies and guidelines for considering and executing the connected transaction or the cross-transaction. Prior to the consideration of the matter in the Board's meeting, there must be a report on conflicts of interest recorded in the minutes of the meeting. The Board also ensures that all directors who have a conflict of interest concerning an agenda item abstain from being present for the discussion of or voting on such agenda.

7.6.4 The Board sets up clear anti-corruption policies and practices, in which pass onto all employees across organization and external parties to ensure consistent practices. The Company also prepares the manual providing to the internal and external parties, which can get further details at the Company's website, [www.sahaunion.com](http://www.sahaunion.com).

The Company has arranged the anti-corruption promotion campaigns. Over the past year, the Company donated THB 1 million to Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company also initiates multiple campaigns through various communication outlets to raise awareness and educate employees about anti-corruption practices, legal practices, and relevant regulations. The Company also communicate to partners about its anti-corruption policy and require the strict application of the policy from the external parties as well.

### 7.6.5 Whistle-blowing and complaints

The Board establishes a mechanism for handling complaints and whistleblowing. In the case of whistle-blowing, the Company provides a convenient and safe channel with a protection measure for the whistleblower to ensure his/her identity be concealed. The Company has disclosed multiple channels for filing complaints on the Company's website or the Annual Report, as follow:

- (1) Mail to Chairman of the Audit Committee and/or President, Saha-Union Public Co., Ltd.  
1828 Sukhumvit Road, Phra Khanong Tai, Phra Khanong, Bangkok 10260,
- (2) Suggestion box in the Company's head office, or
- (3) The corporate website at [www.sahaunion.com](http://www.sahaunion.com).
  - The Company has an investigation process, action taking and a report to the Board.
  - The Company ensures that whistleblower and informant's identity remain confidential and be protected, as well as the matter consideration process and the result of the investigation informing practice in accordance with the policy. For more information, visit the Company's website section Suggestions/Complaints.

## 7.7 Ensure Disclosure and Financial Integrity

7.7.1 The Board pays much attention in the integrity of the company's financial reporting system and the accuracy, timeliness, adequacy and credibility of the information disclosure and line with the applicable law and related requirements. The guidelines of which can be summarized as followed.

- The Board ensures that any person involved in the preparation and disclosure of any information of the company has relevant knowledge, skills and experience, and sufficient staffs to perform regarding duties and responsibility. The Company appointed the top executives in accounting and finance, Chief Financial Officer (CFO), accountant, internal auditor, Company Secretary, and investor relations.
- The Board thoroughly considers all relevant factors when approving information disclosures. For example, the periodic financial statement disclosure, the Board must also consider following factors.
  - (1) The results of the adequacy of the internal control system assessment.
  - (2) The external auditor's note on financial reporting, observations on the internal control system, and any other observations (if any).
  - (3) The audit committee's opinions.
  - (4) The information's consistency with the Company's objectives, goals, strategies and policies.
- The information disclosures (including financial statements, annual reports, and Form 56-1) can reflect the adequacy disclose of Company's financial status and performance. The Board promotes the inclusion of the Management Discussion and Analysis (MD&A) along with quarterly financial release in the event of significant change in financial performance, such as the change of more than 20 per cent in revenue or net profits, to provide investors information and better understanding in the cause of such changes.
- For any disclosure related to any individual director, such director would be responsible for the accuracy and completeness of the disclosed information.

#### 7.7.2 The Company's sufficient financial liquidity and debt service capability

The Board assigns management to regularly monitors, evaluates and reports on the Company's financial status monthly. Should there be any sign of liquidity problem, the Board and management will cooperate to promptly address and remedy, for instance, the issue regarding inventory, accounts receivable, or free cash flow requirement from subsidiaries in which almost wholly-owned by the Company.

- Upon any Board resolution or agenda for the shareholders' approval, the Board is confident that such resolve will not affect the business continuity, financial cash flow, or ability to repay debt.

7.7.3 Appropriate information disclosure, the Company discloses operating information in the Form 56-1 and Annual Report according to the relevant regulations. The Company discloses Code of Business Conduct, Employee and Stakeholder Fair Treatment Policy, Anti-Corruption Policy, and Corporate Governance Policy in the Company's website at [www.sahaunion.com](http://www.sahaunion.com). The Company also discloses Fair Treatment and Human Right Policy under the section Responsibilities towards Society and Environment. All disclosed information are the Company's key policies, which lead to sustainable business value creation.

#### 7.7.4 Investor Relations

The Board assigns management to appoint the investor relations function responsible for timely, effective and fair communication with shareholders and other stakeholders such as analysts and potential investors.

- The Company establishes a communication and disclosure policy while protecting the company's classified information and securities price-sensitive information by providing clear communication to all employees regarding such a disclosure policy.
- The Board appoints personnel responsible for providing information to external parties. The company's designated Investor Relations is suitable for the role and have a thorough understanding of the Company's business, objectives, core values and can communicate with the capital market well. The Board assigns the duty of investor relations to Chief Financial officer (CFO) and the Company Secretary to disseminate information effectively.

#### 7.7.5 Effective use of information technology in disseminating information

The Company discloses information according to the required regulation through the Electronic Company Information Disclosure (ELCID) system of the Stock Exchange of Thailand. The Company also uses the information technology for disclosing further information through the Company's website at [www.sahaunion.com](http://www.sahaunion.com) where would have an update of information regularly. The information comprises of the financial statement, Board of Directors and executives, Form 56-1, Annual Report, and related information, for instance, Corporate Governance Manual, Code of Conduct Manual, Anti-Corruption Policies, Whistle-blowing and complaints handling policies.

## 7.8 Ensure Engagement and Communication with Shareholders

7.8.1 The Board has the policy to abide by the Corporate Governance Code and any relevant regulation thus assuring that shareholders have the opportunity to participate in decision-making regarding significant corporate matters.

- In the shareholders' meeting agenda, there are agendas according to the regulatory requirement and agendas that could affect business operation (if any) for shareholders' consideration and approval.
- The Board supports the participation of shareholders and allows minority shareholders to propose agenda items for shareholders' meetings prior to the meeting. The Board considers shareholders' proposals to be included in the agenda. Besides, the Board arranges the submission notifications and criteria through Electronic Company Information Disclosure (ELCID) system of the Stock Exchange of Thailand at least five months prior to the shareholders' meeting or three months before the end of accounting period.
- The notice of the shareholders' meeting is accurate, complete, and sufficient for the shareholders to exercise their rights.
- The notice of the shareholders' meeting and related documents must be sent to shareholders at least 14 days prior to the shareholders' meeting and posted on the company's website at least 30 days prior to the meeting.
- The notice of the shareholders' meeting and related papers must be fully prepared in both Thai and English languages, both of which are distributed at the same time.

Other relevant details are disclosed in the section Other Corporate Governance Principles.

7.8.2 The Board ensures that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensures inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

- The Board sets the date and time for shareholders' meeting on working day. The Board sets and allocates sufficient meeting time for debate. The venue is at the Company's meeting room, which is located by the main road and is accessible by car and sky train.
- The Board does not limit attendance by or place an undue burden on shareholders. For shareholder or proxy identification, the Company only requires minimal identification requirements applicable to legal and regulatory requirements.
- The Company promotes the use of information technology to facilitate the shareholders' meetings, from the registration and vote counting on each agenda that yields fast, accurate and complete results.

- The Chairman of the Board acts as the Chairman of the shareholders' meeting with responsibility for compliance with applicable legal requirements and the company's articles of association, allocating sufficient time for consideration and debate of agenda items, and providing opportunity to all shareholders who wish to share their opinions or ask questions related to the company.
- Directors, as the shareholders' meeting participant and as a shareholder, should NOT add items to the meeting agenda that have not been duly notified in advance nor support such action, especially that agenda that requires extensive information for decision making to allow shareholders to participate in decision making.
- All directors and relevant executives should attend the meeting to answer questions from shareholders on company-related matters, unless in the event of unforeseen, such as sudden sickness.
- Prior to the start of the shareholders' meeting, the Chairman would inform the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods.
- If there are any agendas that require multiple voting, the Chairman will unbundle the agenda for shareholders to vote separately on each item, such as the election of the Company's directors or Director's remuneration.
- The Board supports the use of ballots for voting on all resolutions proposed at the shareholders' meeting and designates an independent party to count or to audit the voting results for each resolution in the meeting, and to disclose such voting results at the meeting by identifying the number of "agree", "against" and "abstain" votes. The voting results for each proposed resolution are included in the minutes of the meeting.

7.8.3 The board ensures accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

- The Board ensures that the company discloses the results of voting on proposed resolutions at the shareholders' meeting through the designated Stock Exchange of Thailand channels and the company's website by the next business day.
  - The Board ensures that minutes of the shareholders' meeting is submitted to the Stock Exchange of Thailand within 14 days from the shareholders' meeting date.
  - The Board ensures that the company promptly prepares the minutes of the shareholders' meeting, including the following information;
    - (1) Date, time and venue of the shareholders' meeting,
    - (2) The list of attending directors, executives, and the proportion of participating directors and the non-attendance.



- (3) Voting and vote counting methods, a summary of the resolutions the Chairman or director proposed to the shareholders, and the meeting resolutions.
- (4) Voting results (“agree”, “against”, and “abstain”) for each proposed agenda.
- (5) Questions asked and answered during the meeting, including the identity of the persons asking and answering the questions.

Other relevant information is disclosed in the section Other Corporate Governance Principles.

## 7.9 Board of Directors Responsibility for the Financial Report was shown on page 128

## 8. Other Corporate Governance Principles

Apart from the Corporate Governance Code as disclosed in section 7 as mentioned above, there are other Corporate Governance Principles as follows:

### 8.1 The Rights of Shareholders

(1) Apart from the voting rights, the shareholders are eligible for a return on investments in the form of equal dividend payments. The minority shareholders are entitled to the right to receive the dividend at the same rate as those of major shareholders or related parties (if any).

- The Company has allowed shareholders to propose a meeting agenda or submit any questions related to the Company five months prior to the shareholders' meeting or three months prior to the end of the accounting period. The Company provides the opportunity for shareholders to propose the meeting agenda with informing the criteria of this procedure in advance. The criteria comprised of qualification of the person who proposes the agenda, procedures to propose the agenda, details of the information and including criteria and process to consider the proposal via the Company's website: [www.sahaunion.com](http://www.sahaunion.com) or by mail.

#### (2) Shareholders' Meeting Invitation

The Company will send out meeting invitations letter, which specifies each agenda and related documents to the shareholders at least 14 days prior to the meeting date for review. Also included in the documents are:

- Date, time and venue of the shareholders' meeting
- The previous minutes of the shareholders' meeting as supporting documents for endorsing the minutes' agenda.
- Financial statements information, operational performance and the most recent annual report for review to acknowledge the performance report and to present questions or doubts (if any).
- The objectives, rationales and Board of Directors' opinions for each agenda.
- The agenda of the Director, the director's election and remuneration agendas were separated.

- Information of the director nomination in the Director Election agenda including name, last name, age, their educational backgrounds, working experiences and director categories, all of which have been selected and nominated by the Nomination Committee based on the standard criteria and methods. In case, any returning Director is nominated, the information of his previous year's meeting attendance and the number of years of service the person has been serving in the Board of Directors will be provided.
- The information of the auditors including name, last name, the audit firm he/she represents, work experience and the service fee including verification of the auditor's declaration of independence, number of years for service, all of which have been reviewed by Audit Committee as part of the appointment of the Company's independent auditors' agenda.
- The dividend payment policy, its rate and the rationale for the dividend payment agenda is included.
- The Company prepares invitation in both Thai and English version to cater to foreign shareholders, which is to be distributed at the same time with the Thai version. The invitation was also published on the Company's website.

(3) Shareholders Meeting

- The Company shall encourage shareholders to exercise their rights by attending the meetings and voting. Any shareholder who cannot attend the meeting may present Proxy Letter to assign his/her representative. Therefore, the company must send out the Proxy Letter along with the meeting invitation in advance.
- The Company shall never limit or violate the right of shareholders in any case.
- The Company shall provide any necessary services for shareholders' conveniences on the meeting day. Staff will be available to help with the registration procedure and preparation of any documents requested least one hour prior to the scheduled meeting.
- The meeting shall be located at a convenient location, close to a main street or sky train station. Snacks and beverages shall be served for shareholders.
- Before the meeting starts, the Chairman shall introduce the Directors and Executives individually to shareholders. There should be present the Chairman of the Board, President, the Chairman of the Audit Committee, the Chairman of Nomination and Remuneration Committee, the Chairman of Risk Management Committee, Independent Directors, Directors, the Company Secretary, Finance and Accounting Manager and Auditors.
- Chairman of the meeting shall explain voting procedures, the use of the voting card and how to count the votes to the shareholders prior to the start of the meeting.
- The shareholders have the right to consider the Company Directors' remuneration as its agenda will be held annually.

- As for the Directors' remuneration agenda, the Company shall explain fixing the remuneration's policy and principles, that's the Director received only meeting allowance. Proposing all type of payments in each position of Company's Directors would be approved by the Remuneration Committee, then presented to the shareholders' Meeting's consideration as well.
- As for Director appointment, the Company shall allow shareholders to vote either for an individual or a group based on the meeting's resolution. The vote can be done by either nominating the new member into the committee or the current one to be re-elected. All candidates must be approved by the Nomination Committee. Each candidate has to provide personal history and experience.
- Dividend Payment Agenda. The Chairman shall explain the Company's policy of dividend payment and its offering rate. Also, the current year's dividend payment shall be submitted to shareholders for approval along with its rate and calculation. Therefore, shareholders can consider and vote accordingly.
- Appointment of the auditors' agenda. The Chairman shall nominate more than one person from the same auditing office. The auditors' history of auditing and the number of years working as the Company's auditors including qualifications in compliance with those of the Office of Securities and Exchange Commission. The auditors shall work independently without any personal binding with the company, the Board of Directors or the executives. Also, the auditing fee shall be proposed for shareholders' approval.
- The Chairman of the meeting shall allow any questions from the shareholders including suggestions regarding any agendas. The Board of Directors or related Directors shall answer every question from shareholders until satisfied. All other opinions or suggestions shall be taken into further consideration. All shall be completely and accurately recorded in the minutes of the meeting.
- Every agenda resolution, names of attended directors and management, shall be recorded clearly in the Minutes of the Shareholders Meeting and showing number of votes on each agenda. In each agenda, the minutes have to show the number of shareholders that vote for, against and abstain. The computer processing system shall be used for vote counting in each agenda and will be announced by the Chairman. Furthermore, the full report which contains the matters in each agenda shall be sent to the SEC within 14 days after the meeting. The minutes of the meeting shall be carefully filed and available for reference by the shareholders at all time by going to the Company's website; [www.sahaunion.com](http://www.sahaunion.com).

(4) The Company shall not add any item to the agenda that is not previously stated in the shareholders' meeting invitation letter.

(5) The Company's shareholding structure had been carrying on approximately for the past 40 years which has no objective to set up the prevention of business takeovers but on cross-holding. The structure is to give shareholders the most benefit of managing, manufacturing and selling without any conflicts of interest.

- The Company's structure is not a pyramid scheme. In the past, there were some corrections on the crossholding structure to avoid the connected transactions.
- The Company's Board of Directors shall not be allowed to hold more than 25 per cent of the Company's issued and paid-up shares.
- The Company reported over 40 per cent of issued stocks as free float. This will give shareholders trading liquidity in both the secondary market or the Stock Exchange of Thailand.

## 8.2 Equality among Shareholders

(1) The company has the policy to treat all shareholders equally which been set in the Company's Code of Conduct Manual with no violation to minority shareholders or foreign shareholders.

- According to the Company's voting rules, one share equals one vote regardless of being major or minority shareholders or foreign shareholders.
- The Board of Directors shall answer every question raised by minority shareholders and foreign shareholders in the meeting.
- Prior to the meeting date, the Company shall provide the opportunity for shareholders to submit any agenda, inquiry or information to be included in the meeting agenda and discussed in shareholders' meeting. The submission can be made through the Company's website in the period of three months before the end of the Company's fiscal year or five months before the shareholders' meeting date.
- The Company shall provide any conveniences to the shareholders who cannot attend the meeting in person by attaching the Proxy Letter form that contains the information has appeared on Form Kor along with the shareholders meeting invitation letter. The Company shall propose the independent director as a proxy alternative for shareholders.
- The shareholders' meeting invitation letter shall indicate the type of documents and proof needed to attach the Proxy Letter including to provide step-by-step instructions to issue Proxy Letter to the shareholders in advance without any further regulations or conditions that will complicate the procedure.
- The Company shall send out the shareholders' meeting invitation letter and related documents such as Proxy Letter, meeting minutes, annual report, and financial statements to the shareholders at least 14 days before the meeting date. All shareholders will have sufficient time to study the information and agendas to make informed decisions during the meeting.
- The Company shall use its website to communicate on the meeting plans and agendas to all shareholders before sending out the official invitation letter. All details regarding the meeting shall be included and should be posted on the website for viewing at least 30 days prior to the meeting date.

(2) The Policy of Insider Trading Prevention.

The Company has a policy of insider trading prevention according to its written rules and regulations. Disciplinary violation will call upon different measures of punishments stated in the Company's internal rule where the employees, executives, and Directors will acknowledge and proceed accordingly.

- The Company has a policy of insider trading prevention by announcing an annual Silent Period for Directors and the executives to avoid trading the company's stocks. It will be 14 days before and 24 hours after the Company's fiscal or quarterly report disclosure. All Directors and executives must acknowledge and comply with this policy.

(3) In the previous year, the Company did not have any case of insider trading among the Directors and executives.

(4) For any connected transaction that required disclosure or shareholders' approval, the Company will execute the transaction thoroughly in compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, propose for the Board's approval and accurately and completely disclose it through Stock Exchange of Thailand's Electronic Company Information Disclosure (ELCID) system. The transaction disclosure will include its category, the relating individuals' names and relationship/ characteristic of relations, the value of the transaction, the criteria or policy of setting the price, the reasons that necessitate the making of the transaction and the Audit Committee and Board of Directors' opinions over the transaction. In case shareholders' approval is required, the Company will fully comply with all relevant regulations.

(5) Holding company and cross-holding share structure. Due to the status of being a holding company, the Company invests in different kinds of businesses and producing various products, and are independent of each other for operational flexibility. However, for the business benefit and collective negotiation power, the Company sometimes requires connected transactions. All connected transactions during the year 2018 were regular commercial transactions which were conducted on arm's length basis.

- **Total related transactions during the year 2018** were valued at Baht 790.54 million, which is 3.05 per cent of total assets and 6.77 per cent of total revenues.
- The Company did not provide any financial aids for a non-subsidiary company.
- In the previous year, the Company did not violate or fail to follow the policy of connected transactions according to regulations of the Stock Exchange of Thailand and the SEC.
- In the past year, the Company did not violate or fail to abide by the rules about asset acquisition or disposal according to regulations of the Stock Exchange of Thailand and the SEC.

### 8.3 Consideration of the Stakeholders' Roles

The Company emphasizes the rights of the Company's stakeholders based on either basic legal rights or the mutual agreement contract. The Company treats all stakeholders based on integrity, quality and service to create good relationship and collaboration between the Company and all stakeholders to accomplish the goal and sustainable growth. The role between the Company and various stakeholders are as follow:

(1) The Company shall conduct the business with a sense of responsibility towards society. It is one of the Company's mission. The Company also prepares a sustainable report.

(2) Regarding employees, the Company has a clear policy to offer appropriate compensation and welfare to its employees. The employee handbook is available in the Human Resources Department and is acknowledged by the Company's employees.

(2.1) The Company sets policies and the handbook about employees' health and safety.

(2.2) The Company and its subsidiaries set up a provident fund for Saha-Union Group's employees by appointing a committee to oversee, administer and collaborate with the provident fund manager. This policy will assist in creating an employee's long-term savings. Hence, the company will contribute up to 3 per cent of the employee's salary to this fund.

(2.3) The Company and its subsidiaries have established Employee's Savings and Credit Cooperatives of Saha-Union Group to collect the employees' deposits which are deducted from their salary monthly. The employee shall be eligible to withdraw the whole balance upon resignation. However, while working, each year the employee shall receive their dividend and is eligible to apply for a loan in compliance with the rules issued by the Cooperatives Promotion Department.

(2.4) The Company sets a clear training and development policy for its employees using a Competency System to select a strong candidate with the good potential to get promoted. During 2018, the Company sent employees for both free training, such as the training provided by the Stock Exchange of Thailand, and paid training, which is an accounting training for seven employees over nine days amounted to THB32,477 at the Federation of Accounting Professions under the Royals Patronage of H.M. the King and the Stock Exchange of Thailand. The Company also sent four supervisory level employees for the work safety training over eight days, which amounted to THB9,300. There were director-level training DAP Class 148/2018 for a day amounted to THB15,000 and Audit Committee Forum 2018 for a day amounted to THB2,336. There was also a Chairman training ELP Class 13/2018 for a day amounted to THB15,000, which was hosted at Thai Institute of Directors. Total training and development expenses was THB 74,113.

(3) The Company has a policy to not violate human rights.

(4) For customers, the Company set the policy to be practical and transparent in treating the customer fairly. The Company will maintain a good relationship and take responsibility as vowed to the customers.

(5) On account of the business rival, the Company shall maintain its business conduct professionally.

(6) The Company will treat its business partners fairly and responsibly as stated in the contract agreement even if the unforeseen situations may result in the unfavourable result for the Company.



(7) On account of creditors, the Company sets a policy of fair treatment and responsibility towards creditor. The Company will oblige to the conditions such as making term payment or debt repayment on schedule. The Company will perform according to all guarantee conditions (if any).

(8) On intellectual property, the Company sets a policy against copyright violation, such as software piracy, and the Company's penalty measures are strongly enforced. The Company also establishes its IT policies that will benefit the Company's business efficiency, optimally utilizing IT systems. IT resources shall not be used for personal benefits or used against good moral conducts. The information published through IT systems shall be securely stored with high standards, in compliance with any relevant laws or regulations and not offensive to any third parties.

(9) The Company has clearly set an anti-corruption policy and anti-bribery which has been vigorously practiced for over the past 30 years.

(10) On social responsibility, the Company and its subsidiaries set a policy to take part in the community's responsibility and social welfare. The Company avoids any disturbance to the surrounding community. On the contrary, the Company will contribute to its community and society, to give jobs and provide welfare. Moreover, the Company will regulate noise pollution and treat water before releasing back into the community. The Company also supports community outreach activities including scholarships and donating necessity materials to schools and universities.

(11) On environmental policy, the Company will strictly abide by the law to reduce pollution by installing a water treatment system and controlling toxic emissions. Other manufacturing subsidiaries have also followed these standard environmental control guidelines and have been certified by related regulators.

(12) The Company's subsidiaries support, educate and train their employees to understand the importance of environmental protection and set the policy to do so as continuing practice to improve work practices.

(13) The Company and its subsidiaries support the efficient use of resources by setting a policy to optimize work processes including replacing newer and more energy-efficient equipment.

(14) The Company provide channels for any Stakeholders to contact or report any concerns that may cause damages via a mail addressing Chairman of the Audit Committee or President or the corporate website at [www.sahaunion.com](http://www.sahaunion.com). All matters shall be taken into consideration and under investigation procedure, and the conclusion shall be made to present to the Company's Board of Directors and the whistleblower.

Furthermore, investor and shareholder can contact the **Investor Relations** Mrs. Srinual Sombatpraiwan or Mrs. Chadaporn Jiemsakultip, Tel. No. 02-3115111 ext. 7688 or Fax. 02-311-6867 for any further proceedings in relating issues.

## Internal Control and Risk Management

Saha-Union Public Company Limited's main business is investment and products selling such as textile materials, stainless steel and adhesive tape products. Its policies are based on ethical values, namely-Integrity, Quality and Service, in accordance with its vision and missions in pursuit of achievement of the organization's objectives and value addition to all stakeholders, under the above-mentioned operation. The Company attaches much importance to overseeing progress and procedures on internal control process which involves 5 issues: control environment, risk assessment, control activity, information and communication and monitoring activity. During the Board of Directors' meeting No.12/2018 on 20 December 2018 in the presence of the five Independent directors, the Board of Directors evaluated adequacy of the Company's internal control process. The result can be summarized as follows:

### 1. Control Environment

- 1.1 The Company is committed to the values of honesty and morality. Based on these values, the Board of Directors and the Executives have provided practical guidance on daily duties performing, decision-making and the way of treating its business partners, customers and outsiders. Written regulations stipulate that the executives and personnel staff must perform their duties with loyalty and keep to the Code of conduct Handbook regarding a prohibition of action that may provoke conflicts of the interest and bribery that may cause damage to the organization. Disciplinary actions shall call upon different measures of punishments stated in the Company's rules where, the executives and other employees acknowledge and sign each year. In addition, the Code of conduct is communicated to them and outsiders via the Company's website.

A monitoring process and aforementioned performance evaluation has been carried out by the internal audit team. The executives and other employees have conducted a self-assessment, and they have been assessed by independent experts from the outside and external auditor as well.

By means of detective controls, the Company has managed to act in time upon noncompliance of the above-mentioned rules. Penalties are imposed or corrective actions are taken within a reasonable time period against violation of principles of loyalty and the Code of conduct.

- 1.2 The Board of Directors is independent from the Company's executives; their duties are to supervise, oversee and improve the operation of internal control process.

The Company has determined to the Board of Directors specific roles and duties explicitly segregated from the management, clear goals of business operation and measurable plans as guidelines for both the executives and employees' performance. It has also established roles and duties of the Board of Directors and executives in conformity to the laws and rules, together with those of the Audit Committee, auditor, internal audit team as well as a person in charge of financial reporting.

The Board of Directors has an understanding of the Company's activities and helpful expertise and they can have consultations with specialists over this matter.

The Board of Directors comprised of Independent Directors who are skilled, competent, reliable and fully independent of work - that is one third of the Board of Directors,

The Board of Directors has undertaken an appropriate evaluation of adequacy of the internal control system in all aspects.

- 1.3 While taking business operation and the laws into account, the management has properly set the organizational structure and a hierarchical authority of command and responsibilities among the Board of Directors, Executives and personnel staff, including a design of an efficient internal control process with the aim of achieving the organization's objectives.
- 1.4 The Company has had its intention of motivating, improving and keeping skilled, competent and suitable personnel staff. Performance evaluations have been conducted in a bid to give incentives and rewards to employees for their good work, if not, to take actions to the personnel of whom their performance objectives were not met. This practice is made explicitly known to the executives as well as other staff members. Besides, problems solutions and preparatory measures are provided such as consulting service, training programs and succession plan for important ranks in case of a shortage of personnel.
- 1.5 The Company has ensured that each staff has a duty and is held responsible for internal control within his or her span of authority. The executives have provided corrective actions in operational process if needed through indicators of performance, assessment with the aim of incentives and rewards offering while taking account of the Code of conduct linking to achievement of the organization's internal control objectives in a short term and long term. There has not been too much pressure on the individual performance under the condition.

## 2. Risk Assessment

The Company has set its clear goals in identifying and assessing risks related to the achievement of the organization's objectives.

- 2.1 In respect to compliance of relevant regulations and rules, the Company has conformed to the accounting standard which is approved and suitable for the business in each period of time; all transactions shown in the financial statements have really existed and are complete, demonstrating correctly the rights and obligations of the Company and proper values. The report is correctly and completely disclosed, reflecting its real operational activities. The criteria for financial reporting is based on significant factors such as regulations of the government agencies involved, financial statement user, the extent of transactions and business trend.

The Risk Management committee approves, communicates and acknowledges risk management policy to the executives and the personnel staff who are required to follow so much that this practice is forming part of the organization culture.

- 2.2 To meet the organization's objectives, all types of risks threatening business operations have been identified and analyzed at all levels within the organization from business units to administration section. Such risks analysis is based on various internal and external factors in relation to the Company. Furthermore, likelihood of the risk occurring and its impact, provision of measures and operational plans to mitigate risks to some degree have been analyzed as well. Moreover, the participation in the risk management by the Board of Directors at all levels is embedded in the organization culture.
- 2.3 The likelihood of frauds has been taken into consideration; any false entry in the Company's financial records, loss of assets, corruption, the executives' performance against the internal control system, information modification on important reports, abused acquisition and exploitation of assets, etc. As a result, the control process is designed and the objectives of operation are carefully reviewed by considering a possibility of the set forth objectives, including logic of incentives and rewards offerings to employees for the purpose of discouraging them from behaving in a dysfunctional manner. However, during the meeting with the executives meeting, the Audit Committee has verified and inquired each year about potentialities of corruption and its preventive or corrective actions, including the risk management. Moreover, the Company has ensured that its policies and internal control strategic plans are understood and also applied by the personnel staff in order to prevent or reduce the risks.
- 2.4 The Company is able to identify and assess any changes that may have an impact on the internal control process, arising from external factors such as incidence of world economic change, including influence of foreign exchange and interest rates. The responsive measures to such changes have been sufficiently provided.

Furthermore, the responsive measures have been sufficiently provided for the assessment of change in the types of business that may affect business performance, the internal control process and the financial reports related to the Company such as addition of new type of business.

Also, the responsive measures have been sufficiently provided for the assessment of change in the organization's leader that may have an impact on the internal control process, that is to say; when the leader reaches his or her term.

### 3. Control Activities

The Company has adopted a system of internal control that helps to mitigate a risk of non-achievement of the organization's objectives at an acceptable level.

- 3.1 The internal control system of the Company is suitable for its risks and its characteristic in terms of the complexity and nature of tasks, investment specification such as follow-up control system of information and financial reporting of all invested companies, usage of cross check data system for the consolidated financial statements presentation, including management of risk arising from the foreign exchange that may affect the operations, etc.
- 3.2 The Company has provided an appropriate internal control process covering various measures in the form of written instructions by setting policies, regulations and procedures in regard to financial operations, purchasing and general management. There is also a handbook stating explicitly and concisely scopes of powers and duties including hierarchical command of approval of the executives at each level, aiming at preventing fraud, by limiting a ceiling and approval authorization span, providing approval procedures of investment projects, purchasing procedures, supplier selection criteria and procedures of tools requisition. There are also other operational processes as following;
  - 3.2.1 Collect as well as update records of interrelated transactions or transactions with potential conflict of interest by major Shareholders, Directors, Executives, or any other related persons to these people for the purpose of follow-up and checking.
  - 3.2.2 Monitor the follow-up through agreed conditions throughout commitment period, for example, repayment at the due date and review of contracts appropriateness in case of authorization of transactions with the related parties in the manner of committing the Company in long term such as borrowings, loans, guarantees and securities loans.
- 3.3 The Company has determined various types of internal controls, for example, manual and automated controls, including preventive and detective controls.
- 3.4 The internal control process takes place at all constituencies of the organization; Group companies, business units, party hierarchy, departments, sections including overall processes.
- 3.5 The roles are strictly divided into three groups for the purpose of cross checking. That is role of approval, role of accounting and information transaction recording and role of asset management and storage.
- 3.6 The Company has selected and has improved the control activities by means of technologies in a bid to support the achievement of its objectives, adopting information technology of relevance to operational process and having general control over the information and communication system through scope of duties concerned. The Company has also provided proper activities controls of structure, security, acquisition, improvement and maintenance of information and communication technology.

- 3.7 The Company has established the monitoring activities towards its policies stating what is expected and how to proceed in order to render these policies applicable. The procedures are specified in the Code of conduct. To give an example, concerning business transactions by major Shareholders, Directors, Executives, or any other related persons to these people, there must be approval procedures in conformity with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. This is to prevent the related parties from exploiting the opportunities or interests of the Company for their personal benefit. Moreover, determination of transaction approval shall be done by people who do not have the common interest, on the basis of the Company's optimal interest or at arms' length basis.

As an investment company, the Company shall need to take measures and policies on following up activities of its subsidiaries or associated companies and shall also provide guidelines to the Directors or to the Executives of those companies. The Company has determined roles and responsibilities for implementing policies and internal control plans in a timely manner to both the competent executives and staff members and has taken measures to rectify performance failings (if any).

The Company has regularly conducted a review of its policies as well as operational process to render them appropriate.

#### 4. Information and Communication

The Company puts emphasis on pertinent and quality information processing to support the internal control process as intended, by defining categories of information related to the Company's performance from within and outside the organization and bearing cost/benefit as well as correctness considerations in mind in regard to quantity of information.

- 4.1 Decision-making by the Board of Directors is based on the important information that the Company has sufficiently provided. This is to say, the Board of Directors shall be summoned to a meeting or receive supporting documents which are necessary and sufficient for considerations at least seven days in advance, as stipulated by the law. In addition to the minutes containing enough details on appropriate performance of the Board of Directors, that could be retro-checked, the Company has properly classified filing related to important documentation into categories. In case of deficiencies in the operation of internal control found by the auditor or the internal audit team, the Company has made corrections of the control already.
- 4.2 The Company has designed a flow of information and established the objectives as well as the responsibilities for the internal controls to support efficiently and effectively the internal control process plans. Moreover, important issues are regularly reported once a month to the Board of Directors whom access to the information and communication technology is possible for the purpose of their activities or listing check as needed. To give an example, the Board of Directors can get more information from the auditor and the internal control team besides that of the executives. Normally, meetings are held especially for only the Audit Committee and



auditor, excluding the executives. Also, there were discussions between the Board of Directors and Executives besides meeting of the Board of Directors.

A channel of communication has been established for individuals so that they could inform in a safe manner the Company on suspected fraudulent activities incurring within the Company.

- 4.3 The Company has a proper means of communication with the external stakeholders regarding the matters that may affect the internal controls. For example, some staffs are assigned the duty of looking after activities in relation to investors or the task of receiving complaints. The external stakeholders can safely give information on suspected fraud to the Company as well.

## 5. Monitoring activities

The Company has provided monitoring activities and evaluation of effectiveness of the internal control process to ensure that the internal control strategic plan is completely working.

- 5.1 The Company forms an internal control team to be in charge of monitoring compliance of business ethics and the Company's regulations stating a prohibition of the management and personnel staffs' behavior that may provoke a conflict of interest. The internal control team shall submit the report to the Audit Committee.

The task of monitoring activities and evaluation of effectiveness of the internal control process has been assigned to the skilled and competent internal control team working independently. Their task is to verify if the internal control strategy is applied as planned. The Company has determined a frequency of the monitoring and the evaluation according to the situation that might change. The guidelines on audit reporting issued by the Company demand that it should be directly reported to the Audit Committee. In this regard, the internal control team is encouraged to conform to the international standard on professional internal audit performance and also provided with relevant training programs.

- 5.2 The Company has created a channel of communication of audit report and deficiencies of internal controls on a timely basis to the persons responsible for this matter involving high-ranked executives and the Audit Committee. This allows necessary corrective actions to be taken promptly in case of the findings with a significant difference from the set forth goal.

The Company has a policy on reporting in a cascading way; In case of an incident, suspected serious fraudulent acts, violation of laws or any queer activities that may have a significant impact on the Company's reputation and financial position, the executives shall notify them immediately to the Board of Directors.

For any detected significant failings together with actions to be taken to rectify them, the internal control team is required to communicate them to the Audit Committee for its consideration within a reasonable time period and the latter, in turn, must present them to the Board of Directors. Concerning progress of significant failing correction, it shall be reported to the Audit Committee who shall make a judgment on forwarding the matter to the Board of Directors.

Normally, the Audit Committee shall monitor the audit outcome at quarterly intervals and submit subsequently the report to the Board of Directors within the same time period.

The Audit Committee concluded that the internal control process and the risk management of the Company are adequate and proper. There is sufficient personnel staff to execute the work efficiently. In regard to the internal control process, control activities have been sufficiently carried out for the purpose of preventing the subsidiaries' Directors and Executives from abusing or using without authorization the assets of both the Company and the subsidiaries, involving the related transactions between parties who may have conflicts of interests and the related parties.

The Company's Auditor is Mr. Khitsada Lerdwana, from EY Office Limited had performed an audit of quarterly financial statements of the year 2018 and expressed suitability and adequacy of the internal control process.

The Company gives much importance to the internal control system as well as the risk management aforementioned, which are the core elements inspiring confidence in the quality of the organization to those involved.

In the past year, there was no any defect on the internal control system.

The Audit Committee expressed no difference in opinions from those of the Board of Directors, as shown in the annual report of the year 2018 made by the Audit Committee's Report on page 129.

### **Chief of the Internal Audit**

Mrs. Chanpen Nopsuri, the Company's Chief Audit Executive in 2018, takes responsibility for operational monitoring of internal audit process. Being experienced in internal audit system and having an understanding of the Company's business activities, she is suitably qualified for this task.

Approval, appointment and removal of the Chief of the internal Audit shall be made, at the high-ranking executives' suggestion, by the Chairman of the Audit Committee. The qualification of the Chief Audit Executive was shown on page 18.

## Risk Factors

The Risk Management Committee, appointed by the Board of directors, is responsible for risk evaluations, policy setting, risk management and risk evaluation reporting to the board members of the Company and its subsidiaries within time frame. Due to economic and political situation and a change in society, reviews of risk factors, risk potentialities including their impact and management measures are needed for the purpose of reducing the risk in an acceptable range or eliminating them. Based on internal and external factors, risk assessment is classified into four categories: business risk, operational risk, financial risk and external circumstances risk, which may have a significant impact on the Company. In regard to the measures and policies on the risk management, they have been transmitted to the executives and operational teams of both the Company and the companies in the group's core business so that the latter would identify clear objectives and carry them out in the same direction to achieve goals.

The following are risk causes that may significantly affect the Company.

### 1. **Business risk** is the risk on returns on investment which are different from anticipated returns.

The Company's major business is investment, consisting of domestic and foreign investment capital on which the return is in the form of dividend. Thus, the risk may arise from this unrealized return that would result in profit diminution. The Company estimates that likelihood and impact on this case are at a moderate level owing to diversification of investments. The ways of managing risk are through a conduction of close follow-up to performance and return on investment, including assessment of the future situation for business investment to anticipate solutions. In order to consider a business development, an investing company must provide a medium-term plan to propose to the Board of Directors.

#### 1.1 Decreasing income from investment

The Company launched a new business acquisition plan to address this issue by venturing into a new type of business involving medical services since 2015, establishing a new hospital which takes about 3 years construction and now under process of approval for environmental impact. In 2017, the Company invested in a new company, KPN Healthcare (Public) Co., Ltd., now it is being in construction progress.

### 2. **Operational risks.** The important operational risks are as follows;

#### 2.1 Risk of damage and management errors of invested business.

As indicated earlier that the Company's main business is investment, logically, if any entities in which the Company invested failed to work, it may cause damage to the Company in terms of securities. The Company estimates that potential risk and its impact are at a moderate level as the company has diversified their investments. The company's measures for the entities in question are through risk assessment, internal control process, self-assessment, policy on providing relevant knowledge, performance follow-up, including regular meeting holdings for investors and executives. In addition, on the part of the Company, checking, monitoring and internal control process provided for

each operation business is a must. The Company places an emphasis on checking remaining goods as well as managing debtors and creditors affairs and other systems in secondary thing.

## **2.2. Risk of reliance on orders from a few key customers.**

Some of the Company's subsidiaries are joint ventures and the partners are foreigners who carry out the overseas marketing plans. The Company is strongly influenced by demand of product orders from a few of these key customers in case they change or reduce order volume or move their facilities to another country. However, the potential risk is quite low as these partners have about 50% of capital and they should cooperate to get returns on investment.

The Company has taken measures by maintaining good relationships with the partners and by offering its products of quality to the customers as required.

## **2.3 Risk of non-return on assets.**

The Company had some business assets which were lands that were not in use in Sriracha District, Chonburi Province, in Baan Chang District, Rayong Province, in Sai Noi District, Nontaburi Province, and in Muang District, Samut Sakhon Province. The Company considered this risk low-medium and proceeded to investigate the assets to evaluate the fair price. The evaluation suggested that the assets were worth more than the accounting cost. The Management, therefore, is now seeking for a proper economic opportunity.

## **2.4 Risk of Damage from Corruption**

The Company's core values are integrity, quality and service, with a policy to operate a business morally, rightfully, and transparently. Corruption is at all prevented since the beginning. However, this matter is a type of risk with medium estimated impact. Since it has a low chance to happen but can cause medium impact which may ruin the reputation of the Company and the Executives, contrasting with the Company's business policies. The approach to prevent corruption is done by building morality among the Executives and employees, enforced with a strict regulation and regular monitoring.

# **3. Financial risks.** Below is a list of significant financial risks:

## **3.1 Risk of foreign currency exchange loss in the associated companies.**

According to the Company's analysis, the potential risk and their impacts are high because of the export volume is quite a great deal for the major company in the Group. If there was a high fluctuation of exchange rate for Thai baht compared to US dollars, thus, this affected foreign currency-denominated expenses and earnings from product sales, then exchanged to Thai baht. Substantially, this risk factor plays an important role. The Company takes action by assigning a personal to be responsible with the ongoing situation and the exchange rate. This person must report activity and consult with

Managing Directors of the associated companies, in relation to prompt decision-makings. Additionally, the associated companies must report impact of foreign currency exchange rate, including number of debtors and creditors to the Company.

Normally, the Company has its policy to manage this risk by using Natural hedge and consider making Forward contracts with banks according to the situation. This is only to prevent the risk, but speculation about exchange rate is not permitted. Moreover, the Company has invited from time to time key speakers from financial institutions to bring about more knowledge and skills, at the same time to place emphasis on management vigilance, to executives and personals concerned.

### **3.2 Risk of impairment of investments.**

The Company's main business is investment, in many kinds of investments. With the passing time, changes in economic and political situation, demand and supply, raw material price, energy price, trends in consumption, may influence some business types invested by the Company. If the performance of these associated companies is negative, the value of shareholders' equity will decrease. The Company also evaluated the opportunity for payback from any investments. In case the decrease is inferior to the total of Company's investment, it is necessary to record the impact on low-value of investment which had been done in the last few years. In this regard, the Company assessed that the potential risk and its impacts were at a medium level. The Company has been carrying out yearly assessments of invested business each year.

**4. Risks arising from external circumstances.** These risks, being beyond control of the Company, are as follows:

#### **4.1 These risks, being beyond control of the Company, are as follows:**

The source of operating capital of some subsidiaries is partly from loan. Therefore, the increasing interest rate results in financial costs. This factor is outside the control scope of the company. If interest rates rise, it will affect the cost of financial year. In 2018, the interest rate closely by the previous year. However, the Company and its subsidiaries do not have huge loans. Thus, the risk assessment and its impact are at a low level. To prepare for this event, the Company has a policy to prevent this risk by maintaining a portion of the structure between debts and funds accordingly so as to get a high return on investment than the financial cost of the company.

## 4.2 Risk of global economic changes

In 2018, the global economy was expanded, but the cost austerity was a common trend. Therefore, countries in the Americas and Europe moved their production bases and send the orders to developing countries with lower wages than Thailand's. Several industries in Thailand, including ones the Company had invested in, were adversely affected by the trend, such as textile business, automobile related business, and other relevant businesses. As the risk was assessed and considered a medium level, the Company launched a measure to protect its market shares and improve product quality to stay competitive. Should these measures failed, the Company would decide to terminate the business. Anyway, the Company's existing investments are aimed at getting long-term yields. Regarding risk management measures, the Company has focused on careful consideration about investments, follow-up of economic situation in the invested partner's countries, including study of fundamental factors in the countries to be invested, on the purpose of getting proper yields.

## 4.3 Risk of domestic economic changes

Thailand's economy has been changing due to politic situations, the society, and the environments. The recovery was only seen in some businesses. Domestic demands for consumable products was not expanding significantly. Sale orders from customers only slightly increased, whereas the selling price could be raised only by a little regardless of a higher rate of the cost due to the fierce price competition in the market where most manufacturers were trying to dump the price lower than their competitors. Some of them also utilized electronic media to boost their sale opportunity. The impact to Group Companies was at medium level. Therefore, the Company has prepared a measure to pay more attention to management, expand its business channels, and closely observe the economic situations to handle the issue accordingly. In 2018, the garment in textile and plastic business is undergoing in the revision process.



## Management Discussion and Analysis

In 2018, Thailand economy was experiencing growth, mainly driven by a continuously growing public investment. The private sector, particularly in manufacturing and construction, also delivered growth. However, the export sector's growth decelerated. Moreover, agricultural, transportation, tourism, hotel and restaurant industries all experienced declining growth during the year as well as the textile-related products such as fabric and yarn, affected the Company's textile business. Thai Baht appreciation compared with the previous year also impacted revenue contribution from the export activities. However, thanks to the Company's diversification strategy, it has branched out the investments into other fields of businesses both domestic and overseas to diversify risk and rebalance operational performances. Thus, the return on investment from overseas markets could support the local operations.

### 1. Operation overview and factors that influenced significant changes

In 2018, the Company's separate financial statements based on cost method reported a net profit of Baht 820.37 million, a decline of Baht 83.41 million or by 9.23%, from 2017. The key factor of the decrease was a lower dividend income from domestic energy business investment by Baht 90 million from a year before due to an increased maintenance expense from the planned maintenance shutdown to ensure consistent and reliable operation. Moreover, the Company did not record any gain on disposal of the investment, compared with during 2017 when the Company recorded Baht 43.7 million gains on disposal of investment in real estate business in China. The missing transaction resulted in the separate financial statements reporting lower gains from disposal of investments by Baht 43.7 million. On the positive light, the Company recorded marginally higher gross profit by Baht 2.37 million from exports of adhesive tape products.

On the expenses, the Company's income tax expense was down by Baht 5.02 million due to a lack of the aforementioned gains from disposal of investments. In 2017, the Company recorded losses on impairment of investment in Yunnan Energy Luliang-Union Cogeneration Co., Ltd. amounted Baht 41.7 million, of which the transaction did not recur during 2018. On the contrary, in 2018, the Company reverse an impairment of investments totaled Baht 17.1 million because the cause of investment impairment of the two subsidiaries is no longer valid. As a result, the Company's impairment expenses collectively declined by Baht 58.8 million. There are no other significant changes in other expense items.

Net profit according to the Company's separate financial statements based on cost method is different from net gain on the consolidated financial statements which based on the equity method.

According to the consolidated financial statements based on equity method in 2018, the Company earned a net profit attributable to equity holders of the Company of Baht 1,481.78 million, an increase of Baht 137.65 million or by 10.24%, compared to Baht 1,344.12 million reported in 2017. The main factors of the changes were:

**1.1 The Result of Environment Conservation Initiatives.** The Company's power plant subsidiary in Zhejiang, China, continued to invest in production technology to both reduce the pollution from the coal-fueled and improve cost efficiency. The investment supported its capacity expansion to serve the growing demand, resulting in better sales and profits. This investment is to support long-term, sustainable environment and economic benefits.

**1.2 Export slowdown** in textile and apparel business due to aggressive competition from overseas competitors, resulting in lower sales and profits of the Company's subsidiaries.

**1.3 Prospect of Currency Exchange.** In 2018, Thai Baht steadily appreciated against the US Dollar, affecting the revenue and profit of the subsidiaries export businesses, which was largely US Dollar dominant. Thus, the lower exports income earned after translated into Thai baht was affecting its operating profits.

## 2. Operation Performance and Profitability

### 2.1 Sales and Service Incomes

In 2018, the Company's sales and service income totaled Baht 10,956.97 million, which was attributable to Baht 875 million from the textile business, Baht 5,523 million from plastic, rubber and metal businesses, Baht 2,178 million from computer trading business, Baht 1,770 million from energy business, Baht 584 million from hotel business and Baht 27 million from investments and others. Sales and service income increased by Baht 267 million in 2018 from Baht 10,689.7 million earned in 2017.

The main reasons for the revenue change were due to a decrease by Baht 30 million in revenue of textiles business as it faced the tougher price competition among garment and apparel manufacturers from rival countries. Some foreign customers postponed or shifted their orders to those cheaper-wage countries. On the other than, the plastic, rubber and metal business saw revenue increase by Baht 53 million, mainly from more export sales of vacuum bottle product.

Besides, the energy business in China's sales increased by Baht 536 million due to its continued investment in capacity expansion and the upgrading of production equipment and technology over the past three years resulting in better efficiency, improved production, reduced pollution and increased production to respond to higher demand. In 2018, the production and technology upgrading and facilities renovation programs finished on schedule. The hotel business income increased by Baht 84 million compared with 2017 revenue when some service area closed for renovation. The renovation completed and the renovated rooms were back in operation in 2018, resulting in such income growth.

## 2.2 Other Income

In 2018, the Company and its subsidiaries earned an income from other businesses apart from those aforementioned sales and services. Most was the return from investment activities, including dividend income of Baht 209.61 million and gains from overseas investment disposal of Baht 149.95 million. The company also recorded other incomes worth Baht 360.19 million from discount receivable, sales of scrap, foreign exchange gains, rental and interest incomes. 2018 Other income was totaling Baht 719.75 million, a decrease of Baht 208.64 million or 1.83% of the total income components, compared with the other income of Baht 928.39 million in 2017. The key factors of changes were as following:

- (1) The dividend income decreased by Baht 105 million, mostly resulting from a lower contribution from the Company's investment in energy business in Thailand, Ratchaburi Power Co., Ltd. A decline stemmed from its incurred of the higher maintenance expenses in the plant's machinery and equipment.
- (2) As the Company's subsidiaries in overseas have invested in trading securities, which required to mark to market to reflect the market prices at the end of each accounting period. As of end-2017, the Company recorded a gain from unrealized mark-to-market value of trading securities investments worth Baht 141.65 million. As of end-2018, however, due to equity price weakness, there were no unrealized gains booked during the year; thus, the 2018 gains from unrealized mark-to-market value decreased by such amount from the previous year.
- (3) In 2018, the Company recorded gains from disposals of investments increased by Baht 100.52 million from that of 2017. The overseas subsidiary posted gains on disposal of trading securities amounted Baht 149.95 million, versus the gains of Baht 43.11 million from the disposal of investments in a real estate joint venture in China in 2017. On balance, 2018 gains from the disposals of investment increased by Baht 100.52 million from the previous year.

Apart from the items mentioned above, there was no significant change in other components of the other income.

## 2.3 Cost of Sales and Selling and Administrative Expenses

In 2018, the cost of sales and service was at Baht 9,303.99 million, up Baht 41.08 million from Baht 9,262.92 million in 2017 in line with the sales and service income growth of Baht 267.27 million. However, the cost of sales increased at a lower rate compared with income growth. For textile business, the cost of sales remained elevated from high raw material prices, coupled with the global commodity prices, and high domestic labor costs in relative to rival countries, which put pressure on the business's fixed operating costs. For the plastic, rubber and metal businesses, while reporting sales growth, the cost of sales also increased in line with the sales growth. The cost increase was

partly driven by increased fixed cost and partly by the loss from operation during 2018. For computer trading business, the cost of sales declined proportionately more than sales fall as a result of prudent management, resulting in operational improvement. For the energy business, despite the increase of key input coal market price that drove the cost of sales up, such a rise in cost was significantly less than the sales growth thanks to the efficiency enhancement and capacity expansion from investments as mentioned earlier. For the hotel business, the cost of sales rose proportionately less than the sales growth. In summary, the cost of sales as a percentage of sales and service income was at 84.91%, which improved from 86.65% during 2017 by 1.74%.

#### **Selling and Distribution Expenses**

In 2018, the selling expenses, which comprised of exported-related expenses, sales commission and so forth was totaled Baht 285.82 million, a decrease of Baht 10.3 million when compared with 2017 expenses. The selling expenses to sales ratio were at 2.61%, similar to the level in 2017 at 2.77% in line with the usual business operation.

#### **Administrative Expenses**

In 2018, administrative expenses were Baht 840.27 million, rose Baht 81.50 million or 0.67% of total income components, compared with Baht 758.77 million during 2017. The critical factors of changes were as following;

- (1) Machine and equipment write-off for obsolete parts as a result of technology improvement in the subsidiary's power plant in China, which resulted in improved sales and cost reduction as earlier mentioned. The write-off value amounted to Baht 38.70 million.
- (2) Professional service fees to improve the operation efficiency of two local subsidiaries totaled Baht 17.63 million.
- (3) Property tax increased by Baht 5 million according to the new calculation criteria for the rental income of government office.
- (4) Employee-related expenses increased by Baht 4 million due to the increase in the number of employees in plastic, rubber and metal businesses and wages increase.
- (5) The expenses of banking transaction and license fees of subsidiaries increased by Baht 7 million due to increased transactions of the business.

## **2.4 Profitability**

#### **Gross Profit**

In 2018, the Company and its subsidiaries recorded a gross profit of Baht 1,652.97 million, with a gross profit margin of 15.09%, improved by Baht 226.19 million, or 1.74% of total sales, compared with 2017's Baht 1,426.78 million or 13.35% respectively. Many business units supported gross profit improvement. The most significant factor was the improvement of the Company's energy business in China where the production technology was updated, resulting in increasing sales from growing

capacity and better cost efficiency that contributed a total of Baht 213.85 million of gross profit accretion. Computer trading and hotel businesses contributed to gross profit growth by Baht 10.22 million and 39.40 million, respectively. Textile businesses reported a lower gross profit by Baht 36 million for the reasons as mentioned earlier. In sum, 2018 gross profit margin improved 1.74% compared to the previous year, details as shown in the Note to the financial statements No 29 Segment information.

#### **Operating Profit and Cash Flow from Operation**

According to 2018 consolidated financial statement, the Company and its subsidiaries recorded a profit before share of profit (loss) from investments in joint venture and associates, finance cost and income tax expenses, deducting income or expenses unrelated to business operation, such as unrealized gains (losses) or asset amortization or reversal, or a profit from operating activities of Baht 1,246.63 million, compared with operating profit of Baht 1,158.62 million in 2017. 2018 Operating profit increased by Baht 88.01 million, due to gross profit increased more than the selling and administrative expenses.

#### **Operating Profit Margin**

2018 Operating profit margin was at 10.04%, an increase of 0.44% compared with 2017's margin of 9.60%, which is an appropriate level of profitability (operating profit does not include profit sharing from investments in joint ventures and associates).

When comparing 2018 operating profit of Baht 1,246.63 million with the cash flow from operating activities according to the consolidated financial statements of Baht 1,527.87 million, the figures indicated that the Company could convert most of its operating profit into operating cash flow, thus a solid cash conversion ability.

#### **Net Profit Margin**

According to 2018 consolidated financial statements, a net profit attributable to equity holders of the Company was Baht 1,481.78 million, rose by Baht 137.65 million against Baht 1,344.12 million in 2017. Net profit margin in 2018 was 11.93%, up 0.80% from 11.13% recorded in 2017. The net profit was higher than operating profit because the operating profit did not include significant profit-sharing from investments in joint ventures and associates (a total of Baht 739.66 million).

When deducting non-operating expenses, including the unrealized loss from the adjustable value of held for trading security investments worth Baht 97.82 million; deducting expenses of withholding tax write-off that is not eligible for tax deduction worth Baht 15.29 million; adding reversal of real estate asset impairment worth Baht 3 million; coupling reversal of the allowance for doubtful accounts of which the company collected debt of Baht 15.91 million; and deducting financial cost and income tax expenses of Baht 43.81 million and Baht 199.36 million, respectively; the Company earned a total of Baht 1,648.93 million of net profit in 2018. The 2018 net profit attributable to equity holders of the Company following the accounting standard was Baht 1,481.78 million.

The Company recognized its share of profits (losses) from investments in joint ventures and associates increased by Baht 284.19 million. The improvement was mainly accounted for an increase in the share of profit contribution from the energy joint venture Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd. by Baht 27.66 million, as a result of the capacity expansion. The Company also ended the recognition of the loss contribution from the energy investment Yunnan Energy Luliang-Union Cogeneration Co., Ltd. as the Company has entirely provided for the full value of investment since 2017 with an impairment value of Baht 84.68 million recorded in 2017. In total, the share of profit contribution from Chinese energy businesses improved Baht 112.34 million when compared with 2017. Besides, the Company also recognized additional share of profit of Baht 15 million from a domestic plastic business which reported an improved efficiency of operation. The Company's investment business also recorded gains from sales of investments increased by Baht 140 million when compared with the previous year. As a result, the net profit margin was rising higher than the operating profit margin.

#### **Return on Equity (ROE)**

In 2018, according to the Company and its subsidiaries' consolidated financial statements based on the equity method, the Company recorded net profit attributable to the equity holders of Baht 1,481.78 million, or basic earnings per share at Baht 5.11 apiece. An average ROE in 2018 was 7.34%, up 0.44% compared with 2017's average ROE of 6.90%.

For separate financial statements based on cost method, the Company earned a net profit of Baht 820.37 million or Baht 2.73 per share, a decrease of Baht 83.4 million or Baht 0.28 per share from the year 2017. The significant factors were a lower dividend contributed by the local energy business Ratchaburi Power Co., Ltd. by Baht 90 million compared to the previous year as mentioned earlier.

The Company maintained the dividend payment policy with a payout ratio of no less than one-third of annual net profit. The annual net profit is based on cost method as reported in separate financial statements after deduction of retained loss (if any), the business liquidity and any cash requirement. However, the Company has consistently paid dividends to its shareholders at an appropriate rate. Therefore, on 21 March 2019, the Company's Board of Directors proposed to the shareholders meeting for approval of paying a dividend to the shareholders at Baht 2.00 per share or 73.14% of net profit based on cost method.

### Dividend Payment History Compared with Net Profit per Share based on Cost Method:

Year	Dividend per share	Earning per share (cost method)	Dividend payout ratio (%)
2017	2.00	3.01	66.39
2016	2.00	3.94	50.80
2015	1.50	1.91	78.37
2014	1.75	4.02	43.54
2013	2.00	4.83	41.41

## 3. Financial Status and Asset Management Capability

As of 31 December 2018, the Company and its subsidiary's total assets (which comprised of investments, production and distribution, and hotel business) according to the consolidated financial statements valued Baht 25,891.54 million, up Baht 350.69 or 1.37% when compared to Baht 25,540.85 million of assets as of end-2017.

### 3.1 Asset Composition

The composition of assets is calculated based on the total assets of each respective year. At the end of 2018, the main components comprised of current assets 30.87%, total investments 31.11%, investment properties 8.00%, property, plant and equipment 26.18%, goodwill 2.02% and other assets 1.82%. Compared with the changes in assets composition from end-2017, the significant changes were as following;

Cash and cash equivalents decreased by Baht 710.14 million or by 2.95% of the asset compositions because the overseas subsidiaries invested bank saving into current investments, which increased Baht 397.18 million. The Company and domestic subsidiaries also further invested bank savings into Other long-term investments by Baht 414.65 million. As the secondary market valuations have become more attractive in relative to its operations and investment returns. Thus, the Company deems appropriate to make the additional investment. Apart from the items mentioned above, there was a non-significant change in bank savings.

Trade and other receivables decreased by Baht 112.06 million, as the Company collected receivable, which was part of the usual business dealing. The trade and other receivables at end-2018 is the amount that the Company expect to obtain and were not yet due.

Long-term loans to a related party were at Baht 188.34 million, which emerged during 2018. The overseas subsidiary lent to an affiliate to invest in the property business in China Zhuji-Union Real Estate Co., Ltd., which would take time to develop the new project.



Investment in joint ventures increased Baht 228.57 million as the Chinese energy business Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd. raised capital to invest in production capacity expansion. The Company subscribed according to its allotment. After the capital raising, the Company and subsidiaries had a total of Baht 374.42 million investment in the joint venture.

Property, plant and equipment declined Baht 284.19 million caused by the Company's energy business in China was investing more in the property, machinery and equipment for the past 3 years. The advanced technology has been adopted to improve the efficiency of operation, reduce pollution and increase production capacity. As a result, there were unused and obsolete parts to be written down amounted Baht 224.99 million. Also, for domestic computer trading business, there was a write-down of office equipment for leasing business that reached financial lease maturity, which caused accounting write-down of Baht 75 million, which did not impact the Company's cash flow.

Other assets apart from those mentioned above had no significant changes.

Return on Assets was 5.76%, up 0.34% from the previous year due to a significant increase in return from the higher investment in the fixed assets in the energy business in China compared with the year earlier.

Return on fixed assets was 25.92%, up 1.63% from 2017, driven by the reason as mentioned above in return on assets discussion.

### 3.2 Assets Quality

As of 31 December 2018, net trade and other receivables totaled Baht 1,938.97 million, or 7.49% of total assets, a decrease of Baht 112.07 million compared with the past year of Baht 2,051.04 million. There were trade and other receivables - related parties of Baht 8.29 million, which showed no risk of default, trade and other receivables - unrelated parties of Baht 1,590.52 million; and other receivables of Baht 340.16 million.

Gross trade and other receivables - unrelated parties before allowance for doubtful account was Baht 1,600.86 million, comprising of receivables not yet due and less than 3 months overdue of 96.75% of the total. There were the over 12-month overdue receivables worth Baht 11.89 million, in which the Company set aside Baht 10.34 million as an allowance for doubtful accounts. Therefore, the net balance of trade and other receivables - unrelated parties came to Baht 1,590.52 million, which was lower than 2017 by Baht 122.49 million, as the Company could collect receivables from debtors.

Average collection period in 2018 was at 56 days higher than 54 days in 2017 yet remained within the usual credit term the Company offered to customers.

Other receivables were Baht 340.16 million, comprised largely of tax-related receivables, such as input tax refundable, import duty refundable and prepaid corporate income tax. Also, there were around 30% of the other receivables, which was expected to be collected.

For those mentioned above, over one-year receivables amounted to Baht 11.89 million, or 0.61% of the total receivables, of which the Company set aside Baht 10.34 million as the allowance for doubtful accounts. The Company expects the rest of the receivables to be fully paid, thus, the Company and subsidiaries believe that such provision for doubtful accounts was appropriate and sufficient in the current situation. Therefore, it is considered a good quality asset according to the consolidated financial statements.

#### **Inventories**

As of 31 December 2018, the Company and its subsidiaries recorded inventories value based on the cost of Baht 1,205.50 million as the subsidiaries reduced the cost of inventories by Baht 22 million to reflect the net realizable value which was included in the cost of sales. In addition, the subsidiaries reversed the write-down of the cost of inventories by Baht 18 million and reduced the value of stocks recognized as expenses during 2018. Therefore, the net balance inventories at end-2018 valued Baht 1,125.72 million, or 4.35% of total assets, increasing by Baht 112.2 million when compared with those of the end of 2017. The reason for an increase was the Company had to stock up products scheduled to deliver in January 2019. Regarding the inventory control system, the Company regularly performs internal control systems, doing inventory count checks and reports the age of inventory analysis for inventory management, including evaluating relative market value assessment of the inventories with the net book value or the utilization ages of manufacturing spare parts and supplies. If the market value is lower than book value or economic value of parts and supplies is lower than the book value, the Company shall record the impairment of the value of the assets in the allowance for inventory impairment account. In the fiscal year 2018, the Company's inventory impairment increased Baht 3.78 million from the previous year to adjust book value to reflect an expected economic value of inventories. The Company and its subsidiaries estimated impairment of inventory worth Baht 79.78 million, as shown in Note to the Financial Statements No 10, was considered appropriate.

#### **Investment Transactions**

As of 31 December 2018, the Company and its subsidiaries' net investments reported a total of Baht 8,056.95 million or 31.11% of the total assets, a net increase of Baht 769.38 million compared to the year-end of 2017, based on the equity method. The increase was because the energy joint venture in China, Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd., raised capital to finance capacity expansion, of which the Company and subsidiary participated in for an amount of Baht 233.87 million. Together with other investment revaluation based on the equity method, resulting in the investments in joint ventures increased by Baht 228.57 million. For the Investments in associates, there was no change in the value based on the cost method; however, based on the equity method, there would be an increase of Baht 145.83 million. The key factor to the rise was an associate in investment business reporting significant profits from the disposal of investments.

Moreover, other long-term investments increased by Baht 393.20 million due mainly to two factors. First, the Company and subsidiaries invested Thai Baht equivalent of 412.84 million in available-for-sale securities, both in domestic and overseas markets, which had sound fundamental and reasonable valuation and superior yield return to fixed deposit or government bonds. Secondly, the Company had marked-to-market investments at the end of the fiscal year according to the accounting standard. The Company also assessed the future economic value of other equity investments, if the future economic value is expected to be lower than the book value, the Company will consider an investment impairment as appropriate, details of which are disclosed in the Notes to financial statements No 14.1 and 15. The net value of investments in joint ventures, associates and other long-term investments reflected the future economic value expected to be received. The details of investments such as the name of investment, nature of the business, shareholding percentage, cost of investment and carrying value based on equity method can find on Notes to the financial statements No.13-15.

#### **Investment Properties**

As of the end-2018, there was investment properties worth Baht 2,072.09 million, or 8.0% of total assets; most were land and land improvement awaiting development net value of Baht 1,671.93 million and factory and office building for rent net value of Baht 334.85 million. As of 31 December 2018, the fair value of such land and land improvement awaiting development and factory and office building for rent were estimated at Baht 3,647.29 million and Baht 1,500.91 million, respectively. Thus, they are considered good quality assets.

#### **Property, Plant and Equipment**

As of the end-2018, the value of property, plant and equipment was at Baht 6,779.07 million, or 26.18% of total assets. These are core assets used in business operation comprising of land, land improvement and leasehold, buildings and facilities, machinery and equipment, power plants and other assets, worth a total of Baht 15,125.23 million. After a deduction of accumulated depreciation of Baht 8,331.74 million, the net accounting value was at Baht 6,779.07 million. Besides, there were fully-depreciated assets but are still in use valued Baht 5,299 million as of end-2018. All assets mentioned above even create economic benefits for the Company, details as disclosed in the Note to financial statements No 17.

#### **Other Compositions of Asset**

(1) Goodwill valued Baht 521.72 million or 2.02% of total assets stemming from the Hotel Business in Hua Hin acquired by its subsidiary in 2014, which came up with the business opportunity as it was ready to operate immediately from the acquisition date. The Company conducts goodwill impairment tests annually to assess its intrinsic value by the accounting standard to ensure a reasonable value. If there is an indicating factor of depreciation, the Company will impair its value. In 2018, there was no impairment needed.

(2) Other non-current assets. According to details shown in Note to the financial statements No.19, which were mostly leasehold-net from accumulated amortization worth of Baht 63.27 million held by the Company's subsidiary in China. According to the law of the People's Republic of China, the subsidiary must lease the property from the Chinese government for business operation. Besides, there was a withholding tax refundable amounted Baht 29.68 million, and other prepaid expenses according to the accounting standard of Baht 87.10 million.

These assets were essential in business operations, thus were considered good quality assets.

#### 4. The Company's Liquidity and Capital Adequacy

##### 4.1 Sources and uses of capital

As of 31 December 2018, the Company and its subsidiaries recorded the sources and uses of capital with the net cash flow from operating activities of Baht 1,527.88 million, which included account receivables and account payables. Of which Baht 30.09 million was paid for interest expenses, Baht 192.05 million paid for income tax expenses, and Baht 20.99 million received for an income tax refund. Therefore, the net cash flow from operating activities came to Baht 1,326.72 million. Besides, the total cash flows of Baht 1,041.83 million was used in investment activities and Baht 913.20 million used in financing activities. After a reduction of Baht 81.84 million in translation adjustments of foreign currency exchange, there was a net cash outflow of Baht 710.15 million. Combining with cash from the beginning of the year of Baht 3,956.38 million, total cash balance at the end of 2018 was at Baht 3,246.23 million.

Before the payments of interest and corporate income tax, the Company earned Baht 1,527.87 million in cash from the operations along with the operating profits of Baht 1,246.63 million, indicating that most of the operating profits are converted into cash. This showed the Company's high liquidity and the ability to manage the operating expenses adequately.

The significant changes in the net cash from investing activities in 2018 were as follows;

- (1) Dividend income from investments amounted Baht 681.36 million,
- (2) Interest income totaled Baht 66.45 million,
- (3) Increase in current investments amounted Baht 397.18 million,
- (4) Increase in long-term loans to related business amounted Baht 193.79 million,
- (5) Subscription into energy joint venture's capital raising in China totaled Baht 233.87 million,
- (6) Acquisition of investments in other long-term investments in domestic and overseas markets amounted Baht 414.66 million,
- (7) Collection of short-term loans to related party amounted Baht 124.05 million,

(8) Capital expenditure to invest further in property, machinery and equipment, which were mostly used in upgrading technology to enhance efficiency, expanding production capacity of power plant business and reducing pollution. Also, it has invested in increasing or improving manufacturing facilities to serve the new production lines of plastic, rubber and metal business. Total capital expenditure for this part was Baht 678.65 million.

These resulted in the net cash spending for investing activities of Baht 1,041.82 million.

For the financing activities, the notable items were a dividend paid to shareholders of Baht 728.48 million; subsidiaries repaid the financial institution the short-term loans of Baht 53.64 million; subsidiaries received and repaid long-term loans according to the repayment schedule amounted Baht 48.03 million and Baht 154 million, respectively. There was no significant change in other activities. Therefore, the net balance of cash used in financing activities totaled Baht 913.20 million.

Overall, the Company showed high liquidity and sufficient cash flows for business operation and be able to pay the debt when due.

#### **The Adequacy of Capital Structure**

As of 31 December 2018, the Company's capital structure comprised of total shareholders' equity of Baht 22,370.71 million and total liabilities of Baht 3,520.84 million. As a result, the Company's debt-to-equity ratio was at 0.16:1, down from 0.18:1 a year earlier. With the liabilities remained proportionately very low compared with the shareholders' equity; thus, the Company has low default risk.

In summary, most of the capital structure funded by the shareholders' equity; thus, it can increase liabilities from loans in the future with ease.

#### **Debt service coverage ratio (DSCR)**

The Company and its subsidiaries' liabilities were classified to current loan portion due within one year, consisting of bank overdrafts and short-term loans from financial institutions of Baht 397.27 million and current portion of long-term loans of Baht 212.39 million. There also were the current portion of liabilities under finance lease agreements due within one year of Baht 40.89 million, an income tax payable of Baht 109.02 million and other current liabilities of Baht 76.37 million. The grand total of short-term debts was Baht 835.94 million.

There were long-term loans, net of current portion of Baht 749.15 million and liabilities under finance lease agreements, net of current portion of Baht 34.65 million, totaling Baht 783.80 million of long-term debts. There was interest expense of Baht 30.09 million, Short-term debts, long-term debts and interest expense totaled Baht 1,649.83 million. The Company and subsidiaries reported operating profits of Baht 1,246.63 million. After deducting depreciation and amortization expenses of Baht 860.13 million, the earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 2,106.76 million. The figures could translate into a debt service coverage ratio (DSCR) of 1.28 times (Baht 2,106.76 million divided by Baht 1,649.83 million). The ratio indicated the Company's high ability to pay the entire short-term debts which will due to repay within one-year and long-term liabilities plus interest expenses without affecting the operation's liquidity.

Apart from the debts from the external lenders shown on the financial statement, there was also an off-balance sheet financing source which is its unused credit facility from financial institutions about Baht 900 million.

During 2018, there was no change in the Company's capital structure. There was neither capital raising nor reduction. Its subsidiaries raised debt funding from creditors as details disclosed on Note to financial statements No 20 and 22.

#### **Composition of the Shareholders' Equity**

According to the consolidated financial statement as of 31 December 2018, the equity attributable to owners of the Company was Baht 20,478.73 million, an increase of Baht 600.05 million compared with the end-2017 equity of Baht 19,878.68 million. The reasons for changes were as following;

(1) Concerning the operation of 2018, the Company reported a net profit of Baht 1,481.78 million. During the year, there was dividend payment of Baht 600 million as the resolution of the Annual General Meeting of Shareholders, resulting in an increase of shareholder equity of Baht 1,481.78 million and a decrease of Baht 600 million, respectively.

(2) For the non-operation items of which the gains (or losses) must be recognized in the shareholders' equity, there was a total reduction of Baht 281.73 million from the shareholders' equity, which consisted of;

(2.1) Actuarial gain arising from long-term employee benefit obligation as a result of the new computation in 2018, resulting in gains on shareholders' equity amounted Baht 37.43 million.

(2.2) Exchange differences on translation of financial statements in foreign currency. There were differences in translation of financial statements between the statement of financial position and income statement, including the accumulated differences of the past period. As of end-2018, the difference decreased the shareholders' equity by Baht 177.72 million.

(2.3) An adjustment on accounting standard involving reappraised of available-for-sale investments based on market price at the end of 2018, there was a recognition of the unrealized loss of Baht 17.18 million on the shareholders' equity due to global equity market weakness.

(2.4) According to the accounting standard, the dividend paid by a parent company to subsidiaries that hold the Company's shares would not be counted as dividend payment in the consolidated financial statement. Therefore, Baht 20.04 million was restated in addition to the shareholders' retained earnings.

(2.5) The share of other comprehensive income derived from joint ventures and associates decreased the shareholders' equity by Baht 144.30 million.

Once summing all the factors as mentioned earlier, the shareholders' equity increased by Baht 600.05 million. Therefore, as of the end of 2018, the shareholders' equity was totaled Baht 20,478.73 million, indicating adequate shareholders' equity.

## 4.2 Capital Expenditure

During the year 2018, there were significant capital expenditures as following;

(1) Energy Business - The cogeneration power plant in the People's Republic of China continued to invest for the third-consecutive year in new buildings, machinery and pollution-controlled equipment which were replaced by modern technological machinery. The move was aimed at improving the efficiency of the production capacity to serve rising local demand and to reduce environmental impact in the community. The operator received an outstanding award from the relevant government agency. The capital expenditure in 2018 was approximately Baht 362 million.

(2) Plastic, Rubber and Metal Businesses - The businesses invested around Baht 274 million of capital expenditure in molding equipment and machinery for rubber products and factory buildings, machinery and equipment for vacuum bottle production lines in responding to the growing orders.

(3) The other businesses including textile, computer trading and hotel, there were some capital expenditure items for equipment with installation cost and vehicle totaling Baht 43 million.

The source of fund of (1) came from a reinvesting of dividend income into the business. Funding for the item (2) and (3) came from each subsidiary's working capital and loans from domestic financial institutions. The Company is expected to be able to abide by the loan agreements completely.

## 4.3 Adequacy of Liquidity

As mentioned earlier under the topic of debt serviceability, the Company can convert most of its operating profit into cash flow, and debt service coverage ratio (DSCR) was at 1.28 times which indicated the Company's high ability to pay the entire short-term debts, long-term debts and interest expenses. Therefore, the Company had adequate financial liquidity. For the capital structure, with the debt-to-equity ratio at 0.16:1, the liabilities remained proportionately very low compared with the shareholders' equity and an unused credit facility according to topic 4.4, the Company and its subsidiaries have sufficient liquidity.

Liquidity ratios as following;

- Current Ratio was at 3.47:1, and Quick Ratio was at 2.98:1, indicating its ability to turn liquid assets into cash to not only for immediately repaying the entire current liabilities but also still have excess liquidity. It showed that the Company and its subsidiaries maintained adequate liquidity.
- Trade Receivables and Trade Payables. The Company and its subsidiaries had an average collection period of 55 days, which is one days longer than last year (54 days). The Company can collect money from debtors within the credit term given to the customers. Average payment period was 39 days, which is better than the 41 days in the previous year and still within the payable term granted by the suppliers. As for the Cash Conversion Cycle, it was 24 days per cycle, which was longer than that 21 days of the past year, starting from the



time raw materials purchased until the collection of accounts receivable generated from the sale of the final product. In other words, the Company and its subsidiaries were holding about 14 cash conversion cycles per year.

- Interest coverage ratio was at 50.77 times, indicating that the Company and its subsidiaries generate sufficient cash flow to pay interests to their creditors.

#### 4.4 Ability to Secure Additional Funding

There is an unused credit facility approximately Baht 900 million issued by the financial institution the Company can obtain as an additional funding source if it required. The credit facilities included a three-month promissory note and available-on-call loan. Should the Company require project funding, the Company is expected to be able to contact the financial institutions to approve either medium or long-term loan facility for such a project.

#### 4.5 Factors that May Affect Credit Rating

The Company's source of capital came entirely from the common stock equity, and neither debenture nor bond ever issued. The Company is not rated by a credit rating agency as it does not need this information; therefore, there is no factor affecting the Company's credit rating.

#### 4.6 Ability to Repay and Comply with the Covenant and Restriction of Loan

There was a borrowing worth Baht 961.54 million by its subsidiary from a financial institution, which was a long-term loan with scheduled repayments every 6 or 12 months from 2015 to 2022, of which Baht 212.39 million is a current portion due within one year. Under the loan agreement, there are debt covenants and restrictions that obliged subsidiaries such as the maintenance of debt to equity ratio, negative pledges on certain assets such as the limitation on the asset divestment, payment and transfer and so forth that are essential for the subsidiary's operations. The Company is confident that the subsidiary can completely follow all the covenant and restriction of the loan.

As for the Debt Serviceability, as mentioned earlier under topic 4.1, its ability to repay the short-term debt that due within one-year, long-term debt and interest expense (DSCR) was 1.28 times, indicating its high ability to pay the entire amount of debt and adequate liquidity. There are neither factors expected to interrupt the loan agreements nor effects on dividend payment.

### 5. Contractual Obligations and Off-Balance Sheet Arrangements

The Company and its subsidiaries held liabilities included current portion due within one year such as trade payables or income tax payables, which are paid by current assets or working capital as part of the normal business operation. The Company also held non-current liabilities of Baht 1,218.86 million as of 31 December 2018. Each liability carries a different repayment schedule.

For instance, the long-term loan requires commitments of the periodic payment as stipulated in the loan's contractual agreement. For the finance lease agreement requires commitments of the payment plans under instalment agreements, and for provision for long-term employee benefits requires the obligation to pay the employee upon employee's resignation or retirement in conformity with law and regulations. As for the commitments of the payment obligation to the employee for a departure before retirement, in other word, the financial aid for resignation (a different portion from commitment - retirement fund in conformity with law and regulations), the Company provides provisions for this part by subsidizing monthly into the employee's provident fund every time his/her salary is paid. Thus, personnel will receive this amount of money from the provident fund upon resignation. The contribution from retirement fund will be recorded by the Company as non-current liabilities, and the Company will distribute money to its employees upon retirement according to the law.

Details on off-balance sheet obligations were disclosed in the Notes to the Financial Statements as follows:

Type of Obligation	Details according Notes to Financial Statements, Amount, Payment Period shown on each obligation
Long-term liabilities commitments	Note 22 Long-term loans Note 23 Provision for long-term employee benefits
Tax liabilities commitments	Note 27 Income tax (last paragraph) Deferred tax liabilities
Capital commitments	Note 32.1 Capital commitments
Operating lease commitments	Note 32.2 Operating lease commitments
Operating commitments	Note 32.4 Commitment to purchase raw materials
Guarantees' commitments	Note 32.5 Guarantees
Other liabilities' obligations	Note 32.3 Long-term service agreements

The Company and its subsidiaries could manage, and no adverse effects were expected on business operation.

## 6. Factors and Influences that may affect the Operations or Financial Position (Forward Looking)

Most of the Company's business operations involved investments in textile, plastic, rubber and metal, computer, energy, hotel and other businesses in China. Therefore, the main income came from local and overseas investments dividends. Since the Company structure comprised of subsidiaries, joint ventures and associates, it is essentially considered the factors and events that may significantly affect the entire group of companies' operations or financial position in the future as follows;

### 6.1 Currency exchange rate volatility

Half of the Company's sales income stemmed from the export sales, which required conversion into Thai Baht. If Thai Baht appreciates against US Dollar, its export sales receipt in Thai Baht term will be reduced, while most of the raw materials are locally sourced and paid in Baht term; consequently, the stronger baht caused weaker profitability. However, the Company has sought measures to limit foreign exchange risk exposure.

### 6.2 The changing of raw materials' market price

The Company's manufacturing and distribution businesses may be affected by the rising raw material prices, mainly in coal, cotton, polyester, rubber, and stainless steel for the power plant, textile, rubber, and vacuum bottle businesses, respectively. In the wake of increasing prices of raw materials, the manufacturer was unable to pass entire rising costs onto its customers, or if it could raise selling prices, it would be raised lower than the rising cost, resulting in an effect on the business's operating result.

### 6.3 Intense competition in the overseas market

Some of the domestic industries may have a higher production cost than other countries with cheaper wage, such as the textile industry. Some foreign customers shifted their orders to those more competitive wage countries, which may affect the operating results and the business operation in the long run.

## 7. Additional Information on the Translation Adjustments

The Company's consolidated financial statements was included the overseas subsidiaries reported in foreign currencies. The Company has to translate those financial statements into Thai Baht for consolidation purpose. The table below shows the exchange rates used in the translation of consolidated financial statements over the past 3 years.

Currency	The exchange rate applied in					
	Statement of financial position			Income statement		
	2018	2017	2016	2018	2017	2016
RMB	4.70850	5.00090	5.13670	4.722125	4.979713	5.160350
HKD	4.13465	4.17385	4.61270	4.177363	4.214825	4.543700
TWD	1.05445	1.09575	1.10950	1.065188	1.095225	1.110113

Having verified the Company's separate and consolidated financial statements, the auditor expressed an unqualified opinion and provided a summary statement on the independent auditor's report.

## Related Transactions

### (1) Characteristics of Related Transactions

Related transactions are regarded as a normal business practice of companies, with general trading conditions, and no unusual transactions or improper pricing. Most of the transactions are conducted in the form of trade, related creditors and debtors, loans and borrowings among groups of companies for the purpose of maximum benefits in terms of financial management, by charging interests at the referenced rates of a large domestic commercial bank, based on business type.

The companies' policy on related transactions between parties, who may have conflicts of interests, focuses on necessity and a certain logic of such transactions. These transactions usually take form of normal trading related to business operation, including related trading of goods or borrowings among companies. Sales price and remuneration are calculated according to the market rate. To give an example, in case of interest charge, the companies adopt the market rate by the time such transactions are conducted. Thus, the return shall be the same as the rate charged in the market.

Since related transactions are commercially customary or unexceptional, it is not necessary to get opinions from outside directors or independent experts on the related transaction.

In the past year, as the Company did not have any information about securities offerings or its persuasive draft, no opinions from outside directors on the compliance with these obligations were needed. Meanwhile, in the same year, all transactions with related parties were disclosed through an electronic channel of the Stock Exchange of Thailand.

### (2) Necessity and logic of Related Transactions

In the previous years, the Company took charge of marketing, by acting as a product distributor for all of its manufacturing companies, allowing transactions of goods purchase/sale, related creditors/debtors, and related interest received/paid. But later, due to changing situation of competitions in the market, the Company had to adjust for more lucrative business movement. In 2007, the Company decided to put its marketing service in related companies, resulting in a sharp drop in trading transactions. Meanwhile, the movement of interest received/paid has remained. This is because the associated companies have been supported by the Company, in terms of financial management, enabling effectiveness and maximum benefits. In conclusion, related transactions conduction has been a necessary and logical thing.

### (3) Approval procedures of Related Transactions

The approval procedures of related transactions are followed in the same way as with external customers practicing a normal business. The Board of Directors used to approve, in principle, the related transactions as a normal business. Regarding the follow-up of payments, the due date of each transaction was specified and controlled; however, the approval of each transaction was in conformity with rules and regulations of the Stock Exchange of Thailand (SET) and with the Office of the Securities and Exchange Commission (SEC).

#### (4) Policy and future trends in Related Transactions

With regard to policies on related transactions, the Company seeks to treat fairly all related parties, with the aim of maximizing benefits, to comply with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC), and to disclose sufficiently essential information.

As from 2007 onwards, the trends of business transactions between the group companies would decline because most of the previous transactions involved normal business practice; for examples, trading of goods, creditors/debtors transactions as indicated earlier. However, the Company has its policy to restructure the channel of goods distribution and related management of the group companies. It means that these manufacturing companies became themselves distributors, to ensure smooth running and capabilities of alteration in decision making on the priorities of manufacturing or pricing in relation to the rapidly changing situation, allowing its competitiveness in the industrial market as well as its long-term growth. Therefore, normal transactions tend to drop, except some items of goods under contracts previously signed. Meanwhile, transactions of deposit and borrowing between the group companies remain unchanged because they have insisted on their effective financial management.

Related transactions in 2018 are shown on page 126-127.

## Related Transactions of Saha-Union Public Company Limited and Parties Possibly in Conflict in 2018

	Party's Name	Type of Relationship	Related Transaction			Necessity
			Type of Transaction	Amount (Million Baht)	Pricing Policy	
1	Union Thread Industries Co., Ltd.	One of 10 major related shareholders	1 Dividend Income/Payment	68.66	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
2	Union Business Management Co., Ltd.	One of 10 major related shareholders	1 Dividend Income/Payment	45.15	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
3	Union Capital Co., Ltd.	One of 10 major related shareholders	1 Dividend Income/Payment	40.79	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
4	Union Industries Corp., Ltd.	One of 10 major related shareholders	1 Dividend Income/Payment	42.70	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.
5	Uni-Fibre Co., Ltd.	One of 10 major related shareholders	1 Dividend Income/Payment 2 Services Income 3 Income/Other expenses 4 Interest Income/Expenses 5 Account Receivables/Payables	27.26 0.01 0.01 0.15 0.12	From resolution of the Shareholders' Meeting Contract price Contract price Referred to types and rates of a major commercial bank Outstanding balance as at 31 December 2018	In the ordinary course of business should have return on investment.
6	Union Multi-Capital Co., Ltd.	Major shareholder holding more than 30% of shares	1 Dividend Income/Payment	12.16	Contract price	In the ordinary course of business should have return on investment.
7	Venus Thread Co., Ltd.	Major shareholder holding more than 30% of shares	1 Purchases/Sales of Merchandise 2 Rental Income 3 Income/Other expenses 4 Account Receivables/Payables	12.72 0.02 0.09 0.01	Comparable with market price Contract price Contract price Outstanding balance as at 31 December 2018	The purchasing of raw material should be made in large quantity to generate more bargaining power.
8	Union Spinning Mills Co., Ltd.	Major shareholder holding more than 30% of shares	1 Purchases/Sales of Merchandise 2 Rental Income 3 Dividend Income/Payment 4 Income/Other expenses 5 Account Receivables/Payables	3.10 0.10 1.50 0.07 0.06	Comparable with market price Contract price From resolution of the Shareholders' Meeting Contract price Outstanding balance as at 31 December 2018	The purchasing of raw material should be made in large quantity to generate more bargaining power.
9	Union Zip Co., Ltd.	Major shareholder holding more than 30% of shares	1 Income/Other expenses	0.09	Contract price	
10	Uni-Agro Co., Ltd.	Major shareholder holding more than 30% of shares	1 Dividend Income/Payment	0.64	From resolution of the Shareholders' Meeting	In the ordinary course of business should have return on investment.

Party's Name		Type of Relationship	Related Transaction			
			Type of Transaction	Amount (Million Baht)	Pricing Policy	Necessity
11 Union Shoes Co., Ltd.	Major shareholder holding more than 30% of shares	1	Deposits	43.46	Outstanding balance as at 31 December 2018	The Companies in the Group had their surplus liquidity and deposited the money with the Company for effective financial management.
		2	Interest Receivables/Payables	0.18	Outstanding balance as at 31 December 2018	
		3	Interest Income/Expenses	0.35	Referred to types and rates of a major commercial bank	
12 Union Textile Industries Public Company Limited	Major shareholder	1	Purchases/Sales of Merchandise	371.42	Comparable with market price	The purchasing of raw material should be made in large quantity to generate more bargaining power.
		2	Dividend Income/Payment	2.00	From resolution of the Shareholders' Meeting	
		3	Account Receivables/Payables	53.34	Outstanding balance as at 31 December 2018	
		4	Income/Other expenses	0.39	Contract price	
13 Thai Rubber Enterprise Co., Ltd.	Major shareholder	1	Account Receivables/Payables	4.97	Outstanding balance as at 31 December 2018	To develop and make use of its vacant plots of land by rental of property for rubber plantation.
		2	Rental Income	1.51	Contract price	
		3	Income/Other expenses	0.02	Contract price	
		4	Dividend Income/Payment	0.97	From resolution of the Shareholders' Meeting	
14 Union Pioneer Public Company Limited	Major shareholder	1	Purchases/Sales of Merchandise	7.83	Comparable with market price	The purchasing of raw material should be made in large quantity to generate more bargaining power and in the ordinary course of business should have return on investment.
		2	Dividend Income/Payment	14.69	From resolution of the Shareholders' Meeting	
		3	Rental Income	3.31	Contract price	
		4	Income/Other expenses	0.38	Contract price	
		5	Account Receivables/Payables	0.90	Outstanding balance as at 31 December 2018	
15 Union Button Corp., Ltd.	Directors and related person holding more than 10% of shares	1	Rental Income	0.04	Contract price	In the ordinary course of business should have return on investment.
		2	Dividend Income/Payment	1.07	From resolution of the Shareholders' Meeting	
16 Venus Shoes Co., Ltd.	Major shareholder	1	Deposits	26.50	Outstanding balance as at 31 December 2018	The Companies in the Group had their surplus liquidity and deposited the money with the Company for effective financial management.
		2	Interest Income/Expenses	0.29	Referred to types and rates of a major commercial bank	
		3	Income/Other expenses	0.77	Contract price	
		4	Rental Income	0.42	Contract price	
		5	Interest Receivables/Payables	0.13	Outstanding balance as at 31 December 2018	
		6	Account Receivables/Payables	0.19	Outstanding balance as at 31 December 2018	
		Total amount of related transaction in 2018		790.54		



## Board of Directors' Responsibility for the Financial Report

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and other financial information as appeared in the Annual Report. Such financial statements are prepared in accordance with generally accepted accounting standards and consistency using appropriate accounting policies. Careful consideration and best estimation are applied in the preparation. Important information is fully disclosed in the notes to such financial statements which have adopted the revision new treatment guidance in accordance with the accounting standards that are effective. As investment is the Company's major business, therefore, the consolidated financial statements are comprised of its subsidiaries, joint venture and associates' information. In the separated financial statements, investment accounts are recorded on cost method. In the consolidated financial statements, gains and losses from investments are recognized on equity method. In addition, the Company has accommodated new accounting standards which have been effective since 2 January 2011 and the revision of accounting standards that became effective periodically until presence, including the TFRS 10 Consolidated Financial Statements which has significant implication to the Company. The financial statements of the Company are audited and given an unqualified audit opinion by the Auditors.

The Board of Directors has maintained proper and effective internal control system to reasonably ensure that accounting records are correct, complete, and sufficient to safeguard Company's assets and to detect any weaknesses so as to prevent fraud or material irregularities.

Hence, the Board of Directors has appointed the Audit Committee comprising Independent Directors who are Non-Executive Directors to be responsible for the quality of the financial reports and the internal control system. Opinions of the Audit Committee on these matters are disclosed in the Report from the Audit Committee as appeared in the Annual Report on page 129.

The Board of Directors is confident that the Company's overall internal control system is satisfactory and can reasonably ensure the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2018.

On behalf of the Board of Directors



(Miss Dalad Saphavichai)  
Chairman



(Mrs. Chantornree Darakananda)  
President

# Audit Committee's Report

## To Shareholders,

In the year 2018, the Audit Committee is comprised of three independent directors, namely Emeritus Professor Dr. Achara Chandrachai as Chairman, Associate Professor Dr. Pakpachong Vadhanasindhu and Miss Pakinee Prertitumrong. Six meetings had been organized and attended by all members of the Audit Committee as below:

	<u>Number of Attendances</u>
- Emeritus Professor Dr. Achara Chandrachai	5/6
- Associate Professor Dr. Pakpachong Vadhanasindhu	6/6
- Miss Pakinee Prertitumrong	6/6

Participated in the meetings were the Company's Executives, internal auditors and the external auditors. The performance of the Audit Committee can be summarized as follow:

### 1. Review of financial reports.

The Audit Committee and the Company's Executives reviewed the quarterly and annual financial statements of the year 2018 audited by the external auditor on the accounting policies and including some important changes during the year, the integrity and reliability of the financial reports and the timing and adequacy of information disclosure, to assure the Company's compliance with accounting standards and the regulations concerned prior to the financial statements' approval for the beneficial of investor and the other users. Moreover, the Committee held a meeting, in absence of the Company's Executives, to analyse the observations and opinions independently with the external auditor and discuss on the comments. In addition, the Company emphasized on the key audit matters of the Group Companies for disclosing additional information in accordance with the auditing standards in the auditor's report.

### 2. Review of corporate governance.

The Audit Committee oversaw the Company's rules and regulations to ensure they are compliant with the Company's Code of Conduct and Regulations, without any legal violations. The Committee also established good awareness of anti-corruption measures and prevention among Directors and Employees.

### 3. Review of risk management.

The Audit Committee held a meeting with the Risk Management Committee with their remarks on the functions of the Risk Management Committee. The Committee confirmed the adequacy and suitability of risk management of the company.

### 4. Review of internal control and internal audit.

The Audit Committee examined, approved the annual audit plan and assessed adequacy and suitability of internal control process of the Company. Furthermore, some useful suggestions were made for the purpose of improving efficiency of internal audit system.

### 5. Review of related transactions.

The Audit Committee reviewed, commented on related transactions and transactions with possible conflicts of interests and disclosed a complete and adequate report of the transactions in compliance with the regulations and requirements set forth by the Stock Exchange of Thailand, considering the Company's benefits and the complete adequacy of information disclosure.

### 6. Self-assessment.

The Audit Committee conducted individually a self-assessment of personal performance according to the Charter of the Audit Committee and the best practice guidelines of the Stock Exchange of Thailand.

### 7. Nomination of external auditor.

The Audit Committee decided on qualifications of external auditor and the proposed remuneration. Then, the Committee suggested its nomination to the Board of Directors to presented to the statutory shareholder meeting.

In conclusion, the Audit Committee emphasized on the importance of internal control for the sake of the Company's good corporate governance, efficient internal control process and risk management, including its compliance with the law and regulations related to business operation.

On behalf of the Audit Committee



(Associate Professor Dr. Pakpachong Vadhanasindhu)

Chairman of the Audit Committee

Saha-Union Public Company Limited

20 February 2019

## Independent Auditor's Report

To the Shareholders of Saha-Union Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Saha-Union Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Saha-Union Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saha-Union Public Company Limited and its subsidiaries and of Saha-Union Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

The Group has sales and service income for the year ended 31 December 2018 amounting to Baht 10,957 million, which is significant to the income statement. The Group has a large number of customers and there are a variety of conditions of sale in the agreements made with these customers. There are therefore risks with respect to the amount and timing of revenue recognition.

In examining the revenue recognition of the Group, I assessed and tested the IT system and the internal controls of the Group with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls and with considerations given to testing related to the accuracy and timing of revenue recognition. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year, near the end of the accounting period, with special consideration given to expanding the scope of the examination of supporting documentation for transactions occurring near the end of the accounting period. In addition, I reviewed credit notes issued by the Group after the period-end and performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Goodwill**

As discussed in Note 18 to the financial statements, as at 31 December 2018, the Group has goodwill amounting to Baht 522 million, which is significant to the statement of financial position. Thus, the assessment of impairment of goodwill is a significant accounting estimate requiring the subsidiary's management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by the subsidiary's management by gaining an understanding of decision-making process to assess whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by the subsidiary's management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of the subsidiary's management judgement in preparing the cash flow projections. I also evaluated the discount rate applied by the subsidiary's management through an analysis of the weighted average finance costs of the subsidiary and of the industry, and I tested the calculation of the realisable value of the goodwill using the selected financial models and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rate. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

### **Other Information**

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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.

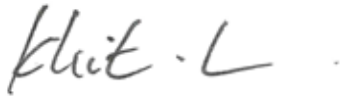
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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 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.



I am responsible for the audit resulting in this independent auditor's report.



Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 27 February 2019

# Statement of Financial Position

Saha-Union Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6	3,246,231,031	3,956,378,838	827,743,426	1,466,655,197
Current investments	7	1,485,274,881	1,053,472,574	-	-
Trade and other receivables	9	1,938,971,970	2,051,039,618	188,250,723	137,062,741
Inventories	10	1,125,719,155	1,013,522,063	39,409,906	32,892,978
Short-term loans to related parties	8	500,000	125,522,500	276,439,000	155,521,000
Other current assets		195,530,642	97,106,568	1,125,065	1,043,032
Total current assets		7,992,227,679	8,297,042,161	1,332,968,120	1,793,174,948
Non-current assets					
Restricted investments	11	34,673,443	32,887,874	1,000,000	-
Long-term loans to related party	8	188,340,000	-	-	-
Investments in subsidiaries	12	-	-	9,833,290,139	9,621,639,389
Investments in joint ventures	13	1,634,035,886	1,405,463,098	610,223,135	493,288,135
Investments in associates	14	3,609,183,766	3,463,354,214	886,993,181	886,993,181
Other long-term investments	15	2,779,061,221	2,385,862,195	2,136,133,332	2,145,715,986
Investment properties	16	2,072,095,576	2,098,721,242	1,142,178,648	1,148,655,455
Property, plant and equipment	17	6,779,071,819	7,063,263,345	45,792,038	50,271,966
Goodwill	18	521,724,374	521,724,374	-	-
Intangible assets - computer software		7,678,795	5,558,448	4,165,200	-
Deferred tax assets	27	71,385,251	93,522,495	2,449,963	2,915,330
Other non-current assets	19	202,066,602	173,447,595	2,103,050	2,165,227
Total non-current assets		17,899,316,733	17,243,804,880	14,664,328,686	14,351,644,669
Total assets		25,891,544,412	25,540,847,041	15,997,296,806	16,144,819,617

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

## Statement of Financial Position (Continued)

Saha-Union Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	397,273,525	450,910,328	-	-
Trade and other payables	21	1,466,027,351	1,498,762,884	122,287,208	106,886,533
Current portion of long-term loans	22	212,390,806	154,000,000	-	-
Current portion of liabilities under finance lease agreements		40,889,433	53,771,351	-	-
Deposits from related parties	8	-	11,258,164	315,442,787	683,778,918
Income tax payable		109,025,550	54,343,066	-	-
Other current liabilities		76,372,844	112,644,685	861,667	1,195,000
<b>Total current liabilities</b>		<b>2,301,979,509</b>	<b>2,335,690,478</b>	<b>438,591,662</b>	<b>791,860,451</b>
Non-current liabilities					
Long-term loans, net of current portion	22	749,153,858	948,440,477	-	-
Liabilities under finance lease agreements, net of current portion		34,655,740	53,597,092	-	-
Provision for long-term employee benefits	23	223,857,834	289,526,232	17,110,383	16,563,192
Deferred tax liabilities	27	182,063,100	185,962,788	164,941,661	168,257,383
Other non-current liabilities		29,127,079	17,681,620	-	-
<b>Total non-current liabilities</b>		<b>1,218,857,611</b>	<b>1,495,208,209</b>	<b>182,052,044</b>	<b>184,820,575</b>
<b>Total liabilities</b>		<b>3,520,837,120</b>	<b>3,830,898,687</b>	<b>620,643,706</b>	<b>976,681,026</b>

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

## Statement of Financial Position (Continued)

Saha-Union Public Company Limited and its subsidiaries

As at 31 December 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<b>Shareholders' equity</b>					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Issued and fully paid					
300,000,000 ordinary shares of Baht 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Share premium		2,599,000,000	2,599,000,000	2,599,000,000	2,599,000,000
Retained earnings					
Appropriated					
Statutory reserve	25	973,612,218	972,033,328	750,000,000	750,000,000
Other reserve		265,097,911	233,593,146	-	-
Unappropriated		13,397,843,017	12,491,670,797	8,367,886,454	8,146,109,058
Other components of shareholders' equity		243,182,199	582,384,394	659,766,646	673,029,533
Equity attributable to owners of the Company		20,478,735,345	19,878,681,665	15,376,653,100	15,168,138,591
Non-controlling interests of the subsidiaries		1,891,971,947	1,831,266,689	-	-
<b>Total shareholders' equity</b>		<b>22,370,707,292</b>	<b>21,709,948,354</b>	<b>15,376,653,100</b>	<b>15,168,138,591</b>
<b>Total liabilities and shareholders' equity</b>		<b>25,891,544,412</b>	<b>25,540,847,041</b>	<b>15,997,296,806</b>	<b>16,144,819,617</b>

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

# Income Statement

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Revenues					
Sales and service income	29	10,956,974,034	10,689,703,800	1,220,685,620	1,234,485,132
Dividend income	7, 12, 13, 14, 15	209,606,803	315,098,347	829,328,433	909,990,245
Rental income		42,656,468	49,880,241	45,140,405	46,112,340
Interest income		66,019,242	60,768,753	23,974,749	36,740,979
Gains on disposals of investments	7	149,946,240	49,426,102	-	43,784,111
Unrealised gains from revaluation of trading securities		-	141,651,299	-	-
Other income		251,513,642	311,573,638	21,417,352	28,324,982
Total revenues		11,676,716,429	11,618,102,180	2,140,546,559	2,299,437,789
Expenses					
Cost of sales and services		9,303,999,865	9,262,916,556	1,203,073,248	1,219,247,628
Selling and distribution expenses		285,815,576	296,138,904	7,194,263	9,512,329
Administrative expenses		840,270,347	758,769,871	109,082,814	110,049,382
Losses on impairment of investments (reversal)	12	-	1,668,794	(17,100,679)	40,795,798
Unrealised losses from revaluation of trading securities	7	97,819,035	-	-	-
Losses on impairment of investment properties (reversal)	16	(3,000,000)	25,000,000	-	-
Expenses of withholding tax write-off		15,290,154	22,004,197	15,290,154	22,004,197
Allowance for doubtful accounts (reversal)		(15,917,623)	14,554,203	(800,624)	(16,779,556)
Total expenses		10,524,277,354	10,381,052,525	1,316,739,176	1,384,829,778
Profit before share of profit from investments					
in joint ventures and investments in associates,					
finance cost and income tax expenses		1,152,439,075	1,237,049,655	823,807,383	914,608,011
Share of profit from investments in joint ventures	13	456,866,585	313,602,943	-	-
Share of profit from investments in associates	14	282,793,230	141,863,140	-	-
Profit before finance cost and income tax expenses		1,892,098,890	1,692,515,738	823,807,383	914,608,011
Finance cost		(43,805,261)	(39,306,254)	(3,317,728)	(5,696,155)
Profit before income tax expenses		1,848,293,629	1,653,209,484	820,489,655	908,911,856
Income tax expenses	27	(199,364,101)	(158,871,281)	(114,745)	(5,130,879)
Profit for the year		1,648,929,528	1,494,338,203	820,374,910	903,780,977
Profit attributable to					
Equity holders of the Company		1,481,784,689	1,344,125,248	820,374,910	903,780,977
Non-controlling interests of the subsidiaries		167,144,839	150,212,955		
		1,648,929,528	1,494,338,203		
Basic earnings per share (Baht)					
Profit attributable to equity holders of the Company	28	5.11	4.64	2.73	3.01

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

# Statement of Comprehensive Income

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit for the year</b>		1,648,929,528	1,494,338,203	820,374,910	903,780,977
<b>Other comprehensive income</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(304,339,080)	(365,289,180)	-	-
Gains (losses) on change in value of available-for-sale investments	15	(63,952,057)	506,646,806	(16,578,609)	490,338,232
Less: Income tax effect	27	12,782,243	(101,328,950)	3,315,722	(98,067,646)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(355,508,894)	40,028,676	(13,262,887)	392,270,586
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain	23	70,198,337	-	1,753,108	-
Less: Income tax effect	27	(14,041,055)	-	(350,622)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		56,157,282	-	1,402,486	-
<b>Other comprehensive income for the year</b>		(299,351,612)	40,028,676	(11,860,401)	392,270,586
<b>Total comprehensive income for the year</b>		<u>1,349,577,916</u>	<u>1,534,366,879</u>	<u>808,514,509</u>	<u>1,296,051,563</u>
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		1,180,008,292	1,389,273,337	808,514,509	1,296,051,563
Non-controlling interests of the subsidiaries		169,569,624	145,093,542		
		<u>1,349,577,916</u>	<u>1,534,366,879</u>		

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

## For the year ended 31 December 2018

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



# Statement of Changes in Shareholders' Equity (Continued)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					Surplus on change in value of available-for-sale investments	
<b>Balance as at 1 January 2017</b>	3,000,000,000	2,599,000,000	750,000,000	7,842,328,081	280,758,947	14,472,087,028
Profit for the year	-	-	-	903,780,977	-	903,780,977
Other comprehensive income for the year	-	-	-	-	392,270,586	392,270,586
Total comprehensive income for the year	-	-	-	903,780,977	392,270,586	1,296,051,563
Dividend paid (Note 31)	-	-	-	(600,000,000)	-	(600,000,000)
<b>Balance as at 31 December 2017</b>	<b>3,000,000,000</b>	<b>2,599,000,000</b>	<b>750,000,000</b>	<b>8,146,109,058</b>	<b>673,029,533</b>	<b>15,168,138,591</b>
<b>Balance as at 1 January 2018</b>	<b>3,000,000,000</b>	<b>2,599,000,000</b>	<b>750,000,000</b>	<b>8,146,109,058</b>	<b>673,029,533</b>	<b>15,168,138,591</b>
Profit for the year	-	-	-	820,374,910	-	820,374,910
Other comprehensive income for the year	-	-	-	1,402,486	(13,262,887)	(11,860,401)
Total comprehensive income for the year	-	-	-	821,777,396	(13,262,887)	808,514,509
Dividend paid (Note 31)	-	-	-	(600,000,000)	-	(600,000,000)
<b>Balance as at 31 December 2018</b>	<b>3,000,000,000</b>	<b>2,599,000,000</b>	<b>750,000,000</b>	<b>8,367,886,454</b>	<b>659,766,646</b>	<b>15,376,653,100</b>

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

# Cash Flow Statement

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before tax	1,848,293,629	1,653,209,484	820,489,655	908,911,856
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities				
Depreciation and amortisation	860,132,321	771,631,242	15,624,672	16,674,771
Allowance for doubtful accounts (reversal)	(15,917,623)	14,554,203	(800,624)	(16,779,556)
Allowance for losses on impairment of other non-current assets	4,543,000	-	4,543,000	-
Reduction of cost of inventories to net realisable value	8,931,655	9,103,308	-	-
Losses (gains) on disposals/write-off of property, plant and equipment	38,086,723	(1,912,844)	(81,640)	(400,115)
Gains on disposals of investment properties	-	(17,535,390)	-	-
Losses on impairment of property, plant and equipment	8,423,263	-	-	-
Losses on impairment of investment properties (reversal)	(3,000,000)	25,000,000	-	-
Losses on impairment of investments (reversal)	-	1,668,794	(17,100,679)	40,795,798
Expenses of withholding tax write-off	15,290,154	22,004,197	15,290,154	22,004,197
Unrealised losses (gains) from revaluation of trading securities	97,819,035	(141,651,299)	-	-
Share of profit from investments in joint ventures	(456,866,585)	(313,602,943)	-	-
Share of profit from investments in associates	(282,793,230)	(141,863,140)	-	-
Gains on disposals of investments	(149,946,240)	(49,426,102)	-	(43,784,111)
Losses (gains) on dissolution of subsidiary	50	-	(445,368)	-
Unrealised losses (gains) on exchange	1,556,798	1,479,720	(26,241)	(74,353)
Dividend received from investments	(209,606,803)	(315,098,347)	(829,328,433)	(909,990,245)
Provision for long-term employee benefits	10,535,664	23,622,464	3,056,430	2,753,534
Interest income	(66,019,242)	(60,768,753)	(23,974,749)	(36,740,979)
Interest expenses	29,778,975	28,971,996	3,140,694	5,502,348
Profit (loss) from operating activities before changes in				
operating assets and liabilities	1,739,241,544	1,509,386,590	(9,613,129)	(11,126,855)
Operating assets (increase) decrease				
Trade and other receivables	141,335,890	(400,133,355)	(45,062,827)	92,978,697
Inventories	(121,128,747)	188,744,405	(6,516,928)	(8,772,998)
Other current assets	(102,967,074)	1,199,458	(4,625,033)	120,838
Other non-current assets	(29,356,984)	40,618,148	62,177	(43,509)
Operating liabilities increase (decrease)				
Trade and other payables	(51,264,247)	(75,185,360)	16,634,830	12,307,977
Other current liabilities	(36,271,841)	(24,001,341)	(333,333)	(383,334)
Payment of provision for long-term employee benefits	(7,213,072)	(12,151,280)	(756,131)	(3,341,887)
Other non-current liabilities	(4,497,250)	3,682,750	-	-
Cash from (used in) operating activities	1,527,878,219	1,232,160,015	(50,210,374)	81,738,929
Cash paid for interest	(30,096,499)	(28,305,523)	(5,847,810)	(2,765,542)
Cash paid for income tax	(192,054,481)	(244,122,788)	(20,151,650)	(55,129,783)
Cash refund from income tax	20,992,496	27,868,137	-	2,554,306
<b>Net cash from (used in) operating activities</b>	<b>1,326,719,735</b>	<b>987,599,841</b>	<b>(76,209,834)</b>	<b>26,397,910</b>

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

## Cash Flow Statement (Continued)

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease (increase) in short-term loans to related parties	124,050,000	25,112,000	(120,918,000)	(140,421,000)
Increase in current investments	(397,181,105)	(32,935,300)	-	-
Decrease (increase) in restricted investments	(1,785,569)	664,774	(1,000,000)	-
Increase in long-term loans to related party	(193,790,000)	-	-	-
Acquisition of investments in subsidiaries	-	-	(194,800,092)	(795,740,020)
Acquisition of investment in joint venture	(233,870,000)	-	(116,935,000)	-
Acquisition of investments in associates	-	(417,532,400)	-	(237,500,000)
Acquisition of investments in other long-term investments	(414,657,490)	(12,412,900)	(6,995,955)	(12,412,900)
Proceeds from disposals of property, plant and equipment	23,506,506	3,689,922	81,648	400,450
Proceeds from disposals of investment properties	-	29,365,754	-	-
Cash receipt from disposals of investment in associate held for sale	-	213,486,176	-	213,486,176
Cash receipt from dissolution of investment in subsidiary	-	-	695,389	-
Dividend received from investments	681,360,394	695,385,630	829,431,868	909,886,552
Interest income	66,450,822	60,620,105	23,434,521	39,761,833
Acquisition of investment properties	(13,890,736)	(345,944,265)	-	-
Acquisition of property, plant and equipment	(678,655,323)	(1,449,055,311)	(4,667,945)	(2,715,100)
Acquisition of computer software	(3,364,340)	(1,534,183)	(2,692,240)	-
<b>Net cash from (used in) investing activities</b>	<b>(1,041,826,841)</b>	<b>(1,231,089,998)</b>	<b>405,634,194</b>	<b>(25,254,009)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	(53,636,803)	22,128,404	-	-
Decrease in trust receipts	-	(24,523,578)	-	(24,523,578)
Increase (decrease) in deposits from related parties	(11,258,164)	6,005,701	(368,336,131)	19,470,777
Share capital receipt from non-controlling interests of the subsidiaries	39,668,541	36,359,506	-	-
Dividend paid	(728,487,519)	(806,180,577)	(600,000,000)	(600,000,000)
Cash receipt from long-term loans	48,035,048	955,440,477	-	-
Repayment of long-term loans	(154,000,000)	(232,400,000)	-	-
Cash paid for liabilities under finance lease agreements	(53,520,179)	(53,451,569)	-	-
<b>Net cash used in financing activities</b>	<b>(913,199,076)</b>	<b>(96,621,636)</b>	<b>(968,336,131)</b>	<b>(605,052,801)</b>
<b>Decrease in translation adjustments</b>	<b>(81,841,625)</b>	<b>(143,396,967)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(710,147,807)</b>	<b>(483,508,760)</b>	<b>(638,911,771)</b>	<b>(603,908,900)</b>
Cash and cash equivalents at beginning of year	3,956,378,838	4,439,887,598	1,466,655,197	2,070,564,097
<b>Cash and cash equivalents at end of year</b>	<b>3,246,231,031</b>	<b>3,956,378,838</b>	<b>827,743,426</b>	<b>1,466,655,197</b>
<b>Supplemental cash flows information</b>				
Non-cash transaction				
Purchases of property, plant and equipment for which no cash has been paid	39,437,327	89,886,794	-	-
Purchases of computer software for which no cash has been paid	1,472,960	-	1,472,960	-

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

# Notes to Consolidated Financial Statements

Saha-Union Public Company Limited and its subsidiaries

For the year ended 31 December 2018

## 1. General information

Saha-Union Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in investment, distribution of raw materials and products manufactured by group companies. The registered address of the Company is at 1828 Sukhumvit Road, Phrakanong Tai, Phrakanong, Bangkok.

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Saha-Union Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company	Nature of business	Country of incorporation	Percentage of Shareholding	
			<u>2018</u> (percent)	<u>2017</u> (percent)
<b>Textile business</b>				
Union Textile Industries Plc.	Manufacture and distribution of textiles	Thailand	51.42	51.42
Union Garment Co., Ltd.	Manufacture and distribution of garments	Thailand	99.99	99.99
<b>Plastic, rubber and metal business</b>				
Union Pioneer Plc.	Manufacture and distribution of elastic products	Thailand	52.73	52.73

Company	Nature of business	Country of incorporation	Percentage of Shareholding	
			<u>2018</u> (percent)	<u>2017</u> (percent)
<b>Plastic, rubber and metal business (continued)</b>				
Union Plastic Plc.	Contract manufacture of plastic products, manufacture and repair of molds	Thailand	49.69	49.69
Union Zojirushi Co., Ltd.	Manufacture and distribution of vacuum stainless bottles	Thailand	51.00	51.00
Union Stainless Steel Products Co., Ltd.	Manufacture and distribution of stainless steel kitchenware	Thailand	98.00	98.00
Union Rubber Products Corp., Ltd.	Manufacture and distribution of rubber products	Thailand	99.99	99.99
Thai Rubber Enterprise Co., Ltd.	Rubber estates	Thailand	50.69	50.69
<b>Trading business</b>				
Computer Union Co., Ltd.	Computer and accessories dealer	Thailand	98.39	98.09
Computer Union Systems Co., Ltd. (99.99 percent owned by Computer Union Co., Ltd.)	Computer and accessories dealer	Thailand	99.99	99.99
<b>Energy business</b>				
Zhejiang Jiashan-Union Cogeneration Co., Ltd. (formerly known as “Jiashan-Union Cogeneration Co., Ltd.”)	Power generation	China	75.96	75.96
<b>Hotel business</b>				
The Royal Hotel Co., Ltd.	Hotel	Thailand	96.26	96.22
<b>Investment and others business</b>				
Saha-Union International Ltd.	Investment	Hong Kong	99.99	99.99
Saha-Union Investment (China) Co., Ltd.	Investment	China	100.00	100.00
Union Energy (Hong Kong) Co., Ltd. (100.00 percent owned by Saha-Union International Ltd.)	Investment	Hong Kong	100.00	100.00
Shanghai Dacity Co., Ltd. (100.00 percent owned by Saha-Union Investment (China) Co., Ltd.)	Sales and services	China	100.00	100.00
Saha-Union Holding Co., Ltd.	Investment	Thailand	99.54	99.54
Venus Shoes Co., Ltd.	Dormitory rental and services	Thailand	99.99	99.99
Union Printing Corp., Ltd.	Rental services	Thailand	94.74	94.74
Union Equity Co., Ltd.	Investment	Thailand	99.79	99.79

Company	Nature of business	Country of incorporation	Percentage of Shareholding	
			<u>2018</u>	<u>2017</u>
			(percent)	(percent)
<b><i>Investment and others business (continued)</i></b>				
Union Shoes Co., Ltd.	Rental services	Thailand	98.23	98.23
Union Construction Corp., Ltd.	Investment	Thailand	99.99	99.99
Saha-Union Property Co., Ltd.	Investment	Thailand	99.99	99.99
Saha-Union Wealth Plus Co., Ltd.	Investment	Thailand	99.99	99.99
Union Nakhon Co., Ltd.	Real estate	Thailand	77.49	77.49
<b><i>Dissolution</i></b>				
Union Human Resources Development Co., Ltd.	-	Thailand	-	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries's financial statements.

#### (b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers



Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyers. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

###### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### *Revenues from hotel operations*

Revenues from hotel operations, which are a part of service revenues, consisted of room rental revenues, food and beverage sales and other related services which represented with invoiced value (excluding value added tax) for delivered products and services revenues after deducting discounts and adding service charges.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Rental income*

Rental income is recognised on an accrual basis based on the contract period.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 4.4 Inventories

Finished goods, semi products and work in process are valued at the lower of cost (under the average/ first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (under the average/ first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

### 4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method and net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from net asset value.

The weighted average method is used for computation of the cost of investments.

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

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Land improvement awaiting development	-	5, 20 years
Facilities	-	5 years

Depreciation of investment properties is included in determining income.

No depreciation is provided on land and assets under construction which are classified as investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

#### 4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Land improvement	-	5, 10, 20	years
Machinery and equipment	-	3, 5, 10, 20	years
Molds	-	5	years
Building improvements and facilities	-	5	years
Furniture and fixtures	-	3, 5, 10	years
Motor vehicles	-	5, 10	years
Computers	-	3, 5	years
Power plants	-	5, 10, 25	years

Depreciation of machinery and equipment of a subsidiary acquired in the year 2015, is calculated by reference to its net book value on a double-declining basis, over the useful lives of 10 years.

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.8 Intangible assets - Computer software

Computer Software of subsidiaries is recognised at cost. Following the initial recognition, Computer Software is carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Computer Software with finite lives, which has an estimated useful life of three and five years, is amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

No amortisation is provided on computer software in progress.

#### **4.9 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units that are expected to benefit from the synergies of the combination. The subsidiary estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.10 Related party transactions**

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

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

#### **4.11 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the equipment and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

#### 4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, investment properties, investments and include intangible assets and other non-current assets whenever events or changes in circumstances indicate that an asset may be impaired and also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.



#### 4.14 Employee benefits

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### *Defined contribution plans*

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and resignation fund plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service cost are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

Defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets which are available to pay the employee benefits obligation directly.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company and its subsidiaries' creditors and cannot be returned to the Company and its subsidiaries, except the portion which reference to the provident fund's rules. The Company and its subsidiaries measures the fair value of plan assets by using market price and, in case that plan assets are debt instruments in active market, the Company and its subsidiaries measure them by using quoted price.

#### **4.15 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.16 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Overseas subsidiaries calculate corporate income tax in accordance with tax rates mandated under the tax law of those countries.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

##### **Allowance for diminution in value of inventory**

In determining an allowance for diminution in value of inventory, the management makes judgements and estimates regarding the net realisable value of inventory. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgements and estimates regarding the expected loss from stock obsolescence based upon the aging profile of inventories and the prevailing economic conditions.

**Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Impairment of investment in securities**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

**Property, plant and equipment, and investment properties/Depreciation**

In determining depreciation of plant and equipment, and investment properties, the management is required to make estimates of the useful lives and residual values of those assets and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment, and investment properties for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	1,543	1,344	50	50
Bank deposits	2,659,747	2,583,181	377,693	216,605
Bonds	584,941	1,371,854	450,000	1,250,000
Total cash and cash equivalents	3,246,231	3,956,379	827,743	1,466,655

As at 31 December 2018, bank deposits in saving accounts, fixed deposits and bonds carried interests between 0.01 and 1.78 percent per annum (2017: between 0.01 and 4.10 percent per annum).

## 7. Current investments

As at 31 December 2018 and 2017, the balances of subsidiaries' current investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<b>Trading securities</b>				
Overseas marketable equity securities	1,065,408	<b>1,053,166</b>	682,908	<b>771,326</b>
Unrealised gains (losses) from revaluation of investments	(4,109)		93,710	
Translation adjustments	(8,133)		(5,292)	
<b>Total trading securities - net</b>	<b>1,053,166</b>		<b>771,326</b>	
<b>Debt securities held to maturity - current portion</b>				
Bonds	69,663		44,776	
<b>Total debt securities held to maturity - current portion</b>	<b>69,663</b>		<b>44,776</b>	
<b>Fixed bank deposits with an original maturity within one year</b>				
Fixed deposits of commercial bank	362,446		237,371	
<b>Total fixed bank deposits with an original maturity within one year</b>	<b>362,446</b>		<b>237,371</b>	
<b>Current investments - net</b>	<b>1,485,275</b>		<b>1,053,473</b>	

As at 31 December 2018, bonds and the fixed bank deposits with an original maturity within one year carried interests between 1.20 and 5.30 percent per annum (2017: between 0.63 and 1.55 percent per annum).

During the current year, the subsidiaries have gains on disposals of current investments amounting to Baht 150 million (2017: gains, Baht 6 million) and received dividends amounting to Baht 5 million (2017: Baht 36 million).

## 8. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

### Consolidated financial statements

(Unit: Million Baht)

	For the years ended		
	31 December		Pricing policy
	<u>2018</u>	<u>2017</u>	
<b><u>Transactions with joint ventures</u></b>			
Sales of merchandise	24	21	Cost plus margin
Service income	1	1	Contract price
Rental income	3	3	Contract price
Purchases of merchandise	24	23	Resale price reduced by a margin
Short-term lendings (weighted average from outstanding balances at month end)	16	176	Interest rate with reference to the loan interest rate of local commercial bank and China
Interest income	1	10	Interest rate with reference to the loan interest rate of local commercial bank and China
<b><u>Transactions with associates</u></b>			
Sales of merchandise	85	112	Cost plus margin
Service income	3	3	Contract price
Rental income	4	4	Contract price
Purchases of merchandise	484	510	Resale price reduced by a margin
Long-term lendings (weighted average from outstanding balances at month end)	76	-	Interest rate with reference to the loan interest rate of commercial bank in China
Interest income	5	-	Interest rate with reference to the loan interest rate of commercial bank in China
Deposits (weighted average from outstanding balances at month end)	12	22	Interest rate with reference to the deposit interest rate of local commercial bank

**Separate financial statements**

(Unit: Million Baht)

	For the years ended		Pricing policy
	31 December		
	<u>2018</u>	<u>2017</u>	
<b><u>Transactions with subsidiaries</u></b>			
Sales of merchandise	721	714	Cost plus margin
Service income	5	6	Contract price
Rental income	36	36	Contract price
Short-term lendings (weighted average from outstanding balances at month end)	105	134	Interest rate with reference to the loan interest rate of local commercial bank
Interest income	8	16	Interest rate with reference to the loan interest rate of local commercial bank
Deposits (weighted average from outstanding balances at month end)	568	659	Interest rate with reference to the deposit interest rate of local commercial bank
Interest expenses	5	7	Interest rate with reference to the deposit interest rate of local commercial bank
<b><u>Transactions with joint ventures</u></b>			
Rental income	3	3	Contract price
<b><u>Transactions with associates</u></b>			
Sales of merchandise	16	15	Cost plus margin
Purchases of merchandise	473	498	Resale price reduced by a margin
Deposits (weighted average from outstanding balances at month end)	12	22	Interest rate with reference to the deposit interest rate of local commercial bank



The balances of the accounts as at 31 December 2018 and 2017 between the Company, its subsidiaries and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
<b><i>Trade receivables</i></b>				
Subsidiaries	-	-	139,074	104,758
Joint ventures	3,672	3,333	-	-
Associates	4,469	9,765	-	-
Related companies (related by shareholding)	152	238	-	-
Total trade receivables - related parties	8,293	13,336	139,074	104,758
<b><i>Other receivables</i></b>				
Subsidiary	-	-	-	103
Total other receivables - related party	-	-	-	103
Total trade and other receivables - related parties	8,293	13,336	139,074	104,861
<b><u>Trade payables - related parties (Note 21)</u></b>				
Joint venture	3,139	2,813	-	-
Associates	35,778	27,942	33,884	24,864
Related companies (related by shareholding)	-	70	-	-
Total trade payables - related parties	38,917	30,825	33,884	24,864
<b><u>Deposits from related parties</u></b>				
Subsidiaries	-	-	315,443	672,521
Associate	-	11,258	-	11,258
Total deposits from related parties	-	11,258	315,443	683,779

### Short-term loans to related parties

As at 31 December 2018 and 2017, the balance of short-term loans between the Company, its subsidiaries and those related parties and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Balance as at 31 December 2017	Decrease during the year	Translation adjustments
			Balance as at 31 December 2018
<b><u>Short-term loans to related parties</u></b>			
<i><b>Joint ventures</b></i>			
Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.	125,023	(124,050)	(973)
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	6,251	-	(365)
Soldev Co., Ltd.	500	-	-
Total	131,774	(124,050)	(1,338)
Less: Allowance for doubtful accounts	(6,251)	-	365
<b>Total short-term loans to related parties - net</b>	<b>125,523</b>	<b>(124,050)</b>	<b>(973)</b>

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2017	Increase during the year	Decrease during the year
			Balance as at 31 December 2018
<b><u>Short-term loans to related party</u></b>			
<i><b>Subsidiary</b></i>			
Computer Union Co., Ltd.	155,521	1,215,000	(1,094,082)
<b>Total short-term loans to related party</b>	<b>155,521</b>	<b>1,215,000</b>	<b>(1,094,082)</b>

Long-term loans to related party

As at 31 December 2018 and 2017, the balances of long-term loans between a subsidiary and a related party and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance			Balance
	as at	Increase	Translation	as at
	31 December 2017	during the year	adjustments	31 December 2018
<b><u>Long-term loans to related party</u></b>				
<b><i>Associate</i></b>				
Zhuji-Union Real Estate Co., Ltd.	-	193,790	(5,450)	188,340
<b>Total long-term loans to related party</b>	-	193,790	(5,450)	188,340

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	120	132	22	24
Post-employment benefits	3	2	1	-
<b>Total</b>	<b>123</b>	<b>134</b>	<b>23</b>	<b>24</b>

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u> (Note 8)				
Aged on the basis of due dates				
Not yet due	8,162	13,095	139,074	104,758
Past due				
Up to 3 months	131	241	-	-
Total trade receivables - related parties	<u>8,293</u>	<u>13,336</u>	<u>139,074</u>	<u>104,758</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,307,996	1,454,734	27,277	11,501
Past due				
Up to 3 months	240,807	208,797	-	-
3 - 6 months	19,827	22,452	-	-
6 - 12 months	20,345	25,837	-	-
Over 12 months	11,889	28,088	-	1,410
Total	<u>1,600,864</u>	<u>1,739,908</u>	<u>27,277</u>	<u>12,911</u>
Less: Allowance for doubtful accounts	<u>(10,345)</u>	<u>(26,898)</u>	<u>-</u>	<u>(1,410)</u>
Total trade receivables - unrelated parties, net	<u>1,590,519</u>	<u>1,713,010</u>	<u>27,277</u>	<u>11,501</u>
Total trade receivables - net	<u>1,598,812</u>	<u>1,726,346</u>	<u>166,351</u>	<u>116,259</u>
<u>Other receivables</u>				
Dividend receivables - related party (Note 8)	-	-	-	103
Input tax refundable	161,070	130,404	9,853	10,673
Import duty refundable	821	2,497	-	-
Accrued income	15,024	25,062	6,708	9,277
Prepaid corporate income tax	44,953	29,247	4,861	-
Other receivables - unrelated party	94,170	100,018	-	-
Others	24,122	37,466	478	751
Total other receivables	<u>340,160</u>	<u>324,694</u>	<u>21,900</u>	<u>20,804</u>
Total trade and other receivables - net	<u>1,938,972</u>	<u>2,051,040</u>	<u>188,251</u>	<u>137,063</u>

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	232,584	228,629	(8,500)	(19,123)	224,084	209,506
Semi products	14,864	13,768	(496)	(342)	14,368	13,426
Work in process	117,110	100,716	(3,916)	(3,305)	113,194	97,411
Raw materials	441,926	455,305	(9,912)	(11,267)	432,014	444,038
Packing materials	31,260	28,262	(768)	(979)	30,492	27,283
Spare parts and factory supplies	157,533	175,497	(56,189)	(40,987)	101,344	134,510
Goods in transit	210,223	87,348	-	-	210,223	87,348
Total	<u>1,205,500</u>	<u>1,089,525</u>	<u>(79,781)</u>	<u>(76,003)</u>	<u>1,125,719</u>	<u>1,013,522</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Goods in transit	39,410	32,893	-	-	39,410	32,893
Total	<u>39,410</u>	<u>32,893</u>	<u>-</u>	<u>-</u>	<u>39,410</u>	<u>32,893</u>

During the current year, the subsidiaries reduced cost of inventories by Baht 22 million (2017: Baht 21 million) to reflect the net realisable value. This was included in cost of sales. In addition, the subsidiaries reversed the write-down of cost of inventories by Baht 18 million (2017: Baht 15 million) and reduced the amount of inventories recognised as expenses during the year.

## 11. Restricted investments

These represent bank deposits and the bonds of the Company and its subsidiaries which pledged with the local banks to guarantee electricity use.

## 12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the years
	<u>2018</u> (Million Baht)	<u>2017</u> (Million Baht)	<u>2018</u> (%)	<u>2017</u> (%)	<u>2018</u>	<u>2017</u>	
<b>Textile business</b>							
Union Textile Industries Plc.	600	600	49.88	49.88	321,181	321,181	-
Union Garment Co., Ltd.	50	50	99.99	99.99	70,345	70,345	3,000
					391,526	391,526	3,000
<b>Plastic, rubber and metal business</b>							
Union Pioneer Plc.	75	75	48.96	48.96	53,084	53,084	26,070
Union Plastic Plc.	250	250	49.52	49.52	235,433	235,433	16,589
Union Zojirushi Co., Ltd.	600	600	51.00	51.00	306,659	306,659	146,880
Union Stainless Steel Products Co., Ltd.	40	40	98.00	98.00	52,411	52,411	29,792
Union Rubber Products Corp., Ltd.	20	20	99.99	99.99	16,111	16,111	-
Thai Rubber Enterprise Co., Ltd.	32	32	50.69	50.69	17,179	17,179	973
					680,877	680,877	220,304
<b>Trading business</b>							
Computer Union Co., Ltd.	100	100	98.39	98.09	103,311	102,603	101,028
					103,311	102,603	101,028

Company	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the years	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Million Baht)	(Million Baht)	(%)	(%)				
	(Except for other specified currencies)							
<b>Energy business</b>								
Zhejiang Jiasan-Union Cogeneration Co., Ltd.	24	19	56.93	56.93	503,413	408,861	124,130	93,557
	(Million USD)							
					503,413	408,861	124,130	93,557
<b>Hotel business</b>								
The Royal Hotel Co., Ltd.	3,000	3,000	96.00	96.00	2,880,000	2,880,000	-	-
					2,880,000	2,880,000	-	-
<b>Investment and others business</b>								
Saha-Union International Ltd.	405	405	99.99	99.99	1,907,801	1,907,801	-	-
	(Million HKD)							
	45	45	100.00	100.00	1,572,809	1,572,809	-	-
Saha-Union Investment (China) Co., Ltd.	(Million USD)							
	1,300	1,200	99.54	99.54	1,294,019	1,194,479	-	-
Saha-Union Holding Co., Ltd.								
Venus Shoes Co., Ltd.	72	72	76.00	76.00	44,007	44,007	-	-
Union Printing Corp., Ltd.	30	30	94.74	94.74	29,466	29,466	-	-
Union Equity Co., Ltd.	160	160	99.79	99.79	159,771	159,771	-	-



Company	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the years	
	2018 (Million Baht)	2017 (Million Baht)	2018 (%)	2017 (%)	2018	2017	2018	2017
<b>Investment and others business (continued)</b>								
Union Shoes Co., Ltd.	24	24	61.91	61.91	22,087	22,087	-	-
Union Construction Corp., Ltd.	600	600	62.49	62.49	375,457	375,457	-	-
Saha-Union Property Co., Ltd.	125	125	99.99	99.99	125,000	125,000	-	-
Saha-Union Wealth Plus Co., Ltd.	125	125	99.99	99.99	125,000	125,000	-	-
Union Nakhon Co., Ltd.	210	210	75.00	75.00	157,499	157,499	-	-
					5,812,916	5,713,376	-	-
<b>Dissolution</b>								
Union Human Resources Development Co., Ltd.	-	0.25	-	99.99	-	250	-	-
					-	250	-	-
<b>Total</b>					10,372,043	10,177,493	354,776	417,889
<b>Less: Allowance for impairment of investments in subsidiaries</b>					(538,753)	(555,854)		
<b>Total investments in subsidiaries - net</b>					9,833,290	9,621,639		

## 12.2 Details of investments in subsidiaries that have material non-controlling interests

Company	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the years		Dividend paid to non-controlling interests during the years	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
Union Textile Industries Plc.	48.58	48.58	79	69	-	6	-	-
Union Pioneer Plc.	47.27	47.27	123	126	9	14	14	25
Union Plastic Plc.	50.31	50.31	9	54	(31)	(1)	15	17
Union Zojirushi Co., Ltd.	49.00	49.00	312	266	96	64	63	141
Zhejiang Jiashan-Union Cogeneration Co., Ltd.	24.04	24.04	111	102	78	58	52	40

(Unit: Million Baht)

### 12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

#### Summarised information about financial position

(Unit: Million Baht)

As at 31 December

	Union Textile Industries Plc.		Union Pioneer Plc.		Union Plastic Plc.		Union Zojirushi Co., Ltd.		Zhejiang Jiashan-Union Cogeneration Co., Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	487	425	373	384	380	401	860	894	626	410
Non-current assets	595	585	91	96	278	296	1,511	1,632	1,715	1,603
Current liabilities	88	56	64	65	118	98	849	923	442	451
Non-current liabilities	36	42	36	42	40	44	286	459	684	551

#### Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	Union Textile Industries Plc.		Union Pioneer Plc.		Union Plastic Plc.		Union Zojirushi Co., Ltd.		Zhejiang Jiashan-Union Cogeneration Co., Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	820	815	575	615	701	721	3,893	3,697	1,757	1,268
Profit (loss)	103	43	18	30	(28)	29	223	130	325	239
Other comprehensive income	(58)	15	4	-	3	-	-	-	(68)	(22)
Total comprehensive income	45	58	22	30	(25)	29	223	130	257	217

## Summarised information about cash flow

	For the years ended 31 December								(Unit: Million Baht)
	Union Textile Industries Plc.		Union Pioneer Plc.		Union Plastic Plc.		Union Zojirushi Co., Ltd.		Zhejiang Jiaohan-Union Cogeneration Co., Ltd.
	2018	2017	2018	2017	2018	2017	2018	2017	2017
Cash flow from (used in) operating activities	55	(24)	43	8	(28)	52	583	477	266
Cash flow from (used in) investing activities	(15)	(1)	(27)	14	161	(14)	(220)	(387)	(819)
Cash flow from (used in) financing activities	-	-	(30)	(53)	(30)	(34)	(362)	(88)	654
Net increase (decrease) in cash and cash equivalents	40	(25)	(14)	(31)	103	4	1	2	101

During the current year, there were the following significant changes in the investments in subsidiaries accounts.

### ***Increase in registered shares capital***

Company	Description	(Unit: Thousand Baht)	
		Net cash receipt (paid) for capital increase	Separate financial statement
Zhejiang Jiaohan-Union Cogeneration Co., Ltd.	The meeting of Board of Directors on 26 September 2016, approved an increase in the registered share capital. As a result, the paid-up share capital after the increase amounted to USD 24 million (gradually paid over 2016 - 2018) and this was registered on 30 September 2016.	39,927	(94,552)
Saha-Union Holding Co., Ltd.	The Extraordinary General Meeting of Shareholders No. 1/2018 on 23 November 2018, approved an increase in the registered share capital. As a result, the paid-up share capital after the increase amounted to Baht 1,300 million and this was registered on 24 December 2018.	460	(99,540)
<b>Total</b>		<b>40,387</b>	<b>(194,092)</b>

### ***Dissolution***

Company	Description	(Unit: Thousand Baht)	
		Net cash return from dissolution	Separate financial statement
Union Human Resources Development Co., Ltd.	The Extraordinary General Meeting of Shareholders on 15 September 2017, passed a resolution for dissolution. They registered their dissolution and liquidation with the Ministry of Commerce on 21 September 2017 and completed the process of share capital return to shareholders on 11 January 2018.	-	695
<b>Total</b>		<b>-</b>	<b>695</b>

### 13. Investments in joint ventures

#### 13.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

#### Consolidated financial statements

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2018 (%)	2017 (%)	2018	2017	2018	2017
<b>Textile business</b>								
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	Contract manufacture and distribution of textile products	China	57.57	57.57	640,940	640,940	-	-
					640,940	640,940	-	-
<b>Plastic, rubber and metal business</b>								
Union Nifco Co., Ltd.	Manufacture and distribution of plastic parts and molds	Thailand	50.00	50.00	51,559	51,559	246,058	233,778
					51,559	51,559	246,058	233,778
<b>Energy business</b>								
Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.	Power generation	China	50.00	50.00	748,523	514,653	1,182,185	944,252
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	Power generation	China	50.00	50.00	445,914	445,914	-	-
					1,194,437	960,567	1,182,185	944,252

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2018</u> (%)	<u>2017</u> (%)	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Hospital business</b>								
Sukhumvit 62 Medical Ltd.	Hospital	Thailand	47.21	47.21	200,500	200,500	200,547	200,408
					200,500	200,500	200,547	200,408
<b>Investment and others business</b>								
Soldev Co., Ltd.	Develop and distribution of computer software	Thailand	61.00	61.00	2,210	2,210	-	-
					2,210	2,210	-	-
<b>Liquidation</b>								
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	Thailand	49.87	49.87	3,751	3,751	5,246	27,025
					3,751	3,751	5,246	27,025
<b>Total investments in joint ventures</b>					<b>2,093,397</b>	<b>1,859,527</b>	<b>1,634,036</b>	<b>1,405,463</b>

(Unit: Thousand Baht)



**Separate financial statements**

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment of investments		(Unit: Thousand Baht) Carrying amounts based on cost method - net	
			<u>2018</u> (%)	<u>2017</u> (%)	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Textile business</b>										
Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.	Contract manufacture and distribution of textile products	China	39.59	39.59	452,337	452,337	(452,337)	(452,337)	-	-
					<u>452,337</u>	<u>452,337</u>	<u>(452,337)</u>	<u>(452,337)</u>	-	-
<b>Plastic, rubber and metal business</b>										
Union Nifco Co., Ltd.	Manufacture and distribution of plastic parts and molds	Thailand	30.00	30.00	31,556	31,556	-	-	31,556	31,556
					<u>31,556</u>	<u>31,556</u>	-	-	<u>31,556</u>	<u>31,556</u>
<b>Energy business</b>										
Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.	Power generation	China	25.00	25.00	374,416	257,481	-	-	374,416	257,481
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	Power generation	China	40.00	40.00	417,271	417,271	(417,271)	(417,271)	-	-
					<u>791,687</u>	<u>674,752</u>	<u>(417,271)</u>	<u>(417,271)</u>	<u>374,416</u>	<u>257,481</u>
<b>Hospital business</b>										
Sukhumvit 62 Medical Ltd.	Hospital	Thailand	47.21	47.21	200,500	200,500	-	-	200,500	200,500
					<u>200,500</u>	<u>200,500</u>	-	-	<u>200,500</u>	<u>200,500</u>
<b>Liquidation</b>										
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	Thailand	49.87	49.87	3,751	3,751	-	-	3,751	3,751
					<u>3,751</u>	<u>3,751</u>	-	-	<u>3,751</u>	<u>3,751</u>
<b>Total investments in joint ventures - net</b>					<b>1,479,831</b>	<b>1,362,896</b>	<b>(869,608)</b>	<b>(869,608)</b>	<b>610,223</b>	<b>493,288</b>

### 13.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investments in the joint ventures in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company	Consolidated financial statements			Separate financial statements	
	Share of profit/loss from investments in joint ventures during the years	Share of other comprehensive income from investments in joint ventures during the years		Dividend received during the years	
	2018	2017	2018	2017	2017
<b>Plastic, rubber and metal business</b>					
Union Nifco Co., Ltd.	98,378	83,408	(98)	51,604	46,204
	98,378	83,408	(98)	51,604	46,204
<b>Energy business</b>					
Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.	350,754	323,098	(60,419)	139,899	110,390
Yunnan Energy Luliang-Union Cogeneration Co., Ltd.	-	(84,679)	-	-	-
	350,754	238,419	(60,419)	139,899	110,390
<b>Hospital business</b>					
Sukhumvit 62 Medical Ltd.	140	561	-	-	-
	140	561	-	-	-
<b>Investment and other business</b>					
Soldev Co., Ltd.	144	(871)	-	-	-
	144	(871)	-	-	-
<b>Liquidation</b>					
Union Universe Co., Ltd.	7,451	(7,914)	(7,912)	21,317	-
	7,451	(7,914)	(7,912)	21,317	-
<b>Total</b>	<b>456,867</b>	<b>313,603</b>	<b>(68,429)</b>	<b>212,820</b>	<b>156,594</b>

(Unit: Thousand Baht)

## 13.3 Summarised financial information about material joint ventures

## Summarised information about financial position

(Unit: Million Baht)

Financial position	Union Nifco Co., Ltd.		Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.		Sukhumvit 62 Medical Ltd.		Soldev Co., Ltd.		Union Universe Co., Ltd.	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	604	514	1,172	683	103	114	5	4	15	71
Non-current assets	159	167	2,342	2,552	329	317	-	-	-	25
Current liabilities	232	199	1,082	1,339	3	3	3	2	4	7
Non-current liabilities	39	15	60	-	-	-	2	2	-	2
<b>Net assets</b>	492	467	2,372	1,896	429	428	-	-	11	87
Shareholding percentage (%)	50.00	50.00	50.00	50.00	47.21	47.21	61.00	61.00	49.87	49.87
<b>Share of net assets</b>	246	234	1,186	948	203	202	-	-	5	43
Elimination entries	-	-	(4)	(4)	(2)	(2)	-	-	-	(16)
<b>Carrying amounts of joint ventures based on equity method</b>	<b>246</b>	<b>234</b>	<b>1,182</b>	<b>944</b>	<b>201</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>27</b>

### Summarised information about comprehensive income

	Union Nifco Co., Ltd.				Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.				Sukhumvit 62 Medical Ltd.				Soldev Co., Ltd.				Union Universe Co., Ltd.			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	1,126	1,001	3,731	3,398	1	1	7	4	51	16										
Profit (loss)	197	167	702	646	-	1	-	(1)	15	(16)										
Other comprehensive income	-	-	(174)	(53)	-	-	-	-	(7)	9										
Total comprehensive income	197	167	528	593	-	1	-	(1)	8	(7)										

(Unit: Million Baht)

During the current year, there was the following significant change in the investments in joint ventures accounts.

### Increase in registered shares capital

Company	Description	Net cash paid for capital increase	
		Consolidated financial statement	Separate financial statement
Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.	The meeting of Board of Directors on 18 August 2018, approved an increase in the registered share capital. As a result, the paid-up share capital after the increase amounted to RMB 300 million and this was registered on 26 October 2018.	(233,870)	(116,935)
<b>Total</b>		<b>(233,870)</b>	<b>(116,935)</b>

(Unit: Thousand Baht)

Share of profit from investments in 1 joint venture accounted for under the equity method amounting to approximately Baht 0.1 million, as included in the income statement for the year ended 31 December 2018 (2017: 2 joint ventures, the share of loss Baht 8.8 million), was calculated from financial statements prepared by the management of those companies, and not audited by their auditors. However, the management believes that there would be no material difference if the financial statements had been audited by the joint ventures' auditors.

## 14. Investments in associates

### 14.1 Details of material associates:

#### Consolidated financial statements

Company		Nature of business	Country of incorporation	Shareholding percentage		Cost		(Unit: Thousand Baht) Carrying amounts based on equity method	
				2018 (%)	2017 (%)	2018	2017	2018	2017
<b>Textile business</b>									
Union Spinning Mills Co., Ltd.		Manufacture and distribution of thread	Thailand	51.99	51.99	46,563	46,563	87,365	90,511
Others (3 companies)						2,550	2,550	73,952	69,459
						49,113	49,113	161,317	159,970
<b>Plastic, rubber and metal business</b>									
Union Thai-Nichiban Co., Ltd.		Manufacture of adhesive paper, corrugated adhesive paper, clear tape and OPP tape	Thailand	40.29	40.29	19,318	19,318	180,160	193,350
						19,318	19,318	180,160	193,350
<b>Hospital business</b>									
KPN Healthcare Plc.		Hospital	Thailand	25.00	25.00	237,500	237,500	215,824	225,947
						237,500	237,500	215,824	225,947
<b>Investment and others business</b>									
Taixing Union Zond Chemicals Co., Ltd.		Manufacture of Phthalic anhydride and Fumaric acid and associated products	China	29.65	29.65	273,029	273,029	257,689	289,838
Jiangsu Zhonglian-Union Carpet Co., Ltd.		Manufacture of automotive carpets	China	35.00	35.00	353,054	353,054	299,420	391,192
Uni-Fibre Co., Ltd.		Investment / Agency and service business / Distribution of textile products and other materials	Thailand	62.35	62.35	55,800	55,800	687,846	489,592
Union Thread Industries Co., Ltd.		Investment	Thailand	35.99	35.99	51,861	51,861	860,096	839,555
Union Industries Corp., Ltd.		Investment and real estate rental	Thailand	29.46	29.46	43,328	43,328	468,750	446,339

(Unit: Thousand Baht)

### Total investments in associates

### Separate financial statements

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017
<b>Textile business</b>										
Union Micronclean Co., Ltd.	Manufacture and distribution of anti-electrostatic and dust clothing	Thailand	25.00	25.00	1,251	1,251	-	-	1,251	1,251
Union Spinning Mills Co., Ltd.	Manufacture and distribution of thread	Thailand	25.00	25.00	46,563	46,563	-	-	46,563	46,563
					47,814	47,814	-	-	47,814	47,814
<b>Plastic, rubber and metal business</b>										
Union Thai-Nichiban Co., Ltd.	Manufacture of adhesive paper, corrugated adhesive paper, clear tape and OPP tape	Thailand	40.29	40.29	19,318	19,318	-	-	19,318	19,318
					19,318	19,318	-	-	19,318	19,318
<b>Hospital Business</b>										
KPN Healthcare Plc.	Hospital	Thailand	25.00	25.00	237,500	237,500	-	-	237,500	237,500
					237,500	237,500	-	-	237,500	237,500
<b>Investment and other business</b>										
Taixing Union Zond Chemicals Co., Ltd.	Manufacture of Phthalic anhydride and Fumaric acid and associated products	China	23.85	23.85	218,958	218,958	(32,129)	(32,129)	186,829	186,829
Jiangsu Zhonglian-Union Carpet Co., Ltd.	Manufacture of automotive carpets	China	25.00	25.00	249,239	249,239	-	-	249,239	249,239
Uni-Fibre Co., Ltd.	Investment / Agency and service business / Distribution of textile products and other materials	Thailand	25.67	25.67	30,800	30,800	-	-	30,800	30,800
Union Thread Industries Co., Ltd.	Investment	Thailand	24.90	24.90	51,861	51,861	-	-	51,861	51,861
Union Industries Corp., Ltd.	Investment and real estate rental	Thailand	24.90	24.90	43,328	43,328	-	-	43,328	43,328
Others (2 companies)					20,851	20,851	(547)	(547)	20,304	20,304
					615,037	615,037	(32,676)	(32,676)	582,361	582,361
<b>Total investments in associates - net</b>					<b>919,669</b>	<b>919,669</b>	<b>(32,676)</b>	<b>(32,676)</b>	<b>886,993</b>	<b>886,993</b>

(Unit: Thousand Baht)



#### 14.2 Share of comprehensive income and dividend received in material associates

During the years, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company	Consolidated financial statements				(Unit: Thousand Baht)	
	Share of profit/loss from investments in associates during the years		Share of other comprehensive income from investments in associates during the years		Separate financial statements	
	2018	2017	2018	2017	2018	2017
<b>Textile business</b>						
Union Spinning Mills Co., Ltd.	(27)	3,482	-	-	1,500	2,500
Others (3 companies)	14,969	17,018	1,071	-	2,250	-
	14,942	20,500	1,071	-	3,750	2,500
<b>Plastic, rubber and metal business</b>						
Union Thai-Nichiban Co., Ltd.	34,971	48,192	-	-	48,161	55,715
	34,971	48,192	-	-	48,161	55,715
<b>Hospital business</b>						
KPN Healthcare Plc.	(10,123)	(11,553)	-	-	-	-
	(10,123)	(11,553)	-	-	-	-
<b>Investment and others business</b>						
Taixing Union Zond Chemicals Co., Ltd.	(10,464)	29,053	(14,710)	(7,386)	5,581	-
Jiangsu Zhonglian-Union Carpet Co., Ltd.	(70,372)	(34,058)	(21,401)	(12,017)	-	6,233
Uni-Fibre Co., Ltd.	199,095	27,692	(1,337)	(200)	-	-
Union Thread Industries Co., Ltd.	39,182	26,960	(10,118)	(5,963)	8,963	8,963
Union Industries Corp., Ltd.	27,942	16,969	(8,382)	(4,882)	6,723	6,723

Company	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investments in associates during the years		Share of other comprehensive income from investments in associates during the years		Dividend received during the years	
	2018	2017	2018	2017	2018	2017
<b>Investment and others business (continued)</b>						
Union Business Management Co., Ltd.	22,866	18,772	(6,309)	(3,699)	-	-
Zhuji-Union Real Estate Co., Ltd.	(4,955)	-	(3,300)	-	-	-
Union Asset Holding Corp., Ltd. and its subsidiaries	39,577	-	287	-	-	-
Others (13 companies)	132	(664)	(10,713)	(13,073)	-	-
	243,003	84,724	(75,983)	(47,220)	21,267	21,919
<b>Total</b>	<b>282,793</b>	<b>141,863</b>	<b>(74,912)</b>	<b>(47,220)</b>	<b>73,178</b>	<b>80,134</b>

(Unit: Thousand Baht)

## 14.3 Summarised financial information of material associates

## Summarised information about financial position

Company	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Net assets		Shareholding percentage (%)		Share of net assets based on equity method		Elimination entries		Carrying amounts of associates based on equity method	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Textile business</b>																		
Union Spinning Mills Co., Ltd.	243	237	58	78	19	20	10	17	272	278	51.99	51.99	141	145	(54)	(54)	87	91
Others (3 companies)	649	687	197	168	73	85	118	133	655	637	-	-	173	169	(99)	(100)	74	69
<b>Plastic, rubber and metal business</b>																		
Union Thai-Nichiban Co., Ltd.	445	483	94	93	66	70	26	26	447	480	40.29	40.29	180	193	-	-	180	193
<b>Hospital business</b>																		
KPN Healthcare Plc.	82	275	1,592	1,405	6	10	805	800	863	870	25.00	25.00	216	218	-	8	216	226
<b>Investment and other business</b>																		
Taixing Union Zond Chemicals Co., Ltd.	460	588	790	960	388	570	-	-	862	978	29.65	29.65	256	290	2	-	258	290
Jiangsu Zhonglian-Union Carpet Co., Ltd.	832	973	913	900	896	761	-	-	849	1,112	35.00	35.00	297	389	2	2	299	391
Uni-Fibre Co., Ltd.	14	14	1,253	856	133	2	-	76	1,134	792	62.35	62.35	707	494	(19)	(4)	688	490
Union Thread Industries Co., Ltd.	529	17	1,981	2,444	18	33	205	191	2,287	2,237	35.99	35.99	823	805	37	35	860	840
Union Industries Corp., Ltd.	381	60	1,196	1,434	8	1	119	112	1,450	1,381	29.46	29.46	427	407	42	39	469	446
Union Business Management Co., Ltd.	64	8	1,115	908	212	-	169	158	798	758	37.54	37.54	300	285	(98)	(99)	202	186
Zhuji-Union Real Estate Co., Ltd.	873	750	4	-	2	-	188	-	687	750	25.00	24.00	172	180	-	-	172	180
Union Asset Holding Corp., Ltd. and its subsidiaries	148	-	2,997	-	23	-	3	-	3,119	-	39.77	-	1,240	-	(1,191)	-	49	-
Others (13 companies)	568	736	703	476	329	295	10	11	932	906	-	-	282	272	(227)	(210)	55	62

(Unit: Million Baht)

Carrying amounts of

associates based on

equity method

## Summarised information about comprehensive income

Company	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Textile business</b>								
Union Spinning Mills Co., Ltd.	404	444	-	7	-	-	-	7
Others (3 companies)	780	798	52	59	2	-	54	59
<b>Plastic, rubber and metal business</b>								
Union Thai-Nichiban Co., Ltd.	878	917	87	120	-	-	87	120
<b>Hospital business</b>								
KPN Healthcare Plc.	2	9	(40)	(46)	-	-	(40)	(46)
<b>Investment and other business</b>								
Taixing Union Zond Chemicals Co., Ltd.	2,511	2,155	(34)	98	(50)	(25)	(84)	73
Jiangsu Zhonglian-Union Carpet Co., Ltd.	1,312	1,505	(201)	(97)	(61)	(34)	(262)	(131)
Uni-Fibre Co., Ltd.	431	36	342	26	1	-	343	26
Union Thread Industries Co., Ltd.	131	121	85	86	-	-	85	86
Union Industries Corp., Ltd.	124	106	96	85	-	-	96	85
Union Business Management Co., Ltd.	46	45	39	39	-	-	39	39
Zhuji-Union Real Estate Co., Ltd.	-	-	(20)	-	(13)	-	(33)	-
Union Asset Holding Corp., Ltd. and its subsidiaries	118	-	70	-	1	-	71	-
Others (13 companies)	848	752	(1)	(8)	(35)	(12)	(36)	(20)

(Unit: Million Baht)

Share of loss from investments in 5 associates accounted for under the equity method amounting to approximately Baht 87 million, as included in the income statement for the year ended 31 December 2018 (2017: 8 associates, the share of loss Baht 25 million), was calculated from financial statements prepared by the management of those companies, and not audited by their auditors. However, the management believes that there would be no material difference if those financial statements had been audited by the associates' auditors.

## 15. Other long-term investments

Other long-term investments consist of investments in ordinary shares and available-for-sale securities as follows:

### **Consolidated financial statements**

#### **Investments in ordinary shares**

Company	Shareholding percentage		(Unit: Thousand Baht)	
	Cost method			
	2018 (%)	2017 (%)	2018	2017
Ratchaburi Power Co., Ltd.	10.00	10.00	732,500	732,500
Value Creation Inc.	0.18	0.18	328,280	328,280
Others			40,565	38,757
Total investments in ordinary shares			1,101,345	1,099,537
Less: Allowance for impairment of investments			(339,788)	(339,753)
Total investments in ordinary shares - net			761,557	759,784

#### **Investments in available-for-sale securities**

Company	Cost		Surplus (deficit) on changes in value of investments		(Unit: Thousand Baht)	
	Fair value					
	2018	2017	2018	2017	2018	2017
Saha Pathana Inter-Holding Plc.	27,508	27,508	629,088	638,022	656,596	665,530
Bangkok Bank Plc.	458,618	239,415	351,993	348,999	810,611	588,414
Electricity Generating Plc.	30,514	30,514	39,422	30,116	69,936	60,630
Ratchaburi Electricity Generating Holding Plc.	33,001	33,001	7,599	10,399	40,600	43,400
Banyan Tree Indochina Hospitality Fund, L.P.	271,882	271,882	(142,473)	(134,806)	129,409	137,076
Bualuang Thanatavee Fixed Income Fund	21,080	21,080	834	635	21,914	21,715
Buakaew Open-end Fund	20,000	20,000	1,539	3,985	21,539	23,985
Bangchak Corporation Plc.	54,411	-	2,898	-	57,309	-
Others	194,979	55,744	14,611	29,584	209,590	85,328
Total investments in available-for-sale securities	1,111,993	699,144	905,511	926,934	2,017,504	1,626,078
Total other long-term investments - net					2,779,061	2,385,862

## **Separate financial statements**

### **Investments in ordinary shares**

Company	Shareholding percentage		(Unit: Thousand Baht)	
	Cost method			
	2018	2017	2018	2017
	(%)	(%)		
Ratchaburi Power Co., Ltd.	10.00	10.00	732,500	732,500
Value Creation Inc.	0.18	0.18	328,280	328,280
Others			35,614	33,806
Total investments in ordinary shares			1,096,394	1,094,586
Less: Allowance for impairment of investments			(337,369)	(337,369)
Total investments in ordinary shares - net			759,025	757,217

### **Investments in available-for-sale securities**

Company	Cost		Surplus (deficit) on changes in value of investments		(Unit: Thousand Baht)	
	Fair value					
	2018	2017	2018	2017	2018	2017
Saha Pathana Inter-Holding Plc.	27,508	27,508	629,088	638,022	656,596	665,530
Bangkok Bank Plc.	212,427	212,427	338,716	335,988	551,143	548,415
Banyan Tree Indochina Hospitality Fund, L.P.	271,882	271,882	(142,473)	(134,806)	129,409	137,076
Buakaew Open-end Fund	20,000	20,000	1,539	3,985	21,539	23,985
Bangchak Corporation Plc.	4,874	-	(112)	-	4,762	-
Others	15,709	15,395	(2,050)	(1,902)	13,659	13,493
Total investments in available-for-sale securities	552,400	547,212	824,708	841,287	1,377,108	1,388,499
<b>Total other long-term investments - net</b>					<b>2,136,133</b>	<b>2,145,716</b>

During the current year, the Company and its subsidiaries received dividends from their investments in ordinary shares and available-for-sale securities totaling Baht 205 million (2017: Baht 279 million), with the Company receiving Baht 188 million (2017: Baht 255 million).

## 16. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	Consolidated financial statements				(Unit: Thousand Baht)		
					Separate financial statements		
	Land and land improvement awaiting development	Factory and office building for rent	Assets under construction	Total	Land and land improvement awaiting development	Factory and office building for rent	Total
<b>As at 31 December 2018</b>							
Cost	1,737,221	2,627,430	90,307	4,454,958	1,186,689	1,794,721	2,981,410
<u>Less</u> Accumulated depreciation	(60,875)	(2,140,766)	-	(2,201,641)	(50,249)	(1,645,863)	(1,696,112)
<u>Less</u> Allowance for impairment loss	(4,413)	(151,808)	(25,000)	(181,221)	(4,413)	(138,707)	(143,120)
Net book value	<u>1,671,933</u>	<u>334,856</u>	<u>65,307</u>	<u>2,072,096</u>	<u>1,132,027</u>	<u>10,151</u>	<u>1,142,178</u>
<b>As at 31 December 2017</b>							
Cost	1,737,221	2,638,710	87,963	4,463,894	1,186,689	1,794,721	2,981,410
<u>Less</u> Accumulated depreciation	(55,008)	(2,125,944)	-	(2,180,952)	(44,382)	(1,645,253)	(1,689,635)
<u>Less</u> Allowance for impairment loss	(4,413)	(154,808)	(25,000)	(184,221)	(4,413)	(138,707)	(143,120)
Net book value	<u>1,677,800</u>	<u>357,958</u>	<u>62,963</u>	<u>2,098,721</u>	<u>1,137,894</u>	<u>10,761</u>	<u>1,148,655</u>

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	2,098,721	1,828,137	1,148,655	1,155,132
Acquisition of assets	13,891	345,944	-	-
Disposals - net book value	-	(11,830)	-	-
Transferred from property, plant and equipment - net book value	-	9,740	-	-
Depreciation for the year	(30,297)	(32,080)	(6,477)	(6,477)
Decrease (increase) in allowance for impairment loss during the year	3,000	(25,000)	-	-
Translation adjustments	(13,219)	(16,190)	-	-
Net book value at end of year	<u>2,072,096</u>	<u>2,098,721</u>	<u>1,142,178</u>	<u>1,148,655</u>

The fair value of the investment properties as at 31 December 2018 and 2017 stated below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and land improvement awaiting development	3,647,297	3,587,912	2,183,353	2,183,353
Factory and office building for rent	1,500,909	1,432,906	29,964	29,964

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and land improvement awaiting development has been determined based on market prices, while that of the factory and office building for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.



The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

	For the years ended 31 December																	
	Textile segment				Plastic, rubber and metal segment		Trading segment		Energy segment		Hotel segment		Investment and others segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenues</b>																		
Revenue from external customers	875	905	5,523	5,470	2,178	2,558	1,770	1,234	584	500	27	23	-	-	10,957	10,690		
Inter-segment revenues	9	7	-	-	-	1	-	-	-	-	26	26	(35)	(34)	-	-		
<b>Total revenues</b>	884	912	5,523	5,470	2,178	2,559	1,770	1,234	584	500	53	49	(35)	(34)	10,957	10,690		
<b>Segment operating profit</b>	53	90	548	551	267	256	564	350	190	150	31	29	-	-	1,653	1,426		
Unallocated income and expenses:																		
Dividend income															210	315		
Rental income															43	50		
Interest income															66	61		
Other income															401	502		
Selling and distribution expenses															(286)	(296)		
Administrative expenses															(935)	(822)		
Share of profit from investments in joint ventures															457	314		
Share of profit from investments in associates															283	142		
Finance cost															(44)	(39)		
<b>Profit before income tax expenses</b>															1,848	1,653		

	Consolidated financial statements (continued)						(Unit: Thousand Baht)
	Land	Land improvement	Buildings, building improvements and facilities	Machinery and equipment	Power plants	Others	
<b>Accumulated depreciation</b>							
As at 1 January 2017	-	5,359	1,368,248	4,795,169	440,286	751,768	7,360,830
Depreciation for the year	-	1,235	185,094	337,133	58,616	143,166	725,244
Depreciation on disposals/write-off	-	-	(1,798)	(95,408)	(2,205)	(61,607)	(161,018)
Transferred from (transfers to) investment properties account	-	-	(2,735)	-	-	5	(2,730)
Translation adjustments	-	-	(9,006)	-	(11,795)	(2,178)	(22,979)
As at 31 December 2017	-	6,594	1,539,803	5,036,894	484,902	831,154	7,899,347
Depreciation for the year	-	1,194	193,522	348,140	119,442	159,866	822,164
Depreciation on disposals/write-off	-	-	(3,286)	(100,935)	(165,758)	(80,515)	(350,494)
Transfers	-	-	-	(3)	-	3	-
Translation adjustments	-	-	(9,516)	-	(28,352)	(1,409)	(39,277)
As at 31 December 2018	-	7,788	1,720,523	5,284,096	410,234	909,099	8,331,740

	Consolidated financial statements (continued)						(Unit: Thousand Baht)
	Land	Land improvement	Buildings, building improvements and facilities	Machinery and equipment	Power plants	Others	Total
<b>Allowance for impairment loss</b>							
As at 1 January 2017	-	-	-	1,072	-	4,924	5,996
Decrease from disposals	-	-	-	-	-	(1)	(1)
As at 31 December 2017	-	-	-	1,072	-	4,923	5,995
Increase during the year	-	-	-	-	-	8,423	8,423
As at 31 December 2018	-	-	-	1,072	-	13,346	14,418
<b>Net book value</b>							
As at 31 December 2017	1,896,985	13,494	1,871,742	1,284,193	1,513,758	483,091	7,063,263
As at 31 December 2018	1,896,985	12,783	1,775,753	1,155,567	1,608,777	329,207	6,779,072
<b>Depreciation for the year</b>							
2017 (Baht 665 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							725,244
2018 (Baht 763 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							822,164

	Separate financial statements				(Unit: Thousand Baht)
	Land	Buildings and facilities	Machinery and equipment	Others	Total
<b>Cost</b>					
As at 1 January 2017	18,550	142,218	84,584	295,752	541,104
Additions	-	-	-	2,715	2,715
Disposals/write-off	-	-	(86)	(4,218)	(4,304)
As at 31 December 2017	18,550	142,218	84,498	294,249	539,515
Additions	-	574	-	4,094	4,668
Disposals/write-off	-	(1,858)	-	(58)	(1,916)
Transfers	-	2,127	-	(2,127)	-
As at 31 December 2018	18,550	143,061	84,498	296,158	542,267
<b>Accumulated depreciation</b>					
As at 1 January 2017	-	130,784	84,118	263,060	477,962
Depreciation for the year	-	2,638	-	7,560	10,198
Depreciation on disposals/write-off	-	-	(86)	(4,217)	(4,303)
As at 31 December 2017	-	133,422	84,032	266,403	483,857
Depreciation for the year	-	2,529	-	6,619	9,148
Depreciation on disposals/write-off	-	(1,858)	-	(58)	(1,916)
As at 31 December 2018	-	134,093	84,032	272,964	491,089

(Unit: Thousand Baht)

	Separate financial statements (continued)				
	Land	Buildings and facilities	Machinery and equipment	Others	Total
<b>Allowance for impairment loss</b>					
As at 1 January 2017	-	-	464	4,923	5,387
Decrease from disposals	-	-	-	(1)	(1)
As at 31 December 2017	-	-	464	4,922	5,386
As at 31 December 2018	-	-	464	4,922	5,386
<b>Net book value</b>					
As at 31 December 2017	18,550	8,796	2	22,924	50,272
As at 31 December 2018	18,550	8,968	2	18,272	45,792
<b>Depreciation for the year</b>					
2017 (included in administrative expenses)					10,198
2018 (included in administrative expenses)					9,148

As at 31 December 2018, the subsidiary had equipment under finance lease agreements with net book values amounting to Baht 66 million (2017: Baht 97 million).

As at 31 December 2018, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 5,299 million (2017: Baht 5,268 million) and the Company only Baht 445 million (2017: Baht 443 million).

## 18. Goodwill

Goodwill of the Royal Hotel Co., Ltd. (a subsidiary) ("The Royal Hotel") from business acquisition amounting to Baht 522 million consisted of the business opportunity provided by the acquisition of a five star hotel (Hilton Hua Hin Resort and Spa Hotel) ready to operate immediately from the acquisition date, as well as various physical features are viewed as significant distinctive point of The Royal Hotel when compares with the business competitors in Hua Hin.

The recoverable amount of the CGUs have been determined based on value in use calculation using cash flow projections from financial budgets approved by the subsidiary's management covering a five-year period.

Key assumptions used in value in use calculation are summarised below:

	(Unit: percent per annum)
	The Royal Hotel
Growth rates	3%
Discount rates	9%

The subsidiary's management determined growth rates based on historical operation results and expected market growth and discount rates is the rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill.

**19. Other non-current assets**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Withholding tax	29,678	21,684	-	-
Leasehold - net of accumulated amortisation	63,268	69,826	-	-
Advance for purchase of fixed assets	17,620	13,256	-	-
Others	91,501	68,682	2,103	2,165
Total other non-current assets	202,067	173,448	2,103	2,165

The balances of other non-current assets in the consolidated financial statements above include account receivables, Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA"), amounting to Baht 39 million. There is uncertainty about the recoverable amount of this receivable because TCUA has filed for deregistration with the Ministry of Commerce and is in the process of liquidation. At present, it still not finalised the net asset value. For prudent reasons, the allowance for doubtful debts for this receivable is fully set aside.

**20. Short-term loans from financial institutions**

		(Unit: Thousand Baht)	
		Consolidated	
	Interest rate	financial statements	
	(percent per annum)	2018	2017
Short-term loans from local financial institutions	MLR minus discount rate as defined in contract	209,000	338,638
Short-term loans from financial institutions in China	Reference from interest rate of bank in China	188,274	112,272
Total short-term loans from financial institutions		397,274	450,910

## 21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties (Note 8)	38,917	30,825	33,884	24,864
Trade payables - unrelated parties	966,684	979,021	67,951	60,052
Other payables	130,919	142,300	1,706	635
Accrued expenses	315,570	331,014	18,120	19,730
Others	13,937	15,603	626	1,606
Total trade and other payables	<u>1,466,027</u>	<u>1,498,763</u>	<u>122,287</u>	<u>106,887</u>

## 22. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated	
Loan	Interest rate	Repayment schedule	financial statements	
			2018	2017
1. Loan from local bank	Based on MLR	Six-month installments from 2017 to 2021	222,000	311,000
2. Loan from local bank	Based on MLR	Annual installments from 2015 to 2018	-	40,000
3. Loan from local bank	Market rate minus discount rate as defined in contract	Six-month installments from 2019 to 2022	175,000	200,000
4. Loan from local bank in China	Reference from interest rate of bank in China	Six-month installments from 2019 to 2022	564,545	551,440
Total			<u>961,545</u>	<u>1,102,440</u>
Less: Current portion			<u>(212,391)</u>	<u>(154,000)</u>
Long-term loans, net of current portion			<u>749,154</u>	<u>948,440</u>

The loan agreements contain several covenants which, among other things, require the subsidiaries to maintain debt-to-equity ratio and negative pledges on certain assets that are essential for the subsidiaries' operations.

As at 31 December 2018, there is no long-term credit facilities of the subsidiaries which have not yet been drawn down (2017: Baht 60 million).



### 23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents the cash which will be paid to employees after they retire as at 31 December 2018 and 2017, were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Present value of defined benefit obligation	397,015	461,051	25,790	27,734
Fair value of plan assets	<u>(173,157)</u>	<u>(171,525)</u>	<u>(8,680)</u>	<u>(11,171)</u>
Net defined benefit liability	<u>223,858</u>	<u>289,526</u>	<u>17,110</u>	<u>16,563</u>

Changes in present value of defined benefit obligation and fair value of plan assets were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Defined benefit obligation at beginning of year</b>	461,051	440,450	27,734	30,897
Current service cost	23,611	38,009	1,060	973
Interest cost	8,139	11,128	483	548
Transferred from related companies	4,042	-	2,953	460
Actuarial (gain) loss arising from				
Demographic assumptions changes	(17,310)	-	(39)	-
Financial assumptions changes	13,758	-	828	-
Experience adjustments	(65,439)	-	(2,542)	-
Benefits paid during the year	<u>(30,837)</u>	<u>(28,536)</u>	<u>(4,687)</u>	<u>(5,144)</u>
<b>Defined benefit obligation at end of year</b>	<u>397,015</u>	<u>461,051</u>	<u>25,790</u>	<u>27,734</u>
 <b>Fair value of plan assets at beginning of year</b>	 171,525	 162,395	 11,171	 13,745
Change in fair value	(6,331)	(1,037)	(2,378)	(2,185)
Contribution by the Company and its subsidiaries	27,545	26,552	865	953
Benefits paid during the year	<u>(19,582)</u>	<u>(16,385)</u>	<u>(978)</u>	<u>(1,342)</u>
<b>Fair value of plan assets at end of year</b>	<u>173,157</u>	<u>171,525</u>	<u>8,680</u>	<u>11,171</u>

Plan assets comprise bank deposits, bonds, and equity and local debt instruments in active market.

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales	19,212	33,747	-	-
Selling and distribution and administrative expenses	12,538	15,391	1,543	1,521
<b>Total expenses recognised in profit or loss</b>	<u>31,750</u>	<u>49,138</u>	<u>1,543</u>	<u>1,521</u>

The Company and its subsidiaries expect to pay Baht 36 million (2017: Baht 36 million) of long-term employee benefits during the next year and the Company only amounting to Baht 1 million (2017: Baht 4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2017: 12 years) and the Company only is 11 years (2017: 12 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial		(Unit: percent per annum)	
			Separate financial	
	statements		statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.6	2.8	2.6	2.8
Future salary increase rate (depending on age of employees)	3.5 - 5.5	3.5 - 6.5	3.5 - 5.5	3.5 - 6.5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below.

	Consolidated		(Unit: Million Baht)	
			Separate	
	financial statement		financial statement	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(26)	29	(1)	2
Future salary increase rate (depending on age of employees)	32	(29)	2	(2)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 66 million (the Company only: Baht 4 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

**24. The Company's shares held by its subsidiaries**

This represents the acquisition cost of the 10,022,694 ordinary shares (3.34 percent of the total number of shares in issue) of the Company acquired and held by Saha-Union Holding Co., Ltd., Union Equity Co., Ltd. and Union Textile Industries Plc., subsidiaries.

**25. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

However, the Company's regulations require the Company to set aside to the statutory reserve at least 10 percent of its net profit after deducting accumulated deficit brought forward (if any), until such reserve reaches at least 25 percent of the registered capital.

## 26. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salary and wages and other employee benefits	1,953,693	1,890,856	59,123	62,498
Depreciation and amortisation expenses	860,132	771,631	15,625	16,675
Rental expenses from operating lease agreements	24,881	32,526	-	5
Transportation expenses	32,663	32,476	3,067	2,806
Raw materials and consumables used	2,883,763	2,874,803	-	-
Purchase of finished goods and raw materials for sales	2,955,280	2,968,514	1,209,590	1,228,021
Changes in inventories of finished goods and work in process	(134,755)	254,712	(6,517)	(8,773)
Losses on impairment of investments (reversal)	-	1,669	(17,101)	40,796
Losses on impairment of investment properties (reversal)	(3,000)	25,000	-	-
Losses (gains) on disposals/write-off property, plant and equipment	38,087	(1,913)	(82)	(400)
Expenses of withholding tax write-off	15,290	22,004	15,290	22,004

## 27. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	190,640	157,444	-	5,532
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	8,724	1,427	115	(401)
<b>Income tax expenses reported in the income statements</b>	<u>199,364</u>	<u>158,871</u>	<u>115</u>	<u>5,131</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on actuarial gain	(14,041)	-	(351)	-
Deferred tax on gains (losses) from the change in value of available-for-sale investments	12,782	(101,329)	3,316	(98,068)
Total	<u>(1,259)</u>	<u>(101,329)</u>	<u>2,965</u>	<u>(98,068)</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>1,848,294</u>	<u>1,653,209</u>	<u>820,490</u>	<u>908,912</u>

The separation of accounting profit (loss) before tax of the Company and its subsidiaries to each applicable tax rate are as the following:

Exemption from corporate income tax	-	(72)	-	-
Applicable tax rate 8.25 percent	7,983	-	-	-
Applicable tax rate 10.00 percent	856	260	-	-
Applicable tax rate 16.50 percent	148,301	246,490	-	-
Applicable tax rate 20.00 percent	1,170,512	1,020,174	820,490	908,912
Applicable tax rate 25.00 percent	<u>520,642</u>	<u>386,357</u>	<u>-</u>	<u>-</u>
Accounting profit before tax multiplied by income tax rate	389,477	341,321	164,098	181,782
Effects of:				
Tax exempt dividend revenue	(38,069)	(57,680)	(165,865)	(181,923)
Share of profit from investments in joint ventures	(91,373)	(62,721)	-	-
Share of profit from investments in associates	(56,559)	(28,373)	-	-
Additional expense deductions allowed	(38,174)	(38,855)	(2,375)	(4,423)
Non-deductible expenses	20,856	25,436	4,240	4,745
Losses on impairment of assets (reversal)	3	5,344	(3,420)	8,159
Gains (losses) on disposals of investments under equity method	(509)	135	-	-
Unrecognised deferred tax on deductible temporary differences and unused tax losses	23,888	(9,802)	3,290	-
Others	(10,176)	(15,934)	147	(3,209)
Total	<u>(190,113)</u>	<u>(182,450)</u>	<u>(163,983)</u>	<u>(176,651)</u>
<b>Income tax expenses reported in the income statements</b>	<u>199,364</u>	<u>158,871</u>	<u>115</u>	<u>5,131</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated statements of financial position		(Unit: Thousand Baht) Separate statements of financial position	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	12,615	11,231	-	-
Accumulated depreciation - Plant and equipment	10,435	8,488	-	-
Provision for long-term employee benefits	39,144	57,635	2,450	2,915
Unused tax loss	2,379	4,205	-	-
Deferred income	5,026	9,996	-	-
Others	1,786	1,967	-	-
Total	<u>71,385</u>	<u>93,522</u>	<u>2,450</u>	<u>2,915</u>
<b>Deferred tax liabilities</b>				
Gain on re-measuring available-for-sale investments	181,102	185,387	164,942	168,257
Others	961	576	-	-
Total	<u>182,063</u>	<u>185,963</u>	<u>164,942</u>	<u>168,257</u>

As at 31 December 2018, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 247 million (2017: Baht 136 million) and the Company only amounting to Baht 16 million (2017: Nil) no deferred tax assets have been recognised on these amount as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses and the unused tax losses will expire within 2023.

## 28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outside shareholders in issue during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to equity holders of the Company (Baht)	1,481,784,689	1,344,125,248	820,374,910	903,780,977
Weighted average number of ordinary shares (shares)	289,977,306	289,977,306	300,000,000	300,000,000
Basic earnings per share (Baht/share)	5.11	4.64	2.73	3.01

## 29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have six reportable segments as follows:

- Textile segment, which is the contract manufacture and distribution of textile products and garments
- Plastic, rubber and metal segment, which is the manufacture and distribution of rubber, elastic products, finished elastic products, plastic products, vacuum bottles and stainless steel kitchenware
- Trading segment, which is the operation of a computer and equipment dealership
- Energy segment, which is power generation
- Hotel segment, which is the operation of hotel
- Investment and others segment, which is principally the operation of an investment business

No other operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company and its subsidiaries' central administrative activities, financing activities (including finance costs and finance income) and income taxes are managed on a group basis. Therefore these income and expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

(Unit: Million Baht)

[illegible]



Below is the segment assets of the Company and its subsidiaries' operating segment as at 31 December 2018 and 2017.

	As at 31 December										(Unit: Million Baht)					
	Textile segment				Plastic, rubber and metal segment				Elimination of inter-segment revenues				Consolidated financial statements			
	2018	2017	2018	2017	Trading segment		Energy segment		Hotel segment		Investment and others segment		2018	2017	2018	2017
Current investments	-	-	70	195	-	-	-	-	-	-	-	859	-	-	1,485	1,054
Trade and other receivables	203	190	677	643	631	828	263	238	17	21	297	250	(149)	(119)	1,939	2,051
Inventories	189	182	642	685	246	104	7	7	2	3	40	33	-	-	1,126	1,014
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	6,046	5,797	(6,046)	(5,797)	-	-
Investments in joint ventures	-	-	98	93	-	-	-	-	-	-	1,536	1,312	-	-	1,634	1,405
Investments in associates	396	321	12	11	-	-	-	-	-	-	3,201	3,131	-	-	3,609	3,463
Other long-term investments	2	2	-	-	-	-	-	-	-	-	2,777	2,384	-	-	2,779	2,386
Investment properties	41	41	4	4	-	-	-	-	-	-	2,027	2,054	-	-	2,072	2,099
Property, plant and equipment	154	169	1,810	1,948	76	119	1,609	1,514	2,606	2,733	524	580	-	-	6,779	7,063
Unallocated assets	188	168	478	400	278	200	463	253	696	556	2,835	3,790	(469)	(361)	4,469	5,006
Total assets	1,173	1,073	3,791	3,979	1,231	1,251	2,342	2,012	3,321	3,313	20,698	20,190	(6,664)	(6,277)	25,892	25,541

Transfer prices between business segments are set out in Note 8 to the financial statements.

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	4,225	4,602
Asia	5,941	5,234
Europe	595	628
America	159	192
Others	37	34
Total	<u>10,957</u>	<u>10,690</u>

Major customer

For the year 2018, a subsidiary has revenue from one major customer in amount of Baht 3,475 million, arising from sales by the plastic, rubber and metal segment (2017: Baht 3,275 million derived from one major customer, arising from sales by the plastic, rubber and metal segment).

**30. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 3 percent of basic salary while the employees contribute to the fund monthly at the rate of 3 - 15 percent of basic salary (2017: the Company contributes to the fund monthly at the rate of 3 percent of basic salary while the employees contribute to the fund monthly at the rate of 3 - 15 percent of basic salary). The fund, which is managed by BBL Asset Management Company Limited, will be paid to employee upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to Baht 1 million (2017: Baht 1 million).

**31. Dividends**

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2016	Annual General Meeting of the shareholders on 20 April 2017	600,000,000	2.00
Total for 2017		600,000,000	2.00
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	600,000,000	2.00
Total for 2018		600,000,000	2.00

**32. Commitments and contingent liabilities****32.1 Capital commitments**

As at 31 December 2018, the Company and its subsidiaries had capital commitments of Baht 36 million (2017: Baht 56 million) and the Company only amounting to Baht 1 million (2017: Baht 2 million), relating to the purchases of machinery and equipment, factory buildings, office buildings and computer software.

**32.2 Operating lease commitments**

The subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, motor vehicles and machinery and equipment and other services. The terms of the agreements are generally between 1 and 20 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)		
Consolidated financial statements		
As at 31 December		
	2018	2017
Payable:		
In up to 1 year	32	34
In over 1 and up to 5 years	20	22
In over 5 years	6	7

### 32.3 Long-term service agreements

The Royal Hotel Co., Ltd. (subsidiary) entered into a management agreement with a non-related company in respect of managing its hotel business, The Hilton Hua Hin Resort and Spa Hotel. The subsidiary has to pay the related management fee at the rate stated in the agreement. The agreement has a term of 20 years, and as at 31 December 2018 still has approximately 2 years left to run.

### 32.4 Commitment to purchase raw materials

32.4.1 As at 31 December 2018, the Company had commitments to purchase raw materials with overseas companies amounting to 2,720 Metric tons (2017: 1,200 Metric tons) with reference to contract prices. Deliveries of raw materials will occur within May 2019.

32.4.2 As at 31 December 2018, a subsidiary had commitments to purchase raw materials with overseas companies amounting to 195 Metric tons (2017: 214 Metric tons) with reference to contract prices. Deliveries of raw materials will occur during March 2019.

### 32.5 Guarantees

32.5.1 As at 31 December 2018, there were outstanding bank guarantees amounting to Baht 147 million (2017: Baht 160 million) issued by banks on behalf of the Company and its subsidiaries and the Company only amounting to Baht 1 million (2017: Baht 2 million) in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 126 million (2017: Baht 134 million) to guarantee contractual performance, Baht 16 million (2017: Baht 16 million) to guarantee electricity use and Baht 5 million (2017: Baht 10 million) to guarantee others.

32.5.2 The Company has pledged all of its share certificates of Ratchaburi Power Co., Ltd. with a project loan lender as collateral for the loan to Ratchaburi Power Co., Ltd., proportionate to its shareholders in such company.

### 33. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated financial statement				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Held for trade investments	1,053	-	-	1,053
Equity instruments				
Available-for-sale investments	2,018	-	-	2,018
Equity instruments				
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	5,148	5,148

(Unit: Million Baht)				
Consolidated financial statement				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Held for trade investments	771	-	-	771
Equity instruments				
Available-for-sale investments	1,626	-	-	1,626
Equity instruments				
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	5,021	5,021

(Unit: Million Baht)

	Separate financial statement			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments	1,377	-	-	1,377
Equity instruments				
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	2,213	2,213

(Unit: Million Baht)

	Separate financial statement			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments	1,388	-	-	1,388
Equity instruments				
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	2,213	2,213

### 34. Financial instruments

#### 34.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, short-term loans to related parties, restricted investments, bank overdrafts and short-term loans from financial institutions, trust receipts, trade and other payables, deposits from related parties, liabilities under finance lease agreements and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans to related parties and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loan to related parties as stated in the statement of financial position.

***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans to related parties, bank overdrafts, short-term borrowings, trust receipts, deposits from related parties, liabilities under financial lease agreements and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date).

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2018					
	Fixed interest rates				
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total
<b>Financial assets</b>					
Cash and cash equivalents	949	-	2,295	2	3,246
Current investments	-	-	1,485	-	1,485
Trade and other receivables	-	-	-	1,939	1,939
Short-term loans to related parties	1	-	-	-	1
Restricted investments	-	35	-	-	35
Long-term loans to related party	-	188	-	-	188
	950	223	3,780	1,941	6,894
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	-	397	-	397
Trade and other payables	-	-	-	1,466	1,466
Liabilities under finance lease agreements	41	35	-	-	76
Long-term loans	50	125	787	-	962
	91	160	1,184	1,466	2,901

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2017					
	Fixed interest rates				
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total
<b>Financial assets</b>					
Cash and cash equivalents	837	-	3,118	1	3,956
Current investments	-	-	1,053	-	1,053
Trade and other receivables	-	-	-	2,051	2,051
Short-term loans to related parties	-	-	126	-	126
Restricted investments	-	33	-	-	33
	837	33	4,297	2,052	7,219
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	-	451	-	451
Trade and other payables	-	-	-	1,499	1,499
Deposits from related parties	-	-	11	-	11
Liabilities under finance lease agreements	54	53	-	-	107
Long-term loans	25	175	902	-	1,102
	79	228	1,364	1,499	3,170



(Unit: Million Baht)

Separate financial statements			
As at 31 December 2018			
	Floating interest rate	Non-interest bearing	Total
<b>Financial assets</b>			
Cash and cash equivalents	828	-	828
Trade and other receivables	-	188	188
Short-term loans to related party	276	-	276
Restricted investments	1	-	1
	1,105	188	1,293
<b>Financial liabilities</b>			
Trade and other payables	-	122	122
Deposits from related parties	315	-	315
	315	122	437

(Unit: Million Baht)

Separate financial statements			
As at 31 December 2017			
	Floating interest rate	Non-interest bearing	Total
<b>Financial assets</b>			
Cash and cash equivalents	1,467	-	1,467
Trade and other receivables	-	137	137
Short-term loans to related party	156	-	156
	1,623	137	1,760
<b>Financial liabilities</b>			
Trade and other payables	-	107	107
Deposits from related parties	684	-	684
	684	107	791

### Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	35	32	5	3	32.4498	32.6809
Japanese yen	7	4	9	91	0.2931	0.2898
Euro	2	2	-	-	37.1252	39.0273

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2018					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	2	16	32.2545 - 32.7900	31.8138 - 33.4000	January 2019 - December 2019
Euro	-	2	-	37.4500 - 39.5500	January 2019 - December 2019

As at 31 December 2017					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	1	29	32.6150 - 32.8400	32.2682 - 35.3123	February 2018 - December 2018
Euro	-	3	-	38.8000 - 39.9500	February 2018 - December 2018
Japanese yen	-	5	-	0.2868	June 2018

**34.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

**35. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.16:1 (2017: 0.18:1) and the Company's was 0.04:1 (2017: 0.06:1).

**36. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised director on 27 February 2019.

# Principles of Corporate Governance

1. Corporate Governance Policy
2. Subcommittee
3. Nomination and Appointment of Directors and Top Executives
4. Supervision of Subsidiaries, Joint Ventures and Associated Companies
5. Insiders Information Control
6. Auditor's Remuneration
7. Application of Corporate Governance Code for Listed Companies 2017
  - 7.1 Role and Responsibilities of the Board of Directors
  - 7.2 Define Objectives and Goals that Promote Sustainable Value Creation
  - 7.3 Strengthen Board Effectiveness
  - 7.4 Ensure Effective Executive and People Management
  - 7.5 Nurture Innovation and Responsible Business
  - 7.6 The Board of Directors' Effectively Strengthen the Risk Management and Internal Control
  - 7.7 Ensure Disclosure and Financial Integrity
  - 7.8 Ensure Engagement and Communication with Shareholders
  - 7.9 Board of Directors' Responsibility for the Financial Report
8. Other Corporate Governance Principles
  - 8.1 Rights of Shareholders (page 89-92)
    - To encourage Shareholders to exercise their rights in attending and casting their votes by facilitating on the matters concerned;
    - The Company shall neither limit nor violate the rights of Shareholders;
    - To provide opportunities for its Shareholders to send questions in advance before the meeting;
    - An invitation letter to the Shareholders' Meeting and related documents would be sent to the Shareholders in advance at least 14 days;
    - The financial statements, summary of Company's performance, the latest annual report would be sent to the Shareholders;
    - Shareholders have the rights to determine the remunerations of the Company's Board of Directors in the Annual General Meeting (AGM);
    - The Company shall allow Shareholders to ask questions or express opinions in the Shareholders' Meeting;
    - Minutes of Shareholders' Meeting shall clearly record and disclose information through the Company's website;
    - No adding other agendas prior to notify the Shareholders in advance;
    - Free-float ratios;

**8.2 Equal Treatment to Shareholders (page 92-93)**

- Matters of Shareholders' Meeting attendance by proxies;
- Voting rights;
- Sending of data and documents to shareholders prior to the meeting date, with details shown in the Company's website;
- Every Shareholders could propose the meeting agendas in advance for 4 months before the meeting date;
- To announce how to cast a vote, use a ballot paper and counting votes;
- Internal data usage;
- Related transactions, reasons and necessities thereof;

**8.3 Consideration of Roles of Stakeholders (page 94-95)**

- The rights of Shareholders beyond the basic legal rights;
- Policy on against violation of human rights;
- Policy on benefit of employees and develop skills and competency;
- Policy on treatment to customers;
- Policy on treatment to competitors;
- Policy on treatment to business partners;
- Policy on treatment to creditors;
- Policy on the intellectual property;
- Policy on the corruption and bribery;
- Policy on the environmental protection and strictly complying with the legal requirements;
- Responsibilities for the community and the society;

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## General Information

### Saha-Union Public Company Limited and Its Subsidiaries

#### Saha-Union Public Co., Ltd.

Company Registration No. 0107537000971 (Formerly Public Limited Company No. 344)

Head Office : 1828 Sukhumvit Road, Phra Khanong Tai, Phra Khanong, Bangkok 10260, Thailand

Tel : (66-2) 311-5111-9, 332-5600

Fax : (66-2) 331-5668

[www.sahaunion.com](http://www.sahaunion.com)

The company is principally engaged in investment in textiles, plastic, rubber, metal, computer, hotel, hospital, energy and other business in the People's Republic of China, provide the financial services to the group companies, distribution of raw materials and product manufactured by the group companies, and the rental of property and real estate.

The company had a fully paid-up registered capital of Baht 3,000 million, divided into 300 million ordinary shares of Baht 10 each.

For more information, please visit the Securities and Exchange Commission's website at [www.sec.or.th](http://www.sec.or.th) or the Company's website at [www.sahaunion.co.th](http://www.sahaunion.co.th)

#### Other References

##### Securities Registrar

Thailand Securities Depository Co., Ltd.

The Securities Exchange of Thailand Building

93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand

Tel : (66-2) 009 9000

Fax : (66-2) 009 9991

SET Contact center: 0-2009-9999

Website: <http://www.set.or.th/tsd>

E-mail: [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th)

#### Auditors

Mr. Khitsada Lertwana, who was a Certified Public Accountant approved from the Securities and Exchange Commission.

EY Office Limited

33<sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

Tel : (66-2) 264-0777

Fax : (66-2) 264-0789

## Juristic Persons Of Which The Company's Shareholding Exceed 10%

For each juristic person's quantity and type of issued shares, please see "Direct Investment Information of the Company", page 22-23.

### Textile Business

- **Zhejiang Saha-Union Feilun Thread Industries Co., Ltd.**  
No. 7, Hengshan Road, Jiashan County, Economic Development Zone, Zhejiang Province, China
- **Union Textile Industries Public Company Limited**  
205 Moo 4 Sukhumvit Road Km. 39.5, Bangpoo Mai, Samut Prakan Province 10280  
Tel : (66-2) 323-1085-7  
Fax : (66-2) 710-8808
- **Union Garment Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai, Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668  
  
**Branch (1) : 205 Moo 4 Sukhumvit Road Km.39.5, Bangpoo Mai, Samut Prakan Province 10280**  
Tel : (66-2) 323-9285-6  
Fax: (66-2) 323-9181
- **Union Universe Co., Ltd.**  
52/1, 52/4, Soi Chao Chet Shrine, Chareonkrung Road, Si Phraya, Bang Rak, Bangkok 10500  
Tel : (66-2) 266-2976-80  
Fax: (66-2) 237-6468
- **Union Micronclean Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai, Phra Khanong, Bangkok 10260  
  
**Branch (1) : 205 Moo 4 Sukhumvit Road, Bangpoo Mai, Samut Prakan Province 10280**  
Tel : (66-2) 710-7693, 323-0565  
Fax: (66-2) 710-7793
- **Union Spinning Mills Co., Ltd.**  
142 Lat Phrao 80 Alley (Chantima), Lat Phrao Road, Wang Thonglang, Bangkok 10310  
Tel : (66-2) 514-7555  
Fax : (66-2) 538-4247

### Plastic, Rubber and Metal Business

- **Union Pioneer Public Company Limited**  
No. 1, Serithai 62 Alley, Min Buri, Bangkok 10510  
Tel : (66-2) 517-0105-8, 517-9052-5, 517-8217-21  
Fax: (66-2) 517-9056, 517-0345, 517-1016  
  
**Branch (1) : 70/2 Moo 1, Santeung, Khao Saming, Trat Province 23150**  
  
**Branch (2) : 99 Moo 5 Bangna-Trat Km. 38, Bang Samak, Bang Pakong, Chachoengsao Province 24180**
- **Union Plastic Public Company Limited**  
11/1 Serithai 62 Alley, Min Buri, Bangkok 10510  
Tel : (66-2) 517-0109-14  
Fax: (66-2) 517-0529
- **Union Zojirushi Co., Ltd.**  
11/3 Serithai 62 Alley, Min Buri, Bangkok 10510  
Tel : (66-2) 919-8893-5  
Fax: (66-2) 517-1863  
  
**Branch (1) : 99 Moo 5 Bangna-Trat Km. 38, Bang Samak, Bang Pakong, Chachoengsao Province 24180**
- **Union Stainless Steel Products Co., Ltd.**  
11/2 Serithai 62 Alley, Min Buri, Bangkok 10510  
Tel : (66-2) 919-8996-8  
Fax: (66-2) 517-8167
- **Union Rubber Products Corp., Ltd.**  
99 Moo 5 Bangna-Trat Road Km.38, Bang Samak, Bang Pakong, Chachoengsao Province 24180  
Tel : (66-89) 500-3516, 500-3546, (66-39) 510-463  
Fax: (66-39) 696-420  
  
**Branch (1) : 70/1 Moo 1, Santeung, Khao Saming, Trat Province**
- **Thai Rubber Enterprise Co., Ltd.**  
99 Moo 5 Bangna-Trat Road Km.38, Bang Samak, Bang Pakong, Chachoengsao Province 24180  
Tel : (66-89) 500-3516, 500-3546, (66-39) 510-463  
Fax: (66-39) 696-420

**Branch (1) :** 12 Moo 2, Thabsai, Pong Nam Ron,  
Chantaburi Province

Tel : (66-39) 447-300

**Branch (2) :** 70/2 Moo 1, Santeung, Khao Saming,  
Trat Province

Tel : (66-39) 696-423

- **Union Nifco Co., Ltd.**  
99/11 Moo 5 Bangna-Trat Road, Bang Samak,  
Bang Pakong, Chachoengsao Province 24180  
Tel : (66-38) 842-130-5  
Fax: (66-38) 842-129
- **Union Thai-Nichiban Co., Ltd.**  
12 Serithai 62 Alley, Min Buri, Bangkok 10510  
Tel : (66-2) 517-0100-3  
Fax: (66-2) 517-0104

## Trading Business

- **Computer Union Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9, 311-6881-2  
Fax: (66-2) 311-6889 (Server)  
(66-2) 311-6869 (Purchasing)
- Branch (1) :** 142/1-2 Lat Phrao 80 Alley (Chantima),  
Lat Phrao Road, Wang Thonglang, Bangkok 10310  
Tel : (66-2) 530-0505  
Fax: (66-2) 530-2940 (Customer Service)  
(66-2) 530-1955 (Warehouse)  
(66-2) 530-2388 (Installation Department)

## Energy Business

- **Zhejiang Jiashan-Union Cogeneration Co., Ltd.**  
No. 8, Hengshan Road, Jiashan County, Economic  
Development Area, Zhejiang Province, China
- **Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd.**  
No. 7, Wei Jiu Road, Shangyu Economic and Technological  
Development Zone, Hangzhou Bay, Zhejiang Province,  
China
- **Yunnan Energy Luliang-Union Cogeneration Co., Ltd.**  
Bamochong, Xiaobaihu Village, Cheng Xi Hua Si, Luliang  
County, Yunnan Province, China
- **Ratchaburi Power Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 332-3882
- Site :** 245 Moo 6 Baan Rai Sub-district,  
Damnoen Saduak District, Ratchaburi Province 70130  
Tel : (66-32) 719-300 # 1000  
Fax: (66-32) 719-300 #1090

## Hotel Business

- **The Royal Hotel Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- Branch (1) :** No. 33, Naresdamri Road, Hua Hin,  
Prachuap Khiri Khan Province 77110
- Branch (2) :** No. 142, Lat Phrao 80 Alley (Chantima),  
Lat Phrao Road, Wang Thonglang, Bangkok 10310

## Hospital Business

- **Sukhumvit 62 Medical Ltd.**  
88 Sukhumvit 62 Alley, Yak 3, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-0823
- **KPN Healthcare Public Company Limited**  
719 KPN Tower, Rama 9 Road, Bang Kapi,  
Huai Khwang, Bangkok 10310

## Investment Business and Others

- **Saha-Union International Ltd.**  
12<sup>th</sup> Floor, Bangkok Bank Building,  
No. 28 Des Voeux Road, Central, Hong Kong  
Tel : (852) 2521-2260  
Fax: (852) 2521-0021
- **Saha-Union Investment (China) Co., Ltd.**  
#31A-C, No. 18 Cao Xi Road (North),  
Shanghai 200030, China  
Tel : (86-21) 5459-0378, 5459-0678, 5459-0526  
Fax: (86-21) 6427-9117
- **Taixing Union Zond Chemicals Co., Ltd.**  
No. 18, Zhanan Road, Taixing Economic Development  
Area, Jiangsu Province, China
- **Jiangsu Zhonglian-Union Carpet Co., Ltd.**  
No. 81, East Luoyang Road, Taicang City,  
Jiangsu Province, China
- **Saha-Union International (Taipei) Ltd.**  
15<sup>th</sup> Floor, Bangkok Bank Building,  
No. 121 Sung Chiang Road, Taipei 10429, Taiwan  
Tel : (88-62) 2506-7264-5  
Fax: (88-62) 2506-9712
- **Saha-Union Holding Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Venus Shoes Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
  
**Branch (1) : 99 Moo 5 Bangna-Trat Road (Km. 38),**  
Bang Samak, Bang Pakong,  
Chachoengsao Province 24180  
Tel : (66-38) 842-108  
Fax: (66-38) 842-109
- **Union Printing Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Union Equity Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Union Shoes Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
  
**Branch (1) : 99/5 Moo 5 Bangna-Trat Road (Km. 38),**  
Bang Samak, Bang Pakong,  
Chachoengsao Province 24180  
Tel : (66-2) 311-5111-9  
Fax : (66-2) 331-5668
- **Union Construction Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Saha-Union Property Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668

- **Saha-Union Wealth Plus Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Union Nakorn Co., Ltd.**  
899 I-biz Village, Pattanakarn Khu Kwang Road,  
Tambol Nai Muang, Amphur Muang Nakhon Si  
Thammarat, Nakhon Si Thammarat Province, 80000  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Uni-Fibre Co., Ltd.**  
1828 Sukhumvit Road, Phra Khanong Tai,  
Phra Khanong, Bangkok 10260  
Tel : (66-2) 311-5111-9  
Fax: (66-2) 331-5668
- **Uni-Agro Co., Ltd.**  
142 Lat Phrao 80 Alley (Chantima), Lat Phrao Road,  
Wang Thonglang, Bangkok 10310  
Tel : (66-2) 514-7555, 530-0511-24  
Fax: (66-2) 538-3292
- **Union Thread Industries Co., Ltd.**  
142 Lat Phrao 80 Alley (Chantima), Lat Phrao Road,  
Wang Thonglang, Bangkok 10310  
Tel : (66-2) 514-7555, 530-0511-24  
Fax: (66-2) 539-6153
- **Union Industries Corp., Ltd.**  
142 Lat Phrao 80 Alley (Chantima), Lat Phrao Road,  
Wang Thonglang, Bangkok 10310  
Tel : (66-2) 514-7555, 530-0511-24  
Fax: (66-2) 538-3292
- **Union Sime Darby (Thailand) Co., Ltd**  
62 The Millennia Tower, 17<sup>th</sup> Floor,  
Unit 1704-5, Langsuan, Road, Lumpini,  
Pathum Wan, Bangkok 10330  
Tel : (66-2) 254-8091  
Fax : (66-2) 254-8098
- **Union Button Corporation Co., Ltd.**  
142 Lat Phrao 80 Alley (Chantima), Lat Phrao Road,  
Wang Thonglang, Bangkok 10310  
Tel : (66-2) 530-7040-54  
Fax: (66-2) 539-6124  
**Branch (1) :** No. 99/10 Moo 5, Bangna-Trat (Km. 38),  
Bang Samak, Bang Pakong,  
Chachoengsao Province 24180  
**Branch (2) :** No. 253/43 Lat Phrao 80 Alley,  
Wang Thonglang, Bangkok 10310
- **Processing Center Co., Ltd.**  
319, Chamchuri Square, Floor 25, Unit 9-12,  
Phayathai Road, Pathum Wan, Bangkok 10330  
Tel : (66-2) 029-0290  
Fax: (66-2) 029-0291  
**Branch (1) :** CAT Telecom, Room No. 419,  
4<sup>th</sup> Floor, No. 72, Charoen Krung Road,  
Bang Rak, Bangkok 10500

## Office Locations

### Domestic

#### Head Office

1828 Sukhumvit Road, Phra Khanong Tai, Phra Khanong, Bangkok 10260

Tel : (66-2) 311-5111-9, 332-5600

Fax : (66-2) 331-5668

### Overseas

#### HONG KONG

##### Saha-Union International Ltd.

12<sup>th</sup> Floor, Bangkok Bank Building, No. 28 Des Voeux Road, Central, Hong Kong

Tel : (852) 2521-2260

Fax : (852) 2521-0021

#### TAIWAN

##### Saha-Union International (Taipei) Ltd.

15<sup>th</sup> Floor, Bangkok Bank Building, No.121 Sung Chiang Road, Taipei 10429, Taiwan

Tel : (88-62) 2506-7264-5

Fax : (88-62) 2506-9712

#### SHANGHAI

##### Saha-Union Investment (China) Co., Ltd.

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Tel : (86-21) 5459-0378, 5459-0678, 5459-0526

Fax : (86-21) 6427-9117



**บริษัท สหยูเนียน จำกัด (มหาชน)**  
**SAHA-UNION PUBLIC CO.,LTD.**

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# **INTEGRITY QUALITY SERVICE**







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