

รายงานประจำปี *Annual Report*

2561 • 2018



บริษัท ยูเนียนไพโอเนียร์ จำกัด (มหาชน)
Union Pioneer Public Company Limited.



Objective

The company runs the business on morality with the good corporate governance and good conducting. We are pursuit to be “the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing” for targeting on world class quality, and be accepted among worldwide market. We also emphasized on the benefit of the Company’s stake-holders for well growth.

Strategies

The company has been improving internal system to achieve efficiency so as to respond to the changing market environment and economy of speed. About the quality of product, we emphasized on time delivery and great service for the customer

Vision

“ To be the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing in which very well accepted in world market about quality ”



(Mission)

1. Make business growth of continued circulation
2. Manufacture in quality product; safe for consumer, and on time delivery.
3. Make strength point on research and developing in product.
4. Develop in human resource
5. Strive in internal management for efficiency
6. Make continuous customer impression and customer satisfaction
7. Responsible for shareholders, employees, partners, society and environment

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Major Financial Ratio and Summary Information for 5 Years

Unit: Thousand Baht

Statement of comprehensive income

	2018	2017	2016	2015	2014
Sales	560,272	596,497	591,397	578,892	604,075
Other Income	14,890	18,320	19,740	20,506	21,637
Total Revenues	575,162	614,817	611,137	599,398	625,712
Total Costs and Expenses	554,342	579,706	545,202	553,177	596,647
Interest Expenses	-	-	-	-	-
Corporate Income Tax	2,705	5,089	12,622	9,364	3,922
Profit for the Year	18,115	30,022	53,312	36,858	25,143
Actuarial Gain (loss)- net of income tax	4,278	-	-	(602)	-
Total comprehensive income for the year	22,393	30,022	53,312	36,256	25,143
Earnings per share (Baht)	2.42	4.00	7.11	4.91	3.35
Dividends per share (Baht)	2.41	4.00	7.10	4.90	3.35

Statement of financial position

Current Assets	373,412	383,696	402,175	379,336	376,437
Property, plant and equipment-net	76,199	82,512	89,134	89,460	96,627
Total Non-Current Assets	15,206	13,948	16,831	16,451	16,955
Total Assets	464,817	480,156	508,140	485,247	490,019
Total Liabilities	99,207	106,939	111,696	105,365	121,268
Registered, Issued and fully paid	75,000	75,000	75,000	75,000	75,000
Share premium	75,000	75,000	75,000	75,000	75,000
Retained Earnings: Allocated and Unallocated	259,985	267,592	290,819	274,257	263,126
Total Shareholders' Equity	365,610	373,217	396,444	379,882	368,751
Total Liabilities and Shareholders' equity	464,817	480,156	508,140	485,247	490,019

Major Financial Ratio

Dividends per Net Profit (%)	99.78	99.92	99.88	99.71	99.93
Book Value per share (Baht)	48.75	49.76	52.86	50.65	49.17
Earnings Ratio (%)	3.15	4.88	8.72	6.15	4.02
Returns on Equity (%)	4.90	7.80	13.73	9.85	6.86
Returns on Assets (%)	3.83	6.08	10.73	7.56	5.12



Report of the Board of Directors

In the past year, the global economic slow-down has restrained purchasing power, and caused a reduction in some extents to the export volume. The domestic sale volume has also decreased but not much. The company yet reaffirms to increase the sale volume to the prime customers, and expand the market to the new customers both domestic and abroad to compensate for the retracted export volume. The company will place greater emphasis on proactive working style by extending cooperation with customers in conducting the products' research and development so as to meet the customers' requirements, and build up the distinctive point to the products on medical equipments by adopting ISO 13485:2016 measures. The company is awarded with the certificate on quality management system for producers of medical equipments and supplies (QUALITY MANAGEMENT SYSTEM-ISO 13485:2016) last October 2018.

In 2018, the Company earned total revenue of 575.16 million Baht, decreasing 39.66 million Baht from 2017, or 6.45 percent. The revenue from foreign sale was 305.18 million Baht, decreasing 34.69 million Baht from 2017, or 10.21 percent. The revenue from domestic sale was 255.09 million Baht, decreasing 1.54 million Baht from 2017 or 0.60 percent. The Company had a net profit of 18.11 million Baht, decreasing 11.91 million Baht from 2017 or 39.67 percent. A net profit per share was 2.42 Baht.

In 2019, it is forecasted that the fluctuation over environment factors in running a business as well as the economic slow-down, and the issues of household debts will be affecting factors to domestic market. The government's economic stimulation measures will yield results to only some parts of business industry.

Through out 45 years, the Company has continued to strictly uphold a cost effective management policy, improve the quality of products, and develop new products to satisfy the customers' need. The Company attaches its importance to a sincere service, and never takes advantage of customers. The products' prices are reasonable and products' delivery is always on time.

The Company realizes the importance of the promotion of the business ethics, and the application of the corporate good governance to the company's organization management in order to build up progress and sustainability of the business. The Company has joined the Chamber of Commerce of Thailand's project on best business ethics, and is awarded the certificate of honour in best business ethics 2018 "Thai business is smart with ethics" from the Chamber of Commerce of Thailand on 19 October 2018.

The Company Board is grateful to all contributors to the Company's achievement; shareholders, and the partners, who have always kindly supported the business operation of the Company. The Company wishes to thank the management and employees, who have devoted to work fully to their competencies, and make the company progress up until now.

Most importantly, the Company wishes to thank all the Company's customers, who have continuously laid trust in the Company's products and services. The Company wishes to assure that the Company will operate the business with corruption-free, transparency, prudence, accountability, and adhere to the corporate good governance principles to generate the sustainable growth to the Company, and the good yields to the shareholders.

(Miss Dalad Sapthavichaikul)

Chairman

Union Pioneer Public Company Limited



Policies and Overall Business Operation

Union Pioneer Public Company Limited is located at No.1, Soi Serithai 62, Khwaeng Minburi, Khet Minburi, Bangkok. The company was registered as a limited company with registered capital of 5 million baht on October 8th, 1973. The company was registered in the Stock Exchange of Thailand on April 21st, 1978 and was registered as a legal entity according to the Public Company Act. Por Sor. 2537, on March 30th, 1994.

There were many times that the company has increased in capital since the company was listed. Until now, the Company has registered capital that are sold and paid for 75 million baht, all of which are ordinary shares for 7.5 million shares at value 10 baht per share. Our Company's products, which are made of natural rubber and synthetic rubber, such as Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing, Elastic Bandage, Back Support Belt, Esmark Bandage & Tourniquet, and Exercise Band for exercise and physical therapy.

Objective

The company runs the business on morality with the good corporate governance and good conducting. We are pursuit to be “*the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing*” for targeting on world class quality, and be accepted among worldwide market. We also emphasized on the benefit of the Company's stakeholders for well growth.

Strategies

The company has been improving internal system to achieve efficiency so as to respond to the changing market environment and economy of speed. About the quality of product, we emphasized on time delivery and great service for the customer.

Policies

Board of director has determined significant policies which are disclosed on company's website on section number 4, in manual of the corporate good governance and business morality at <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

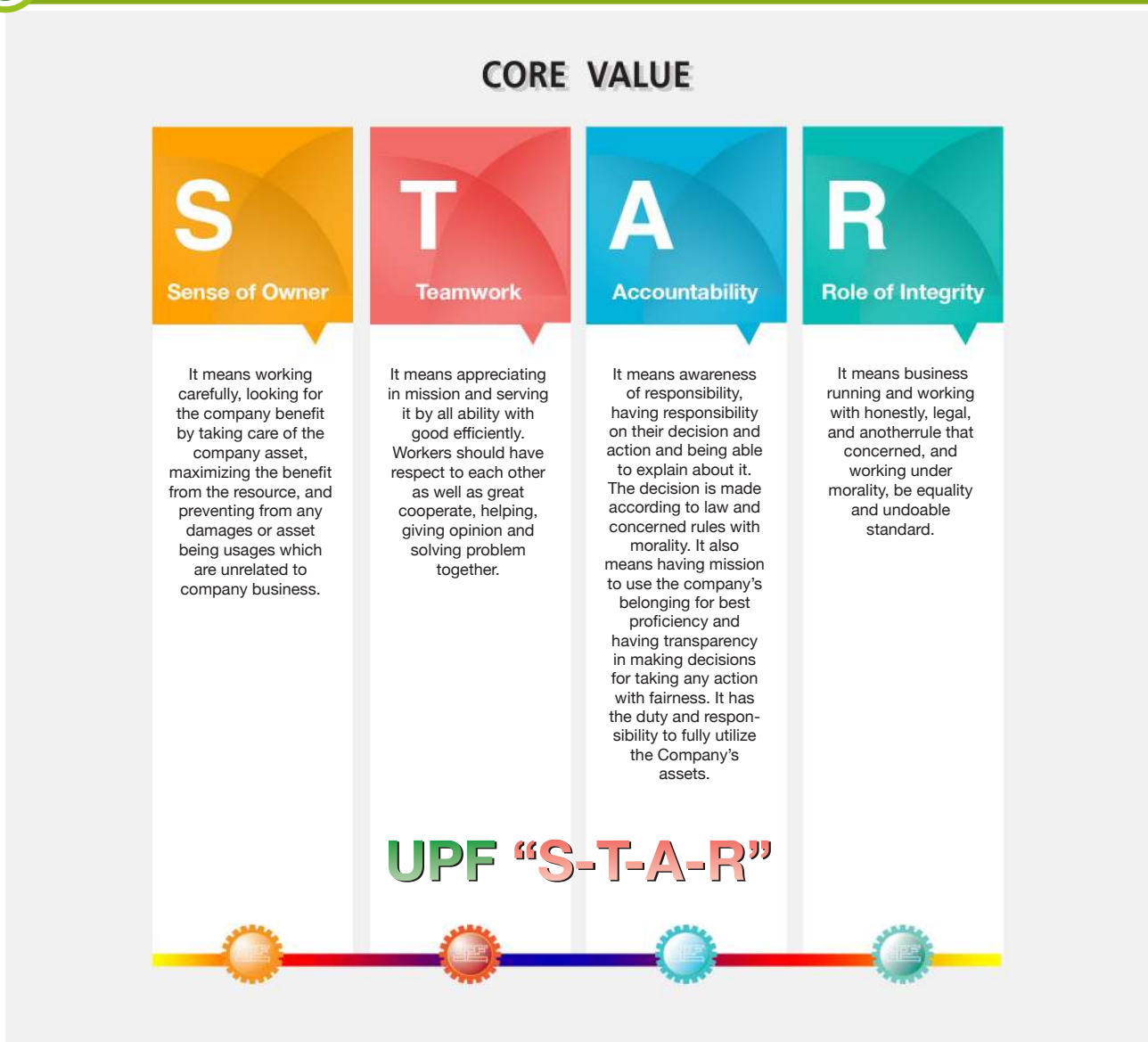
- | | |
|-----------------------------------|--|
| 1. Quality and Environment Policy | 6. Policy in Safety and Health |
| 2. Anti-corruption Policy | 7. CSR Policy |
| 3. Risk Management Policy | 8. Energy saving Policy |
| 4. Security Policy | 9. Policy in Project of Hearing Conservation |
| 5. Anti-Drug Policy | |

Vision

**“To be the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing
in which very well accepted in world market about quality”**

Mission

1. Make business growth of continued circulation
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Significant Changing and Developing

In past three years, there is nothing significant changing about managing in the company.

Shareholding Structure of the Company Group

The Company has no affiliated companies and subsidiaries and no pyramid shareholding structure. Therefore, this does not cause conflict of interest to any parties.

Relationship with Business Group of Majority Shareholder

The largest shareholder is Saha-Union Company Limited. Most transactions between us are on the normal market, such as selling and purchasing which is collection a quantity of material purchasing for bargaining power, fairly suitable factory renting which can be compared with the market price. The aforementioned transaction was done without conflict of interest for highest benefit.

The Details of Inter-Transaction of year 2018 are shown at the topic of Inter-Transaction on page 151-152

Investore can study additional company information from the annual registration statement (From 56-1) of the company at www.sec.or.th or company website http://www.unionpioneer.co.th/index.php/investor_relation

Nature of Business Operation

1. Products and Services

The Company's products mainly market under the trademark "Venus" and also performing as OEM. Majority of the company's products are the raw materials for other products, such as, baby/adult diapers industry, garment industry, medical devices or other usage depending on the nature of business of the customers.

The company's products can be classified as followed:



1.1 Elastic for diapers Elastic product of this group is Rubber Thread which is used in diaper industry and made from rubber block both natural and synthetic rubber. The Company can produce the rubber thread by customizing the varieties of size according to the customers' preference. Rubber Thread is elastic component in the rim of the legs and waist for both baby and adult's disposable diaper.

1.2 Elastic for garment and textile Elastic products of this group are Rubber Tape, Elastic braid, Elastic Webbing, Crochet and Covering yarn. The elastic in this group is mostly used in garment industry such as the rim of legs and waist of pants and swimming suits..



1.3 Elastic for medical devices Elastic products of this group are following;
Elastic Bandage used for preventing and protecting from sprain that might occur in routine activities as well as other recreations. It is widely used in medical and sports profession.



Back Support Belt Belt used for preventing and protecting from back pain that might occur from work and routine activities. It is available in both hard-working industry and for normal usage model.



Esmarch Bandage used in hemostasis in small operation for hands and feet.

Tourniquet used in arms pinion for blood collection/stop bleeding.

1.4 Elastic products for exercise and physical therapy Elastic product of this group is Elastic Bands which have many levels of resistance for using exercise of many levels, including physical therapy for the patients and old people. Exercise with exercise bands is comfortable because of no need to use the exercise space and with portability. Therefore, the user can exercise in everywhere and every time as their needs.



The company is certified with Oeko-Tex Standard 100, Quality Management System ISO 9001, Environmental Management System ISO 14001, Quality Management System for Medical Devices ISO 13485 and medical standards of Food and Drug Administration (FDA) both Thai and USA.

2. Marketing and Competition

Low market growth rate of elastic market in Textile & Apparel and Medical Device industries led to high degree of competition. The sellers tried to expand their market by gaining the market share of other sellers which made the negotiation power switched to the buyers' side and price war was created in order to retain the market share.

In disposable diapers business, using spandex to substitute rubber thread was spread to the small disposable diapers manufacturers and only few manufacturers using rubber thread available in the market.

For exercise/therapy band business, house brand of the big medical devices distributors was not successful. The market leader is still the same old brand which has been in the business for long time.

Key Competition Strategy

Price was the key criteria of vendor selection for buyer. So increasing productivity was the key factor to get the cost lower and competitive. Although the buyers prefer competitive pricing, they were still demanding for good quality of products and services.

Customers' Characteristics

Majority of the customers are manufacturing factories and brands' owners. Some customers include: disposable diaper manufacturers, underwear and swimsuit manufacturers, which are faithful customers of the company and have a good long business relationship. The company is still putting emphasize in becoming a part of development in the customers' business for the products, delivery system, as well as other kinds of management in order to achieve the highest efficiency in the supply chain.

The Company does not rely on any customer exceeded 30% of total revenue.

Target Market

- a. Manufacturing factories and brands' owners in both disposable diaper manufacturers and underwear and swimsuit manufacturers.
- b. Proprietor manufactures, in which the company (being as their outsourcing) will manufacture the products under the customer brands.
- c. Small factories and customers, the company will sell the products via retailers and wholesalers both in domestic and foreign countries.
- d. The companies that sell medical devices and appliances.

Distribution Channel

1. The company manufactures and distributes directly to the factories which are sufficiently capable in ordering by themselves and selling via distributors for both retailers and wholesalers in order to deliver the products to the customers who do not want to buy in large quantity.
2. The company exported the products to North America and Asia.

Industry Trend and Future Competition

The whole industry is still being in the high competition level due to the high bargaining power of the brands owner which also affects the upstream industries. Although, the customers need some good price materials but still need good product and service, on time delivery and fast reaction to their needs.

The manufacturers have to improve their capability including lowering cost, effective operation and ready for changing needs in the fast-pace market. The main competitors are still China and India.

3. Finding Raw Materials and Services

Important manufacturing policy is manufacturing products in order to sell in accordance with the company's standard and customers' order.

Finding Raw Materials: Major raw material used in manufacturing process are natural rubber be found locally and synthetic rubber be imported from abroad. Majority of natural rubber was bought from the company in the Saha Union Group, the source of materials is located at Chantaburi province and Trad province, in order to get the same quality of raw materials which will affect quality of the products having the standard.

The company is very strict in the quality of the rubber which is the most important raw materials in the manufacturing processes. We had a plan to visit the suppliers and cooperated with them to improve the quality of raw materials in order to satisfy the customers' needs continuously.

Problem from Raw Materials Shortage: Expected that it will not be a problem because the rubber trees are raw material that produced locally in many provinces. Currently, Thailand had expanded the boundaries in growing rubber tree in many regions in order to satisfy the greater need of rubber tree. Although the fluctuated rubber price, it will not cause the problem in rubber shortage because the company have rubber in stocks for risk management and will be sufficient for production plan.

Change in Technology effecting to Usage of Raw Materials: Technology which used rubber product as raw material in manufacturing garments and textiles have no significant changing for a new innovation. In the near future, the company expects there is no change in technology having problem in raw materials usage.

Manufacturing processes/Eliminated Leftover Raw Materials that affected the environment, such as, eliminating two categories of unused waste: hazardous wastes and non-hazardous wastes, water pollution, misspend the energy and natural resources, dust generated in manufacturing process and vapor from toluene chemical.

Operation for lower affect: The Company had a measurement in solving and protecting from the mentioned affected by creating the environmental management system ISO 14001:2015 in order to control the activities which will affect the environment as following:

- **Eliminating on unused waste material:**

1. Hazardous wastes: Responsible by the company that has a license from Ministry of Industry
2. Non-hazardous wastes: Responsible by the company that has a license from Ministry of Industry using landfill method.

- **Wastewater Treatment:**

1. Using wastewater treatment "ACTIVATED SLUDGE" method and 2 "Aerators" for input enough oxygen to microorganism able to digest organic compound in wastewater.
2. There is "Dissolved Oxygen: DO" for controlling oxygen in water for not exceeding necessities and its testing result did not exceed from standard.
3. Sending the water to be analyzed every month in order to control it not to exceed standard. Sprinkler was used in the treated waste water clarifier to make the treated wastewater activated.

- **Vapor from toluene chemical**

By installing toluene deodorize machine from the blade washing and parts process in order to eliminate the vapor and toluene smell in the working area not exceeding the standard that have been specified by law.

- **Measure the quality of the air and environment**

Over the past year, measurement of dust, sound, water and light was implemented regularly in order to monitor all those aspects complied with standard and law. The company also joined the Noise Pollution Control Project with Nopparatjathanee Hospital (Nopparat Model).

- **Waste of Natural Resource**

The Company organized a group specialized in energy conservative. The conservative time is cooperating for making conservative energy in industry project as energy conservative laws and participated the energy saving seminar hosted by PTT Public Company Limited. The Company also attended TPA Lean Manufacturing: First Step to Factory Automation Success for industry 4.0 seminar hosted by Technology Promotion Association (Thailand-Japan).

Activities carried out in 2018 as follows:

- Changing the roof tiles from Roman Tiles to Metal Sheet with foil in order to decrease heat in the premises. Moreover, some transparent tiles also used to combine with the Roman Tiles in order to conserve electricity.
- Smart Boiler project was completely installed.
- Keep changing light bulbs from Fluorescent to LED continually.
- Monitoring Power Factor by inspecting capacitor in substation.
- Managing working time in production lines to be suitable with TOU electrical cost type to decrease monthly electrical consumption and cost.
- Changing the old air conditioners to the new ones with energy saving number 5.
- Adjust the combustion value of the boiler to the appropriate level and maintain by the specialist.
- Provide the employees knowledge about energy through annual seminar and event
- Provide employees training course to building up energy saving awareness.

As above activities, there was no any disputes or lawsuits concerning environmental issue in the past 3 years.

4. The company did not have any projects or works with high value and taking time to deliver.

Corporate Risk Management Policies

The Company realized on the importance of efficient risk management which made the company achieved its goals and objectives for stable and sustainable growth. Therefore, the company applied to the whole organization international standard of risk management COSO (The Committee of Sponsoring Organizations of the Treadway Commission) as guidance for its risk management system for corporate accomplishment. Company risk management policies are as follows;

- 1) Risk management is the responsibility of all employees in all level to manage and control it properly to get to the acceptable level.
- 2) All units in the Company must assess their risks in term of both qualitative and quantitative and find out the proper KPI, corrective and preventive actions to relieve any risks or damages which may happen in its unit.
- 3) All risks must be controlled, followed up, evaluated, and communicated to assure that they are organized and managed properly.
- 4) The Company must enhance and support all employees in all levels to assure that they are aware of the importance of corporate risks and cooperate to be responsible to control and reduce negative effect of them.

The Company emphasized on analyzing and managing risk, therefore the Risk Management Committee was appointed in order to determine the measurement of risk factors and control those risks to be in an acceptable level. The committee continually monitored the effectiveness and evaluated the risk management and reported the progress to the Board of Directors every quarter. The risk management policies are listed below;

1. Risk from economic situation

Although there were many factors affecting world economy growth for example trade war between United States and China, North Korea attitude to the world community etc. but world economy was still growing continually after the recession the the past few years. However, high degree of competition still existing throughout the world market. Thailand economy trending the same direction as world economy but the move of apparel and textile production base from Thailand to neighbouring countries affecting the upstrams industries in term of degree of competition. Cost reduction was the key factor for enhancing competitive advantage.

Increasing customer awareness, increasing ability by proficiency and finding the source with the reasonable price of raw materials were the important factors that the Company put an emphasize on in order to operate the business smoothly. In addition, protecting and decreasing the risk affected from the fact that the customers were changing to the raw materials that were lower cost.

2. Risk from fluctuation of exchange rates

The Company closely tracked cause of various factors and took actions for getting positive effect and avoiding negative effect.

Making forward contract with the bank and matching the currency received with the currency to be paid is the way the Company to manage to lower the risk of exchange rate fluctuation and help for revenue and cost projection.

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3. Risk from fluctuation of rubber price

The fluctuation of natural rubber price is the main factor that affects the cost and the company's products price.

The important factor that causes the fluctuation in natural rubber price is unbalanced of supply and demand in the world market, which continuously occurred in the past years including weather condition which affected supply of latex.

The company managed risk from the fluctuation of rubber price by reserving the quantity of raw materials to suffice in production for at least 6 months in order to specify the cost and products' price that is not extremely affected by the fluctuation of rubber price in the world market. The company will order the natural rubber in the harvest season in order to get the best price.



General Information of the Company

บริษัท ยูเนียนไพโอเนียร์ จำกัด (มหาชน) UNION PIONEER PUBLIC CO.,LTD.



Categories of Business:

Elastic Thread, Elastic Tape, Elastic Braid, Elastic Webbing products, Medical Elastic Band and Elastic Exercise Band.

Taxpayer Identification Number 0-10-7-537-00101-3

Telephone No.: (662) 517-0105-8 Fax No.: (662) 517-1016, (662) 517-0345

Location of Headquarters and Factory:

No.1, Soi Serithai 62, Kwaeng Minburi, Khet.Minburi, Bangkok 10510

Location of Chachoengsao Branch:

No. 99 Moo 5 Bangna-Trad Road (K.M. 38),
T. Bangsamark, A. Bangpakong, Chachoengsao

Location of Warehouse Trad Branch:

No. 70/2 Moo 1, T. Sandtung, A. Khao Saming, Trad

Paid-up Capital:

7,500,000 Ordinary Shares @ 10.00 Baht per share

Home Page : <http://www.unionpioneer.co.th>

Email: elastic@unionpioneer.co.th

The company has no subsidiaries and affiliated companies and does not hold shares in other juristic person.

Information on others reference person

Security Registrar:

Security Depository Center
(Thailand) Company Limited
Address: No. 93 14th Floor,
Stock Exchange of Thailand
Building (beside the
Chinese Embassy),
Ratchadapisek Road, Kwaeng
Dindaeng,
Khet Dindaeng, Bangkok 10400
Telephone No.: (662) 009-9000
Fax No.: (662) 009-9992
Website: www.set.or.th/tsd

Auditor:

Miss. Vissuta Jariyathanakorn,
with CPA (Thailand)-Licence
No. 3853
Address: EY Office Limited.
33rd Floor Lake Rajada Building,
No. 193/136-137 Ratchadapisek
Road, Klongtoey,
Bangkok 10110
Telephone no.: (662) 264-0777,
(662) 264-9090
Fax: (662) 264-0789-90

Other significant information

The company doesn't have any
other information that may affect
significantly to the investors'
decision.

Securities Data

- (1) Securities of the Company: The Company had registered as the Listed Company at the Stock Exchange of Thailand with a paid-up capital of 75 million baht, which is an ordinary share of 7,500,000 shares @ 10.00 baht per share.
- (2) The company does not have other types of stock and does not have other securities which are not ordinary shares.

Shareholders

- (1) The names of the major shareholders with highest shares at the date of closed registered book on April 4th, 2018 are listed below:
 Thai nationality shareholders have a total of 7,378,460 shares, accounted for 98.38%
 Foreign nationality shareholders have a total of 121,540 shares, accounted for 1.62%
- (2) The company has a clear shareholding structure. There is no cross shareholding with major shareholders. There is no holding of shares in other companies. The company does not have subsidiary companies, associated companies and does not have a pyramid shareholding structure.

The names of the top 10 of major shareholders with highest shares at the date of closed registered book are listed below:

No.	Shareholders	Ultimate Shareholders	No. of Shares	% of Total Shares
1	1.1 Saha Union Public Company Limited		3,671,820	48.958
	1.2 Saha Union Holding Company Limited	Saha Union Public Company Limited	282,790	3.771
2	Mr. Sumate Darakananda	-	910,940	12.146
3	Kasikorn Bank Public Company Limited	-	673,500	8.980
4	Bangkok Insurance Public Company Limited	-	558,600	7.448
5	Marue Nissan Co., Ltd.	-	78,000	1.040
6	Mr. Parinya Leamthai	-	70,200	0.936
7	Mrs. Sumporn Krairerg	-	64,450	0.859
8	Mr. Kasem Sirirungsanakun	-	61,000	0.813
9	Mr. Prachaya Rerkdeethaveesab	-	56,800	0.757
10	Mr. Veeraphat Phoonsakudomsin	-	45,700	0.609

Issuing Other securities

- (1) The company does not have any convertible securities.
- (2) The company does not have any debt securities.

Dividend Policy:

“Depending on the performance of the company, at a rate not less than 1/3 of the annual net profit, after deducted accumulated loss (if any), from the separate financial statement of the company.”

The Board of Directors Meeting No. 3/2562 on 20th March 2019 resolved to approve the annual dividend payment of 2018 to the Annual General Meeting of Shareholders on 25th April 2019 at the rate of 2.41 Baht per share

The company has no subsidiaries and affiliated companies.

Year	2018	2017	2016	2015	2014
Earning per Share (Baht)	2.42	4.00	7.11	4.91	3.35
Dividend per Share (Baht)	2.41	4.00	7.10	4.90	3.35
Dividends per Net Profit (%)	99.78	99.92	99.88	99.71	99.93

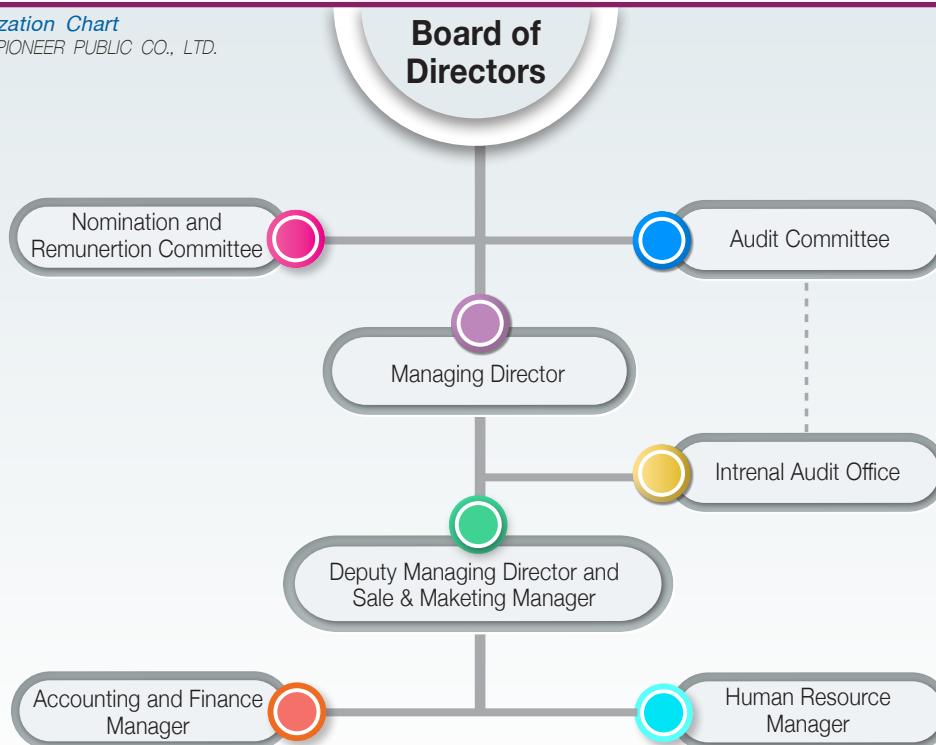
Report of changes in the shareholding of the company and directors in the year 2018

Name – Surname	Position	Number of shares 2018	Number of shares 2017	Increase (Decrease) %
1. Miss Dalad Sapthaivichaikul	Chairman	-	-	-
2. Mrs. Rapeephan Sanuansis	Independent director	-	-	-
3. Mrs. Yupha Boonchuaydee	Independent director	-	-	-
4. Mr. Pongsak Thiengviboonvong	Managing Director	-	-	-
5. Mr. Chutindhon Darakananda	Director	3,840	-	100
6. Mrs. Chantorntree Darakananda	Director	* 20,000	* 20,000	-
7. Mr. Vacharaphong Darakananda	Director	-	-	-
8. Mr. Nanthiya Darakananda	Director	-	-	-
9. Mr. Kollatat Tangchitkul	Independent director	-	-	-
10. Mr. Komon Iamwatcharin	Deputy Managing Director-	-	-	-
11. Mr. Wiwat Jongkonrat	Accounting & Finance Manager-	-	-	-
12. Mr. Sikavej Sopaphan	Human Resources Manager-	-	-	-

* Including related persons, spouses and underage children *, No. 6 spouses holding 20,000 shares

Structure of Management

Organization Chart
UNION PIONEER PUBLIC CO., LTD.



1. Management Structure of Union Pioneer Public Company Limited

Consists of: Shareholders, Board of Directors and Management

In the corporate governance system, shareholders will appoint the Board of Directors to be a representative in the business management, Board of Directors will set the vision, direction, policy, strategy and assign the management to implement these to meet the goals along with monitoring to ensure that the business effectively operates with maximum benefit in order shareholders to receive a return that is worth to their investment.

There are reasonable number of directors who are executives and non-executive directors with skills, useful experience for the company and qualifications in accordance with the laws and company regulations, consisting of independent directors of at least 1 in 3 of the total number of directors but not be less than 3 persons. At least 3 members of the Audit Committee must be independent from the control of the executives, major shareholders and must not have any involvement or interest in finance and business management but having complete qualifications according to the definition of independent directors of the company and the rules prescribed by the Securities and Exchange Commission.

Organization Structure consists of

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee

- Board of Directors

Consists of nine directors which is appropriate for the business size and type. It can be categorized as follows:

1. Eight non-executives Directors, representing 88.89% of entire board.
2. One executive director which is managing director.
3. Qualified directors are three independent directors which are 2 females and 1 male or equal to 1 in 3, representing 33.33% of entire board.

Summary of meeting attendance and the names of the Board of Directors are as follows;

Name-Surname	Position	With/ Without Interest	Number of meeting attended		%
			Shareholder Meeting	Board of Directors	
1. Miss Dalad Saphthavichaikul	Chairman of the Board	-	1/1	12/12	100
2. Mrs. Rapeephan Sanguansis	Independent Director	-	1/1	12/12	100
3. Mrs. Yupha Boonchuaydee	Independent Director	-	1/1	12/12	100
4. Mr. Pongsak Thiengviboonvong	Managing Director	-	1/1	12/12	100
5. Mr. Chutindhon Darakananda	Director	-	1/1	7/12	58.33
6. Mrs. Chantorntree Darakananda	Director	-	1/1	12/12	100
7. Mr. Vacharaphong Darakananda	Director	-	1/1	12/12	100
8. Mr. Nanthiya Darakananda	Director	-	1/1	10/12	83.33
9. Mr. Kollatat Tangchitkul	Independent Director	-	1/1	11/12	91.67

There are authorized directors consisted of Miss Dalad Saphthavichaikul or Mr. Pongsak Thiengviboonvong or Mr. Vacharaphong Darakananda or Mr. Nanthiya Darakananda or Mrs. Chantorntree Darakananda, by which 2 names of this name list should be mutually signed.

Term of Office of the Board of Directors

1. Determine the directors holding positions for 3 years
2. In each annual ordinary meeting, one-third of the total number of the board members will be at the end of their terms. If the number of the board cannot be exactly divided, the closet number to one-third will suffice.
3. The director who has to resign in the first year and second year after the company's registration will need to draw lots. In the following year, the director with the longest position has to resign. The director who expires from the term of office can be nominated for the position in the board again.
4. Other than expire from the term of office, the director terminated from the following reasons:
 - He/she pass away.
 - He/she resigned from the board.
 - Lack qualifications and posed a prohibit characteristics which defined by law.
 - The shareholders vote of not less than three-quarters of the overall votes in the shareholders' meeting and have the overall stocks not less than half of the total shares of the overall voting at the shareholders' meeting.
 - He/she was dismissed by the court order.
5. The director who resigned from the Board, need to submit the resignation letter to the company. The resignation will be effective from the day the letter has been submitted.

Appointment of Directors of the Board

1. In selection on the Board of Directors, the persons who have been nominated are already considered by the Nomination and Remuneration Committee who recruited the appropriated qualified persons, will be proposed to the Board of Directors for approval prior proposing to the shareholders at the Annual General Meeting for further selected at director selection agenda. The implementation of the articles of association as follows.
 - 1) One shareholder has one vote per one share
 - 2) In the directors' election, the method in electing is either done by elected one individual director or to elect one group of director, until the number of directors are completed the requirement, with the respect to the resolution of the shareholders' meeting. But in each vote, the shareholder must vote with total existing votes as the topic 1), all votes can not be separated and given to any persons or groups.
 - 3) The voting in the directors' election will use majority vote, if the number of votes are equal, the chairman of the meeting will be the arbiter.

Duties and responsibilities of the Board

1. Perform duties with responsibility, caution and honesty including having to comply with laws, objectives, company regulations as well as the resolution of the shareholders' meeting except in matters that need to be approved by the shareholders' meeting before proceeding, such as matters that the law requires the resolution of the shareholders' meeting, related transactions and significant asset trading according to the rules of the Stock Exchange of Thailand or as specified by other government agencies.
 2. Determine policies, plans and strategies of the company, consider and approve important matters relating to the operations of the company, such as financial goals, budgets, and supervise the management to operate in accordance with the policies, plans and strategies that are effectively and efficiently defined.
 3. Consider and approve the assessment of the adequacy of the Company's internal control system on an annual basis and prepare a report on the responsibility of the Board of Directors towards financial reports, as disclosed in the annual report and Form 56-1.
 4. Provide clear channels for reporting clues, complaints and guidelines (Details are in topic "Anti-Corruption Policy" on page 47-48)
 5. Supervise and control the operation to comply with the laws, regulations and the guidelines of the regulatory agencies related companies, with no action on violation of the official rules. The Board of Directors shall carry out their duties with care and skill thorough practice.
 6. Control the operation to be in accordance with good corporate governance under morality that is "Virtue, Quality and Benefits." As well as being a part in specifying the standard regulations of good conduct in the workplace. These ethic policies were posted in a conspicuous place. It is noticeable and conveyed to a concrete practice of all employees. The company had tracked the performance and related matters in accordance with the above policy on regularly.
 7. Specify the measurement and policies about the conflict of interest, in case the company (if any) doing any kind of transactions with major shareholders, directors, executives and any individual related to the mentioned parties. These measurement and policies must be followed as the general conditions of trading and will be same as common parties by considering the maximum benefits of the company.
 8. Specify the policies in case the company approved the transactions that dealt with related person in a long - term commitment (if any) such as selling and buying products, etc. It will be performed according to the conditions that have been agreed on for all of the time that have been committed with the company.
 9. Provide an reliable accounting system, financial reporting and auditing including the accurate preparation of financial reports at the end of the accounting period of the company to show the financial status and operating results in the past year to be true, complete and accurate according to generally accepted accounting standards and be audited by the company's auditor before presenting to the shareholders' meeting for consideration and approval.
 10. Arrange an internal controlling system and internal audit in work operation, financial reports and operation in accordance to regulations and policies.
 11. Establish the office of Internal Audit, which is a division within the company, is independent in the performance of duties. It is responsible for the internal audit by reporting the results of the audit report directly to the Audit Committee and the Managing Director.
 12. Appoint the Risk Management Committee, which have the responsibility in analyzing and managing risk in order to specify the preventive measurement in risk management to be in an acceptable level, and continuously monitored the effectiveness and efficiently of risk management. The Audit Committee reports this progress to the Board of Directors every quarter.
 13. Continuously develop knowledge and ability to perform work and attend training or participate in courses related to the performance of directors' duties or seminars that are continuously increasing knowledge of work performance.
- **Audit Committee** There are 3 independent directors whom had been appointed by the board of directors in order to assist the board in monitoring the quality and reliability of accounting, audit, internal control systems as well as the financial statements of the company. They have the qualifications which matched with the notification by the Securities and Exchange Commissions and the Stock Exchange of Thailand; and were responsible in acting according to SET and were chartered clearly.

Summary of meeting attendance and the names of the Audit Committee are listed as below:

	Name-Lastname	Position	Number of Meeting Attendance	%
1.	Mrs.Rapeephan Sanguansis	Chairman of the Audit Committee	4/4	100
2.	Mrs.Yupha Boonchuaydee	Audit Committee	4/4	100
3.	Mr.Kollatat Tangchitkul	Audit Committee	3/4	75

Chairman of the Audit Committee has knowledge and sufficient experience to review the reliability of financial statements. The internal audit office manager of the company is Mr. Nattpawatch Thomwan and is the secretary of the audit committee (details about the internal audit office manager is stated on page 149-150)

Charter of the Audit Committees with Duties and Responsibilities as following

1. Review the company's financial statement to ensure its' accuracy and adequacy to be in accordance with accounting standard.
2. Review that the Company has an appropriate and effective internal control system and internal audit system and consider the independence of the internal audit unit, as well as approve the appointment, rotate or dismiss an internal audit manager.
3. Ensure that the company complied with the Securities and Exchange Act, regulations of SET and other related regulations concerning with the business operation of the company.
4. Nominate and select appropriate independent authorized auditor whom is certified by Securities and Exchange Commission to be the company's auditor and propose remuneration for that individuals. In addition, attending the meeting with the auditor without management party of the company at least once a year.
5. Examine that all connected transactions and other transactions with a conflict of interest have been complied with laws and regulations of SET to ensure that all transactions are reasonable and will generate the best benefits for the company.
6. Ensure the correctness of reference documents and self-assessment on anti-corruption of the company according to Thai Private Sector Collective Action Coalition against Corruption (CAC)
7. Provide the Audit Committee report in the annual report of the company. The mentioned report shall be signed by the chairman of the board and should at least comprise with the information listed below:
 - (1) Opinion on the accuracy, completeness and credibility of the company's financial report.
 - (2) Opinion on the adequacy of the company's internal control system and risk management system.
 - (3) Opinion on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or other laws which related to the company's business.
 - (4) Opinion on the suitability of the company's external auditors.
 - (5) Opinion on the transaction that might have a conflict of interests.
 - (6) Frequency of the audit committee meetings and the attendances of each committeeman.
 - (7) Opinion or overall observations that the Audit Committee received from the operation as the charter or the regulations of the Audit Committee.
 - (8) Other transactions that the shareholders and investors should be aware of within the scope of authorities which has been assigned by the board of directors.
8. Inform the executives to resolve the errors that have been detected and also quickly solve those errors.
9. Follow up and evaluate the performance in which the audit committee seen as important.
10. Other operations that have been assigned by the company's board of directors.

● Nomination and Remuneration Committee

Nomination and Remuneration Committee have been appointed by the Board of Directors consisting of two-third of independent directors, representing 66.67 percent, for the transparency and independence in operating their duties. Chairman of the Nomination and Remuneration Committee is an Independent Director and is not the Chairman of the Board of Directors.

In the previous year, there is one meeting. The names of the Nomination and Remuneration Committee are listed as below:

	Name - Last name/ Position	Qualification	Number of Meeting Attendance	%
1.	Mrs. Rapheephan Sanguansis Chariman of the Nomination and Remuneration Committee	Independent Director	1/1	100
2.	Mrs. Yupha Boonchuaydee Nomination and Remuneration Committee	Independent Director	1/1	100
3.	Mr.Vacharaphong Darakananda Nomination and Remuneration Committee	Director	1/1	100
			Total Average of the entire committee	100

Duties and Responsibilites of the Nomination and Remuneration Committee:

1. Determination on criteria and methods for nominating the board of directors.
2. Duties in recruiting and select the qualify individuals and does not have incompatibilities according to the laws and were appropriate for the name to be nominate as new director with qualifications according to the rules related to good corporate governance under director structures for director nomination.
3. Consideration remuneration for directors which have principle in considering by factors as duties, scope of works and results of performance of directors, operation results and financial status of the company, overall economic situation by considering comparing to listed companies with similar business size and/or operate in the same industrial field,
4. Determine the remuneration and form of remuneration for the director and propose to the board meeting for consideration.

2. Executives

Chief executives in the company have authority as assigned to operate under policy, strategy and objective that the board of directors determined for transparency and flexibility in operation.

Moreover, the chief executives have responsibility in controlling expenditures and investments to the limit which the board of directors had authorized in the annual plans accordance to the human resources policy, resolving problems or conflicts which will affect the organization and maintained efficient communication to related person

	Name-Surname	Position
1.	Mr. Pongsak Thiengviboonvong	Managing Director
2.	Mr. Komon lamwatcharin	Vice Managing Director and Sales & Marketing Manager
3.	Mr. Wiwat Jongkonrat	Account & Finance Manger
4.	Mr. Sikavej Sopaphan	Human Resource Manager

- 1) Managing Director is the top management of the management and has responsibility according to duty to the Board of Directors by implementing effective management principles and good corporate governance in determining the management structure of the company, taking into account the relationship between shareholders Board of Directors and management to create competitiveness, leading to sustainable growth and adding value to shareholders in the long term, including taking into account all groups of stakeholders equally.
- 2) Chief Executive Officers of the company have been assigned the work for proceeding under the policy strategy and the goal that the board set for transparency and flexibility of the business operation.
- 3) Having a responsibility for controlling expenses and investment budget as the scope that the board approved on the annual plan, implemented as the personnel policy, solved problems or conflicts affecting to the company, maintained an effective communication to related persons.

-
- 4) There is a clear definite on the duties and responsibilities of the board of directors and executive management. Chairman of the board is not the same person as the managing director and has no relationship with the management in order to separate the function of policy making for defining on corporate governance policies and routine management.
 - 5) There is a clear division of responsibilities between the board and the management. Therefore, there is no intervention on their duties and responsibilities.
 - 6) There is a clear and written definite on the authorities of the management at each level by strictly separating the responsibilities among approving, recording transaction and protecting assets for rechecking and balancing.
 - 7) Chief Executive Officers of the company have never been employees or partnerships of EY Office Limited which the company had been using the service for auditing in the past 2 years.

3. Company Secretary

On November 18th, 2015 at the board meeting had a resolution in appointing Mrs. Chadapron Jiemsakultip as Secretary of the Company from January 1st, 2016 onward.

To take care of various activities of the board, including coordinating for complying with the Board's resolution, with roles, duties and responsibilities as specified in the Securities and Exchange Act BE 2535, Section 89/15, Section 89/16, Section 89/17 and Section 89/23, amended by the Securities and Exchange Act (No. 4) 2008 Section 21

The company has shown information about educational background, experience as well as duties and responsibilities on page 163

4. Remuneration of the Directors and Executives

The Board of Directors has appointed Nomination and Remuneration Committee to consider criteria and forms of remuneration for directors of the company and sub-committee to propose to the Board of Directors for shareholders to consideration and approval as follows:

- 1) Determine remuneration for directors in 2 parts, namely monthly remuneration and meeting fees per time/monthly. There is a review of the directors' remuneration every year by considering comparison from listed companies with similar business size, obligations and responsibilities of the Board of Directors, company performance and suitability for the current economic situation, by considering the experience, duties, roles and responsibilities of each director, including the operating results of the company.
- 2) Remuneration for the Managing Director and Chief Executive Officers is according to the principles and policies set by the Board complying with the performance of each executive and the operating results of the company.

4.1 Remuneration in cash

The directors of the company receive the remuneration as meeting allowance and/or remuneration of director which are amount according to the position by approval of Nomination and Remuneration Committee by which the amount does not exceeded 1.5 million baht per year (equal to year 2017) and had been assigned to the board of directors to allocate in the amount deem as appropriate.

The remuneration of the Managing Director and Executives of the company are in accordance with the principles and policies that have been determined by the board of directors, which will be considered from the operation results of the company, including duties and responsibilities and the performance of each executive. The remuneration for the 4 executives of the company such as salary, bonus and social securities in the total amount of 7,502,923.00 baht (7,110,306.50 baht in the previous year)

4.2 Others remuneration of the Directors and Executives

In addition to the remuneration that is a meeting allowance and /monetary compensation, the company does not provide other benefits to directors.

Executive compensation: Besides salary and bonus as mentioned, the company had paid the 4 executives in form of provident fund as in 3 percent of the salary in year 2018 total of 44,064 baht managed the fund by BBL Asset Management Co., Ltd. (98,718. –baht in the previous year).

Rules for payment of remuneration of each committee:

Monetary Compensation	2018 (Per month: baht)	2017 (Per month: baht)
Board of Directors: Meeting Allowance paid monthly		
- Chairman of the board	8,000	8,000
- Executive Director	8,000	8,000
- Non-executive directors	8,000	8,000
- Independent Director	8,000	8,000
Audit Committee: Compensation paid monthly		
- Chairman of the Audit Committee	11,000	11,000
- Audit Committee	10,000	10,000
Nomination and Remuneration Committee:	(per time: baht)	(per time: baht)
Meeting allowance paid per attendance		
- Chairman of the Nomination and Remuneration Committee	6,000	6,000
- Nomination and Remuneration Committee	6,000	6,000

The company has no other remuneration for the directors.

Summary table on compensation for each director of every committee, details are as follows

Name-Last name	Position	Remuneration in monetary value in 2018 (Baht)			
		Meeting allowance	Remuneration of Audit committee	Meeting allowance for Nomination and Remuneration Committee	Total
1. Miss. Dalad Saphthaichaikul	Chairman	96,000	-	-	96,000
2. Mrs. Rapeephan Sanguansis	Independent Director Chairman of Audit Committee/ Chairman of Nomination and Remuneration Committee	96,000	132,000	6,000	234,000
3. Mrs. Yupha Boonchuaydee	Independent Director/ Audit Committee / Nomination and Remuneration Committee	96,000	120,000	6,000	222,000
4. Mr. Pongsak Thiengviboonvong	Managing Director	96,000	-	-	96,000
5. Mr. Chutindhon Darakananda	Director	96,000	-	-	96,000
6. Mrs. Chantornree Darakananda	Director	96,000	-	-	96,000
7. Mr. Vacharaphong Darakananda	Director / Nomination and Remuneration Committee	96,000	-	6,000	102,000
8. Mr. Nanthiya Darakananda	Director	96,000	-	-	96,000
9. Mr. Kollatat Tangchitkul	Independent Director / Audit Committee	96,000	120,000	-	216,000
	Total	864,000	372,000	18,000	1,254,000

5. Personnel

The company considered all employees as essential and valuable resources, which leads to success, growth and secured sustainable developments; as for selecting individuals that were qualified and suitable for each career fields. Human resources development in management, academically and in organization culture including creating good working atmosphere and environment and safety was essential therefore the company has set the human resource management policy as following:

1. Manages human resources to conform and support with the policies, vision, missions, business goals and strategies of the company.
2. Systematizes and organizes human resources management accompanied with stipulating rules and regulations to be clear, transparency, fairly, following with the same guideline within the company.
3. Specifies all commanders to manage human resources under their own department according to the system and guidelines determined by the company.
4. Specify all employees to carry out their duties willfully and dedicate for achievement in work with their skill, knowledge, capability by retaining Code of Conduct, Core Value and operation regulation of the company.
5. Strictly treats the employees according to the International Human Rights as standard giving equality to every employee without discrimination on gender, nationality, ethnic, social class, religion, belief, social status, disability, pregnancy and chronic illness along with laws and regulation related to the employees.
6. The company has no policy in employing child labors; for recruitment and selection of employee according to the required positions recruiting and selecting will be made both externally and internally by the position required to fulfill the manpower planning for each department.
7. The company has no compulsory labor policy and does not encourage forced labors by forcing to work overtime, holding the insurance money or the documents insured in any work. Every procedure should be made and conduct willingly by the employees, only by which they agreed and signed for the agreement.
8. Promotes and encourages employees to develop their skill, knowledge, ability through training and development course both in-house training and outsourcing frequently and thoroughly, providing opportunity for career path by latency for each employee.
9. Provides reasonable and fair remuneration management based on the knowledge, ability, experience, responsibility and performance of each employee.
10. Sets up processes of appointment, migration, evaluation including fair rewards and punishment to employee equally with equitably, honesty on the fundament of knowledge, ability and appropriation including the action or performance of that employee.
11. Establishes relationship between the employees and organization by emphasizing that all the employees within the organization as family; for employees to be delighted, secure in work, having good health and good quality and life.
12. Provides facilities for employees and makes them emphasize on saving in advance for retirement by setting up Credit Union and provident fund for employees.
13. Respects on the rights of employees in collective negotiating and does not forbid the free association of employees in the absence of law prohibiting the association of this nature. Both supporting the association and negotiating freely, it will be based on the terms of collective negotiating and protecting the employees and their representatives who join the association independently and equitably.
14. Provides rights for employees to vote for electing representatives of the employees to take part in meeting sessions or to negotiate with the company by which each individuals holds 1 vote per person.
15. Encourages participation of employees by hearing out opinions and suggestions from employees in every level equally.
16. Provides rights for employees to make petition in case they were treated unfairly according to the system and method specified, insure actions for complainers that their complaints will be kept secret by arranging channels for petition as following
 - Complaint box (red box) installed in various places in the company
 - Email : md_upf@unionpioneer.co.th or internalaudit@unionpioneer.co.th

-
- Letter: Internal Audit Office
Union Pioneer Public Company Limited
No. 1 Soi Serithai 62, Khwang Minburi, Khet Minburi, Bangkok 10510
 - Hotline directly to Managing Director:+66-2517-0105-8 ext. 111

Total number of employees in the end of year 2018 = 543 persons

Divided in to manufacturing section for 400 persons, office section 97 persons, support section for 46 persons

The company **did not have** any significance issue in changing the number of employees and **did not have** any dispute regarding labor for last 3 years.

Types of Compensation such as

Salaries and wages, Bonus, Grant-in-aid when resigning,	}	total of = 148 millions baht
Social security, Provident fund		
Pension, Compensation fund		

Policy on Corporate Governance

The Board of Directors recognized the importance to good corporate governance and is committed to conduct business with transparency, verification and adhered to the intention to conduct business with morality without corruption along with taking into account all groups of stakeholders. In the past year, the Company was awarded the Thai Chamber of Commerce's Best Ethics Award in 2018.

In 2018, Board of Directors of Union Pioneer Public Company Limited has reviewed the content and revised the Principles of Good Corporate Governance for the year 2012 (CG Principles) and the Code of Conduct (Code of Conduct), which is an integration of social, environmental issues and corporate governance (environmental, social and governance: ESG).

By adopting the principles of good corporate governance for the year 2017 (CG Code), criteria for the survey of corporate governance of Thai listed companies (CGR), following up and reviewing to develop the organization to have a management system that is ethical, transparent, verifiable, which helps build confidence for shareholders investors and all stakeholders.

There are some guidelines that are in the process of being prepared. Board of Directors will consider on applying the guidelines that have not been implemented once a year and still maintain almost all CG Principles of the year 2012.

The company has disseminated knowledge about the principles of good corporate governance and business ethics to employees at all levels, from the directors, executives and all employees are informed of such guidelines through communication in each department for maximum benefit, including focusing on creating consciousness for employees since the beginning of the working through orientation along with explaining the principles and guidelines for all employees to gain knowledge and understanding and can be used as a basis for operations.

For corporate governance policy, the company still categorizes according to the 5 principles of the CG Principles. Interested parties can view the full corporate governance and business ethics policy at Good Corporate Governance Guide and Business Ethics Disclosed on the Company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

Good corporate governance principle in 5 categories

Category 1 Fundamental rights of shareholders

Category 2 Equitable treatment for each shareholder

Category 3 Roles of the stakeholders

Category 4 Disclosed information and transparency

Category 5 Responsibilities of the Board of Directors

Category 1 Fundamental rights of shareholders

The Board of Directors realized on the right of the shareholder according to the required law, supported all shareholders to use their right without any conflicts with the laws and never did anything that violate the right of each shareholders taken place to ensure that every shareholder have equal rights of fundamental authorities. Therefore, the company defined the guidelines as following:

- To regulate all shareholders to have the same basic rights as the law, such as the right to equitable share in the company's profits to appropriately receive the company's information in timely manner. In addition, the Company also facilitates and encourages the shareholders, especially the institutional investors, to attend the meeting to exercise their right to vote at the shareholders' meeting.
- In the recent year, there are no any directors holding the total share exceeding 25percent of total outstanding share, including having defensive measure to use internal information to trade security which violated against the regulations of the stock exchange of Thailand and SEC.
- Common stock shareholding portion of minority shareholders at the closed registered book on 4th April 2018 equal to 18.24 percent of the total outstanding stock of the company.
- The company's shareholding structure is not in pyramidal type

1.1 Procedures before the shareholders' meeting

- Sending the invitation notice together with all detailing documents to the shareholders at least 14 days in advance before the meeting date and disclosed the invitation with all detailing documents both in Thai and English on the company's website more than 30 days in advance before the meeting takes place.

1.2 Meeting invitation documents and all detailing documents

- 1) The invitation of the meeting together with all detailing document both in Thai and English were noticed via SET Portal of the Stock Exchange of Thailand and had disclosed the invitation of the Annual General Meeting in the newspaper for 3 days consecutively and via the company's website:
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 2) Setting the date, time and convenient place for meeting, by setting up the agenda with the directors' comments for each agenda in order for the shareholders to consider, including the criteria and method to participate the meeting.
- 3) Do not limit the opportunity to attend the meeting of shareholders or create excessive burden for shareholders such as proxies or identification documents that is more than specified in the guidelines of the relevant regulatory agencies and etc.
- 4) In the invitation to the meeting, there will be a clarification of proxy procedures that are not complicated and specify details of documents that shareholders must present on the meeting date, including the company's regulations about the shareholders' meeting, voting Proxy Form B, List of Independent Directors so that shareholders can choose to appoint a proxy to attend the meeting.
- 5) The meeting agenda has been specified as an agenda for acknowledgment or approval including clearly divided into topics such as in the agenda relating to directors and has separated the election of directors and approval of remuneration for each agenda.
- 6) Agenda for the election of directors were to be nominated details such as name-surname, age, education, experience, date starting the position as director, training on duties and skills, years of directorship, with/without interest in many ways with the company, types of directors to be nominated, number of shareholding including meeting attendance in the previous year.
- 7) Agenda for the appointment of auditors, the Audit Committee has considered the qualification commended the Board of Directors to propose the shareholders to appoint the authorized auditors who are approved by the Securities and Exchange Commission (SEC), including no relationships and/or interest with the company/subsidiaries/executives/major shareholders or any people related with such person, therefore having independence enough for monitoring and commenting on the company's financial statements.
- 8) Agenda on profit allocation, dividend payment and specified the amount and rate of dividend payment including the details in part 3 years are used for the shareholders to consider.
- 9) Proposing the shareholders to determine the remunerations for the directors which were already approved by the Nomination and Remuneration Committee of the company.
- 10) Attaching the latest minutes of the shareholders' meeting for consideration on the agenda on approval minutes of the shareholders' meeting.

1.3 Procedures on Shareholders' Meeting date

- 1) Arrangement of the meeting will be hold at location with convenient transportation, close to the main road, nearby BTS sky train and express way, so that shareholders can participate easily.
- 2) Preparing officer to help in the registration area, which will be opened before the meeting beginning, not less than 2 hours, and using computer system to count on the votes.
- 3) Encouraging and supporting the Board of Directors, subcommittee, executives to attend all of the meeting as responsibilities in order to reply the shareholders' queries. All of the attendees' profile will be indicated in the shareholders' meeting minutes.
- 4) In the shareholders' meeting minutes, voting procedures were informed that one share equals to one vote to hold a voice vote by ballot with the things with 6 rules related to the shareholders' meeting. The company had arranged for card to be shown for each vote each agenda for transparency and accountability; by voting in

each agenda, the chairman will ask the meeting to put their hands up in case that the shareholders or proxies disagreed or abstain from voting and record the vote down together with signature also the person in charge of recording the vote with the card, whereas the shareholders who agreed will have to put down the vote and signature without putting up their hands and keep all the vote cards with agreeing votes and return them when the meeting ended.

- 5) Arrangement the voter for selection of the directors either by individual or whole committee depends on the meeting agreement, by submitting the name list of the directors who were approved by the Nomination and Remuneration Committee.
- 6) Arrangement of witness of vote counting at the Annual General Meeting (AGM) and disclosing in the minutes of the AGM.
- 7) During the meeting, the Chairman gives opportunity to the shareholders to ask questions, comment and recommend independently before having the resolution of the AGM agendas in order that shareholders consider the details and information of that issues sufficiently.
- 8) For continuous meeting, details of vote counting results in each agenda will be gathered and informed in the meeting after the meeting had ended; for each agenda, the chairman will inform the conclusion for agree and disagree voices.
- 9) In the shareholders meeting of year 2018, the meeting had considered each subject respectively in the agenda as determined in the invitation documents were handed out to the participants without any changes in the orders and will not ask for consideration on other subjects apart from stated in the invitation documents. After consideration the chairman will provide time for participant to ask questions before the meeting ends.

1.4 Shareholders' Meeting Minutes consist of the following 2 parts:

- 1) First part consists of the general information such as name list and position of the directors, executives, company's secretary, auditors attending, number shares the shareholders attending when the meeting starts, steps of voting and counting of votes and will count as one share equals to one vote, to hold a voice vote by ballot for each agenda item of the meeting before the meeting begin. Notify the opportunity for shareholders to submit questions and matters that are useful to the company in advance.
- 2) Second part consists of information for consideration proposed to the shareholders for consideration as declared on the Annual General Meeting invitation, by classifying to each agenda, consisting on the summarized information which the directors proposed to the shareholders for consideration, the queries, answers (if any) and result of the vote in each term (agreed, disagreed and abstention) will be recorded. Record the answers and questions with name and surname of the questioners and repliers.

1.5 Procedures after the Annual General Meeting:

- 1) Disclosure of resolution of the Annual General Meeting for the year 2018 with the vote results on the following day after the AGM took place, by informing via SET Portal of the Stock Exchange of Thailand and via the company's website:
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-2
- 2) The company recorded the minutes thoroughly including important information such as name of participants, directors and executives, procedures and how to vote, voting result of each agenda including questions, explanations and opinions of shareholders in the meeting and prepared the minutes of the shareholders for year 2018 within 14 days from the meeting date and submitted the report to the Stock Exchange of Thailand as well as publication via the company's website.
- 3) The Company Secretary prepared the minutes of the shareholders within 14 days after the shareholders' meeting and submitted the report to the Stock Exchange of Thailand as well as publication via the company's website:
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-3

Category 2 Equitable treatment for each shareholder

The company is aware for benefit of every shareholder whether they are majority or minority shareholders, shareholder as individuals, institution investors, Thai shareholders or foreign shareholders to get the rights and treated equally and

truly, for the highest benefits of the shareholders as following:

2.1 Protection of internal information usage

The company emphasized on the importance of internal information protection which has not been disclosed to the public or information which individual can use to gain benefit for themselves or others in misleading ways, by setting up protection for internal information written in the ethics manual page 27, 32 of Good Corporate Governance topic 2.3 Protection of internal information usage page 12-13 and regulations to be followed by employees as following:

- 1) Do not disclose or seek benefit from the company's confidential information for individual or others party's benefit.
- 2) Do not disclose internal information or document to outsiders and prohibit from seeking for benefit for individual or related parties in misleading way strictly such as trade secrets, production recipe, production technique which were originally owned by the company.
- 3) Do not seek for benefit as individual or for others by using the company's information which had not been disclosed to the public or actions which may cause conflict to the company's benefit.
- 4) The company had protected the internal information on assets transaction by advising the schedule date to avoid making assets transaction of the company in the period of 14 days before disclosing the financial statement periodically or quarterly to the public and refrain from processing on assets transaction until period of 24 hours had passed by after the information had been disclosed to the public.
- 5) The company requires that the directors and first 4 executives, counting down from the Managing Director (according to the definition of the Office of the Securities and Exchange Commission) having a duty to report changes to their shareholdings, including their spouses and underage children under the Notification of the Office of the Securities and Exchange Commission No. Sor Chor. 38/2561 Re: Preparation of Report on Changes in Shareholding.
- 6) Disclose shares that the directors held in the previous and current in the form number 56-1 and the annual report. In 2018, there were no fraud found from the directors, executives and employees in misleading usage of internal information.

2.2 Protection on the rights of the shareholders

The Company emphasized on the importance in treating the shareholders equally and fairly, for the Annual General Meeting of Shareholders for the year 2018, the Company give an opportunity for the minority shareholders to propose the subject to be recorded as an agenda for the Annual General Meeting of the Shareholders from 1st October 2017 to 31st December 2017 which was 3 months in advance before the end for the end of accounting period for the year; in which the company had disclosed all the regulations via. news system of SET Portal of the Stock Exchange of Thailand in Thai and English also on the company's website:

http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-6 including

- 1) Provides rights for the shareholders to vote by which one vote equivalent to one share.
- 2) Delivers proxy letters in form which votes were editable for shareholders who were unable to attend the meeting by themselves; in the previous meeting offering 4 independent directors in the invitation letter as option for the shareholders to assign to their proxy; Additional information can be browse via http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 3) Identifying documents and evidences including advices on procedures of handing over the proxy for shareholders in the invitation letter; for the shareholders to prepare documents with accurateness to prevent problems accruing in the attendant of the proxies to the meeting of shareholders, by which the principles and condition in the proxy principle according to the laws without any obstacles which might cause complexion to the proxy principle.
- 4) No additional agenda apart from assigned in the shareholder invitation letter.

2.3 With or without Interest of Directors

Board of directors has acknowledged on the importance on the business operation emphasizing on all of the stake - holders for sustainable benefits, fair and transparent; therefore, guidelines, conditions and reporting on stake holding and handling securities were determined as following:

- 1) Prescribing the directors and executives to report their own stakes that are related to the company and business management of the company when taking position in the first time and report in every time changes occur to the company by handing to the company's secretary within 3 days from the occurring date.
- 2) The secretary of the company will hand in the copy of the report accordance to code 89/14 to the committee chairman and the chairman of audit committee within 7 days after receiving the reports.
- 3) In the board of directors' meeting, if any directors were found in stake holding or related to the individual relating in those agenda in investigation; they will not have the right to vote and attend the meeting at that agenda, for the fairness of the board of directors and for the most benefit of the shareholders.
- 4) Determine policies on transactions that may have conflicts of interest in order for the agreement to enter into such transactions is transparent through careful, rational and independent consideration process within a good ethical framework for the benefit of the company and shareholders as a whole.
- 5) The company disclosed the shareholding, with/without interest of directors, meeting attendance of every committee is stated on the Management Structure Topic.
- 6) Directors, executives and auditors reported the shareholding of the company once annually within 30 days of the end of financial period and handed over this report to the secretary of the company.
- 7) In previous year, the company did not have any directors and executives who violated or did not comply with the rules on the security trading regulation according to the SET/SEC.

Category 3 Roles of stakeholders

Policy for stakeholders which are related to the operation of the company such as, shareholders, employees, customers, trade partners, competitors, creditors including community and society. Which all the stakeholders should be taken care by the company holding on their rights according to the laws and agreement upon the company impartially with corporate governance. Thus, the company determined guideline to the stakeholders as following

3.1 Roles to stockholders The company realized on compensation to the shareholders, precedence to minority share - holders or institutional shareholders together with gaining trust from the shareholders by providing the internal control system and accounting system and auditing strictly, supporting on reporting the status and the company's management supporting the shareholders' rights promptly, accurately, completely and fairly. For additional information, can be obtained from the topic "Good Corporate Governance and Business Ethic Manual" page 14, 32
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

3.2 Roles to Trade Partners and Creditors Contacting the distributors, contractors or trade partners by procurement method of the company without special treatment to any individuals.

Trade Partners : The board of directors determines regulations for practices on all trade partners to be equivalent and fair by organizing on procurement by selection off vendors, partners or consultants which were based on the principle that the company must gain the most profits under transparent selection without prejudice, able to be investigated and prohibit employees from beneficiary resolutely, for additional information were shown on page 14, 31, 33 in the Good Corporate Governance and Business Ethics manual on the company's website
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

Creditors: In the past year, the company complied with the commitments and agreements with trade creditor according to commercial term. There is no case of default, no calling for receiving or paying any dishonest benefits. The company has set guidelines for suppliers and creditors. Additional information on pages 14,33 of the Good Corporate Governance Handbook and business ethics on the company website
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

3.3 Roles to Customers The company has commitment to develop products and services continuously, cooperate with the customers to develop and research on products for meeting the customers' needs and provide service promptly with honesty and treats every customers fairly. The company develops quality products by considering on the safety of the environment, customers and meeting the customers' satisfaction. The practice toward customers were disclosed on the company's website

<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
and on page 14, 33-34 in the Good Corporate Governance and Business Ethics manual.

3.4 Roles to Trade Competitors: The company holds on the principle of independence in business competition under the laws and business ethics without aiming for competitors' internal information with misleading methods. The actions toward customers were disclosed on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy> and on page 14, 34 on the Good Corporate Governance and Business Ethics manual.

3.5 Roles to Employees every employee of the company is essential resource for the company and main factor to successful business operation, the company's board of committee had determined implementation towards the employees in Human Resources Management Policy at the topic 8.5 Personnel including;

- 1) Fire evacuation training drill at least 2 times a year in order for the employees and officers to know the way to protect themselves in case of conflagration.
- 2) Annual health check-up since the company emphasized in taking care for the health of the employees, therefore the annual health check-up was arranged every year.
- 3) The company set up "Safety, Occupational health and working environment committee in order to control business that might affect the employees including setting up of the Five-S committee giving opportunities for the employees to participate in developing the quality of working life for themselves. Additional information can be view on page 39 of the Good Corporate Governance and Business Ethics manual and on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- 4) The actions toward the employees were disclosed in the additional information which can be viewed on page 15, 34-35 of the Good Corporate Governance and Business Ethics manual and the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- 5) The company posed policy on supporting the employees' health promotion program collaborating with Nopparat Hospital in reducing of NCDs Non-Communicable diseases, which caused by the effect of the employees' lifestyles such as alcohol, smoking, lack of exercise, consuming excess of salty – sweet foods, stress and carried out policy on escorting pregnant employees by giving the importance on good health conservation and works which will not be dangerous for the mother and their child (fetus).
- 6) In the past year, the company has maintained labor practices fairly and has considered the rights in various areas that workers should have such as employment, development on knowledge and skills, career advancement, creating happiness in the workplace for 8 topics. Additional information on the topic of CSR to sustainable development on social and community.

3.6 Roles to Society, Community and environment The company acknowledged that sustainable growth of the company taking responsibility to society, community and environment would occur if the company pay attention on a responsibility to society, community and environment. Then the company arranged the details of CSR on topic of the CSR section sustainable development and for additional information on page 15 on Good Corporate Governance manual and page 35-36 on Business Ethics manual

<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

The company set up policy on responsibility to society in section 4 page 41 of the Good Corporate Governance manual, more information can be viewed at the company's website

<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

The company had summarized CSR in process & CSR after process on the topic of CSR to sustainable development.

Category 4 Information Disclosure and Transparency

The company had disclosed important information relating to the company including financial information and non-financial information under regulations of regulators to be accurate, complete, transparent and up-to-date through the approachable channel which can be reached equivalently, reliable, not misconstrue and adequate for shareholders and investors. The board of directors determined the following regulations:

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- 4.1 Directors, the first 4 executives, counting down from the Managing Director (according to the definition of the Office of the Securities and Exchange Commission) having a duty to report changes to their shareholdings, including their spouses and underage children under the Notification of the Office of the Securities and Exchange Commission No. Sor Chor. 38/2561 Re: Preparation of Report on Changes in Shareholding, is effective from 15th August 2018 onwards.
 - 4.2 Directors, executives and auditors shall report the shareholding list on the Company security for their own once annually within 30 days of the end of financial period and hand over the report for the Company Secretary to keep the original copy.
 - 4.3 Stakeholder Report; had been set up for the directors and executives including relating individuals whom-ever benefits for the directors and executives to report stakeholder each time to the Company immediately, by handing over the report to the secretary of the Company within 3 days from the occurring date; the Company secretary will send the copy report to the Chairman of the Board and Audit Chairman within 7 days after handling the report.
 - 4.4 The Board of Directors has prepared a report on the responsibility of the Board of Directors to financial reports and has presented with the auditor's report in the annual report.
 - 4.5 Disclose information accordance to accounting period which are financial information and non-financial information via the SET Portal of the SET and on the company's website for the shareholders, investors and regulators to acknowledge on the information, completely, timely and be able to use them for consideration thoroughly and fairly.
 - 4.6 Disclose transparently the shareholders structure showing the beneficial owner via http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-1
 - 4.7 Disclose Management Discussion and Analysis (MD&A) when the Company gained income or net profit increasing (decreasing) from the same period in the previous year for more than 20 percent.
 - 4.8 Significant inter-transactions will be considered, but if needed to be authorized by the board or the AGM, disclosing information on inter-transaction; which will indicate name of individuals whom made those inter-transaction, relationship of, type of transactions, conditions and value of the transactions, necessity and reasons. All inter-transactions of the previous year were done within normal business transactions.
 - 4.9 Disclose the remuneration for auditing and other service served by the independent auditors, considered by the Audit Committee at the topic, Remuneration for the independent auditor.
 - 4.10 Disclose the roles and duties of the board of directors and all subcommittees at the management structure, including disclosing of with or without having interest, numbers of attendance of each director for the whole year in form 56-1 and the annual report.
 - 4.11 Disclose the remuneration of director and executive which reflected their responsibilities of each individuals including forms of remunerations by which Nomination and Remuneration Committee had approved, comparing to other registered companies under SET which were in similar industry and business, in size which seem to be comparable, for additional can be obtained from Summary of Remuneration of Directors on page 24, including disclosing other information on the company's website as following:
 - 4.12 The company's vision and mission <http://www.unionpioneer.co.th/index.php/about-us/vision>
 - 4.13 Nature of the business operation <http://www.unionpioneer.co.th/index.php/about-us/com>
 - 4.14 Financial statements and the report on the financial status and the result of business operation in both current year and previous year http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-2-2
 - 4.15 Handing over and disclosing annual report (form 56-1) to the regulators within 3 months from the date the accounting period ends and are downloadable on the SET's website and on the company's website http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-4
 - 4.16 Handing over annual report (form 56-2) within 4 months from the date the accounting period ends and are downloadable on the SET's website and on the company's website http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-3
 - 4.17 Disclosing the resolutions in the board of directors' meeting on the date, time, location and agenda of the shareholders' meeting with the comment of the board of directors and the date the share transfer registry

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- ends, disclosing resolution in the shareholders' meeting on the following day on the company's website
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 4.18 Disclosing invitation of shareholders' meeting with related documents on the company's website 30 days in advance http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 4.19 Delivering and disclosing minutes of shareholders' meeting within 14 days to the Stock Exchange of Thailand and can be viewed on the company's website
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-3
- 4.20 Policies as well as the company's good corporate governance manual and business ethics
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- 4.21 Roles, responsibilities, qualifications and positioning terms of the Board of Directors, Subcommittee, Audit Committee and Nomination and Remuneration Committee.
<http://www.unionpioneer.co.th/index.php/about-us/board-of-directors-2>
- 4.22 Individual responsible for the Investor Relations is Mr.Wiwat Jongkonrat, manager of the Accounting and Financial Division, contact number: +662-517-0105-8 ext.211 and fax number: +662-517-0345. We are pleased to hear out the comments, recommendations and information related to analyzers, institutional investors and free floats investors, including more information can be obtained from Stock of Exchange Thailand's website www.set.or.th or the company's website
<http://www.unionpioneer.co.th/index.php/contact>.
- 4.23 In the previous year, the SEC did not command the Company to amend financial statements of the Company and the Company did not have any records on the delay of submitting on the financial reports quarterly and annually.

Category 5 Responsibilities of the Board of Directors

5.1 The Company Structure of the Board of Directors composing of directors who have diverse qualification in skills, experiences and specific talents that are useful for the Company, gender etc. In the present, the Board of Directors consist of 9 persons, which members not less than half of the directors from overall number of directors should be in located in the Thailand and directors not less than three-quarter of overall number of directors must be Thai citizenship. Additional information can be obtained from Management Structure, including;

- 1) The Company had established policies and manual of the good corporate governance and business ethics approved and signed by the Board of Directors. Communication was made for executives and employees to sign and acknowledge and take action, the Company will track the performance and related matters in accordance with above policy and ethics regularly.
- 2) The Board of Directors set an Internal Audit Office In the Company to report the results to the Audit Committee, to operate according to audit plan and to review the internal control system, which are suggestion from the internal Audit Committee in every quater in the Board of Directors meeting.
- 3) In the previous year, the Board of Directors meetings were held in the total of 12 times and Annual General Meeting was held 1 time. Additional details are shown in the summary table of attendance of each director at the organization structure topic.
- 4) The Board of Directors had determined anti-corruption policy. Encouraging publicizing of knowledge and communicated with employees in all level and individuals performing business related to the Company to acknowledge on the anti-corruption policy. In the past year, the company continuously sends representatives to participate in anti-corruption and corruption activities to show the position and intention of anti-corruption and corruption.

5.2 The Company's subcommittee: Beside the Audit Committee that had been organized by the Company in accordance with The Stock Exchange of Thailand, the boards also organized a subcommittee in order to have good corporate governance, the Company had disclosed information on sub-committee on the management structure from page112 to and page 113

5.3 Roles, duties and responsibilities of the subcommittee

Details are stated in the "Good Corporate Governance" from page to 112

5.4 The Board of Directors' Meeting

- 1) The Board's meeting is scheduled dates and times in advance for the whole year i.e. on every Wednesday of the 3rd week of the month to facilitate the directors to plan for allocating time to attend the meeting. In addition, meeting agenda were handout to the board of directors 7 days in advance before the meeting date in order for the directors to have enough time study the information and arrangement in order to participate the meeting.
- 2) In consideration of any topics, the Chairman who arranged the time adequate for the meeting and gave chances for the directors to give out opinion independently therefore, casting vote in the board of directors' meeting depended on the majority votes by letting one director holds one vote; in case of any director benefiting on those agenda will not be participating in the meeting and will have no rights to cast the vote on those agenda.
- 3) In the board of directors' meeting, management of the Company will participate in the meeting to give out useful information and acknowledge the policy directly, to be able to proceed on efficiently.
- 4) The Company's non-executive held their own meeting necessity to consider on any problems of interest related to the management without the management team participating for the non-executive directors to express their opinion independently.
- 5) The Chairman of the board and managing directors considered in selection of the agenda of the directors, moreover topic of interest might me selected as the topic in the agenda as well.
- 6) The Chairman had arrangement time sufficiently and enough for the directors to debate important topics cautiously as well as supporting every director to express opinions freely.
- 7) For each board meeting, Chairman, Managing Directors and Directors will attend every meeting except for having business in foreign land or having other matters.
- 8) Executives attend every board meeting to inform additional information on accounting and financial or related issues.
- 9) Assign the Secretary Company to arrange the minutes in order to send out with the invitation letter which included agendas including documents for the board of directors 7 days in advance before the meeting.
- 10) In the past year, the Board has monitored the management to implement the Company's strategy through the meeting of the performance report and the operating results of the company on every month.

5.5 Self-evaluations of the Board of Directors and Executives

The Board of Directors perform self-evaluation on the performance once a year accordingly as individuals and as committees. Moreover, self-evaluation on sub-committee once a year by evaluating by committee and results were collected by sub-committee and the company's secretary. The results will be reported to all the committee to review the performance, issues and obstacles during the previous year for improvement of the performance accordance to the good corporate governance.

The evaluation of the performance of the entire Board of Directors with the following criteria and procedures;

Performance Evaluation Criteria	Performance Evaluation Process
Divided the evaluation into 6 main topics according to the guidelines of the Stock Exchange of Thailand, namely 1) Structure and qualifications of the Board of Directors 2) Roles, duties and responsibilities of the Board of Directors 3) Board meetings 4) Directors' duties 5) Relationship with the management 6) Self-development of directors and executive development	1. Conduct an evaluation of the operational efficiency of the Board of Directors as a group at least 1 time per year.
	2. Company Secretary summarizes and presents the results of the performance evaluation of the Board of Directors to the Nomination and Remuneration Committee to consider the evaluation results and development guidelines to improve operational efficiency.
	3. The Nomination and Remuneration Committee proposes the evaluation results and guidelines for improving operational efficiency to the Board of Directors.

In the past year, the result of the self-assessment of the Board of Directors as a whole is 96.18 for overall average score.

Individual performance evaluation of the Board of Directors has the following criteria and procedures:

Performance Evaluation Criteria	Performance Evaluation Process
Divided the evaluation into 6 main topics according to the guidelines of the Stock Exchange of Thailand, namely 1) Structure and qualifications of the Board of Directors 2) Roles, duties and responsibilities of the Board of Directors 3) Board meetings	1 The directors of the company conduct self-evaluation individually at least 1 time per year.
	2. Company Secretary summarizes and presents the results of the performance evaluation of individual directors to the Nomination and Remuneration Committee to consider the evaluation results and development guidelines to improve operational efficiency.
	3. The Nomination and Remuneration Committee proposes the evaluation results and guidelines for improving operational efficiency to the Board of Directors.

In the past year, the result of the self-assessment of the Board of Directors on an individual basis is 96.46 for overall average score.

Individual performance evaluation of the Board of Directors has the following criteria and procedures:

Performance Evaluation Criteria	Performance Evaluation Process
Divided the evaluation into 4 main topics; three main topics are according to the Stock Exchange of Thailand guidelines, and the additional one topic in the report of the Audit Committee to the Board of Directors of the Company such as; 1) Structure and qualifications of the Audit Committee 2) Audit Committee meeting 3) Roles, duties and responsibilities of the Audit Committee 4) Report of the Audit Committee Criteria of Performance Evaluation	1. Assess the performance of the Audit Committee as a whole once a year. Secretary of the Audit Committee proposes the Audit Committee to evaluate the performance in the Audit Committee meeting in the fourth quarter of every year
	2. Secretary of the Audit Committee summarizes and presents the performance evaluation results to the Audit Committee meeting in the first quarter of every year.

In the past year, the result of the self-assessment of the Board of Directors on an individual basis is 96.46 for overall average score.

5.6 Remuneration of the Directors

Additional details on topic of remuneration of the directors and executives on page 116

5.7 Knowledge development for Directors and Executives

- 1) Every director of the Company was trained in courses which concerned roles, duties and skills for directors from the Thai Institute of Directors Association (IOD).
- 2) When there is new director, the Board informs the management to submit the documents or to present briefing in order for the new director to understand the business and his/her duties.
- 3) The Board has set a succession plan to carry on with the duties in order for the executives to work continuously and the business operation will not be disrupted.

Courses of the Thai Institute of Directors (IOD)

Director Accreditation Program (DAP)	Chartered Director Class (CDC)
Director Certification Program (DCP)	Director Diploma Examination (DDE)
Finance for Non-Finance Director (FN)	Advanced Audit Committee Program (AACP)
Audit Committee Program (ACP)	Ethical Leadership Program (ELP)
Role of the Compensation Committee (RCC)	

Training information of the Board of Directors about roles, duties and skills of being a director

Name-Surname	DAP	DCP	FN	ACP	RCC	CDC	DDE	AACP	ELP
Miss Dalad Sapthaivichaikul	-	9/2001	1/2001	10/2005	-	-	4/2001	-	13/2018
Mrs. Rapeephan Sanuansis	5/2003	-	-	-	-	-	-	15/2014	13/2018
Mrs. Yupha Boonchuaydee	127/2016	-	-	-	-	-	-	23/2016	-
Mr. Pongsak Thiengviboonvong	5/2003	-	-	-	-	-	-	-	13/2018
Mr. Chutindhon Darakananda	17/2004	-	-	-	-	-	-	-	-
Mrs. Chantorntree Darakananda	5/2003	-	-	-	-	-	-	-	-
Mr. Vacharaphong Darakananda	2/2003	69/2006	-	-	15/2012	7/2013	16/2006	-	-
Mr. Nanthiya Darakananda	2/2003	212/2015	-	-	-	-	-	-	-
Mr. Kollatat Tangchitkul	113/2014	-	-	-	-	-	-	25/2017	-

Courses the Executives had taken for knowledge development in hours

Items	Courses	Number of hours
1	CE Marking for Medical Device	65
2	Big Data Analytics: Data analysis to increase business potential	42
3	New Generation leaders in the era of change	54
4	Step into free trade with international trade facilitation standards according to international principles	13
5	HR for Non HR: strategies for managing people in ERA 4.0	6
6	Plant Manager (long term 2nd March – 10th June 2018)	154
7	Tax Review & Tax Audit before filing PND 50	6
8	Transportation Management 4.0	6
9	Academic conference, Launching rubber research results into utilization	6
10	50 Accounting issues regarding dividends according to financial reporting standards	6
11	IDP preparation in accordance with Training Road Map	6
12	Strategic CFO in Capital Markets	42
13	Update the tax law in 2018 with tax benefits that must not be missed	6
14	Techniques and points to be careful in internal control and improve accounting system	6
15	IA Clinic: Anti-Corruption: Together We II Win	3
16	Enhancing Good Corporate Governance based on CGR Scorecard	6
17	Design and development of quality rubber products with finite element method	12
18	Review of internal control systems by using an international internal control framework	6
19	Internal Auditing Certificate Program (IACP)	78
20	IATF 19646: 2016 Core Tool	6
21	Smart Disclosure Program (SDP)	6
22	Thermoplastic rubber and applications	6
23	TPA Lean Manufacturing: First Step to Factory Automation Success	12
24	Thailand To Become Rubber Hub In Asia	18
25	The impact on the Thai industry from the trade war between the United States and China	6

Sub-Committee

The Board of Directors had appointed subcommittee as following

- Audit Committee
- Nomination and Remuneration Committee

In order to proceed the specific matter and propose to the board of directors to consider and acknowledge, charters were arranged for subcommittee to determine their duties and responsibilities; the Company will disclose the duties and responsibilities and other information of the sub-committee in the subtopic of the management structure of the Company as well as including in the company's website.

Nomination and Appointment Directors and Chief Executives

Independent Directors is a part of board of director that should be included; at least 1-3 of the number of directors should be independent directors and must not be less than 3 individuals must be non-executive director and qualifications according to the laws. Follow up and take care of the conduction of the management and give opinions on operation of the company independently for the uttermost benefit of the shareholders.

The nomination and remuneration committee will consider on recruiting individuals with qualification accordance to the laws and qualification according to the definition of the independent director according to the minimum requirement of SEC by individual who have abilities and experiences suitable and understanding to the business structure of the company including vision and time adequate for the duty.

Total number of 3 Independent Directors; 2 females and 1 male which are more than one-third total numbers of 9 directors, as listed below:

1. Mrs. Rapeephan	Sanguansis	Independent Director
2. Mrs. Yupha	Boonchuaydee	Independent Director
3. Mr. Kollatat	Tangchitkul	Independent Director

Independent Directors Definition (Which the minimum requirement of SEC)

- Holding shares not over one percent** of the total shares with voting right of the applicant for license, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, however, it includes shareholding by related persons of the independent director also.
- Not being or has been** a director with management participation on employees, consultant with regular salary or authorized person of the applicant for license, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or of authorized person of the applicant for license, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include that of civil service or consultant of government body holding major shareholding or authorized person of the applicant for license.
- Not being person of whole blood or registration** as stated in the law, in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the applicant for license or subsidiary.
- Not have or has been in business relation** with the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office. The business relation in paragraph one includes trade transactions in normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of net tangible asset of the applicant or from twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relation with the same person.
- Not being or has been auditor** of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation, shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the office.
- Not being or has been any professional provider** which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the

professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

- 7 **Not being a director appointed to be agent** of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.
- 8 **Not operating similar or significant competitive business** to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.
- 9 **Not having other characteristics** that will hinder free independent opinion in relation with the operation of the applicant.

After the appointment to be independent director with the characteristics as stated in paragraph one 1 to 9, the independent director may be assigned from the committee to make decision on the business operation of the applicant, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision.

Nomination of Directors and Chief Executives

Nomination of Directors

Nomination and Remuneration Committee has established criteria and methods for nominating people, to consider, select and nominate to the Board of Directors before proposing to the shareholders for approval as follows

- A. Have qualifications and not have any prohibited acts according to specific law on public companies and Securities and Exchange Act, including good corporate governance of the listed companies.
- B. Have knowledge, ability and independence and able to carry out the duty with care and loyalty able to dedicate their time for the company, having competence, seniority suitable, healthy body and mind, creative in the meeting, straightforward, brave to give out opinion in the meeting and/or is well-known businesspeople with great profile and moral as well as been accepted by the society.
- C. Have knowledge, essential ability in at least one field such as the company's business in account and financial, strategic management, good corporate governance, laws and regulations.

Nominating of Chief Executives in nominating the individual for managing director position of the Company, Chairman of the board will do the tentative consideration of the individual for the board of directors to screen from qualification, knowledge and abilities, capabilities and experiences appropriate to manage the Company including understanding the business thoroughly.

Corporate Governance in operating the business of subsidiary companies and affiliated companies

The Company has no subsidiary or affiliated company.

Controlling of internal information usage

The Board of Directors has established policies and guidelines for the prevention and control of internal information usage by specifying this related matter in the regulations of the company and the Good Corporate Governance Handbook, Section 2 at the topic of Preventing the Use of Internal Information. Those whom violated the rules will be disciplinary penalize, according to the internal regulations of the company.

The company has established a guideline for maintaining assets and keeping confidential information of the company in the business ethics, topic 1) which is disclosed on the company's website.

Remuneration of the Auditors:

In the 25th annual general meeting of year 2018 had a resolution to select the Company's auditors from EY Office Limited as following:

- | | |
|---------------------------------|--|
| 1.Miss. Vissuta Jariyathanakorn | with CPA (Thailand)-License No. 3853
(4th year in auditing) |
| 2.Mrs. Poonnart Powcharoen | with CPA (Thailand)-License No. 5238 or |
| 3.Miss. Tippawan Nananuwat | with CPA (Thailand)-License No. 3459 or |

The aforementioned auditors have no relationship or/and any gain or loss with the company/subsidiary/executives/ major share-holders/directors or any person related with the mentioned parties and are the authorized auditors who are approved by Securities & Exchange Commission (SEC).

The company has no subsidiary or affiliated company.

(1) The Company paid the remuneration for the auditors to EY Office Limited which the Company's auditor works with.

In year 2018, Baht 1,000,000 (Baht One Million) equal with the previous year

In year 2017, Baht 1,000,000 (Baht One Million)

In year 2016, Baht 800,000 (Baht Eight hundred thousand)

(2) The Company did not pay other services to the auditors.

Implementing Good Corporate Governance Principles for the listed company in 2018 (CG CODE)

In the past year, the Board of Directors had CG Principles of the Company as follows.

- The company still adhered to almost entire the 5 principles of the 2012 CG Principles.
- By implementing the 8 principles of good corporate governance principles for listed companies in 2017 (CG Code) to be applied and complied with the 5 principles (CG Principles) previously used by the company.
- At present, the company is improving the 2012 CG Principles to be a good corporate governance principle for listed companies in 2017 (CG Code).

Compliance with good corporate governance principles in other matters

The company has disclosed information by applying other best practices to be applied to support the assessment of other matters as follows.

1. Corporate Governance Assessment Program for Thai Listed Companies (CGR)
2. ASEAN CG Scorecard
3. AGM Checklist Quality Assessment Program

By disclosing the practice in the annual report under the main topic as follows;

- Management structure
- Corporate Governance
- CSR heart to sustainable development
- Nomination of Directors and Executives

Topics that the company has not yet complied with the principles of good corporate governance for listed companies in 2018, but there are appropriate substitution measures, as follows.

Unpracticed Topics	Substitution Measures
1. The chairman of the board should be an independent director	The Chairman of the Board of Directors is not a Managing Director. There is clearly separating the duties and responsibilities of the Chairman and the management, including 3 independent directors of 9 directors to create balance authorization between management and governance. It emphasizes on the benefits of the company, shareholders and all stakeholders.
2. The board of directors should specify that the independent director shall hold the consecutive positioning term period for not more than 9 years counting from the date of first appointment as an independent director.	The Board of Directors has not determined the continuity of the longest term of independent directors, directors and sub-committees. Since the Board of Directors believes that all directors are knowledgeable and capable, experienced, understand the nature of business operations, have freedom to express opinions and suggestions that are useful to the company. They are not or do not related with major shareholders, or do not have authority in controlling or not being persuaded or dominated by the management. They have the qualifications of an independent director according to the regulations of the SEC and the SET.
3. The board of directors should determine the number of positioning term period that hold the longest consecutive positions of directors and sub-committees.	
4. The Nomination and Remuneration Committee is an independent committee.	The Nomination and Remuneration Committee has 3 members, with at least 2 independent directors. The Chairman of the Nomination and Remuneration Committee is an independent director.



To Sustainable Development....



The Company realizes that business operation with Corporate Social Responsibility (CSR) is one of the most important key to be successful in the business. The CSR activities benefit stakeholders to achieve sustainable development concretely are encouraged to carry out through the main business process, so called CSR-in-process, and activities for society or CSR-after-process.

Thai Chamber of Commerce Best Awards 2018



Thai Chamber of Commerce
Best Awards 2018

On Friday October 19th, 2018, Prof. Dr. Kasem Wattanachai, Privy Councilor, gave Mr. Pongsak Thiengviboonvong, the Managing Director for Thai Chamber of Commerce Best Awards 2018 at the office of National Anti-Corruption Commission.

Management Philosophy of Mr. Pongsak Thiengviboonvong

“ My commitment is to manage the company to be stable and sustainable. Stable mean to expand the market, generating new customers, creating new products and innovation to the firm. Sustainable mean to focus on continual human resources development to create knowledge to the firm. All operations of the company must be ethical, transparent and auditable. Moreover, it must be fair to all stakeholders. This philosophy has to be built up as the culture of the organization and conveyed to all employees in all level.”



The Economics Dimension



❖ Operation of Fairness

For 45 years passed, the Company always enhances a capability for sustainable growth and operating with social responsibility, ethics, transparency and auditability. Improving products quality and safety for consumers is always be important for the company. Good governance is the core principle of the company which make the company to be successful until now.

Equality of Shareholders

The Company operates business with transparency, honesty, auditability and fairness. The Company commits to generate sustainable growth, good performance and a reasonable return continually to all shareholders equally and fair under the good corporate governance and business ethics.

Fair Competition

The Company competes in the market with fair strategy and believes in ethics. This core value was conveyed to employees in all level to make them believe in ethics and work accordingly. The company will not ruin the reputation of a competitors, gather the confidential information of competitors through unethical strategy and not use intellectual property rights of others without permission from the owner.

Supply Chain Relationship Management

The Company operates business on the basis of fairness, equality, honesty and comply with laws and regulations. Furthermore, the Company always build up the good relationship with stakeholders in the supply chain, support and cooperate for the exchange of knowledge, product and service development for value added purpose.



Customers Relationship Management

The Company intends to equally and equitably satisfy all customers by providing good processes that create good and safe products and/or services for the users. In addition, to build trust and confidence among our customers, we provide an opportunity for customers to visit or audit our processes at any time. Then, our customers can be confident in the products and services that they are generated well under the systematic and standardized processes in accordance with the international standard ISO9001 :2015, ISO13485 :2003 and ISO14001 :2015



❖ Anti-Corruption

Besides stable and sustainable, business ethics and anti-corruption policy are the key factors for the Company to be successful for years.

In the year 2017, the Company participated Anti-Corruption events continually, “Anti-Corruption Day” under the campaign “Thai people wake up to know to fight fraud” at BITEC on September 6th, 2017 and “International Anti-Corruption Day (Thailand)” under the concept “Zero Tolerance : Thai people is no more patient with corruption” at IM-PACT Exhibition Hall 2 on Friday December 7th, 2017.



The Company also provided 4 channels for employees to inform or complain the Company about the corruption in the Company. Those channels as follows;

1. Complaint Box
2. Mailing to Office of Internal Audit
3. E-mail to Managing Director/Office of Internal Audit Office
4. Direct calling to Managing Director

In order to control all operation procedures of the company to comply with corporate anti-corruption policy, the company imposed the 4 measures as below;

- 1) Procurement - the Company issues the rules and regulations which comply with the procurement procedures. Price comparison, selection method and vendors' assessment must be complied with the international standard ISO9001. Any area for improvement must be conveyed to the seller if found. High value procurement must be approved by the Procurement Committee.
- 2) Conflicts of interest – The Company pay a lot of attention on Conflicts of Interest, all employees of all level must be announced not to do any activity under conflicts of interest.
- 3) Giving or Receiving of gifts, entertainment or business dining - The Company identifies clearly the rules and regulations and were announced to all departments.
- 4) Giving or Receiving of bribes in any form with government or private sector is prohibited.



September 6th, 2018 participated “Anti-Corruption Day”
December 7th, 2018 participated “National Anti-Corruption Day”

❖ Responsibility for consumers

Customer Needs is the most important thing for business operation nowadays. Although products of the Company is majority industrial goods but to ensure that it is safe for the consumers. The Company submitted all three main products -rubber thread & tape, elastic webbing and elastic braid for testing for harmful chemicals at Swiss Textiles Institution every single year to obtain Oeko-Tex Standard 100 certificate and all those three products were certified as Class I (For baby articles).



The Social Dimension

❖ Human and Labor rights

The Company commits to be growing the business together with enhancing quality of living of social and community. The Company supports, helps and treats employees in all aspects fairly and equally per basic human rights principle. Human rights rules and regulations of the Company as follows;

- **Employment:** No requirements regarding gender, age, nationality, religion etc. for any hiring of the Company except child labor. The Company respects to the rights of the employees and also gives priority to employee's family members and also local labors to create jobs and income for the community.
- **Knowledge Development:** The company provided all employees the training courses to improve their skills, performances and potentials both in-house and external training. There were more than one hundred training courses in the year 2018
- **Career Advancement:** Promotion of the employee was based on knowledge and capability. Gender, age, nationality, religion etc. are not considered as criteria for any promotion.



- **Creating happiness in the workplace:** The Company realizes that employees spending their lives more at the workplace than at home. The Company applies Time Management and Happy Workplace concept to make the employees happy with their place concept to make the employees happy with their work. The Company believes that happy employees will work effectively. The concepts Company applies as following;



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รพ.ธนบุรี ๑



- 1) Happy Body** - The Company supports employees to live healthy life mentally and physically by providing sport activities to strengthen relationship in Saha Union group, annual health check. The company also focuses on the safety in work by providing knowledge to employees and establishes Safety Committee to manage the safety system to ensure that the employees will be treated well and safes. Furthermore, 24 - hour medical room with medical professionals and a doctor presents in the medical room 1 hour in the morning and another hour in the afternoon.



- 2) Happy Heart** - The Company encourages employees to be givers by organizing activities such as blood donation activity with Thai Red Cross and money donation to foundations.





3) Happy Relax - The Company encourages workers to join seminar every year for relaxing from working during year.

The worker's representatives will work together to find for place and activities for seminar with given budget.



4) Happy Brain -The Company arranges

both inside and outside trainings for workers to increase knowledge for self-improving and for work progress. The Company also settles a library for increasing knowledge for workers.



5) Happy Soul - The Company encourages workers to build faith in religious for living.

The Company arranges merit activities for workers to participate. Moreover, the Company also arranges prayer room for Muslim workers for their religious activities.





6) Happy Money - The Company arranges Money Cooperative and Provident Fund for saving money after special case, the worker can borrow money from Money Cooperative with low interest compared to Banks. For the saving, workers will receive dividend in ratio from their saving money and get an average interest return on annually interest payment.



7) Happy Family - The Company encourages workers to participate and build relationship same as they are family. The Company also had employee representatives to attend activities to make them feel that the Company is a part of them.



8) Happy Society - The Company encourages workers to live with love, cooperation, and giving to their own community to improve overall society and environment. The Company builds the participation of workers both inside and outside society.



● **Inside Society:** The Company takes into account with workers and workers' family continuously. The company also create activities to develop relationship between employees and the organization. For example,

➤ In Songkran Festival we represent the respect to senior positions by pouring scented water onto their hands.



➤ Giving a certificate and a reward to employee who has been working for the company for completely 10 years to thankful for their loyalty.



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- ▶ Organizing farewell party to expression of good wishes to retirement employees.



- **Outside Society:** The Company provided many social activities for the employees to join for example donating money to Baan Saengtawan, donating patient bed to Nopparatrajthani hospital, giving education fund to Thawee school, joined the Volunteer Safety Officer for Society program etc.

❖ The Community and Social Development

Besides CSR-in-process, the Company also arranged the CSR-after-process to the communities surrounding. The Company gave the opportunity for the employees to join the activities such as donating money and appliances to underprivileged people, attending Government volunteer program, maintaining the environment surrounding, giving presents to the children on National Children Day, donating patient bed to the hospital, blood donation etc.

Praising the Sacrifice People



Her Royal Highness Princess Maha Chakri Sirindhorn bestowed the Red Cross First Class Medal to Mrs. Nattinee Numpong, the employee of Union Pioneer, who reached 100 times of blood donation.

In the year 2018, Mr. Pongsak Thiengviboonvong gave Mrs. Nattinee Numpong the certificate to praise her for sacrificing.



Corporate Social Responsibility (CSR) of 2018



Donating patient bed to Nopparatrajatheni hospital



Participated the Royal Kathin Ceremony with the Labor Protection and Welfare Area 10



Gave Thawee School education fund



Donated money to Baan Saengtawan



Blood Donation



Gave the calendar to Educational Technology Center for the Blind

Corporate Social Responsibility (CSR) of 2018



Made merit in Visakha Puja Day



Made merit (Kathin) for Wat Horchue in
Surin province



Joined the Volunteer Safety Officer for
Society program



Gave presents in National Children Day



Improved water condition in World
Environment Day

The Company operates with social
responsibility
(CSR)

UPF creates activities for the society.

Environmental Dimension



The Company realized that environment reservation is very important, so maximizing resource utilization and environmentally friendly are the goals of the Company under ISO 14001 environmental management system. Green Product under Eco-Friendly concepts were applied throughout the Company in order to be a sustainable Green Organization.

❖ Caring for the environment and energy

➤ **Water Conservation:** Water is one of most important factor for human living and industry. The Company uses a lot of water in the processes, therefore Activated Sludge method for wastewater treatment was implemented in order to input enough Oxygen into the treated wastewater before releasing it to the environment. Treated wastewater was sent to the lab for analyzing every month in order to monitor and control it to be complied with the law. All parameters of treated wastewater of the Company were in the standard limit.



➤ **Air Conservation:** Air pollution created by human being is a big problem nowadays. The Company was a part of solving air pollution problem by using alternative energy such as Natural Gas to reduce air pollutions to the environment. The Company also having air quality measurement in every 2 years in order to monitor and control the quality of air released to ensure that it will not create any environmental issue.

➤ **Soil Conservation:** Waste that cause environmental issues is still a problem with no solution. The Company announced the policy about waste reduction to all employees and had a Waste Segregation project in the year 2018. Soil quality is measured every year and have never had any issue.



➤ **Energy Conservation:** Energy is one of the most important factor in the industry. Energy consumption in industry sector growing a lot in the past years. Alternative energy was promoted aggressively. The Company was a part of energy conservation by implementing many alternative energies in the production processes and many energy conservation programs were run in the year 2018 as follows;

1. Changing the roof tiles from Roman Tiles to Metal Sheet with foil in order to decrease heat in the premises. Moreover, some transparent tiles also used to combine with the Roman Tiles in order to conserve electricity.
2. Smart Boiler project was completely installed.
3. Changing all light bulbs in the Company to LED.
4. Energy saving campaign



❖ **Inheritance the Thailand traditions**

Thai traditions and cultures are the goods thing and be with Thai society for long times. The Company recognizes the importance of this as well. Therefore, the company encourages team up welfare activities every year include Songkran Festival - pouring water blessing adult, Candle Festival, Merit for New Year and important Buddhist days for examples.



❖ **Preserve the Thai tradition to stay with Thai people** ❖

❖ The innovation and diffusion of innovation by implementing environmentally responsible

The Company encourages and supports the employees to create innovation with social responsibility by searching for ways to improve work processes to be efficiently and environmental friendly in order to increase work efficiency and reduce waste. In 2018, “Reused Dust Filter Bag and Calcium” project was created in order to reduce expenses and industrial waste. By setting goals “Reused dust filter bags must be effective with its lifecycle similar to the new ones at 80-90%, and 100% reuse of Calcium”.

From data recording since the beginning of the year 2018, compared to 2017, found that reusing of duct filter bags and calcium can reduce the polluted waste as follows;

1. Reusing the dust filter bags from 6 sets per year to only 3 set per year, which can reduce industrial waste from 18 to 9 bags per year.
2. Reusing the calcium in order to reduce the use of calcium from 441 kilograms per month to approximately 170 kilograms per month, which can reduce the calcium that must be taken to landfill on average by 271 kilograms per month or approximately 3.2 tons per year.





1. Sufficiency and Suitability of the company's Internal Control System

- The Board of Directors assigned the Audit Committee with a duty and responsibility in checking the suitability and effectiveness of the company's internal control system and risk management system, created by the management level to ensure that the internal control system of the company is adequate in lowering the risk for the business management, be able to protect the company's asset lost or being used by other party without authority in working position, making the employees act according to the laws and regulations related and help financial report accurate and credible.
- The Risk Management sub-committee will consider the framework for risk management, policy in risk management including looking after and review the risk management of the Company including team whom are responsible in each department by holding the meeting together and tracking the result might happen in order to find ways to solve and manage the risk to stay in suitable level, as well as supervising to practice accordance to the policy consistently.
- The Audit Committee checked the suitability and the effectiveness of the Company's internal control system and internal audit and the risk management by considering with the internal auditor by considering together with internal auditor. Considering with the internal audit, concluding that the Company has already practiced internal audit process properly and have evaluated new control by using COSO (The Committee of Sponsoring Organizations of the Treadway Commission) according to the requirement of the Securities and Exchange Commission, **including 5 parts** as following:

1. Internal Audit in Organization

The Company managed a suitable organization structure for operation and internal controls which covered in financing & accounting sections, operations and personnel management, including actions accordance to the laws under the government authorities and regulations of the company, also stipulating authorities on financial permission distinctly.

2. Risk Assessment

The Company established risk management sub - committee, specified risk management policy, evaluated and followed with risk management results in every possible ways and quarterly reported the Audit Committee.

3. Operation Control

The Company held operating manual which covered on the company's system to control various implementations on credibility of information, asset protection and Information Technology (IT) system of the Company.

4. Information Technology (IT) and Communication System

The Company emphasized in Information Technology System and enough records of information, operation and decision of the manager as well as development and improvement in IT system to pertinent accurate and to fulfill implementation regularly.

5. Follow up system

The Company had tracking system for operation in management level and operation level by which the management committee had compared the operating results with clearly objective determined and appointed the way to reach the goal objectives. In the same time the company has internal audit office which takes actions in certitude as well as giving advice for the internal operation of the organization governance, risk management and good appropriate internal control.

- Moreover, from the meeting with the external auditor of EY Office Limited, who audited the financial statements of year 2018; in which they commented that the overall perspective of the company's internal control system was in satisfied level. There were no any significant defects that will affect the financial statement and there were no further comments.
- The Board of directors assigned each director to review and evaluate the adequacy of risk management and the internal control system annually.

- The Company had set rules and procedures appropriately, clearly and uncomplicatedly by assigning authority for each level from the management level to operation employees, divided clearly the responsibilities among the employees and the controllers, to balance the authorities and able to appropriately check each other.
- Moreover, the Company also had the finance report system presenting to management to follow up the effectiveness of the work and had the asset protection system. The Company had the internal audit office that audited the main operation system and financial activities to ensure that they were practice out according to the specification and effectively which were assigned by the audit committee for annual plan and specific job as needed together with suggestions as the audit committee independently reported the results and reported directly to directors in case of urgent to be able to consider in improving and solve the situation on time, the internal audits were able to report the results independently.

2. Evaluation of the weak point of internal audit

In the past, the Company regularly evaluated the internal audit systems. No drawbacks that had significant to internal audit system were found because there were controllers to control the practice as the system indicated.

3. Comments from the Audit Committee

The Audit Committee concluded that the investigate results are no difference from the directors of the Company.

The Audit Committee concluded the details of the practice on the report of audit committee.

4. Internal Audit Supervisor

Information of Internal Audit Supervisor who is the employee of the Company.

1. Name – Last name	Mr. Nattpawatch Thomwan
Position	Manager of Internal Audit section and Secretary of the Audit Committee
Age	36 years
2. Education	<ul style="list-style-type: none"> • Master Degree of Science Program on Corporate Governance, Chulalongkorn University • Bachelor Degree of Administration Accounting, Rajamangala University of Technology Bangkok • Diploma Degree Internal Auditing Education Partnership (IAEP) The Institute of Internal Auditors : IIA
Training Courses in 2018	<p><u>Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none"> • IA Clinic 9/2018 “Anti-Corruption: Together We’ll Win” <p><u>Federation of Accounting Professions under The Royal Patronage</u></p> <ul style="list-style-type: none"> • Training Program for Internal Audit Diploma, Class 19 • Review of the internal control system by using an international control framework, Class2/61 <p><u>The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Driving Proactive Sustainability • Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance <p><u>PricewaterhouseCoopers Consulting (Thailand) Ltd.</u></p> <ul style="list-style-type: none"> • PwC Forensics Seminar on Procurement Fraud, eDiscovery and Robotic Process Automation (RPA) <p><u>In House Training</u></p> <ul style="list-style-type: none"> • New leaders in the age of change by NAQS CO., LTD.
Shareholding in the Company	None
Family Relations with Other Directors	None

3. Work Experience in 5 years	<ul style="list-style-type: none"> September 2016 – present : Internal Audit Manager and Secretary of Audit Committee, Union Pioneer Public Company Limited November 2012 – August 2016 : Assistant Internal Audit Manager, Nation Broadcasting Corporation Public Company Limited
4. Responsibilities	<ul style="list-style-type: none"> Take actions as chief for “internal auditor” who is responsible according to policies of internal audit office, which were approved by the Audit Committee Take actions as secretary of Audit Committee, who arranges audit meeting and prepares the documents of meeting agendas and minutes

Opinion of the Audit Committee regarding qualification of the Internal Audit Manager (in case of being the Company’s employee)

The Audit Committee had an opinion on the operation of the manager of the internal audit section that he worked well and accurately according to the required laws, including having the knowledge and ability to operate job duties effectively.

The Company emphasized on approving the inter-transactions or related transactions or any transactions that may have a conflict of interest. The guidelines are as follows;

For approving the Inter-transactions or related transactions or any transactions that may have a conflict of interest, Directors and the management could not attend for consideration on this approval.

1. Directors and executives sign off the certificate annually to express that they will not perform anything related to conflict of interest to the company or disclose the confidence information to use with their personal benefit, causing the loss to the Company.
2. Prohibit on information disclosure to customer, supplier, service provider, competitor or third parties, except the information used to communicate normally or detail for public.
3. The nature of inter-transactions is transactions occurred in the normal trade terms as reasonable market price mechanism such as purchasing on materials etc. These are transactions that occur continuously.
4. In the past year, the Company has no securities offering forms or draft prospectuses, then no comment from the directors and the third parties on this.
5. Necessity and reasonability of inter-transaction; Group Companies has a policy to set up a division for sourcing the raw material in the same group companies to gain the bargaining of price and quantity and to achieve most benefit of the company.
6. Procedure of inter-transaction; to propose to the audit committee to consider according to the size of transaction; small, medium, large for considering on the power-operated. For the detail of normal transaction, assume as if third parties, has a regulation as normal transaction which the Board has already approved the principle of the action of inter- transaction, person authorized to approve having no interest in that transaction, tracking of cash transferring (receiving and payment), setting the due date payment of each transaction and keeping the practice as standard procedure.
7. Trend of the Future Inter-transactions are the transactions which carried out in accordance with the normal trade with using the trade policy as market price mechanism of the business. There is no any benefit transferring between the Company and the related company or persons. There is no special transaction occurring in the past year, then no any comments of the Directors, third parties, or independent experts.
8. For doing related transactions, the company proposed to the Audit Committee to consider and comment on inter-transactions and presented to the Board meeting. The company disclosed information completely and accurately according to the rules set by the regulators. The company does not have any inter-transactions in the form of financial assistance such as loans, credit guarantees, etc. Inter-transactions occurring as a normal business transaction, have general commercial conditions
9. The Company rented the factory building in Bangpakong District from Saha Union Public Company Limited, which was related transaction; category 3 i.e. Short term renting not more than three years; transaction in medium size. The Company has disclosed its detail as the related information via SET Portal System of Stock Exchange of Thailand, as well as copying sent to the Securities and Exchange Commission (SEC).
10. In the past year, the Company did not provide financial assistance to the related company.
11. In the past year, the company had no violation / non-compliance with the rules for related transactions, according to the rules of the SET / SEC.

Conflict of interest

Company has policy to preserve the interest of the Company to avoid the conflict of interest, therefore the company regulates as following:

- Do not perform anything that may have conflict of interest both direct and indirect way such as losing the benefit or received less benefit than it should have.
- Follow the practice, procedure and disclose any related transaction strictly, as the rules and regulation of Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, at the topic of Disclosure on information and Operation of the Listed Companies for the inter-transactions, as well as laws, regulations, notices or related orders.

- Do not perform anything that consider like competition with the company both direct and indirect way.
- Do not take own benefit rather than company benefit such as any performance for supplying product and service to company.

Transactions with third parties

The Company has a policy to treat all stakeholders and the guidelines for all stakeholder's groups. The Company proceeds the business operation under the scope of competition law with fair trading, considers the fair and appropriated price by realizing on the reasonable price, quality and service that the Company received, and can give the appropriate reason when being audited.

Related companies and Type of relationship	Type of Transaction	Value of essential transaction (Million Baht)	Reasonability and Necessity of Inter Transaction
1.Saha Union Public Co., Ltd. - major shareholder 48.96% - having mutual director	1.Pay dividend 2.Purchase product 3. Factory Rent 4.Account Payable	15 8 3 0.9	1. Resolution from shareholder meeting which was normal returning from investment 2. Common trading transaction, comparing with market price 3. Renting price from the rental lease,comparing the price nearby the renting location using for factory facilities 4. Be outstanding balance and accrued expenses as at 31st December 2018
2.Thai Rubber Enterprise Co., Ltd. - having mutual director and shareholders	1. Land Rent	0.03	1. Renting price from the rental lease, based on comparing the nearby location using for natural rubber storage
3.Union Thread Industries Co., Ltd. - having mutual director and shareholders	1. Land Rent	0.3	1. Renting price from the rental lease based on comparing the nearby location using for factory facilities
4.Union Rubber Products Corp., Ltd. - having mutual director and shareholders	1.Purchase product 2.Account Payable	48 3	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2018
5.Union Zip Co., Ltd. - having mutual director and shareholders	1.Sell product 2.Account Recivable	15 4	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2018
6 .Uni-Fibre Co., Ltd. - having mutual director and shareholders	1.Purchase product 2. Account Payable	5 0.8	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2018
Total of Inter-Transaction in 2018		103.03	



Business Overview

In the year 2018, the Thai economy remained stable with the volatility of global economy including the impact of the trade war between the United States and China causing exports to reduce from the previous year. The sale of goods to foreign countries has been affected by the continuous appreciation of the Thai baht. Domestic consumption remained stable. Although the government has policies to help the cost of living of people at the grassroots level, it focuses on spending of the essential consumer products only.

Products of the Company: For Medical Devices; There is still intense competition together with exchange rate fluctuations causing the sales of this product of the company to decrease. However, the company expects that with the strength of sale channel and product quality (the company has been awarded ISO 13485, the Quality Management System for Medical Device Industry), which is an important tool in the competition and expansion of the market in the future.

For elastic segment for baby diapers; The major manufacturers have switched to use the spandex instead of natural rubber, and the competition is quite high. As a result, the sales of the company of this group is likely to decline in the future.

For Exercise and Physical Therapy Band; the market portion is still taken by the major manufacturers together with the stable economic situation causing the sales of this products of the company to decrease. However, the company has increased online distribution channels as a choice for new generation customers. It is expected that the domestic market will expand in the future.

Business Operating Results and Profitability

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Total Revenues	575.16	614.82	(39.66)	(6.45)
Costs and Expenses	554.34	579.71	(25.37)	(4.38)
Profit (Loss) -Net	18.11	30.02	(11.91)	(39.67)

Revenue from Sale

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Sales	560.27	596.50	(36.23)	(6.07)
- Export	305.18	339.87	(34.69)	(10.21)
- Domestic	255.09	256.63	(1.54)	(0.60)
Other Income	14.89	18.32	(3.43)	(18.72)
Total Income	575.16	614.82	(39.66)	(6.45)

In the year 2018, the Company had revenue from sales at 560.27 million baht decreasing from the year 2017 by 36.23 million baht or 6.07%. It was divided to export sale decreasing from the previous year by 34.69 million baht or 10.21 % due to the appreciation of the Thai baht and the intense competition. Domestic sale decreased only slightly by 1.54 million baht or 0.60 % according to the market situation that remained stable. Other income decreased by 3.43 million baht or 18.72 % from the year 2017, mainly due to the decrease in exchange rate gains from the Thai Baht fluctuation.

Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Costs from Sale	478.57	503.46	(24.89)	(4.94)
Selling Expenses	38.25	40.71	(2.46)	(6.04)
Administrative Expenses	37.52	35.54	1.98	5.57
Financial Expenses	0.00	0.00	0.00	0.00

- Cost of sales decreased by 24.89 million baht or 4.94%, because the price of natural rubber, which is the main raw material for production, decreased.
- Selling expenses decreased by 2.46 million baht or 6.04 % due to higher operating efficiency and other expenses controls. For the administrative expense increased by 1.98 million baht or 5.57% due to increased investment in research and development from the previous year and vehicles repairing as their useful life.
- The Company has no financial expenses due to having no any loans from financial institution

Profit (Loss) – Net

The Company's net profit was 18.12 million baht or 3.15% of total revenue compared with the year 2017 with net profit of 30.02 million baht or 4.88% of total revenues. The profit decreased by 11.90 million baht or 2.42 baht per share, mainly due to the continuous appreciation of the Thai baht and intense competition.

Transaction	For the Year ended 31 st December (Unit: Million Baht)		
	Unit	2018	2017
Gross Profit Ratio	%	14.58	15.60
Earning Ratio	%	3.15	4.88
Debt to Equity Ratio	Time	0.27	0.29
Return on Equity	%	4.90	7.80

Gross Profit Ratio

In 2018, the Company's gross profit was 81.70 million baht, gross profit ratio was 14.58 % of sales, decreased by 11.34 million baht or 12.19 % compared to the year 2017 having gross profit of 93.04 million baht, representing gross profit ratio 15.60 % of sales. Major causes of the decrease in gross profit came from the Thai baht appreciated against the US dollar was higher than the year 2017.

Debt to Equity Ratio

In 2018, the Company had a ratio of debt to equity was 0.27 times a little lower than the year 2017 having 0.29 times which showed that the proportion of debt is also low level, when comparing to the equity.

Return on Equity (ROE)

According to the Company's financial statements, the Company had net income of 18.12 million baht, representing a return on equity at 4.90% lower than the year 2017 having the return on equity at 7.80%.

Asset Management

As of 31st December 2018, the Company's financial position was analyzed from changes in the assets, liabilities and shareholders' equity as follows;

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2018	2017	Amount	%
Total Assets	464.82	480.16	(15.34)	(3.19)
Total Liabilities	99.21	106.94	(7.73)	(7.23)
Total Shareholders' Equity	365.61	373.22	(7.61)	(2.04)

Assets

The Company's total assets at year ended 2018 was 464.82 million baht, with the proportion of the asset consisting of current assets at 80.33%, Property, plant and equipment at 16.39% and other assets at 3.27% when compared to the year 2017, which was decreased by 15.34 million baht or 3.19%. The main changing transactions were from account receivable at the end of 2018 amounted to 125.33 million baht, reduced from the year 2017 at 5.68%, and inventories amounted to 87.43 million baht, reduced from 2017 at 14.19%.

Trade and Other Receivable

As of 31st December 2018, trade accounts receivable and other receivables are stated at the net realizable value amounting to 132.60 million baht, decreased by 6.8 million baht or 4.88%, from the year 2017, due to the lower sale volume and debt collection during the period. The Company has no any problem for getting a debt settlement. For some debtors were overdue with their term payment, the Company set the net unrealized values at 0.13 million baht. The Company recorded the allowance for doubtful account for only debtors who were overdue. The Company would consider at each debtor whenever we believe that the said account expected to be uncollectible.

Liabilities

The Company's total liabilities were 99.21 million baht, decreased by 7.73 million baht or 7.23%, from last year, which the change was mainly from;

- Trade account payable amounted to 30.84 million baht, decreased by 3.94 million baht or 11.33% due to lower raw material reserves.
- Provision for long-term employee benefit amounted to 35.51 million baht, decreased by 6.36 million baht or 15.19% due to the termination of some employees and changes in employee database.

Shareholders' Equity

The Company had shareholders' equity of 365.61 million baht, decreased by 7.61 million baht or 2.04% because the Company had net profit from operations of 18.11 million baht, decreased by 11.91 million baht from last year

Liquidity and Capital Sufficiency

Analysis of Changes in Capital.

As of 31st December 2018, Cash and cash equivalents amounted to 53.35 million baht decreased by 14.01 million baht from the year 2017, which the details of the acquisition and uses of cash in the year 2018 as follow;

Transaction	For the Year ended 31 st December (Unit: Million Baht)	
	2018	2017
Cash Flow from (used in) operating activities	43.36	8.12
Cash Flow from (used in) investing activities	(27.37)	14.40
Cash Flow from (used in) financing activities	(30.00)	(53.25)
Cash and cash equivalents at the beginning of year	67.36	98.09
Cash and cash equivalents at the end of year	53.35	67.36

- Net cash from operating activities increased because the Company got the debt settlement during the period.
- Net cash used in investing activities increased because the Company increased investment in government bonds.
- Net cash used in financing activities was used in the annual dividend payment.

Analysis of Liquidity.

Transaction	For the Year ended 31 st December (Unit: Time)	
	2018	2017
Current Ratio	5.86	5.90
Quick Ratio	2.81	3.08
Inventory Turnover	2.91	3.37

- Current ratio was 5.86 times, decreased from the year 2017 which was equivalent to 5.90 times because current assets and current liabilities decreased, the mainly reason was the lower trade account receivable and the lower accrued income tax.
- Quick ratio was 2.81 times, decreased from the year 2017 which was equivalent to 3.08 times.
- Inventory turnover ratio was 2.91 times decreased from the year 2017, which was equivalent to 3.37 times due to lower production costs.

Liability and Off-Balance-Sheet Management

The Company disclosed in Note 22 of the financial statements and consolidated financial report as of 31st December 2018 was summarized below.

- During the past year, there were no any special transactions or transactions came from the abnormal operations.
- There was no significant change after the date specified in the latest financial statement that may affect the financial status and operating results of the Company.
- There was no effect from the shareholding restructure of group companies to the operating results of the Company.
- The Company had no guarantee for outsiders or any obligation in project investment or other similar obligations that may effect to its operation.

Factors Affecting Business Operation in the Future

For the year 2019, the Company expects that exports will continue to slow down as the global economy and the Thai baht exchange rate remains fluctuates and has a trend to appreciation. Domestic economic conditions are expected to be boosted by government spending and the more obvious political situation after election, leading to higher spending on consumption. The issues that need to be tracked is the rubber price which is the main material for production, the competition in foreign markets especially in major trading partners including exchange rates.

In addition, Risk Management Committee of the Company is composed of the executives and the team workers who are responsible in each division, considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management to cover and comply with the economic condition, society and environment, by having meeting and tracking the risk management results, to find out that they are controlled and managed in the acceptable levels.

To Shareholders,

In 2018, the Audit Committee is comprised of three independent directors, namely Mrs. Rapeephan Sanguansis as Chairman of the Audit Committee, Mrs. Yupa Boonchuaydee and Mr. Kollatat Tangchitkul as Audit Directors. Four meetings were organized and attended by all members of the Audit Committee, which the management executives, internal auditors, and the certified public accountant also convened these meetings in order to consider the matters as follow:

1. Review of financial reports

The Audit Committee reviewed the quarterly and yearly financial statements of year 2018 audited by the certified public accountant to assure the Company's compliance with accounting standards and the regulations of the Stock Exchange of Thailand

2. Review of internal control and internal audit

The Audit Committee reviews approved the yearly audit plan and assessed adequacy of internal control process of the Company quarterly to ensure that the Company had adequacy, suitability and efficiency of internal control and internal audit, according to world-class standard. Emphasizing the internal audit office to follow up to the given subjects to ensure that the management sector had resolved or rectified as the suggestions given by the internal audit office within the period assigned including some useful suggestions made for purpose of improving efficiency of internal audit system.

3. Review of risk management

The Audit Committee reviewed the risk management report of the Company and gave an additional suggestion. The Audit Committee concluded that the Company had an effective system in managing risk by stating the objectives, identifying, assessing, managing and tracking down the risk quarterly as well as the risk evaluation of catching up with the current situation.

4. Review of compliance with the Securities and Exchange Act, the regulations of The Stock Exchange of Thailand and the law related to the business of the Company

The Audit Committee reviewed the compliance with the Securities and Exchange Act, the regulations of The Stock Exchange of Thailand, and the law related to the business of the Company, and regularly followed up the management's corrective measures. The Audit Committee commented that the Company strictly complied with the Securities and Exchange Act, the regulations of The Stock Exchange of Thailand and the law related to the business of the Company on regularly

5. Appointment of External Auditors

The Audit Committee decided on qualifications of the external auditors and proposed remuneration by realizing on the creditability of the external auditors for service, consulting on accounting standards, auditing and approving the financial statements in time. Then, the Committee suggested its nomination to the Board of Directors who presented to the statutory shareholder meeting. In addition, the Audit Committee attended one meeting with the certified public accountant without the management of the Company to independently discuss on the external auditors' observations and comments.

6. Review of the Conflicts of Interest and Related Transactions

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

7. Review of Corruption Prevention Measures

The Audit Committee reviewed internal control measures including corporate governance and complying with Anti-Corruption Policy. In 2019, the Company will apply to join the announcement of the intention of the Thai private sector to cooperate in anti-corruption. It will also apply for certification of membership of the Thai private sector in the fight against corruption within a specified period of time. However, during the past year, the internal audit of the Internal Audit Office had reviewed the internal control system to ensure that the Company sufficiently and appropriately complied with the Corruption Prevention Policy.

8. Audit Committee Performance Report

The Audit Committee reported its performance to the Board of Directors on a quarterly basis by submitting opinions, comments and suggestions for the benefit to the management of the executives. The executives already made corrections accordingly.

9. Self-assessment

The Audit Committee conducted individually a self-assessment of people concerned according to the Charter and the best practice guidelines of the Audits Committee. The findings indicated that the Audit Committee completely performed duties as required by the defined scope and best practice guidelines of the Audit Committee as the Stock Exchange of Thailand's specified.

In conclusion, the Audit Committee emphasized on the importance of internal control for the benefit 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

(Mrs. Rapeephan Sanguansris)

Chairman of the Audit Committee
Union Pioneer Public Company Limited



Board of Directors' responsibility for Financial Reporting

The Board of Directors is responsible for the Company's the financial statements and information as listed in the annual report. The aforementioned financial statements are generated in accordance with generally accepted accounting/ standards by implementing the appropriate accounting policies on consistency basis, with carefully consideration, including adequately disclosing the essential information in the Notes of financial statements that the independent auditors give unconditional comments on the independent auditors' report.

The Board of Directors has maintained an appropriated and efficient internal control system to ensure that the account recordings are correct, complete, and sufficient to protect the Company's interests, to devise protection against fraud or other suspicious activities.

The Board of Directors has appointed the Audit Committee who are the Independent Directors, are also Non-Executive Directors. They are responsible for the quality of the financial statements and internal control system. For the views of the Audit Committee are reported in the Audit Committee's report in the Company's Annual Report.

The Board of Directors confidents that the good corporate governance, risk management and internal control system of the Company are satisfactory to ensure reasonably the credibility of the Company's financial statements as of 31st December 2018 that are revealed the financial position and operating results correctly and appropriately in the significant matters.

On behalf of the Board of Directors
Union Pioneer Public Company Limited.

(Miss Dalad Saphthavichaikul)
Chairman

(Mr. Pongsak Thiengviboonvong)
Managing director

The Details of the Board of Directors

1. Miss Dalad Sapthavichaikul

Chairman

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

Family Relations with Other Directors: - None -

Experiences

- 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.
- 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 7 years (since 1 January 2012)

2. Mrs. Rapeephan Sanguansis

**Chairman of the Audit Committee / Independent Director /
Chairman of the Nomination and Remuneration Committee**

Age : 68 years

Education

- Bachelor's degree, Faculty of Economics, Thammasat University

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003
- Advanced Audit Committee Program (AACP) Class 15/2014
- Ethical Leadership Program (ELP) Class 13/2018

Family Relations with Other Directors: - None -

Experiences

- Director, Union Footwear Public Company Limited

Current Positions

Listed Companies

- January 2011 - Present Director, Union Pioneer Public Company Limited
- February 2013-Present Independent Director, Union Pioneer Public Company Limited
- January 2014-Present Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee, Union Pioneer Public Company Limited.

Saha-Union Group Companies

-None -

Other Companies

- None -

Years of Directorship 8 years (since 26 January 2011)

Years of Independent Directorship 6 years (since 23 January 2013)

3. Mrs. Yupha Boonchuaydee

Audit Committee / Independent Director /

Nomination and Remuneration Committee

Age: 69 years

Education:

- Senior High School (Grade 5), Streemutprakan School

IOD's Training

- Director Accreditation Program (DAP) Class 127/2016
- Advanced Audit Committee Program (AACP) Class 23/2016

Family Relations with Other Directors: - None -

Experiences

- 1969 - 1973 Billing Officer, Union Zip Co., Ltd.
- 1974 - 1977 Accounting Officer, Saha-Union Co., Ltd.
- 1978 - 2009 Finance Department Manager, Union Textiles Industries Public Company Limited

Current Positions

Listed Companies

- January 2016-Present Audit Committee / Independent Director, Union Pioneer Public Company Limited.
- 2017 - Present Nomination and Remuneration Committee, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- None -

Other Companies

- None -

Years of Directorship 3 year (since January 2016)

Years of Independent Directorship 3 year (since January 2016)

4. Mr. Pongsak Thiengviboonvong

Managing Director

Age: 62 years

Education:

- Diploma of Vocational Education

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003
- Ethical Leadership Program (ELP) Class 13/2018

Family Relations with Other Directors: - None -

Experiences

- 1999 - 2012 Director, Venus Shoes Company Limited.
- 2008-2011 Deputy Managing Director, Union Plastic Company Limited.
- 2012 Deputy Managing Director, Union Pioneer Public Company Limited.

Current Positions

Listed Companies

- 2013 - Present Managing Director, Union Pioneer Public Company Limited.
- 2018 - Present Director, Union Plastic Public Company Limited.

Saha-Union Group Companies

- 1997 - Present Director, Union Shoes Company Limited
- 2011 - Present Director, Union Stainless Steel Products Company Limited
- 2013 - Present Managing Director, Venus Shoes Company Limited
- 2013 - Present Director, Union Rubber Products Corporation Limited.

Other Companies

- None -

Years of Directorship 6 years (since 23 January 2013)

5. Mr. Chutindhon Darakananda

Director

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

Family Relations with Other Directors:

- Elder brother of the husband of Mrs. Chantornree Darakananda
- Elder brother of Mr. Vacharaphong Darakananda

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 2 year (since May 2017)

6. Mrs. Chantornree Darakananda

Director

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

Family Relations with Other Directors:

- Younger sister in law of Mr. Chutindhon Darakananda
- Elder sister in law of Mr. Vacharaphong Darakananda

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 Co., Ltd.

Years of Directorship 3 year 9 months (since April 2015)

7. Mr. Vacharaphong Darakananda**Director / Nomination and Remuneration Committee**

Age: 53 years

Education

- 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 7/2013

Family Relations with Other Directors:

- Younger brother of Mr. Chutindhon Darakananda
- Younger brother of the husband of Mrs. Chantorntree Darakananda

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 19 years 8 months (since 28 April 1999)

8. 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) 212/2015

Family Relations with Other Directors:

- Cousin of Mr. Chutindhon Darakananda and Mr. Vacharaphong Darakananda

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 25 years 8 months (since 22 April 1993)

9. Mr. Kollatat Tangchitkul**Audit Committee / Independent Director**

Age: 35 years

Education:

- Master of Science in Technology Management, University of Illinois at Urbana-Champaign, Illinois, U.S.A (2009)
- Bachelor of Business Administration International Business Management Program, Assumption University (2006)

IOD's Training

- Director Accreditation Program (DAP) Class 113/2014
- Advanced Audit Committee Program (AAP) Class 25/2017

Family Relations with Other Directors: -None-**Experiences**

- 2010-2012 Sales & Marketing, Global Sales Executive, Kuehne & Nagel (Thailand) Company Limited.
- 2007-2009 Sale & Marketing, USA Trade Sales Representative, NYK Line (Thailand) Company Limited.

Current Positions**Listed Companies**

- 2014 - Present Independent Director, Union Pioneer Public Company Limited.
- 2017 – Present Audit Committee, Union Pioneer Public Company Limited.

Saha-Union Group Companies - None -**Other Companies**

- 2004 - Present Director, Niyom Service Company Limited.
- Present Director, Cargo Fast Company Limited.

Years of Directorship 5 years (since 2014)

Years of Independent Directorship 4 years (since 2014)

Secretary of the Company

Mrs. Chadaporn Jiemsakulpit

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 3 year

Roles and responsibilities of the Company Secretary.

The company's secretary must take their position according to the law section 89/15, 89/16, 89/17 and 89/23 under the Securities and Exchange Act (No.4) B.E.2551 with responsibility, awareness and trustworthy thus taking the position according to the laws, objective and company's regulations, resolutions of the board including resolutions of the shareholders as following:

1. Prepare and keep the documents listed below:

- a. Registry of Boards
- b. Documents on invitation of board of meeting, board of meeting report and the Company's annual report.
- c. Documents on invitation of meeting of shareholders, shareholder meeting reports.

2. Keep and secure the documents with the interest from the directoes and executives and send the documents according to the law section 89/16 to the chairman to verify within 7 days from the date that the documents were received.

3. Act according to the requirement of Capital Market Supervisory Board, moreover the Company Secretary also has other actions according to the company (or the board of directors) as listed below:

- Give advice on lawsuits and regulations related and actions with, should be taken to supervise and operate the activities of the board of directors as the law.
- Action on arranging the general board of director meeting and shareholder meetings.
- Coordinate within the company to act according to the board of directors and meeting of shareholders' resolution and the corporate in-charge of such as, The Stock Exchange of Thailand, The Securities and Exchange Commission (S.E.C) and to supervise the disclosure of information and to report the information to the public correctly and completely according to the law and to instruct and provide consulting to the newly appointed directors acting according to the company.

1. Mr. Komon Iamwatcharin

Deputy Managing Director, and
Sales and Marketing Manager

Age: 61 years

Education:

- Bachelor's degree, Faculty of Economics, Thammasat University

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- Sales Manager Saha-Union Public Company Limited (Bangchan Branch)
- Assistant Managing Director Union Pioneer Public Company Limited
- Sales and Marketing Manager Union Pioneer Public Company Limited
- Deputy Managing Director Union Pioneer Public Company Limited

2. Mr. Wiwat Jongkonrat

Accounting & Finance Manager
Chief Financial Officer (CFO)

Age: 39 years

Education:

- Bachelor Degree of Business Administration (Accounting) Rajamangala Institute of Technology
- Master Degree of Economics, Ramkhamhaeng University

Training:

- Strategic CFO in Capital Markets, Class 7/ 2018 (20 hours of accounting CPD hours)
- 50 dividend issues according to financial standards (6 hours of CPD accounting)
- Tax Review & Tax Audit before filing PND 50
- Accounting for financial instruments (12 hours of accounting CPD hours)

Shareholding in the company shareholding: None

Family relations between directors and executives: None

Experience:

- 2013-2014, Chief of Internal Audit Department, Union Pioneer Public Company Limited
- 2015-2016, Internal Audit Section Manager, Union Pioneer Public Company Limited

Current Position:

- 2017 – Present, Accounting and Finance Manager, Union Pioneer Public Company Limited
- On January 1st, 2017, be assigned to have responsibility as a Chief Financial Officer

Opinion of the Audit Committee regarding training courses and work experience of the Chief Financial Officer (CFO)

For the training courses of the Chief Financial Officer (CFO) the Audit Committee considers that such courses are consistent and beneficial to the company and the number of training hours of such courses is according to the Federation of Accounting Professions.

For the work experience of the Chief Financial Officer (CFO), the Audit Committee considers that such experience is directly beneficial to the business operation and the duration of such work is in accordance with the announcement

3. Mr. Sikavej Sopaphan

Human Resources Manager

Age: 38 years

Education:

- Bachelor's degree, Engineering in Chemical Engineering, Kasetsart University
- Master's Degree, Business Administration (General Management), Ramkhamhaeng University
- Master's Degree, Human Resource and Organization Development, National Institute of Development Administration

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- 2007-2009 Assistant Environment and Safety Manager, Union Pioneer Public Company Limited
- 2010-2011 Assistant Human Resources Section Manager, Union Pioneer Public Company Limited
- 2012-2015 Human Resources Section Manager, Union Pioneer Public Company Limited

Current Positions:

- 2016-Present Human Resources Manager, Union Pioneer Public Company Limited

4. Miss Punnee Jitadkanont

Accounting Section Manager
Chief Accountant

Age: 58 years

Education:

- Bachelor's Degree, Business Administration (Accounting), Sukhothai Thammathirat Open University
- Bachelor's Degree, Business Administration (General Management), Sukhothai Thammathirat Open University

Shareholding in the company: None

Family relations between directors and executives: None

Experience:

- 2002 - 2009, Accounting Supervisor, Union Pioneer Public Company Limited
- 2010 – 2014, Assistant Accounting Section Manager, Union Pioneer Public Company Limited

Current Positions:

- 2014 – Present, Accounting Section Manager, Union Pioneer Public Company Limited
- 2017 – Present, Chief Accountant, Union Pioneer Public Company Limited
- On January 1st, 2017, be assigned to have responsibility as a Chief Accountant

Opinion of the Audit Committee regarding training courses and work experience of the Chief Accountant

For the training courses of the Chief Accountant, the Audit Committee considers that such courses are consistent and beneficial to the company and the number of training hours of such courses is according to the Federation of Accounting Professions. She has the qualifications and conditions of being an accountant in accordance with the rules prescribed in the Notification of the Department of Business Development

For the work experience of the Chief Accountant, the Audit Committee considers that such experience is directly beneficial to the business operation and the duration of such work is in accordance with the announcement

During the past five years, directors, executives, and authorized persons has been in compliance with the Securities and Exchange Act BE. 1992, with;

- (1) There is no dishonest action or serious negligence.
- (2) There is no disclosure or disseminate information or false statements that may cause significant errors or conceal the actual message that should inform the subject matter, which may affect the decision of the shareholders, investors or related parties.
- (3) There is no unfair or unfavorable conduct in the trading of securities or derivatives, or have or used to have participated or supported the mentioned action.

The Company does not operate the business mainly by holding shares in other companies.



Independent Auditor's Report

For the year ended 31 December 2018

To the Shareholders of Union Pioneer Public Company Limited

Opinion

I have audited the accompanying financial statements of Union Pioneer Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

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

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the 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 Matter

Key audit matter is the matter that, in my professional judgement, was of most significance to my audit of the financial statements of the current period. This matter was 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 this matter

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 this matter. 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 matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond to the matter are described below.

Revenue recognition

The amount of sales is significant to the financial statements (97% of total revenues). In addition, the Company has a large number of customers, both domestic and export, and overseas sales are made under differing terms, meaning that recognition of revenue from sales is made under a variety of conditions. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's internal controls 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.
- Applying a sampling method to select sales transactions to assess whether revenue recognition was consistent with the conditions and incoterms, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.

-
- Reviewing credit notes that the Company issued after the period-end.
 - Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions through out the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional 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 Company's internal control.

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

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

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

From the matters communicated with those charged with governance, I determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter 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.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No.3853

EY Office Limited

Bangkok: 20 February 2019



Statements of financial position

Unit : Baht

As at 31 December 2018

	Note	2018	2017
Assets			
Current assets			
Cash and cash equivalents	7	53,354,188	67,359,135
Current investments	8	19,859,876	9,935,103
Trade and other receivables	9	132,596,307	139,404,181
Inventories	10	165,103,359	164,039,039
Other current assets		2,498,424	2,958,186
Total current assets		373,412,154	383,695,644
Non-current assets			
Restricted investments	11	5,287,417	5,397,116
Property, plant and equipment	12	76,180,586	82,432,167
Advance payment for purchase of equipment		2,724,000	93,968
Intangible assets		17,978	80,104
Deferred tax assets	17	7,071,768	8,333,363
Other non-current assets		123,547	123,547
Total non-current assets		91,405,296	96,460,265
Total assets		464,817,450	480,155,909
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	13	62,893,236	63,095,477
Income tax payable		422,529	1,597,873
Other current liabilities		378,887	379,290
Total current liabilities		63,694,652	65,072,640
Non-current liability			
Provision for long-term employee benefits	14	35,512,931	41,866,452
Total non-current liability		35,512,931	41,866,452
Total liabilities		99,207,583	106,939,092
Shareholders' equity			
Share capital			
Registered			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Issued and fully paid			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Share premium		30,625,000	30,625,000
Retained earnings			
Appropriated - statutory reserve	15	18,834,366	18,834,366
Unappropriated		241,150,501	248,757,451
Total shareholders' equity		365,609,867	373,216,817
Total liabilities and shareholders' equity		464,817,450	480,155,909



Statements of comprehensive Income

Unit : Baht

As at 31 December 2018

	Note	2018	2017
Profit or loss:			
Revenues			
Sales		560,272,411	596,496,718
Other income		14,889,670	18,320,531
Total revenues		<u>575,162,081</u>	<u>614,817,249</u>
Expenses			
Cost of sales		478,570,286	503,455,123
Selling expenses		38,248,383	40,709,965
Administrative expenses		37,523,555	35,541,006
Total expenses		<u>554,342,224</u>	<u>579,706,094</u>
Profit before income tax expenses		20,819,857	35,111,155
Income tax expenses	17	(2,705,345)	(5,088,676)
Profit for the year		<u>18,114,512</u>	<u>30,022,479</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain - net of income tax		4,278,538	-
Total comprehensive income for the year		<u>22,393,050</u>	<u>30,022,479</u>
Basic earnings per shares	18		
Profit for the year		<u>2.42</u>	<u>4.00</u>

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



Statements of changes in shareholders' equity

Unit : Baht

For the year ended 31 December 2018

	Retained earnings				
	Issued and paid-up share capital	Share premium	Appropriated statutory reserve	Unappropriated	Total shareholders' equity
Balance as at 1 January 2017	75,000,000	30,625,000	18,834,366	271,984,972	396,444,338
Profit for the year	-	-	-	30,022,479	30,022,479
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	30,022,479	30,022,479
Dividend paid (Note 21)	-	-	-	(53,250,000)	(53,250,000)
Balance as at 31 December 2017	<u>75,000,000</u>	<u>30,625,000</u>	<u>18,834,366</u>	<u>248,757,451</u>	<u>373,216,817</u>
Balance as at 1 January 2018	75,000,000	30,625,000	18,834,366	248,757,451	373,216,817
Profit for the year	-	-	-	18,114,512	18,114,512
Other comprehensive income for the year	-	-	-	4,278,538	4,278,538
Total comprehensive income for the year	-	-	-	22,393,050	22,393,050
Dividend paid (Note 21)	-	-	-	(30,000,000)	(30,000,000)
Balance as at 31 December 2018	<u>75,000,000</u>	<u>30,625,000</u>	<u>18,834,366</u>	<u>241,150,501</u>	<u>365,609,867</u>

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



Cash flow statements

Unit : Baht

For the year ended 31 December 2018

Cash flows from operating activities

	2018	2017
Profit before tax	20,819,857	35,111,155
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	23,914,969	27,020,855
Reversal Allowance for doubtful accounts	(19,000)	(213,294)
Reduction of cost of inventories to net realisable value	(337,242)	(1,898,832)
Gains on sales of equipment	(73,474)	(677,351)
Long-term employee benefit expenses	4,047,931	4,301,376
Unrealised (gains) losses on exchange	(481,769)	635,387
Interest income	(905,043)	(1,326,185)
Profit from operating activities before changes in operating assets and liabilities	46,966,229	62,953,111
Operating assets (increase) decrease		
Trade and other receivables	7,335,260	(14,117,965)
Inventories	(727,078)	(27,337,770)
Other current assets	459,762	773,100
Other non-current assets	-	1,120
Operating liabilities increase (decrease)		
Trade and other payables	(1,928,294)	1,198,282
Other current liabilities	(403)	(79,287)
Provision for long-term employee benefits	(5,053,279)	(5,171,711)
Cash flows from operating activities	47,052,197	18,218,880
Cash paid for income tax	(3,688,728)	(10,095,384)
Net cash flows from operating activities	43,363,469	8,123,496

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



Cash flow statements (continued)

Unit : Baht

For the year ended 31 December 2018

Cash flows from investing activities

	2018	2017
Interest income	878,425	1,457,922
Decrease (Increase) in current investments	(9,924,773)	29,779,343
Decrease in restricted investments	109,699	600,204
Acquisition of equipment	(7,218,835)	(7,317,762)
Acquisition of intangible assets	(10,650)	-
Proceeds from sales of equipment	78,593	698,085
Prepayment for equipment	(11,280,875)	(10,819,273)
Net cash flows used in investing activities	(27,368,416)	14,398,519

Cash flows from financing activities

Dividend paid	(30,000,000)	(53,250,000)
Net cash flows used in financing activities	(30,000,000)	(53,250,000)
Net increase (decrease) in cash and cash equivalents	(14,004,947)	(30,727,985)
Cash and cash equivalents at beginning of year	67,359,135	98,087,120
Cash and cash equivalents at end of year	53,354,188	67,359,135

Supplemental cash flows information

Non-cash transactions		
Purchase of equipment for which payments have yet to be made	1,726,053	279,678
Transfer prepayment to equipment	8,650,843	12,822,170

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



1. Corporate information

Union Pioneer Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of finished elastic products. The registered address of the Company is No.1 Soi Serithai 62, Kweang Minburi, Khet Minburi, Bangkok.

2. Basis of preparation

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

3. New accounting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the 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’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 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 entity 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 believes that this standard will not have any significant impact on the financial statements when it is initially applied.

(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 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 buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

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 experiences and analysis of debt aging..

4.4 Inventories

Finished goods, semi-finished products and work in process are valued at the lower of cost (under the 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 first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 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 (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	10 years and 20 years
Building improvements	-	5 years
Machinery and equipment	-	5 years and 10 years
Furniture and fixtures	-	3 years and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and 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 including in profit or loss when the asset is derecognised.

4.6 Intangible assets - computer software

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and impairment losses (if any).

Computer software with finite lives is amortised on a straight line basis over the economic useful lives of 3 years and 5 years and tested for impairment whenever there is an indication that the software may be impaired. The amortisation period and the amortisation method of such software is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.8 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

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.

4.9 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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.

An impairment loss is recognised in profit or loss.

4.10 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 employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and resignation fund plan. The Company treats 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.

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's creditors and cannot be returned to the Company. The Company 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 measures them by using quoted price.

4.11 Provisions

Provisions are recognised when the Company has 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.

4.12 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.

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 recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 reviews and reduces 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 records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13 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 applies 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 measures 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 determines 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 judgments 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 theses estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

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. Related party transactions

During the years, the Company 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 and those related parties.

(Unit: Million Baht)

	2018	2017	Pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	8	6	Cost plus margin of parent company
Rental expenses	3	3	Contract price
<u>Transactions with related companies</u>			
(related by common shareholders)			
Sales of finished goods	15	14	Cost plus margin
Purchases of raw materials	55	72	Cost plus margin of related companies

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2018	2017
Trade and other receivables - related parties (Note 9)		
Related companies (related by common shareholders)	3,797	4,042
Total trade and other receivables - related parties	3,797	4,042
Trade and other payables - related parties (Note 13)		
Parent company	898	331
Related companies (related by common shareholders)	4,571	7,957
Total trade and other payables - related parties	5,469	8,288

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2018	2017
Short-term employee benefits	9	8
Total	9	8

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2018	2017
Cash	50	50
Bank deposits	18,363	15,455
Short-term bonds	34,941	51,854
Total	53,354	67,359

As at 31 December 2018, bank deposits in saving accounts and short-term bonds carried interests between 0.37 and 1.33 percent per annum (2017: between 0.37 and 1.22 percent per annum).

8. Current Investments

The balance as at 31 December 2018, represents investments in government bonds carrying interests at the rate of 1.40 and 1.43 percent per annum, which mature in February 2019.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2018	2017
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	3,632	3,866
Total trade receivables - related parties	3,632	3,866
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	93,835	109,756
Past due		
Up to 3 months	27,803	19,259
3 - 6 months	59	-
6 - 12 months	-	-
Over 12 months	134	153
Total	121,831	129,168
Less: Allowance for doubtful accounts	(134)	(153)
Total trade receivables - unrelated parties, net	121,697	129,015
Total trade receivables - net	125,329	132,881
<u>Other receivables</u>		
Other receivables - related parties	165	176
Other receivables - unrelated parties	7,102	6,347
Total other receivables	7,267	6,523
Total trade and other receivables - net	132,596	139,404

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	39,083	31,314	(633)	(1,263)	38,450	30,051
Semi finished products	14,864	13,768	(495)	(342)	14,369	13,426
Work in process	11,356	11,027	(10)	(11)	11,346	11,016
Raw materials and chemicals	87,426	101,887	(265)	(41)	87,161	101,846
Packing materials	5,512	4,955	-	-	5,512	4,955
Spare parts and factory supplies	3,658	2,828	-	(83)	3,658	2,745
Raw materials in transit	4,607	-	-	-	4,607	-
Total	166,506	165,779	(1,403)	(1,740)	165,103	164,039

During the current year, the Company reduced cost of inventories by Baht 3.4 million (2017: Baht 4.1 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 3.8 million (2017: Baht 6 million), and reduced the amount of inventories recognised as expenses during the year.

11. Restricted investments

This represents investments in government bonds which are pledged as collateral to secure electricity use.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Building and building improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2017	6,173	100,576	632,618	15,263	17,580	86	772,296
Additions	-	35	4,111	587	-	15,687	20,420
Disposals	-	-	(14,139)	(177)	(560)	-	(14,876)
Transfers	-	1,100	14,673	-	-	(15,773)	-
31 December 2017	6,173	101,711	637,263	15,673	17,020	-	777,840
Additions	-	140	6,244	147	-	11,065	17,596
Disposals	-	-	(2,294)	(68)	-	-	(2,362)
Transfers	-	5,785	2,654	120	-	(8,559)	-
31 December 2018	6,173	107,636	643,867	15,872	17,020	2,506	793,074
Accumulated depreciation:							
1 January 2017	-	81,852	575,185	13,197	13,221	-	683,455
Depreciation for the year	-	3,472	21,479	909	948	-	26,808
Depreciation on disposals	-	-	(14,121)	(174)	(560)	-	(14,855)
31 December 2017	-	85,324	582,543	13,932	13,609	-	695,408
Depreciation for the year	-	3,520	18,665	816	841	-	23,842
Depreciation on disposals	-	-	(2,289)	(67)	-	-	(2,356)
31 December 2018	-	88,844	598,919	14,681	14,450	-	716,894
Net book value:							
31 December 2017	6,173	16,387	54,720	1,741	3,411	-	82,432
31 December 2018	6,173	18,792	44,948	1,191	2,570	2,506	76,180
Depreciation for the year:							
2017 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)							26,808
2018 (Baht 22 million included in manufacturing cost, and the balance in selling and administrative expenses)							23,842

As at 31 December 2018, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 649 million (2017: Baht 618 million).

13. Trade and other payables

	(Unit: Thousand Baht)	
	2018	2017
Trade payables - related parties	4,865	7,691
Trade payables - unrelated parties	25,971	27,090
Other payables - related parties	604	597
Other payables - unrelated parties	31,401	27,667
Advance receipts from customers	52	50
Total trade and other payables	62,893	63,095

14. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	2018	2017
Present value of defined benefit obligation	53,898	60,959
Fair value of plan assets	(18,385)	(19,093)
Net defined benefit liability	35,513	41,866

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

	(Unit: Thousand Baht)	
	2018	2017
Defined benefit obligation at beginning of year	60,959	62,430
Included in profit or loss:		
Current service cost	2,646	3,481
Interest cost	1,177	1,566
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumption changes	360	-
Financial assumption changes	(1,931)	-
Experience adjustments	(3,777)	-
Benefits paid during the year	(5,536)	(6,518)
Defined benefit obligation at end of year	53,898	60,959
Fair value of plan assets at beginning of year	19,093	19,693
Change in fair value	(226)	746
Contribution by the Company	2,124	2,099
Paid during the year	(2,606)	(3,445)
Fair value of plan assets at end of year	18,385	19,093

Plan assets comprise bank deposits, government bonds, and equity and debt instruments in active market.

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	2018	2017
Cost of sales	3,066	3,298
Selling and administrative expenses	982	1,003
Total expenses recognised in profit or loss	4,048	4,301

The Company expects to pay Baht 2 million of long-term employee benefits during the next year (2017: Baht 5 million). As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2017: 12 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)		
	2018	2017
Discount rate	2.6	2.8
Future salary increase rate	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 and 2017 are summarised below:

(Unit: Million Baht)				
	2018		2017	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4)	4	(4)	4
Salary increase rate	5	(4)	5	(5)

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 compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of approximately Baht 10 million. The Company 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

15. 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, under the Company's Articles of Association, the Company is required to set aside to a statutory reserve at least 10 percent of net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 25 percent of the registered share capital. The Company has already set aside a full statutory reserve.

16. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)		
	2018	2017
Salary and wages and other employee benefits	157,682	151,222
Depreciation and amortisation	23,915	27,021
Rental expenses from operating lease agreements	3,683	3,683
Raw materials and consumables used	268,344	278,926
Changes in inventories of finished goods, semi finished products and work in progress	(9,194)	16,071
Purchases of finished goods and raw materials	10,756	6,658

17. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)		
	2018	2017
Current income tax:		
Current income tax charge	2,513	4,810

	(Unit: Thousand Baht)	
	2018	2017
Deferred tax:		
Relating to origination and reversal of temporary differences	192	279
Income tax expense reported in the statement of comprehensive income	2,705	5,089

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	2018	2017
Accounting profit before tax	20,820	35,111
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	4,164	7,022
Effects of:		
Non-deductible expenses	194	92
Additional expense deductions allowed	(1,631)	(1,605)
Others	(22)	(420)
Total	(1,459)	(1,933)
Income tax expenses reported in the statement of comprehensive income	2,705	5,089

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	2018	2017
Deferred tax assets		
Allowance for diminution in value of inventories	281	348
Provision for long-term employee benefits	6,901	7,985
Unrealised loss from forward contract	(110)	-
Total	7,072	8,333

18. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

19. Financial information by segment

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 Company is principally engaged in the manufacture and distribution of finished elastic products. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2018	2017
Revenue from external customers		
Thailand	255,091	256,624
United States	159,114	191,102
Others	146,067	148,771
Total	560,272	596,497

Major customers

For the year 2018, the Company had revenue from a major customer in amount of Baht 77 million (2017: Baht 68 million).

20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund which is managed by BBL Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 2 million (2017: Baht 2 million) were recognised as expenses.

21. Dividends

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2016	Annual General Meeting of the shareholders on 19 April 2017	53,250,000	7.10
Total for 2017		53,250,000	7.10
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2018	30,000,000	4.00
Total for 2018		30,000,000	4.00

22. Commitments and contingent liabilities

22.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 6 million, relating to the acquisition of machine (2017: Baht 0.2 million).

22.2 Operating lease commitments

The Company has entered into lease agreements in respect of the lease of land and building with its related companies and parent company. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2018, the Company has future minimum lease payments which are payable within 1 year of Baht 4 million, required under these non-cancellable operating leases contracts (2017: Baht 4 million).

22.3 Guarantees

As at 31 December 2018, there was outstanding bank guarantee of Baht 1 million issued by a bank on behalf of the Company to guarantee contractual performance (2017: Baht 1 million).

23. Financial instruments

23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit Risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does 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 receivables, as stated in the statements of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate and are classified as short-term, the interest rate risk is expected to be minimal.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate 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.

(Million Baht)

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years				
						(% per annum.)
Financial Assets						
Cash and cash equivalent	35	-	18	-	53	0.37 - 1.33
Current investments	20	-	-	-	20	1.40 - 1.43
Trade and other receivables	-	-	-	133	133	-
Restricted investments	-	5	-	-	5	1.92
	55	5	18	133	211	
Financial liabilities						
Trade and other payables	-	-	-	63	63	-
	-	-	-	63	63	

(Million Baht)

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years				
						(% per annum.)
Financial Assets						
Cash and cash equivalent	52	-	15	-	67	0.37 - 1.22
Current investments	10	-	-	-	10	1.31
Trade and other receivables	-	-	-	139	139	-
Restricted investments	-	5	-	-	5	1.92
	62	5	15	139	221	
Financial liabilities						
Trade and other payables	-	-	-	63	63	-
	-	-	-	63	63	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks 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 denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	2018 (Million)	2017 (Million)	2018 (Baht per 1 foreign currency unit)	2017
US dollar	2	2	32.2848	32.5146
Japanese yen	3	4	0.2892	0.2859

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2018			
Foreign currency	Sold amount (Million)	Contractual exchange rate sold	Contractual maturity date
		(Baht per 1 foreign currency unit)	
US dollar	2	32.24 - 32.99	January 2019 - June 2019

As at 31 December 2017			
Foreign currency	Sold amount (Million)	Contractual exchange rate sold	Contractual maturity date
		(Baht per 1 foreign currency unit)	
US dollar	2	32.55 - 35.19	March 2018 - June 2018

23.2 Fair values of financial instruments

Since the majority of the Company's 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.

24. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Company's debt-to-equity ratio was 0.27:1 (2017: 0.29:1).

25. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.



บริษัท ยูเนียนไพโอเนียร์ จำกัด (มหาชน)
Union Pioneer Public Company Limited.

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