

รายงานประจำปี

Annual Report

2562 . 2019



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

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



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.

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



สารบัญ

ข้อมูลทางการเงินและอัตราส่วนทางการเงินที่สำคัญ 5 ปี.....	1
รายงานของคณะกรรมการบริษัท.....	2
นโยบายที่สำคัญ และภาพรวมการประกอบธุรกิจ.....	3-5
ลักษณะการประกอบธุรกิจ.....	6-10
ปัจจัยความเสี่ยง.....	11
ข้อมูลทั่วไปของบริษัท.....	12
โครงสร้างการถือหุ้น ผู้ถือหุ้น นโยบายการจ่ายปันผล.....	15-16
โครงสร้างการจัดการ	
• คณะกรรมการบริษัท คณะกรรมการชุดย่อย.....	17-21
• บทบาทหน้าที่ และความรับผิดชอบของคณะกรรมการชุดย่อย.....	17-21
• ข้อมูลรายละเอียดเกี่ยวกับคณะกรรมการ ผู้บริหาร และ เลขานุการบริษัท.....	69-74
• จำนวนครั้งที่เข้าประชุม.....	18,20,21
• ผู้บริหาร เลขานุการบริษัท.....	22
• ค่าตอบแทนกรรมการและผู้บริหาร.....	23-24
• บุคลากร.....	24-26
การกำกับดูแลกิจการที่ดี	
• นโยบายเกี่ยวกับการกำกับดูแลกิจการ.....	27
1. สิทธิของผู้ถือหุ้น.....	27-30
2. การปฏิบัติต่อผู้ถือหุ้นอย่างเท่าเทียมกัน.....	30-31
3. บทบาทของผู้มีส่วนได้เสีย.....	31-33
4. การเปิดเผยข้อมูลและความโปร่งใส.....	33-34
5. ความรับผิดชอบต่อคณะกรรมการ.....	35-38
• การสรรหาและแต่งตั้งกรรมการ ผู้บริหารระดับสูง กรรมการอิสระ.....	39-40
• การดูแลเรื่องการใช้ข้อมูลภายใน.....	41
• ค่าตอบแทนของผู้สอบบัญชี.....	41
• การปฏิบัติตามหลักการกำกับดูแลกิจการที่ดีในเรื่องอื่นๆ 5 หมวด.....	42
ความรับผิดชอบต่อสังคม-หัวใจ CSR สู่การพัฒนาที่ยั่งยืน.....	43-54
การควบคุมภายในและการบริหารจัดการความเสี่ยง.....	55-57
รายการระหว่างกัน.....	58-59
การวิเคราะห์และคำอธิบายของฝ่ายจัดการ MD&A.....	60-63
รายงานคณะกรรมการตรวจสอบ.....	64-65
รายงานคณะกรรมการสรรหาและกำหนดค่าตอบแทน.....	66-67
รายงานความรับผิดชอบต่อคณะกรรมการ.....	68
คณะกรรมการ ผู้บริหาร และเลขานุการบริษัท.....	69-74
รายงานผู้สอบบัญชีรับอนุญาต.....	75-101

Contents

Major Financial Ratio and Summary Information for 5 Years.....	102
Report of Board of Directors.....	103
Significant Policies and Business Overview.....	104-106
Nature of Business Operation.....	107-110
Risk Factors.....	111
General Information of the Company.....	112
Structure of Shareholding: Shareholders, Dividend Policy.....	113-114
Structure of Management:	
• Board of Directors, Subcommittee.....	115-119
• Duties and Responsibilities of Subcommittee.....	116-119
• Details of Board of Directors, Executives and Company Secretary.....	69,165-168
• Number of Attendances.....	116, 118, 119
• Executives, Company Secretary.....	119-120
• Remuneration of Directors and Executives.....	121-122
• Personnel.....	122-123
Good Corporate Governance:	
• Policy on Corporate Governance.....	124
1. Fundamental rights of shareholders.....	124-127
2. Equitable treatment for each shareholder.....	127-128
3. Roles of the stakeholders.....	128-130
4. Disclosed information and transparency.....	130-131
5. Responsibilities of the Board of Directors.....	131-135
• Nominating and Selecting Directors, Chief Executives and Independent Directors.....	135-137
• Controlling internal information usage.....	137
• Remuneration of Auditors.....	137
• Operating in accordance with good corporate governance principle in other categories -five categories:.....	138
Corporate Social Responsibility -CSR	
to Sustainable Development.....	139-150
Internal Control System and Risk Management.....	151-153
Inter-Transactions.....	154-155
Explanation and Analysis' Management (MD&A).....	156-159
Report of the Audit Committee.....	160-161
Nomination and Remuneration Committee's Report.....	162-163
Board of Directors' responsibility for Financial Reporting.....	164
Board of Directors, Executives and Company Secretary.....	165-169
Report of the Independent Auditor.....	170-193

Major Financial Ratio and Summary Information for 5 Years

Statement of comprehensive income

Unit : Thousand Baht

	2019	2018	2017	2016	2015
Sales	549,897	560,272	596,497	591,397	578,892
Other Income	12,681	14,890	18,320	19,740	20,506
Total Revenues	562,578	575,162	614,817	611,137	599,398
Total Costs and Expenses	563,208	554,342	579,706	545,202	553,177
Interest Expenses	-	-	-	-	-
Corporate Income Tax	(1,672)	2,705	5,089	12,622	9,364
Profit for the Year	1,042	18,115	30,022	53,312	36,858
Actuarial Gain (loss)- net of income tax	(3,460)	4,278	-	-	(602)
Total comprehensive income for the year	(2,418)	22,393	30,022	53,312	36,256
Earnings per share (Baht)	0.14	2.42	4.00	7.11	4.91
Dividends per share (Baht)	0.13	2.41	4.00	7.10	4.90

The Company's financial statements have been unconditionally certified by the authorized auditors.

Statement of financial position

Current Assets	352,682	373,412	383,696	402,175	379,336
Property, plant and equipment-net					
Intangible assets	78,334	76,199	82,512	89,134	89,460
Total Non-Current Assets	18,583	15,206	13,948	16,831	16,451
Total Assets	449,599	464,817	480,156	508,140	485,247
Total Liabilities	104,482	99,207	106,939	111,696	105,365
Registered, Issued and fully paid	75,000	75,000	75,000	75,000	75,000
Share premium	30,325	30,625	30,625	30,625	30,625
Retained Earnings: Allocated and	239,492	259,985	267,592	290,819	274,257
Unallocated					
Total Shareholders' Equity	345,117	365,610	373,217	396,444	379,882
Total Liabilities and Shareholders' equity	449,599	464,817	480,156	508,140	485,247

Major Financial Ratio

Dividends per Net Profit (%)	93.55	99.78	99.92	99.88	99.71
Book Value per share (Baht)	46.02	48.75	49.76	52.86	50.65
Earnings Ratio (%)	0.19	3.15	4.88	8.72	6.15
Returns on Equity (%)	0.29	4.90	7.80	13.73	9.85
Returns on Assets (%)	0.23	3.83	6.08	10.73	7.56

Report of the Board of Directors

According to the economy situation in the previous year, the Company had been affected by various factors so the sales growth failed to reach the planned direction. The domestic market experienced the slowdown, resulting in a decrease in the purchasing power of the public and the consumer behavior changing to use cheaper products. Regarding the international market, it had been affected by the appreciation of Thai baht, causing the Company to be disadvantaged in terms of competition. In addition, there was a factor, which was, the government issued the Labor Protection Act (No. 7) B.E. 2562, prescribing the rate of severance pay that increased from 300 days to 400 days for an employee who was terminated its employment after working for 20 years. Such change resulted in an increase of the Company's operating cost in an amount of 10 million Baht in the previous year.

The Company is continuously committed to increasing sales of existing customers and expanding the market to new domestic and international in order to compensate the decreasing sales. The Company focuses on proactive operations by improving cooperation with customers to develop and research products with the quality that meets customers' requirements. In addition, the Company also presents the strengths of products with quality and diversity. Its products do not cause harm to consumers. Product safety is in accordance with Oeko-tex Standard100 Class I (For baby articles), which is considered the strictest level.

In 2019, the Company's performance resulted in a total income of 562.58 million Baht, a reduction from 2018 by 12.58 million Baht or 2.19 percent, foreign sales income at 300.22 million Baht, a reduction from 2018 by 4.96 million Baht or 1.63 percent and a domestic sales income of 249.67 million Baht, a reduction from 2018 by 5.42 million Baht or 2.12 percent. The Company had a net profit of 1.04 million Baht, a reduction from 2018 by 17.07 million Baht or 94.26 percent, which is a net profit of 0.14 Baht per share.

Regarding trends in 2020, the exports are likely to shrink continuously due to environmental factors in business operations and severe and intense competition, resulting in the low opportunity for export. Domestic purchasing power will be driven by economic stimulus measures of the government sector. However, it is expected to cause only short-term results.

Throughout the period of business operations, the Company has performed appropriate cost management policies for the competition in the economy situation that has fluctuated and slowed down, developed marketing strategies for customer participation, increased sales channels, improved product quality, offered new products to meet customer needs continuously, and provided services honestly without taking advantage of customers. The product prices are reasonable and the deliveries are on time.

The Company also recognizes the importance of promoting the implementation of good ethics and governance principles in corporate management to build business prosperity and sustainability. In the previous year, the Board of Directors revised and improved its manual on good corporate governance and code of conduct based on CG Code 2017. Most of such revision still maintained the practices according to CG Principles 2012 and it was approved May 22, 2019.

The Board of Directors would like to thank everyone who has had a part in the Company's success such as shareholders and trade partners who have always supported the Company's business operations. Furthermore, the Board of Directors would like to thank our executives and employees who have dedicated themselves to working at full capacity and advancing the business. Most importantly, the Company would like to thank every customer for constantly trusting the Company's products and services. The Company would like to assure everyone that the Company's business operations are not involved with corruption, but are meticulous, transparent, and accountable. Moreover, the Company adheres to the principles of good corporate governance to build sustainable growth for the Company in order to generate good returns for 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.

In the past year, Board of directors reviewed the Company's vision, mission, strategy, goal and business direction, including reviewing the significant policies to be appropriate and consistent with business operations in accordance with the Principles of Good Corporate Governance (CG Code 1.1, 2.1).

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

Policies are disclosed in the Good Corporate Governance Handbook at section 4: Anti-Corruption are as follows;

- 4.1 Anti-Corruption Policy
- 4.2 Political Neutrality Policy
- 4.3 Donation and Charitable Funding Policy
- 4.4 Giving or Receiving Gifts/Property/Benefits Policy
- 4.5 Publication of the anti-corruption policy
- 4.6 Report clues or complaints

At section 5: Related Significant Policies are as follows;

- | | |
|-----------------------------------------|--------------------------------------------------|
| 5.1 Quality and Environment Policy | 5.8 Corporate Risk Management Policy |
| 5.2 Safety and Health Policy | 5.9 Information Technology System Control Policy |
| 5.3 Energy Conservation Policy | 5.10 Human Resource Management Policy |
| 5.4 Social Responsibility Policy | 5.11 Pregnant Employees Protection Policy |
| 5.5 Anti-Drug Policy | 5.12 Communication Policy |
| 5.6 Security Policy | 5.13 Information Disclosure Policy |
| 5.7 Hearing Conservation Project Policy | 5.14 Use of Insider Information Policy |

The Company discloses the details of each policy on company's website at <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

Vision, Objective, Goal or Strategy in company operation

Board of directors is responsible for establishing the vision and mission of the Company for executives and employees to aim to operation in the same direction, with consideration on environmental factors, competition situation, possibility as capacity of the Company and no conflict with the main goal of the Company.

Vision

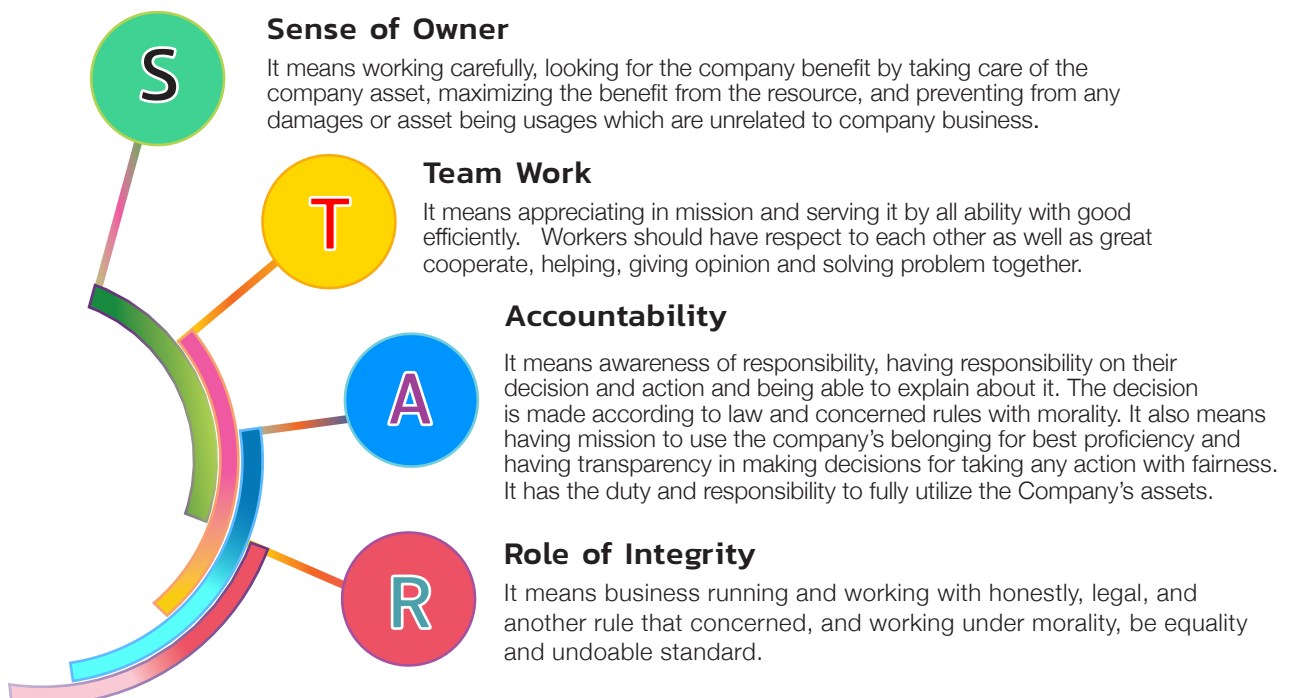
“To be the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing in which very well accepted in world market about quality”

Vision

1. Make business growth of continued circulation
2. Manufacture in quality product; safe for consumer, and on time delivery.
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7. Responsible for shareholders, employees, partners, society and environment

Core Value

UPF “S-T-A-R”



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 2019 are shown at the topic of Inter-Transaction on page 154-155 Investors can study additional company information from the annual registration statement (Form 56-1) of the company at www.sec.or.th or the 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. t 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 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.



Conforming Bandage used to secure a dressing in place.



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

Trade war between United States and China caused the world economy recession and boosted the moving of production base out from China to other countries. Majority of textile and garment was moved to Vietnam. Raw materials producers are aware of that move and they move their facility into Vietnam to support their customers to lead time shorter to comply with world market trend and the changing of consumer behavior. The US medical devices importers also look for other sources out of China to avoid the tariff imposed by US government on China products. There was no significant change in exercise equipment market while the switching from rubber thread to spandex still happening in the disposable diapers market.

Key Competition Strategy

Due to the rapid development of communication technology, the online shopping is very popular and growing up sharply. The manufacturer can see the real time demand from online platform and led to the shorter lead time needed to fulfill the market needs. The vendor needs to find the way to get its lead time shorter too.

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 major market of the company are North America and Asia.

Industry Trend and Future Competition

The recession of world economy led to the higher degree of competition. Besides pricing, the manufacturers had to find the way to get their cost down in order to gain competitive advantage over the competitors. Shorter lead time is another key factor for competition.

Eco-Friendly is another world market trend which the manufacturers had to follow up closely.

Eco-Friendly products will be more and more preferable in the future.

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 Noppa Rajathanee 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 Energy Innovation and Technology course, New Technology Integration and AI Solutions for Industrialist Fair, Solar Rooftop Innovation Seminar held by MEA and Bangchan Industrial Estate Authority.

Activities carried out in 2018 as follows:

- Changed the motor of calendaring machine from DC to AC and used inverter to control starting and speed of the motor to lower electricity consuming and enhance efficiency.
- Increased production capacity of kneader 110L by using PLC for automatic command and used inverter to control motor for saving time and energy.
- 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.
- Educated employees about safety and energy conservation through the exhibition
- Provide employees training course on Energy Innovation and Technology, Enhancing Industrial Estate to Smart ECO City, Solar Rooftop

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.

Risk Factors

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 has appointed a risk management team to set measures for risk management to be in a controllable and acceptable level. These team continually monitored the effectiveness and evaluated the risk management and reported the progress to the Board of Directors every quarter as follows. (CG Code 5.4, 6.1)

1. Risk from economic situation

In the past year, the trade war between the United States and China effected to the global economy, including the domestic economy as shown a significant slowdown in all sectors. These caused purchasing power and demand for products to decrease, resulting in intense competition among manufacturers to maintain their market shares and achieve revenue as targets. Another factor that has a significant impact on the Company's international market revenue is the appreciation of Thai Baht. .

Although the cost reduction is still important aspect for the Company to continually strive for development, the development on higher efficiency production process and products supporting environmental conservation concept and foreign exchange risk management are the other aspects that the Company has to continually proceed for maintaining and upgrade the competitiveness, which will help the Company for more market expansion to reduce the impact of economic risks.

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.

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

Union Pioneer Public Company Limited

Categories of Business: Elastic Thread, Elastic Tape, Elastic Braid, Elastic Webbing, Medical Elastic and Elastic Exercise Products
Taxpayer Identification Number 0-10-7-537-00101-3
Telephone No.: (662) 517-0105-8
Fax No.: (662) 517-1016

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.

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

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

Auditor: <https://www.set.or.th/tsd/th/info/TSDAsRegistrar.htm>
Miss. Vissuta Jariyathanakorn, with CPA (Thailand)
Licence No. 3853 (Being the 5th year as an auditor)
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.

The Company does not issue and offer debt securities to the general public.

Structure of Shareholding

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 3rd, 2019 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	Darakananda Group	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	-	70,400	0.939
7	Mrs. Sumporn Krairerg	-	64,450	0.859
8	Mr. Prachaya Rerkdeethaveesab	-	54,700	0.729
9	Mr. Kasem Sirirungsanakun	-	50,300	0.671
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. 3/2563 on 18th March 2020 resolved to approve the annual dividend payment of 2019 to the Annual General Meeting of Shareholders on 22nd April 2020 at the rate of 0.13 Baht per share

The company has no subsidiaries and affiliated companies.

Year	2019	2018	2017	2016	2015
Earning per Share (Baht)	0.14	2.42	4.00	7.11	4.91
Dividend per Share (Baht)	0.13	2.41	4.00	7.10	4.90
Dividends per Net Profit (%)	93.55	99.78	99.92	99.88	99.71

Report of changes in the shareholding of the company and directors in the year 2019

Name – Surname	Position	Number of shares 2019	Number of shares 2018	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	3,840	-
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	-	-	-
13. Mrs. Sureeporn Chompunutyanyong	Sales & Marketing Manager	-	-	-
14. Miss Warunee Khumtong	Quality Assurance Manager	-	-	-

The shareholding of the directors is both for direct ownership of shares and indirect one such as shares held by their spouse and underage children, as 0.32% (* including related persons)

Structure of Management



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. (CG Code 3.1.1, 3.1.2)

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

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 Saphavichaikul	Chairman of the Board	None	1/1	12/12	100
2. Mrs. Rapeephan Sanguansis	Independent Director	None	1/1	12/12	100
3. Mrs. Yupha Boonchuaydee	Independent Director	None	1/1	12/12	100
4. Mr. Pongsak Thiengviboonvong	Managing Director	None	1/1	12/12	100
5. Mr. Chutindhon Darakananda	Director	None	1/1	9/12	75
6. Mrs. Chantorntree Darakananda	Director	None	1/1	11/12	91.67
7. Mr. Vacharaphong Darakananda	Director	None	1/1	11/12	91.67
8. Mr. Nanthiya Darakananda	Director	None	1/1	4/12	33.33
9. Mr. Kollatat Tangchitkul	Independent Director	None	1/1	11/12	91.67
Total Average of the entire committee					87.04

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.
 - No qualifications or 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.

The responsibilities of the Chairman are as follows (CG Code 3.2.3)

1. To supervise, monitor and ensure that the duty of the Board is efficient and echive the objectives and main goals of the Company.

-
2. To ensure that all directors are involved in promoting ethical corporate culture and good corporate governance.
 3. To set the board meeting agenda by discussing with the managing director and having measures to ensure that significant issues are included in the meeting agenda.
 4. To allocate sufficient time for the management to propose enough matters for directors to carefully discuss significant issues, to encourage the directors to express their opinions carefully and freely.
 5. To strengthen the good relationship between executive directors and non-executive directors, and between the board and management.

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, process after receiving complaints and measures to protect the whistleblower, as details are in topic "Anti-Corruption Policy" on page 62-63)
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 ethic 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.

Details of the structure of the Board, roles and responsibilities of the Board are added in accordance with the Code of Conduct (CG Code 2017) at the Good Corporate Governance Principles, MAY 2019, on the Company's website, sections 5.1 and 5.2 <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

● **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.(CG Code 6.2)

In the past year, the Board of Directors' Meeting No. 3/2019, held on 20th March 2019, passed a resolution extending the term of the chairman and the audit committee for another 3 years.

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

Name-Lastname			Position Attendance	Number of Meeting	Percentage
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	4/4	100

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. Nattapawatch Thomwan and is the secretary of the audit committee (details about the internal audit office manager is stated on page 152-153)

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. (CG Code 3.3.1, 3.4.1)

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 Chairman of the Nomination and Remuneration Committee	Independent Director	2/2	100
2.	Mrs. Yupha Boonchuaydee Nomination and Remuneration Committee	Independent Director	2/2	100
3.	Mr.Vacharaphong Darakananda Nomination and Remuneration Committee	Director	2/2	100
			Total Average of the entire committee	100

Duties and Responsibilities of the Nomination and Remuneration Committee:

1. Determination on criteria and methods for nominating the board of directors. (CG Code 3.3.2)
2. Duties in recruiting and select the qualify individuals and propose the name to be nominate as new director to the shareholders' meeting for approval as a director. (CG Code 3.3.2)
3. Specify method of remuneration for directors. (CG Code 3.4.2)
4. Determine the remuneration and form of remuneration for the director and propose to the board meeting for consideration. (CG Code 3.4.3)
5. Specify criteria and methods for recruiting suitable people to be a managing director. (CG Code 4.1.1)
6. Review criteria and methods for nominating directors to be proposed to the Board of Directors prior to the selection of directors who complete their terms. In case that the Nomination Committee nominates the same director, they will also consider the performance of the mentioned director. (CG Code 3.3.3)

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 persons.

No	Name-Surname	Position
1.	Mr. Pongsak Thiengviboonvong	Managing Director
2.	Mr. Komon lamwatcharin	Deputy Managing Director
3.	Mr. Sikavej Sopaphan	Human Resource Manager
4.	Mr. Wiwat Jongkonrat	Accounting & Finance Manager
5.	Mrs. Sureeporn Chompunutyanyong	Sales & Marketing Manager
6.	Miss Warunee Khumtong	Quality Assurance Manager

- Executives means the managers who are the top four executives counting down from the Managing Director.

- 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 share - holders 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. Chadaporn Jiemsakultrip 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 168 (CG Code. 3.9.8)

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: (CG Code 3.4.3)

- 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. (CG Code 3.4.2)
- 2) Remuneration for the Managing Director and Chief Executive Officers has been included in the executive compensation. The Company has no subsidiaries and associated companies

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 2018) 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 6 executives of the company such as salary, bonus and social securities in the total amount of 8,994,157.50 Baht (7,502,923.00 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 6 executives in form of provident fund as in 3 percent of the salary in year 2019 total of 77,592.00 Baht managed the fund by BBL Asset Management Co., Ltd. (44,064.00 Baht in the previous year).

Rules for payment of remuneration of each committee: (CG Code 3.4.4)

Monetary Compensation	2019 (Per month: baht)	2018 (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 2019 (Baht)			
		Meeting allowance	Remuneration of Audit committee	Meeting allowance for Nomination and Remuneration Committee	Total
1. Miss. Dalad Sapthaivichaikul	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	12,000	240,000

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

Name-Last name	Position	Remuneration in monetary value in 2019 (Baht)			
		Meeting allowance	Remuneration of Audit committee	Meeting allowance for Nomination and Remuneration Committee	Total
3. Mrs. Yupha Boonchuaydee	Independent Director/ Audit Committee / Nomination and Remuneration Committee	96,000	120,000	12,000	228,000
4. Mr. Pongsak Thiengviboonvong	Managing Director	96,000	-	-	96,000
5. Mr. Chutindhon Darakananda	Director	96,000	-	-	96,000
6. Mrs. Chantorntree Darakananda	Director	96,000	-	-	96,000
7. Mr. Vacharaphong Darakananda	Director / Nomination and Remuneration Committee	96,000	-	12,000	108,000
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	36,000	1,272,000

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 over time, 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 front of Saha Union securities Guard at Bangchan District and various places in the Company
- Email : md_upf@unionpioneer.co.th or internalaudit@unionpioneer.co.th
- Letter: to Independent director or Audit Committee through 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 2019 = 561 persons

Divided in to manufacturing section for 414 persons, office section 100 persons, support section for 47 persons

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

Types of Compensation such as

Salaries and wages, Bonus, Grant-in-aid when resigning,	} total of = 163 millions baht
Social security, Provident fund	
Pension, Compensation fund	

Good Corporate Governance

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 joined to receive the Thai Chamber of Commerce Ethics Club pin in the Celebration of Ethic Award Ceremony

In the past year, the Board of Directors' Meeting no. 5/2019 on 22nd May 2019, considered and reviewed the content and revised the Principles of Good Corporate Governance for the year 2012 (CG Principles) and the New 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. (CG Code 1.4.1, 1.4.2, 3.5.1) (CG Code 1.2.3, 1.2.4)

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>.

5 Principles of Good Corporate Governance

- Principle 1: Rights of shareholders (CG Code 8)
- Principle 2: Equitable treatment of shareholders (CG Code 8, 6)
- Principle 3: Role of stakeholders (CG Code 4, 5, 7)
- Principle 4: Disclosed information and transparency (CG Code 4, 5, 6, 7)
- Principle 5: Responsibilities of the Board of Directors (CG Code 1, 2, 3, 4, 6)

Principle 1: 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: (CG Code. 8.1.1)

- 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 free float at the closed registered book on 3rd April 2019 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

- The Company encourages shareholders to send in questions in advance of the meeting date, by providing convenience regarding criteria for sending questions. This information is also disseminated on the Company's website and encourages minority shareholders to propose the issues to be decided in each agenda item in advance of the meeting. (CG Code 8.1.2, 8.1.5)
- Sending the invitation notice together with all detailing documents to shareholders on 9th April 2019, at least 14 days prior to the meeting and disclosed all detailing documents both in Thai and English on the company's website on 22nd March 2019, more than 30 days prior to the meeting takes place on 24th April 2019. (CG Code 8.1.2, 8.1.4)

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 (CG Code 8.1.6)
- 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 AGM invitation letter, there will be a simple explanation proxy procedure regarding details of documents that shareholders must present on the meeting date for maintaining their rights, including the Company's regulations about the shareholders' meeting, voting process, Proxy Form B specified by the laws, List of Independent Directors whom shareholders can choose to appoint as their proxy, in which the shareholders can specify the direction of voting. (CG Code 8.2.2)
- 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. (CG Code 8.2.1)
- 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. (CG Code 8.2.1)
- 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. (CG Code 8.2.6)

- 4) In the AGM invitation letter, the Company has specified voting methods, regulations regarding shareholders' meeting. The Company arranged to use the voting card for confirmation in every agenda requiring resolution for transparency and accountable.
- 5) Before the start of the shareholder's meeting, the Chairman of the meeting informs the number and the proportion of shareholders attending the meeting represented in person and through proxies, the meeting method, the voting process the voting counting. (CG Code 8.2.7)
- 6) 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. (CG Code 8.2.4)
- 7) 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.
- 8) Arrangement of witness of vote counting at the Annual General Meeting (AGM) and disclosing in the minutes of the AGM. (CG Code 8.2.9)
- 9) 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.
- 10) In the shareholders meeting of year 2019, 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: (CG Code 8.3.3)

- 1) First part consists of the general information such as name list and position of the directors, executives, company's secretary, auditors attending, number of 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 2019 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 (CG Code 8.3.1)
- 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 2019 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 on 3rd May 2019.

- 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 (CG Code 8.3.2)
- 4) In the past year, the Company received a score from the Quality Assessment Program of the Annual General Meeting Shareholders for the year 2019 (AGM Checklist 2019) equal to 95 points.

There are more details in accordance with the CG Code 2017; Code of Good Corporate Governance on May 2019 edition on the Company's website at Principle 1: Rights of Shareholders. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>.

Principle 2: Equitable treatment of shareholders

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 (CG Code 7.5.1) with more details, shown at Section 5, topic 5.14: Use of Insider Information Policy on page 84-85, topic 2.3: Protection on the insider information usage on page 20-21 of CG manual to be followed by related persons:

- 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, bill of material 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. 38/2018 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 2019, 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 2019, 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 2018 to 31st December 2018 which was 3 months in advance before the end for the end of accounting period for the year (CG Code 8.1.2 (1) 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

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- 2.1 Provides rights for the shareholders to vote by which one vote equivalent to one share.
 - 2.2 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
 - 2.3 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.
 - 2.4 No additional agenda apart from assigned in the shareholder invitation letter.

2.3 With or without Interest of Directors

The Board of Directors has acknowledged on the importance on the business operation emphasizing on all of the stakeholders for sustainable benefits, fair and transparent; therefore, guidelines, conditions and reporting on stake holding and shareholding were determined as following:

- 1) The Board of Directors supervises to manage and monitor on the transactions that may cause conflicts of interest to ensure that there are guidelines and procedures for the mentioned reports to follow the procedures and information disclosure according to general commercial conditions and the requirement of laws, with the same as the general public for the most benefit of the Company and shareholders as a whole, including approval of the transactions done by a person without interests. (CG Code 6.3.2)
- 2) The Board of Directors prescribes the directors to report their own stakes and shareholding as criteria, conditions and procedures as required before considering the mentioned agendas. If any directors or executives are 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. (CG Code 6.3.3)
- 3) If there are any other related transactions, the Company will propose to the Audit Committee for consideration and comment, before submitting to the Board of Directors and/or the shareholders' meeting for approval further. If the Audit Committee does not have skill on related party transactions, the authorized auditors will give an opinion on the mentioned transactions in order to use as a decision of the Audit Committee and/or the Board of Directors and/or the shareholders' meeting., as the case may be, to ensure that the mentioned transactions will not be transfer of benefits between the Company and any persons who may have a conflict of interest, but for the most benefits of all shareholders. (CG Code 6.3)
- 4) The company disclosed the shareholding, with/without interest of directors, meeting attendance of every committee is stated on the Management Structure Topic.
- 5) 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 shareholders 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 19, 52
<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 of 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>

There are more details of the CG Manual and business ethic on page 23, 52-53, on the Company's 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 CG Manual and Business Ethics.

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 23, 54 in the CG Manual and Business Ethics.

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: Personnel including;

- 1) Hearing Conservation Measure: with the following actions;
 - Specify a hearing conservation policy in which all executives, supervisors, employees, and related parties must support the hearing conservation project, and give an opinion for improving the safety of working conditions.
 - Health surveillance of loud noise by surveying the area, putting hearing protection sign to wear the earplug and showing noise levels with the sound map.
 - Health surveillance of hearing by testing on hearing capability of staffs by certified external organization.
 - Responsibilities of the related persons.
- 2) 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.
- 3) 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.
- 4) The Company sets 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 CG Manual and Business Ethics on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- 5) The actions toward the employees were disclosed in the additional information which can be viewed on page 23, 54 - 55 of the CG Manual and Business Ethics on the company's website. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- 6) 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).
- 7) 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 according to Happy Workplace topic, for more details 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, for more details on page 24,55-56 on the CG Manual and Business Ethics on the company's website. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

The Company sets up Social Responsibility Policy in section 5, topic 5.4 of the CG Manual and Business Ethics on the company's website. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>.

The Company had summarized CSR in process & CSR after process at the topic of "CSR to Sustainable Development."

Principle 4: Disclosed information 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: (CG Code 7.1)

- 4.1 Disclosing information accordance to accounting period which are financial information and non-financial information via the SET Link 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. (CG Code 7.1.4)
- 4.2 Disclosing transparently the shareholders structure showing the beneficial owner at <https://www.set.or.th/set/companyholder.do?symbol=UPF&language=th&country=TH>
- 4.3 Disclosing 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. (CG Code 7.1.3)
- 4.4 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 (CG Code 6.3)
- 4.5 Disclosing 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.
- 4.6 Disclosing 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.
- 4.7 Disclosing 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: (CG Code 7.6)
- 4.8 The Company's vision and mission <http://www.unionpioneer.co.th/index.php/about-us/vision>
- 4.9 Nature of the business operation <http://www.unionpioneer.co.th/index.php/about-us/com>

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- 4.10 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
 - 4.11 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
 - 4.12 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
 - 4.13 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 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
 - 4.14 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
 - 4.15 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-5-1
 - 4.16 Policies as well as the Company's CG Manual and Business Ethics <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
 - 4.17 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>
 - 4.18 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 We are pleased to hear out the comments, recommendations and information related to analyzers, institutional investors and free floats investors, (CG Code 7.5.2, 7.5.3) 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>.
 - 4.19 In the past 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.

Principle 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) In the past year, the Board of Directors reviewed the content and revised the policy on Good Corporate Governance and Business Ethics, according to CG Code 2017, to be appropriate with the Company's business, which almost remains the same as the CG Principles of the year 2012.
 - 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 quarter in the Board of Director 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. (CG Code 3.9.2)
 - 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: (CG Code 3.2.6)

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 on page 118 and page 119

5.3 Roles, duties and responsibilities of the subcommittee (CG Code 1.3)

Details are stated in the "Good Corporate Governance" on page 117-118

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 at least 5 days prior to 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 be 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 Company Secretary 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 Executive (CG Code 3.7.1, 3.7.4)

The Board of Directors perform self-evaluation on the performance once a year accordingly as individuals and as committees. Moreover, self-evaluation on every 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. (CG Code 3.7.2)

Performance Evaluation 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. Conduct an evaluation of the operational efficiency of the Board of Directors as a group at least 1 time per year.
1) Structure and qualifications of the Board of Directors 2) Roles, duties and responsibilities of the Board of Directors	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

Performance Evaluation Criteria	Performance Evaluation Process
3) Board meetings 4) Directors' duties 5) Relationship with the management 6) Self-development of directors and executive development	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 average score of the self-assessment of entire Board of Directors was 96.58.

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

Performance Evaluation Criteria	Performance Evaluation Process
Divided the evaluation into 3 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 average score of the self-assessment of entire Board of Directors was 96.72.

Performance Evaluation Criteria	Performance Evaluation Process
Divided the evaluation into 3 main topics according to the guidelines of the Stock Exchange of Thailand, namely 1) Structure and qualifications of the committee 2) Roles, duties and responsibilities of the committee 3) Committee meetings	1 Conduct an evaluation of the operational efficiency of the sub-committee as a group at least 1 time per year
	2. Company Secretary summarizes and presents the results of the performance evaluation of every sub-committee 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 average score of the self-assessment of entire Nomination and Remuneration Committee was 89.22

Individual performance evaluation of the Audit Committee with the following criteria and procedures;

Performance Evaluation Criteria	Performance Evaluation Process
Divided the evaluation into 4 main topics; 3 topics according to the guidelines of the Stock Exchange of Thailand and 1 additional topic in the Report of the Audit Committee to the Board of Directors, namely; 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	1. Conduct an evaluation of the operational efficiency of the Audit Committee as a group at least 1 time per year. Secretary of the Audit Committee will present the Audit Committee to evaluate in every 4th AC Meeting.
	2. Secretary of the Audit Committee summarizes and presents the evaluation results in every 1st AC Meeting.

In the past year, the average score of the self-assessment of individual Audit Committee was 99.

5.6 Remuneration of the Directors

Additional details on topic of remuneration of the directors and executives on page 121-122

5.7 Knowledge development for Directors and Executives

- 1) The Company has promoted and supported the directors to continuously attend training courses concerning the duties of directors, such as the DCP, DAP of COD, as well as to have knowledge about laws, rules, standards, risks related to business operations at present on regularly basis, and disclose information of directors' training and knowledge in the annual report. (CG Code 3.8.2, 3.8.3, 3.8.4)
- 2) For new directors, the Company has arranged an orientation according to the SET within 1 month from the date of holding office. The management submits the documents, significant information to present briefing in order for the new director to understand the objectives, core goal, vision, mission corporate values, nature of business, business operation guidelines, and used them as guidelines for corporate governance. (CG Code 3.8.1)
- 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. Managing Director reports the work performance according to the succession plan to the Board for acknowledgement at least once a year. (CG Code 4.1.3)

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)	

In the past year, there is director who attend the Director Accreditation Program (DAP) 63/2019, for preparing as a director instead of Mr. Pongsak Thiengviboonvong who resigned due to retirement, effective date from 1st January 2020 onwards

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 Sapthaivichaiikul	-	9/2001	1/2001	10/2005	-	-	4/2001	-	13/2018
Mrs. Rapeephan Sanuansis	5/2003	-	-	-	-	-	-	15/2014	13/2018
Mrs. Yupha Boonchuyadee	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	-

The Company encourages and supports the Company's Managing Director and executives to receive training and development in order to increase their knowledge and experience that are beneficial to their operations as follows. (CG Code 4.1.4)

Courses the Executives had taken for knowledge development in hours

Items	Courses	Number of hours
1	Labor Law for Human Resource Management	6
2	Pass from generation to others- Trade Competition Law	12
3	Developing technology researches from international patent documents	18
4	Sales management for sales executives	12
5	Rubber blending technology	6
6	Techniques for formulating and improving the specific properties of rubber	12
7	Natural fiber dyeing, Dyeing synthetic fibers and methods of color fastness testing	6
8	Process Innovation Management and Industry Transformation	54
9	Director Accreditation Program : DAP	6
10	Insight Financial Management: Empowering the business through professional financial management	6
11	Use of accounting data for workplace analysis	13
12	Certificate for Internal Auditors of Thailand (CPIAT)	19.5
13	Prevention of Business Time Bomb from the risk of IT systems in factories and warehouses	6
14	Fully equipped for accounting Financial Instrument Group	6
15	Corporate Governance Audit	6.5
16	Financial reporting standards	16
17	Corruption issues that the organization must know and the assessment of fraud risks	13
18	Business Sustainability in digital era: Know and Usable	12
19	Knowledge with the Governor of the Bank of Thailand	10
20	Start the law, clear tax problems and tax expert	6
21	Cost accounting, Cost analysis and cost management	6.5
22	In-depth analysis of financial statements	6.5
23	Guidelines for recording accounts in accordance with accounting standards that must be careful	6.5
24	Systematic and logical thinking Development	12
25	Strategies to increase sales	18

Sub-Committee The Board of Directors had appointed sub-committee (CG Code 3.2.6) 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 33.33% as listed below (CG Code 3.1.3)

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)

- 1 **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.
- 2 **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 licensee.
- 3 **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.
- 4 **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.
- 5 **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.
- 6 **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: (CG Code 3.3)

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

- 1) 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.
- 2) 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.
- 3) 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

For 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 26th annual general meeting of year 2019 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 (5 th 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 |
| 4.Mr. Kisada Lertwana | with CPA (Thailand)-License No. 4958 |

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 2019, Baht 1,080,000 (Baht One Million and Eighty Thousand) higher than the previous year.

In year 2018, Baht 1,000,000 (Baht One Million)

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

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

Implementing Good Corporate Governance Principles for the listed company in 2019 (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
- In the past year, the Board of Directors reviewed, revised and approved the Principles of Good Corporate Governance for the year 2012 (CG Principles) to the Principles of Good Corporate Governance for the year 2017 (CG Code) on the Company's website at
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

Compliance with good corporate governance principles in other matters

Last year, the Company declared on intention as Collective Action Coalition by participating in the certification of Private Sector Collective Action Coalition Council against Corruption.

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 2019, 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 3. The board of directors should determine the number of positioning term period that hold the longest consecutive positions of directors and sub-committees.	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.
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.

Corporate Social Responsibility



หัวใจ CSR สู่การพัฒนาที่ยั่งยืน

To Sustainable Development



In this Industry 4.0 era, Artificial Intelligence play a key role in business operation. Many firms including Union Pioneer Plc. moving towards automation with the AI. Besides technology improvement, the integration of social and environmental responsibility are also the key factors for sustainable growth of the business.

Mr. Komon Iamwatharin, Deputy Managing Director of Union Pioneer Plc. received the pin of Thai Chambers of Commerce Ethics Association at Thai Chamber of Commerce Best Awards 2019 on 11th November 2019 at Nonthaburi Room 1 of the office of National Anti-Corruption Commission.



The company operates the business with transparency, ethics, morality, adhering to the principles of good corporate governance. Maintain and encourage employees at all levels to do good Generous, see the common good more than oneself For filing in business operations





The Economics Dimension

Operation of Fairness

The Company manage the business under the policy “Satisfying Customers’ Needs, Improving Products Quality, Enhancing Employees Efficiency, Utilizing resources, Safety and Environment Care”. Caring all stake holders together with social responsibility and environment saving make the company growing sustainably.

Equality of Shareholders

Good governance and business ethics are the way the company always follow. All operations of the company are transparent, honest and auditable. The intention of the company is sustainable growth, good outcome and reasonable return to all shareholders equally.

Fair Competition

The Company concentrates on transparency, honesty and social responsibility and these are conveyed to all employees in all levels to be aware of 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 build up 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 improve products quality to be accepted in the market and satisfy the need of customers. Concentrate on products quality, on time and safety delivery and good after sales service are the key factors to gain confidence of customers on products and service quality. In additional, the company is always open for customers visit and cooperation for product development.

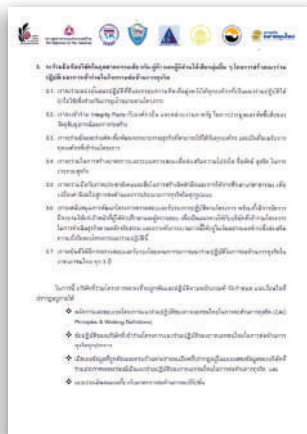
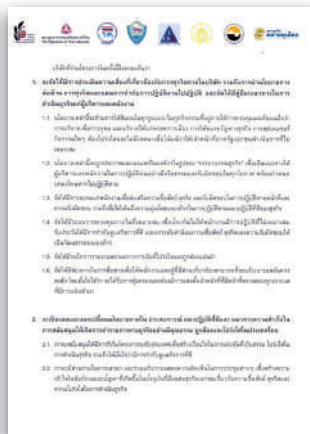
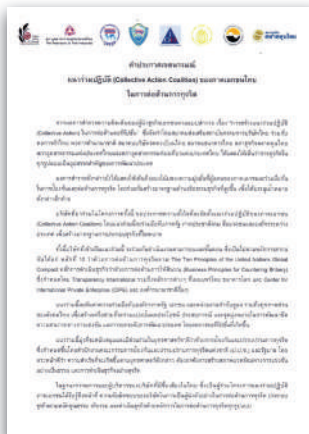


Anti-Corruption

- Business ethics and anti-corruption policy are communicated to all employees in all levels to build up awareness among employees.
- In the year 2019, the company issued more anti-corruption policy



and Mr. Pongsak Thiengviboonvong, Managing Director, signed and committed in the “Anti-Corruption Intention Announcement” of the Private Sectors Ally for Anti-Corruption on June 21st, 2019. Moreover, the Company participated “Anti-Corruption Day 2019” under the campaign “Together We Anti-Corruption” at BITEC on September 6th, 2019.



Responsibility for consumers

- Consumer is most important of business for sustainable growth which needs to be built up from consumers satisfaction on products and service. Although products of the Company are majority industrial goods, 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) to ensure that our products are safe for consumers.





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 for example health, safety, anti-drug activity etc. per basic human rights principle. Human rights rules and regulations of the Company as follows;

Employment

The company treats the employees as members of a family, employees' family members and local labors are the first priority for company employment to create jobs and income to the community.

Moreover, the company created working hours management program to limit working hours to be no more than 72 hours per week in order to get employees healthy and have enough time to spend with their family which led to good community.



Skills and Knowledge Development

The company provided all employees the training courses, In-House and On The Job, to improve their working skills.



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. All employees are treated equally.



Creating happiness in the workplace

The Company realizes that employees spending their lives more at the workplace than at home. To help the employees to balance their time spending between work and family, Working Hours Management Program was applied in accordance with Happy Workplace concept. The company believes happy worker will create happy community and resulting in good work and output.

Picture of Happy Workplace activities to create happiness in the workplace.



The Community and Social Development

With the operation under business ethics, the company supported the employees to join social responsibility activity and event both internal and external in order to get the employees aware of sacrifice. In 2019, the company participated many activities and events for example treating the environment of surrounding area, donating money to Nopparat Rajathanee Hospital for purchasing medical devices, contributing supplies to school on National Children Day, giving aluminum lids for making artificial arm and leg, giving old calendars to the Foundation For The Blind in Thailand under the Royal patronage of H.M. the Queen for making learning media for Braille letters etc

Corporate Social Responsibility (CSR) activities for the year 2019



Contribution to Department of Labor Protection and Welfare Area 13 on National Children Day.



Giving aluminum lids for making artificial arm and leg



Donating old calendars for making learning media of Braille letters



Contribution to school and community on National Children Day

Corporate Social Responsibility (CSR) activities for the year 2019



Donation on the Royal Kathin via the Department of Labor Protection and Welfare



Donation on the Royal Kathin via the Social Security Office



Dedicated the Buddhist Lent Candle to Bam Phen Nuea Temple



Participated Buddhist Lent Day at Bang Peng Tai Temple



Dedicated Ramei to Bang Peng Tai Temple



Growing Mangrove Forest under "UPF Green Heart" activity

Corporate Social Responsibility (CSR) activities for the year 2019



Donation of scholarship to Sukharam Temple School



Donation of Kathin to Pa Ban Khok in Sakon Nakhon Province



Donation of the respirator to Nopparat Rajathanee Hospital



"UPF Blood Donation" activity

Tips "Corporate Social Responsibility (CSR)" is the responsibility of the company to society and environment which can be classified as follows;

In process is the social and environmental activities affect directly to stakeholders and environment of the company for example employee welfare, Eco-Friendly production processes, customers responsibility etc.

After process is the social and environmental activities launched to save the society and environment that are not affected from the company operation for example growing forest, donating scholarship, etc.

As Process is the non-profit organization set up to help society and environment for example the foundation, the association etc



Environmental Dimension

The Company committed to operate with maximizing resource utilization and environmentally friendly concept. Processes were continually improved to reduce waste and pollution. Built up awareness of waste sorting, reuse and recycle to protect the environment. In 2019, the company running the campaign of reducing the use of single use plastic bag and using cloth bag instead to protect the environment. Moreover, the company had the “UPF Green Heart Growing Mangrove Forest” activity to increase the abundance of the coast.



● Caring for the environment and energy conservation

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 the company running the water conservation campaign to the employees. Waste water from the operation must be treated before releasing to the public canal.



Air Conservation : With the situation of high level of PM 2.5 and warmer globe, the company sought for the clean and green energy in the processes. Air from the operation was checked on quality before releasing to the atmosphere..



Soil Conservation : Chemical and waste created a lot of soil pollution. The company was aware of that and waste sorting and reduced the use of single use plastic bag campaign were created to reduce the pollution to the soil.



Energy Conservation : Energy is one of the key resources used in the operation. The company running the campaign of energy conservation and seeking for clean and green energy in order to reduce the use of energy. The program in 2019 as follows;



- Changing motor of calendering machine C4 from DC to AC and used inverter to control starting and speed of the motor.
- Changing the light bulbs to LED in Rubber Production Section.
- Replacing the broken-down air conditioners with energy saving (Label no.5) one.
- Installed new kneader machine, with inverter and controlled with PLC, I8 at Compound Section



● Inheritance the Thailand traditions

The conservation of Thai traditions and cultures is very important for Thai people. Therefore, the company encourages team up welfare activities every year for example Songkran Festival - pouring water blessing adult, Candle Festival, Merit for New Year and important Buddhist days etc.

**...Inheriting
Thai traditions For the
children to know
Foundation of Thainess ...**





● **The innovation and diffusion of innovation by implementing environmentally responsible**

The Company encourages and supports the employees to be involved in continual process and productivity improvement. Innovation that could reduce the waste is a part of social and environmental responsibility. In 2019, there was a project “Edge of Rubber Tape Reduction” created by Rubber Production team to reduce the waste of rubber generated at cutting process. This project was greatly successful and waste of rubber edge at cutting process was down 3,800 kg. during June – October 2019 or 760 kg. per month. Currently, this project was implemented regularly into the cutting process.



Internal Control and Risk Management

1. Sufficiency and Suitability of the company's Internal Control System (CG Code 6)

- 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: (CG Code 6.2)

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 2019; 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	37 years
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
Shareholding in the Company	None
Family Relations with Other Directors	None
Training Courses in 2018	<p><u>Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none"> • Risk and internal controls for information technology. • Security of information technology and continuation of business operations. • Auditing of information technology system • CAE Forum 2019 Winning 5G and the 4th Industrial Revolution. <p><u>Federation of Accounting Professions under The Royal Patronage</u></p> <ul style="list-style-type: none"> • Audit of corporate governance • Corruption issues that the organization must be aware of and business risk assessment. <p><u>Employers' Confederation of Thailand</u></p> <ul style="list-style-type: none"> • Safety officer at management level <p><u>Federation of Thai Industries in collaboration with the National Institute of Development Administration</u></p> <ul style="list-style-type: none"> • Prevention of Business Time Bomb from the risk of IT systems in factories and warehouses

	<u>In House Training</u> <ul style="list-style-type: none"> • Systematic and logical thinking Development • improvement of working methods
Work Experience in 5 years	<ul style="list-style-type: none"> • November 2012 – August 2016 : Assistant Internal Audit Manager, Nation Broadcasting Corporation Public Company Limited • September 2016 – present : Internal Audit Manager and Secretary of Audit Committee, Union Pioneer Public Company Limited
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.

Inter – Transactions

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	8.85 3.4 3.3 0.56	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 2019
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	23.3 2.69	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2019
5.Union Zip Co., Ltd. - having mutual director and shareholders	1.Sell product 2.Account Recivable	14.12 3.5	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2019
6 .Uni-Fibre Co., Ltd. - having mutual director and shareholders	1.Purchase product 2. Account Payable	6.4 0.8	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2019
Total of Inter-Transaction in 2019		67.25	

Management Discussion and Analysis MD&A

Business Overview

In 2019, the impact of trade war between the United States and China, together with the global economic slowdown caused exports to reduce from the previous year. Furthermore, the sale of goods to foreign countries has been affected by the continuous appreciation of the Thai baht. Domestic consumption trend continues to weaken. Although the government has policies to help the cost of living of people at the grass-roots level, it focuses on spending of the essential consumer products only. In addition, there was a factor, which was, the government issued the Labor Protection Act (No. 7) B.E. 2019, prescribing the rate of severance pay that increased from 300 days to 400 days. Such change resulted in an increase of the Company's operating cost in an amount of 10.15 million Baht in the previous year.

Products of the Company: For Medical Devices Segment; The sales rise from the previous year although there is effected by continuous exchange rate fluctuations since the beginning of the year because of mainly exporting to foreign markets. Since the Company's production standards focuses on product quality (it is shown that the Company has been awarded ISO 13485, the Quality Management System for Medical Device Industry which is an important tool for competition and maintaining the product's market share), the Company can maintain the sales volume.

For Elastic Segment for Baby Diapers; The major manufacturers have switched to use the spandex instead of natural rubber resulting to the lower sales of this Company's segment.

For Exercise and Physical Therapy Band; while foreign sales increased slightly, domestic sales were sluggish. However, the Company has increased online distribution channels to facilitate customers. The products are displayed in various fairs (the latest fair is Thailand Rubber Expo 2019). The objective is to introduce products to become more well-known. The Company expects that the domestic market will expand in the future.

For Elastic Segment for Clothing and Textiles; There is still intense price competition in foreign markets. Moreover, many garment manufacturers have moved their factories to Vietnam, resulting to Thai garment industry continued to slowdown and lower sales of this Company's segment.

Business Operating Results and Profitability

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Total Revenues	562.58	575.16	(12.58)	(2.19)
Costs and Expenses	563.21	554.34	8.87	1.60
Profit (Loss) -Net	1.04	18.11	(17.07)	(94.26)

Income of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Sales	549.89	560.27	(10.38)	(1.85)
- Export	300.22	305.18	(4.96)	(1.63)
- Domestic	249.67	255.09	(5.42)	(2.12)
Other Income	12.68	14.89	(2.21)	(14.84)
Total Income	562.58	575.16	(12.58)	(2.19)

In 2019, the Company had revenue from sales at 549.89 million baht decreasing from the year 2018 by 10.38 million baht or 1.85%. It was divided to export sale decreasing from the previous year by 4.96 million baht or 1.63 % due to the

appreciation of the Thai baht and the intense competition. Domestic sale decreased by 5.42 million baht or 2.12 % due to slowdown market. Other income decreased by 2.21 million baht or 14.84 %, mainly due to the control and reduction of waste generated resulting to decreasing in sales revenues of scrap production.

Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31 st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2019	2018	Amount	%
Costs from Sale	489.97	478.57	11.40	2.38
Selling Expenses	36.67	38.25	(1.58)	(4.13)
Administrative Expenses	36.56	37.52	(0.96)	(2.56)
Financial Expenses	0.00	0.00	0.00	0.00

- Cost of sales increased by 11.40 million baht or 2.38%, due to the severance pay as the Labor Protection Act (No.7) B.E. 2019.
- Selling expenses decreased 1.58 million baht or 4.13 % and the administrative expense decreased by 0.96 million baht or 2.56% due to increasing in operational efficiency and cost control.
- The Company has no financial expenses due to having no any loans from financial institutions.

Profit (Loss) – Net

The Company's net profit was 1.04 million baht or 0.18% of total revenue compared with the year 2018 with net profit of 18.11 million baht or 3.15% of total revenues. The profit decreased by 17.07 million baht or 0.14 baht per share, mainly due to the severance pay as the Labor Protection Act (No.7) B.E.2019 in an amount of 10.15 million Baht together with the continuous appreciation of the Thai baht and intense competition

Transaction	For the Year ended 31 st December		
	Unit	2019	2018
Gross Profit Ratio	%	10.90	14.58
Earning Ratio	%	0.19	3.15
Debt to Equity Ratio	Time	0.30	0.27
Return on Equity	%	0.29	4.90

Gross Profit Ratio

In 2019, the Company's gross profit was 59.92 million baht, gross profit ratio was 10.90 % of sales, decreased by 21.78 million baht or 26.66 % compared to the year 2018 having gross profit of 81.70 million baht, representing gross profit ratio 14.58 % of sales. Major causes of the decrease in gross profit came from the severance pay as the Labor Protection Act (No.7) B.E.2019 cost in an amount of 10.15 million Baht together with the continuous appreciation of the Thai baht and intense competition

Debt to Equity Ratio

In 2019, the Company had a ratio of debt to equity was 0.30 times a little higher than the year 2018 having 0.27 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 1.04 million baht, representing a return on equity at 0.29% lower than the year 2018 having the return on equity at 4.90%.

Asset Management

As of 31st December 2019, 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)	
	2019	2018	Amount	%
Total Assets	449.60	464.82	(15.22)	(3.27)
Total Liabilities	104.48	99.21	5.27	5.31
Total Shareholders' Equity	345.12	365.61	(20.49)	(5.60)

Assets

The Company's total assets at year ended 2019 was 449.60 million baht, with the proportion of the asset consisting of current assets at 78.44%, Property, plant and equipment at 17.36% and other assets at 4.20% when compared to the year 2018, which was decreased by 15.22 million baht or 3.27%. The main changing transactions were from inventories amounted to 139.47 million baht, reduced from 2018 at 15.52% due to the lower price of natural rubber, mainly material..

Trade and Other Receivable

As of 31st December 2019, trade accounts receivable and other receivables shown the value as the net realized gain amounting to 131.07 million baht, decreased by 1.52 million baht or 1.15%, from the year 2018, due to the lower sale volume and debt settlement 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 0.26 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 104.48 million baht, increased by 5.27 million baht or 5.31%, from last year, which the change was mainly from provision for long-term employee benefit amounted to 48.21 million baht, increased by 12.69 million baht or 35.74% due to the severance pay as the Labor Protection Act (No.7) B.E.2019.

Shareholders' Equity

The Company had shareholders' equity of 345.12 million baht, decreased by 20.49 million baht or 5.60% because the Company had net profit from operations of 1.04 million baht, decreased by 17.07 million baht from last year.

Liquidity and Capital Sufficiency

Analysis of Changes in Capital.

As of 31st December 2019, Cash and cash equivalents amounted to 80.24 million baht increased by 26.89 million baht for the year 2018, which the details of the acquisition and uses of cash in the year 2019 as follow;

Transaction	For the Year ended 31 st December (Unit: Million Baht)	
	2019	2018
Cash Flow from (used in) operating activities	49.68	43.36
Cash Flow from (used in) investing activities	(4.72)	(27.37)
Cash Flow from (used in) financing activities	(18.08)	(30.00)
Cash and cash equivalents at the beginning of year	53.35	67.36
Cash and cash equivalents at the end of year	80.24	53.35

- Net cash from operating activities increased due to lower inventory amount.
- Net cash used in investing activities decreased because the Company received the government bonds at maturity.
- 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)	
	2019	2018
Current Ratio	6.27	5.86
Quick Ratio	3.64	2.81
Inventory Turnover	3.22	2.91

- Current ratio was 6.27 times, increased from the year 2018 which was equivalent to 5.86 times because current assets and current liabilities decreased, the mainly reason was the lower inventory and trade account receivable.
- Quick ratio was 3.64 times, increased from the year 2018 which was equivalent to 2.81 times.
- Inventory turnover ratio was 3.22 times increased from the year 2018, which was equivalent to 2.91 times due to lower inventory.

Liability and Off-Balance-Sheet Management

The Company disclosed in Note 23 of the financial statements and consolidated financial report as of 31st December 2019 was summarized below.

- In 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 2020, the Company expects that exports will continue to slow down as the global economy and the Thai baht exchange rate remains fluctuates and continues to appreciation. Domestic economic conditions are expected to remain sluggish because the people focuses on cost saving and spending on the essential consumer products only. Therefore, the Company commits to improve the production process for maintaining the competitiveness.

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.

Report of the Audit Committee

To Shareholders,

In 2019, 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 2019 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 complying with Anti-Corruption Policy. In the past year, the Internal Audit Office had reviewed the internal control system to ensure that the Company sufficiently and appropriately complied with the anti-corruption policy. On 21st June 2019, the Company applied to join the announcement of the intention to be a coalition of Thai private sector in anti-corruption. In September 2019, the Company submitted a request to certify the certification for membership of Thailand's Private Sector Collective

Action Coalition against Corruption. After considering the process, the Private Sector Collective Action Coalition Against Corruption Council (CAC Council) found that the documentation of the Company was not complete or still need to improve for 2 items from a total of 71 items, namely regarding the internal control measures according to the risk of corruption (Internal Control and Monitoring) and the giving and receiving gifts, hospitality or expense (Gift, Hospitality and Expense). The Internal Audit Office and the Company's working group will work to improve and send the documents back to the CAC Council for reconsidering within the first quarter of the year 2020.

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

Nomination and Remuneration Committee's Report

Dear Shareholders

Union Pioneer Public Company Limited recognizes the influencing of directors to supervise and drive the organization toward success. The Company has always been aware of the significance of the nomination and remuneration process, which must be appropriately executed and comply with the corporate governance principles. Therefore, the Board of Directors appointed the Nomination and Remuneration Committee to nominate, select and propose the candidates with proper qualifications to assume directorship and the highest executive position of the Company. Moreover, the Committee proposes the policy, type, criteria of remuneration for the Board of Directors and other sub-committees.

The Nomination and Remuneration Committee of the Company consists of 3 directors, two of whom are independent directors. Chairman of the Nomination and Remuneration Committee is independent director who can perform the duties and make an opinion independently. Shareholders can view the details of the composition, scope of duties and responsibilities, the process of nominating persons to be proposed as the directors, criteria and procedures for nomination, including guidelines for the consideration of directors' remuneration in the Nomination and Remuneration's Manual disclosed on the Company's website.

In 2019, the Nomination and Remuneration Committee convened a total of 2 meetings. All the Nomination and Remuneration Committee Members attend all meetings, except for any Nomination Committee Members who have interest in any agendas, cannot be in the meeting room and have no right to vote in that agenda. The 2019 summary of the Nomination and Remuneration Committee performance are as follows:

1. Nominating and selecting qualified candidates for directorship to be submitted to the Board of directors for consideration and proposed to the 2019 Annual General Meeting of Shareholders to appointed as the Company's directors to succeed retiring directors.
2. Nominating and selecting qualified candidates for directorship to be submitted to the Board of directors for consideration and proposed to the 2019 Annual General Meeting of Shareholders to appointed as the Company's directors to replace directors who resigned before completing their terms.
3. Considering determining remuneration and its type for the Board of Directors and sub - committees for the year 2019 and proposing to the Board of directors for consideration and proposed to the 2019 Annual General Meeting of shareholders for approval.
4. Arranging the orientation for new directors in order to understand the roles, duties and responsibility, awareness of the policies and nature of the Company's business including other information that is useful for the performance.
5. Assessing the Nomination and Remuneration Committee performance and reporting the outcomes to the Board of Directors for acknowledgement. In 2019 the average score of the self-assessment of the Nomination and Remuneration Committee was 89.22.

The 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 2019 Annual General Meeting of Shareholders for approval as to have qualifications and not have any prohibited acts according to specific laws, have qualifications as the Securities & Exchange Commission (SEC), the Stock Exchange of Thailand (SET), in accordance with the principles of Good Corporate Governance of listed companies regarding the Board Structure, as well as being persons who are knowledgeable, capable and independent including the skills, expertise and experience in various professions that are necessary and beneficial to the Company's business.

For determining the remuneration and its type, the Nomination and Remuneration Committee has considered every matter fairly and reasonably, and has reviewed the remuneration every year by comparing with the listed companies that have the same size of business and / or are in similar industries, including considering various related factors such as duties, responsibilities, operation results, financial performance of the Company and the overall economic situation.

In 2019, the Nomination and Remuneration Committee has completely performed its assigned duties with prudence, transparency, fairness and independence for the best benefit of the Company, shareholders and all stakeholders.

On behalf of the Nomination and Remuneration Committee



(Mrs. Rapeephan Sanguansris)

Chairman of the Nomination and Remuneration 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 2019 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 Saphavichaikul)
Chairman



(Mr. Komon lamwatcharin)
Managing director

The Details of the Board of Directors

1. Miss Dalad Sapthavichaikul

Chairman

Age : 63 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.
- 2012 – July 2019 Chairman of the Risk Management Committee, Saha-Union Public Company Limited
- 2017 Vice Chairman, Saha-Union Public Company Limited.
- January 2017–October 2018 Chairman, Saha-Union Holding Co., Ltd.

Current Positions

Listed Companies

- 2018 – Present Chairman, Saha-Union Public Company Limited.
- May 2015 – Present Chairman, Union Textile Industries Public Company Limited.
- May 2014 – Present Chairman, Union Plastic Public Company Limited.
- June 2012 – Present Chairman, Union Pioneer Public Company Limited.

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, 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, Navavej International Hospital Public Company Limited

Years of Directorship 8 years (since 1 January 2012)

2. Mrs. Rapeephan Sanguansris

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

Age : 69 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.
- January 2020 – Present 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 9 years (since 26 January 2011)

Years of Independent Directorship 7 years (since 23 January 2013)

Note: The Board of Directors' Meeting no.12/2019 held on 18th December 2019 resolved the meeting resolution: Appointment of Mrs. Rapeephan Sanguansris, Independent Director as Audit Committee, effective on 1st January 2020.

3. Mrs.Yupha Boonchuaydee

Audit Committee / Independent Director /

Nomination and Remuneration Committee

Age: 70 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 Account and Finance Department Manager, Union Textiles Industries Public Company Limited

Current Positions

Listed Companies

- January 2016-2019 Audit Committee / Independent Director, Union Pioneer Public Company Limited.
- 2017 – 2019 Nomination and Remuneration Committee, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- None -

Other Companies

- None -

Years of Directorship 4 year (since January 2016)

Years of Independent Directorship 4 year (since January 2016)

Note: The Board of Directors' Meeting no.12/2019 held on 18th December 2019 resolved the meeting resolution: Appointment of Mrs. Nuntawan Sakuntanaga as Independent Director and Chairman of Audit Committee in replacement of the resigned Director, Mrs.Yupha Boonchuaydee, effective on 1st January 2020.

4. Mr. Pongsak Thiengviboonvong

Managing Director

Age: 63 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 - 2019 Deputy Managing Director, Union Pioneer Public Company Limited.

Current Positions

Listed Companies

- January 2013 - 2019 Managing Director, Union Pioneer Public Company Limited.
- August 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 7 years (since 23 January 2013)

Note: The Board of Directors' Meeting no.12/2019 held on 18th December 2019 resolved the meeting resolution: Appointment of Mr.Komon lamwatcharin as Managing Director in replacement of Mr.Pongsak Thiengviboonvong, effective on 1st January 2020.

5. Mr. Chutindhon Darakananda

Director

Age: 60 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. Chantorntree 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
- March 2017 - February 2018 Vice Chairman, The Royal Hotel Co., Ltd.
- 2019 Managing 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, Navavej International Hospital Public Company Limited

Years of Directorship 3 year (since May 2017)

6. Mrs. Chantorntree Darakananda

Director

Age: 56 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

- August 2015-Present Director, The Sukhumvit 62 Medical Limited.
- December 2017-Present Director, Navavej International Hospital Public Company Limited

Years of Directorship

4 year 9 months (since April 2015)

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

Age: 54 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. Chantornree 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 20 years 8 months (since 28 April 1999)

8. Mr. Nanthiya Darakananda**Director**

Age: 51 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 26 years 8 months (since 22 April 1993)

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

Age: 36 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 6 years (since 2014)

Years of Independent Directorship 6 years (since 2014)

Note: The Board of Directors' Meeting no.12/2019 held on 18th December 2019 resolved the meeting resolution: Appointment of Mr.Kollatat Tangchitkul as Independent Director, Audit Committee and Nomination and Remuneration Committee, effective on 1st January 2020.

Secretary of the Company and chief of Compliance officer

Mrs. Chadaporn Jiemsakultip

Age 57 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 2019 "Enhancing Good Corporate Governance based on CGR Scorecard", Thai Institute of Directors (IOD)
- 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

Family Relations with Other Directors: - None -

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 4 year

Roles and responsibilities of the Company Secretary.

The Company Secretary has the duties according to the law section 89/15 and 89/16 under the Securities and Exchange Act (No.4) B.E.2008 effective on 31st August 2008, with responsibility, awareness and trustworthy thus taking the position according to the laws, objective and company's regulations, resolutions of the Board of Directors, including resolutions of the shareholders.

Roles and Responsibilities of the Company Secretary, as required by laws

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 directors and executives and send the documents according to the law section 89/14 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 duties as assigned by the Company or the Board of Directors as listed below:

- Be a Chief of Compliance Unit to 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
- 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.
- Provide orientation, significant documents/information to the newly appointed directors, cooperated with directors to have necessary training courses for directors or specific committees.
- Perform any duties as assigned by the Company.

Executive Management

1. Mr. Komon Iamwatcharin

Position: Deputy Managing Director (Appointed on January 1st, 2015)

Age: 62 years

Education:

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

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003

Experience:

- 1995-2006 Sales Manager Saha-Union Public Company Limited (Bangchan Branch)
- 2007-2011 Sales Manager Union Pioneer Public Company Limited
- 2012-2014 Assistant Managing Director Union Pioneer Public Company Limited

Current Positions:

- 2015 - Present Deputy Managing Director Union Pioneer Public Company Limited

- Transfer pricing, the impact of accounting records that accountant must comply with financial reporting standards (6 CPD hours in other fields): Dharmniti Seminar & Training
- Submission of electronic financial statements (DBD e-filing) for Public Companies: Department of Business Development
- Insight Financial Management: Empowering the business through professional financial management
- Using accounting data for workplace analysis: Thai-Nichi Institute of Technology
- Issues and guidelines for accounting records in accordance with accounting standards that accountant must be careful (6 CPD hours in accounting): Dharmniti Seminar & Training

Experience:

- 2013-2014, Internal Audit Supervisor, 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

2. Mr. Wiwat Jongkonrat

Position: Accounting & Finance Manager (Appointed on January 1st, 2017)
Chief Financial Officer (CFO) (Appointed on January 1st, 2017)

Age: 40 years

Education:

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

Shareholding in the company: None

Family relations between directors and executives: None

Training:

- Strategic CFO in Capital Markets, Class 7/ 2018 (20 CPD hours in accounting): SET
- VAT 0% Tax Problems which exporters must be careful (6 CPD hours in other fields): Dharmniti Seminar & Training

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

Position: Human Resources Manager (Appointed on January 1st, 2016)

Age: 40 years

Education:

- Bachelor's degree of Engineering Program (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. Mrs. Sureeporn Chompunutyanyong

Position: Sales and Marketing Manager (Appointed on September 2nd, 2019)

Age: 47 years

Education:

- Bachelor's Degree, Faculty of Business Administration (International Business Management), Assumption University.
- Master's Degree, Business Administration (General Management), Assumption University

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- 1994-2003 Export Marketing Manager, Pan Asia (1981) Co., Ltd.
- 2004-2012 General Manager Value, Pharma Co.Ltd.
- 2013-2018 Part time Lecturer, Rajamangala University of Technology Thanyaburi

Current Positions:

- 2019-Present Sales and Marketing Manager, Union Pioneer Public Co.,Ltd.

5. Miss Warunee Khumtong

Position: Quality Assurance Manager (Appointed on January 1st, 2019)

Age: 43 years

Education:

- Master of Business Administration (Innovation Management), Ramkhamhang University
- Bachelor of Science in Chemical Engineering, Chulalongkorn University

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- 2001-2009 Research and Development Supervisor, Union Pioneer Public Co.,Ltd.
- 2010-2011 Assistant Quality Assurance Section Manager, Union Pioneer Public Co.,Ltd.
- 2012-2018 Quality Assurance Section Manager, Union Pioneer Public

Current Positions:

- 2019-Present Quality Assurance Division Manager, Union Pioneer Public Co.,Ltd.

Miss Punnee Jitadkanont

Position: Accounting Section Manager (Appointed on June 2nd, 2014)
Chief Accountant (Appointed on January 1st, 2017)

Age: 59 years

Education:

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

Training:

- Impact of new financial reporting standards on revenue recognition from contracts with customers (TFRS15) and lease agreements (TFRS16): SET
- Submission of electronic financial statements (DBD e-filing) for Public Companies: Department of Business Development
- Accounting reviews as duty (7 CPD hours in accounting): Federation of Accounting Professions
- Invisible cost reduction in workplace: In house training
- Systematic and logical thinking development: In house training
- Job improvement techniques: In house training
- Law and Tax problems solution with tax experts Class 2 (6 CPD hours in other fields): Dharmniti Seminar & Training
- Updated annual registration statement/annual report (Form 56-1 One report and Form 69-1): SEC.

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

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 2019

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 2019, 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 2019, 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 (98% 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 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 throughout 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: 26 February 2020

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	2019	2018
Assets			
Current assets			
Cash and cash equivalents	7	80,242,285	53,354,188
Current investments	8	-	19,859,876
Trade and other receivables	9	131,074,245	132,596,307
Inventories	10	139,465,473	165,103,359
Other current assets		1,900,286	2,498,424
Total current assets		352,682,289	373,412,154
Non-current assets			
Restricted investments	11	5,175,597	5,287,417
Property, plant and equipment	12	78,038,370	76,180,586
Advance payment for purchase of equipment		2,728,000	2,724,000
Intangible assets		295,855	17,978
Current tax assets		788,188	-
Deferred tax assets	18	9,783,045	7,071,768
Other non-current assets		107,806	123,547
Total non-current assets		96,916,861	91,405,296
Total assets		449,599,150	464,817,450

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

Statements of financial position

(Continued)

As at 31 December 2019

(Unit: Baht)

	Note	2019	2018
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	13	55,865,317	62,893,236
Income tax payable		-	422,529
Other current liabilities		411,674	378,887
Total current liabilities		56,276,991	63,694,652
Non-current liabilities			
Provision for long-term employee benefits	14	48,205,033	35,512,931
Total non-current liabilities		48,205,033	35,512,931
Total liabilities		104,482,024	99,207,583
Shareholders' equity			
Share capital			
Registered			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Issued and fully paid up			
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		220,657,760	241,150,501
Total shareholders' equity		345,117,126	365,609,867
Total liabilities and shareholders' equity		449,599,150	464,817,450

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

Statements of comprehensive Income

For the year ended 31 December 2019

(Unit: Baht)

	Note	2019	2018
Profit or loss:			
Revenues			
Sales and service income	16	549,896,676	560,272,411
Other income		12,681,203	14,889,670
Total revenues		562,577,879	575,162,081
Expenses			
Cost of sales		489,974,459	478,570,286
Selling and distribution expenses		36,672,084	38,248,383
Administrative expenses		36,561,428	37,523,555
Total expenses		563,207,971	554,342,224
Profit (loss) before income tax revenue (expense)		(630,092)	20,819,857
Income tax revenue (expense)	18	1,672,341	(2,705,345)
Profit for the year		1,042,249	18,114,512
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain (loss) - net of income tax		(3,459,990)	4,278,538
Total comprehensive income for the year		(2,417,741)	22,393,050
Earnings per share	19		
Basic earnings per share		0.14	2.42

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

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
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 22)	-	-	-	(30,000,000)	(30,000,000)
Balance as at 31 December 2018	75,000,000	30,625,000	18,834,366	241,150,501	365,609,867
Balance as at 1 January 2019	75,000,000	30,625,000	18,834,366	241,150,501	365,609,867
Profit for the year	-	-	-	1,042,249	1,042,249
Other comprehensive income for the year	-	-	-	(3,459,990)	(3,459,990)
Total comprehensive income for the year	-	-	-	(2,417,741)	(2,417,741)
Dividend paid (Note 22)	-	-	-	(18,075,000)	(18,075,000)
Balance as at 31 December 2019	75,000,000	30,625,000	18,834,366	220,657,760	345,117,126

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

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	2019	2018
Cash flows from operating activities		
Profit (loss) before tax	(630,092)	20,819,857
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	22,794,385	23,914,969
Allowance for doubtful accounts (reversal)	123,546	(19,000)
Reduction of value of inventories to net realisable value (reversal)	97,744	(337,242)
Gains on sales of equipment	(245,163)	(73,474)
Long-term employee benefit expenses	14,050,808	4,047,931
Unrealised (gain) loss on exchange	2,298,222	(481,769)
Interest income	(776,258)	(905,043)
Profit from operating activities before changes in operating assets and liabilities	37,713,192	46,966,229
Operating assets (increase) decrease		
Trade and other receivables	(945,103)	7,335,260
Inventories	25,540,142	(727,078)
Other current assets	598,138	459,762
Other non-current assets	15,741	-
Operating liabilities increase (decrease)		
Trade and other payables	(6,207,898)	(1,928,294)
Other current liabilities	32,787	(403)
Provision for long-term employee benefits	(5,683,693)	(5,053,279)
Cash flows from operating activities	51,063,306	47,052,197
Cash paid for income tax	(1,384,656)	(3,688,728)
Net cash flows from operating activities	49,678,650	43,363,469

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

Cash flow statements

(Continued)

For the year ended 31 December 2019

(Unit: Baht)

	2019	2018
Cash flows from investing activities		
Interest income	933,475	988,124
(Increase) Decrease in current investments	19,859,876	(9,924,773)
Acquisition of equipment	(12,258,789)	(7,218,835)
Acquisition of intangible assets	(341,148)	(10,650)
Proceeds from sales of equipment	245,683	78,593
Prepayment for equipment	(13,154,650)	(11,280,875)
Net cash flows used in investing activities	(4,715,553)	(27,368,416)
Cash flows from financing activities		
Dividend paid	(18,075,000)	(30,000,000)
Net cash flows used in financing activities	(18,075,000)	(30,000,000)
Net increase (decrease) in cash and cash equivalents	26,888,097	(14,004,947)
Cash and cash equivalents at beginning of year	53,354,188	67,359,135
Cash and cash equivalents at end of year	80,242,285	53,354,188
Supplemental cash flows information		
Non-cash transactions		
Purchase of equipment for which payments have yet to be made	906,032	1,726,053
Transfer prepayment to equipment	13,150,650	8,650,843

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

Notes to financial statements

For the year ended 31 December 2019

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 financial Reporting standards

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

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are 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 recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard 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 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and

interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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

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 expects the adoption of these accounting standards to result in the following possible significant adjustments.

- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade and other receivables.
- Recognition of derivatives - The Company is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Company is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the comparative information was not restated.

The management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase assets by approximately Baht 29 million and liabilities by the same amount.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts to customers.

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 Investments

Investments in debt securities expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

4.6 Property, plant and equipment and 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	-	20 years
Building improvements	-	5 years, 10 years and 20 years
Machinery and equipment	-	3 years and 5 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.

4.7 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 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.

4.8 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.

4.9 Long - term leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.10 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.

4.11 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.

4.12 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

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs

Defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets which are available to pay the employee benefits obligation directly.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company'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.

4.13 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.

4.14 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.

4.15 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 these 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 and 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)

	2019	2018	Pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	3	8	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	14	15	Cost plus margin
Purchases of raw materials	31	55	Cost plus margin of related companies

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2019	2018
<u>Trade and other receivables - related parties (Note 9)</u>		
Related companies (related by common shareholders)	3,708	3,797
Total trade and other receivables - related parties	3,708	3,797
<u>Trade and other payables - related parties (Note 13)</u>		
Parent company	564	898
Related companies (related by common shareholders)	4,069	4,571
Total trade and other payables - related parties	4,633	5,469

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	2019	2018
Short-term employee benefits	10,344	8,801
Post-employee benefits	74	22
Total	10,418	8,823

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2019	2018
Cash	30	50
Bank deposits	23,335	18,363
Short-term bonds	56,877	34,941
Total	80,242	53,354

As at 31 December 2019, bank deposits in saving accounts and short-term bonds carried interests between 0.37 and 1.33 percent per annum (2018: between 0.37 and 1.33 percent per annum).

8. Current Investments

The balance as at 31 December 2018, represented investments in government bonds carrying interests at the rate of 1.40 and 1.43 percent per annum, which matured in February 2019. Such government bonds were redeemed during the current year.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2019	2018
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	3,551	3,632
Total trade receivables - related parties	3,551	3,632
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	92,763	93,835
Past due		
Up to 3 months	28,111	27,803
3 - 6 months	534	59
6 - 12 months	-	-
Over 12 months	124	134
Total	121,532	121,831
Less: Allowance for doubtful accounts	(257)	(134)
Total trade receivables - unrelated parties, net	121,275	121,697
Total trade receivables - net	124,826	125,329
<u>Other receivables</u>		
Other receivables - related parties	157	165
Other receivables - unrelated parties	6,091	7,102
Total other receivables	6,248	7,267
Total trade and other receivables - net	131,074	132,596

10. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	36,649	39,083	(1,154)	(633)	35,495	38,450
Semi finished products	14,500	14,864	(347)	(495)	14,153	14,369
Work in process	11,488	11,356	-	(10)	11,488	11,346
Raw materials and chemicals	62,448	87,426	-	(265)	62,448	87,161
Packing materials	5,590	5,512	-	-	5,590	5,512
Spare parts and factory supplies	3,961	3,658	-	-	3,961	3,658
Raw materials in transit	6,330	4,607	-	-	6,330	4,607
Total	140,966	166,506	(1,501)	(1,403)	139,465	165,103

During the year 2019, the Company reduced cost of inventories by Baht 0.1 million, to reflect the net realisable value. This was included in cost of sales. During the year 2018, the Company reversed the write-down of cost of inventories by Baht 0.3 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:							
As at 1 January 2018	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)	-
As at 31 December 2018	6,173	107,636	643,867	15,872	17,020	2,506	793,074
Additions	-	36	22,003	502	1,091	957	24,589
Disposals	-	-	(1,384)	(1,449)	(725)	-	(3,558)
Transfers	-	-	2,506	-	-	(2,506)	-
As at 31 December 2019	6,173	107,672	666,992	14,925	17,386	957	814,105
Accumulated depreciation:							
As at 1 January 2018	-	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)
As at 31 December 2018	-	88,844	598,919	14,681	14,450	-	716,894
Depreciation for the year	-	3,449	17,693	648	941	-	22,731
Depreciation on disposals	-	-	(1,384)	(1,449)	(725)	-	(3,558)
As at 31 December 2019	-	92,293	615,228	13,880	14,666	-	736,067
Net book value:							
As at 31 December 2018	6,173	18,792	44,948	1,191	2,570	2,506	76,180
As at 31 December 2019	6,173	15,379	51,764	1,045	2,720	957	78,038
Depreciation for the year:							
2018 (Baht 22 million included in manufacturing cost, and the balance in selling and administrative expenses)							23,842
2019 (Baht 21 million included in manufacturing cost, and the balance in selling and administrative expenses)							22,731

As at 31 December 2019, 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 667 million (2018: Baht 649 million).

13. Trade and other payables

(Unit: Thousand Baht)

	2019	2018
Trade payables - related parties	3,910	4,865
Trade payables - unrelated parties	20,551	25,971
Other payables - related parties	723	604
Other payables - unrelated parties	30,616	31,401
Advance receipts from customers	65	52
Total trade and other payables	55,865	62,893

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)

	2019	2018
Present value of defined benefit obligation	68,685	53,898
Fair value of plan assets	(20,480)	(18,385)
Net defined benefit liability	48,205	35,513

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

	(Unit: Thousand Baht)	
	2019	2018
Defined benefit obligation at beginning of year	53,898	60,959
Included in profit or loss:		
Current service cost	3,001	2,646
Interest cost	1,487	1,177
Past service cost	10,148	-
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumption changes	-	360
Financial assumption changes	1,850	(1,931)
Experience adjustments	2,475	(3,777)
Benefits paid during the year	(4,174)	(5,536)
Defined benefit obligation at end of year	68,685	53,898
Fair value of plan assets at beginning of year	18,385	19,093
Change in fair value	585	(226)
Contribution by the Company	2,308	2,124
Paid during the year	(798)	(2,606)
Fair value of plan assets at end of year	20,480	18,385

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

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 10 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the portion of profit or loss of the current year.

The Company expects to pay Baht 9 million of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2018: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2019	2018
Discount rate	1.1	2.6
Salary increase rate	3.0 - 5.0	3.5 - 5.5
Employee turnover rate	0 - 40	0 - 40

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

	(Unit: Million Baht)			
	2019		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4.2)	4.8	(3.7)	4.2
Salary increase rate	6.0	(5.3)	4.7	(4.2)
Employee turnover rate	(0.1)	0.1	(0.1)	0.1

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. Sales and service income

Revenue from sales and service income mainly comprises revenue from distribution of elastic products and revenue from shipping service as the Company has an obligation to ship goods sold to customers in accordance with conditions of contracts.

17. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	2019	2018
Salary and wages and other employee benefits	172,854	157,682
Depreciation and amortisation	22,794	23,915
Rental expenses from operating lease agreements	3,687	3,683
Raw materials and consumables used	255,062	268,344
Changes in inventories of finished goods, semi finished products and work in progress	2,666	(9,194)
Purchases of finished goods and raw materials	7,541	10,756

18. Income tax

Income tax (revenue) expense for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	2019	2018
Current income tax:		
Current income tax charge for the year	174	2,513
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,846)	192
Income tax (revenue) expense reported in profit or loss	(1,672)	2,705

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows.

	(Unit: Thousand Baht)	
	2019	2018
Deferred tax on actuarial (gain) loss	(865)	1,069
	(865)	1,069

The reconciliation between accounting profit (loss) and income (revenue) tax expense is shown below.

	(Unit: Thousand Baht)	
	2019	2018
Accounting profit (loss) before tax	(630)	20,820
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(126)	4,164

	(Unit: Thousand Baht)	
	2019	2018
Effects of:		
Non-deductible expenses	98	194
Additional expense deductions allowed	(1,615)	(1,631)
Others	(29)	(22)
Total	(1,546)	(1,459)
Income tax (revenue) expense reported in profit or loss	(1,672)	2,705

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	2019	2018
Deferred tax assets		
Allowance for diminution in value of inventories	300	281
Provision for long-term employee benefits	9,440	6,901
Unrealised gain (loss) from forward contract	43	(110)
Total	9,783	7,072

19. 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

20. 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.

Revenues from external customers based on locations of the customers are as follows:

	(Unit: Thousand Baht)	
	2019	2018
Revenue from external customers		
Thailand	249,673	255,091
United States	175,348	159,114
Others	124,876	146,067
Total	549,897	560,272

Major customers

For the year 2019, the Company had revenue from a major customer in amount of Baht 93 million (2018: Baht 77 million).

21. 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 2019 amounting to approximately Baht 2 million (2018: Baht 2 million) were recognised as expenses.

22. Dividends

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
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
Final dividends for 2018	Annual General Meeting of the shareholders on 24 April 2019	18,075,000	2.41
Total for 2019		18,075,000	2.41

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 December 2019, the Company had capital commitments of approximately Baht 4 million, relating to the acquisition of machine (2018: Baht 6 million).

23.2 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 2019, 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 (2018: Baht 4 million).

23.3 Guarantees

As at 31 December 2019, there was outstanding bank guarantee of Baht 1 million issued by a bank on behalf of the Company to guarantee contractual performance (2018: Baht 1 million).

24. Financial instruments

24.1 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, investments in debt securities, trade and other receivables, trade and other payables and derivatives. 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 trade and other receivables, as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investments in debt securities. 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 2019 and 2018, 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)

	2019					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years				
<u>Financial Assets</u>						
Cash and cash equivalents	57	-	23	-	80	0.37 - 1.33
Trade and other receivables	-	-	-	131	131	-
Restricted investments	-	5	-	-	5	1.92
	57	5	23	131	216	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	56	56	-
	-	-	-	56	56	

(Million Baht)

	2018					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years				
						(% per annum)
<u>Financial Assets</u>						
Cash and cash equivalents	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	
<u>Financial liabilities</u>						
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	
	2019 (Million)	2018 (Million)	2019 (Baht per 1 foreign currency unit)	2018
US dollar	2	2	29.9767	32.2848
Japanese yen	3	3	0.2723	0.2892

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2019				
Foreign currency	Sold amount (Million)	Contractual exchange rate sold (Baht per 1 foreign currency unit)	Contractual maturity date	Fair value Profit (Million)
US dollar	2	29.97 - 30.65	January 2020 - June 2020	0.4

As at 31 December 2018				
Foreign currency	Sold amount (Million)	Contractual exchange rate sold (Baht per 1 foreign currency unit)	Contractual maturity date	Fair value Profit (Million)
US dollar	2	32.24 - 32.99	January 2019 - June 2019	1.0

24.2 Fair values of financial instruments

The methods and assumption used by the Company in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables and trade and other payables, their carrying amounts in the statement of financial position approximate their fair value.
- For restricted investments which are investments in government bonds, their fair value as at 31 December 2019 was Baht 5 million (2018: Baht 5 million). The fair value is generally derived from quoted market prices as announced by the Thai Bond Market Association, which is categorised as level 2 of the fair value hierarchy.
- For derivatives, their fair value as at 31 December 2019 and 2018, as disclosed in Note 24.1, has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, and yield curves of the respective currencies. The Company had considered to counterparty credit risk when determining the fair value of derivatives. Such fair value is categorised as level 2 of the fair value hierarchy.

During the current year, there were no transfers within the fair value hierarchy.

25. 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 2019, the Company's debt-to-equity ratio was 0.30:1 (2018: 0.27:1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2020.



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