



**THANULUX**  
PUBLIC COMPANY LIMITED



**SAVE <sup>THE</sup> PLANET TOGETHER** 



**SAVE** THE  
**PLANET TOGETHER**





## **Conduct business ethically for sustainable benefit.**

“ If you want to have a good reputation  
to be distinguished with honour,  
to have a good image,  
and to be recognized by the general  
public in the future,  
you must always do good. ”









DAKS







Guy Laroche







ARROW  
»»»—————>  
USA • 1851





ARROW  
EXCELLENCY







**MORGAN**  
HOMME





OLYMP



# era-won





UNIFORMS & WORKWEAR CENTER

**ERAWAN<sup>®</sup>**

by THANULUX



A male model is shown from the chest down to the waist, wearing a white crew-neck t-shirt. He is standing against a black background. The top and bottom of the image feature a horizontal split between a dark green color and a white color. The brand name 'Guy Laroche' is printed in a large, white, serif font across the center of the t-shirt. Below it, the word 'INNERWEAR' is printed in a smaller, white, sans-serif font.

# Guy Laroche

INNERWEAR



Guy Laroche  
PARIS





**MIX-SELF**







absorba.

P A R I S



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Investors may access more information of the Company details per the Annual Registration Statement (Form 56-1) displayed at [www.set.or.th](http://www.set.or.th) or [www.thanulux.com](http://www.thanulux.com)





## Highlights of the year

บริษัท อนุลักษณ์ จำกัด (มหาชน) และบริษัทย่อย  
Thanulux Public Company Limited and Subsidiaries

ข้อมูลสำคัญ	SELECTED DATA	2019	2018	2017
<b>ฐานะการเงินและผลการดำเนินงาน (หน่วย: ล้านบาท)</b>		<b>FINANCIAL POSITION AND OPERATING RESULTS (Million Baht)</b>		
สินทรัพย์รวม	Total Assets	4,312	4,328	4,373
หนี้สินรวม	Total Liabilities	536	570	614
ส่วนของผู้ถือหุ้นของบริษัทใหญ่	Equity Attributable to Parent Company	3,775	3,757	3,757
รายได้จากการขาย	Sales	1,630	1,779	1,859
รายได้รวม	Total Revenues	1,780	1,972	2,001
กำไรขั้นต้น	Gross Profit	442	526	539
กำไรส่วนที่เป็นของบริษัทใหญ่	Profit Attributable to Owners of The Parent Company	90	196	152
<b>ข้อมูลต่อหุ้น (บาท)</b>		<b>Per Share Data (Baht)</b>		
มูลค่าที่ตราไว้	Par Value	1.00	1.00	1.00
มูลค่าหุ้นตามบัญชี	Book Value	31.46	31.31	31.31
กำไรสุทธิ	Net Earnings	0.75	1.63	1.27
ราคาตลาด	Market Price	19.00	18.80	22.00
เงินปันผล	Dividend	0.55	0.75	0.70
<b>อัตราส่วนทางการเงิน</b>		<b>Financial Ratios</b>		
<b>ความสามารถในการทำกำไร (%)</b>		<b>Profitability Ratios (%)</b>		
อัตรากำไรสุทธิ	Percentage of Net Profit	5.03	9.92	7.60
อัตราผลตอบแทนผู้ถือหุ้น	Return on Equity	2.38	5.20	4.19
<b>ความเร็วเติบโตของกิจการ (%)</b>		<b>Growth Rates (%)</b>		
อัตราการเพิ่ม (ลด) ของยอดขายสุทธิ	Percentage Increase (Decrease) of Sales	(8.35)	(4.30)	(7.47)
อัตราการเพิ่ม (ลด) ของกำไรสุทธิ	Percentage Increase (Decrease) of Net Profit	(54.17)	28.54	(25.91)
อัตราการเพิ่ม (ลด) ของสินทรัพย์รวม	Percentage Increase (Decrease) of Total Assets	(0.38)	(1.03)	6.17
อัตราการเพิ่ม (ลด) ของส่วนของผู้ถือหุ้นของบริษัทใหญ่	Percentage Increase (Decrease) of Equity-Attributable to The Parent Company	0.50	0.00	7.18
<b>สภาพคล่อง (เท่า)</b>		<b>Liquidity Ratios (Times)</b>		
อัตราส่วนสภาพคล่อง	Current Ratio	7.13	6.70	6.20
อัตราส่วนสภาพคล่องหมุนเร็ว	Quick Ratio	4.71	4.70	4.40
อัตราส่วนสภาพคล่องกระแสเงินสด	Liquidity of Cash Flow from Operation	0.01	0.44	0.54
<b>ประสิทธิภาพในการดำเนินงาน (%)</b>		<b>Efficiency Ratios (%)</b>		
อัตราผลตอบแทนจากสินทรัพย์	Return on Total Assets	2.07	4.49	3.58
อัตราผลตอบแทนจากสินทรัพย์ถาวร	Return on Fix Assets	26.37	45.48	40.14
<b>วิเคราะห์นโยบายทางการเงิน (เท่า)</b>		<b>Financial Policy Ratios (Times)</b>		
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt-Equity Ratio	0.14	0.15	0.16
อัตราส่วนความสามารถชำระดอกเบี้ย	Time Interest Earned	113.72	386.92	1,003.43
อัตราส่วนความสามารถชำระภาระผูกพัน	Leverage Ratio	0.00	0.20	0.33
อัตราการจ่ายเงินปันผล (%)	Payout Ratio (%)	73.65	46.03	55.22

\*\* ที่ประชุมคณะกรรมการบริษัท ครั้งที่ 1 / 2563 มีมติให้นำเสนอต่อที่ประชุมสามัญผู้ถือหุ้น ซึ่งกำหนดให้มีขึ้นในวันที่ 23 เมษายน 2563 เพื่ออนุมัติการจ่ายเงินปันผลหุ้นละ 0.55 บาท

\*\* The Board of Directors' Meeting No. 1/2020 has resolved to submit the agenda of dividend payment Baht 0.55 per share for approval at the General Shareholders' Meeting to be held on April 23, 2020







The Business Operation

# Report of the Board of Directors





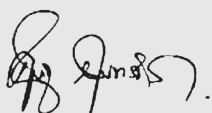
In 2019, the economic growth rate was slow down to 2.5% (4.1% in 2018) and this had considered under economic potential of Thailand. Because of Trade War that made export shrinking, government spending and investment of private sector were also grew lower than the expectation. The key issue that impact on export business was Thai currency more appreciated than the currency of other countries' in the region. It is resulted from a short-term profit speculation and current account balance that exceeds to 30,000 million U.S. dollar as of the end of December 2019.

Slightly over a month in 2020, The Monetary Policy Committee expects that the rate of growth of the Thai economy in 2020 that expansion rate of Thai economy in 2020 will be further slowdown. Some economists predict that growth rate might be lower than 2% result from the outbreak of COVID-19 originating from Wuhan, China, causing to fewer tourists. And the situation is currently affecting production chain on several types of industries that have production base in China. As of February 16, 2020, World Health Organization (WHO) is not yet able to predict when to keep the situation on COVID-19 pandemic under control. This issue may cause the current account surplus of Thailand to drop so much that causing the baht to depreciate. However, there is concern regarding Thai currency that may be appreciated resulting from credibility trend of some credit rating agencies are positively adjusted.

The consolidated operating results in 2019 for the Company and subsidiaries had the ratio of Local and Export sale 70% and 30% respectively, total revenue of Baht 1,630 million, a decrease of 8.34%, with a net profit of Baht 89.61 million, an decrease of 54.17% from the previous year as a result of the effect of economics both domestically and internationally slowdown and the changing of consumer behavior.

The Company has a strong determination to conduct business with ethics and opposes corruption in any form. The Company adhered to the principles of good corporate governance and taking care all of stakeholder, society and environment. Therefore, corporate culture and values are fostered with the aim to create collective corporate behavior and working styles, to gain trust from the stakeholders, to ensure constant standard environmental management, and to develop sustainable environment and social responsibility.

The Company achieved "Very Good" score from Corporate Governance Report of Thai listed company 2019 from Thai Institute of Directors Association (IOD) and received the certification as a member of the Private Sector Collective Action Coalition Against Corruption on November 4, 2019 including the certificate of Industrial Promotion Program for Sustainable Social and Community Responsibility (CSR-DIW Continuous Awards 2019) from the Ministry of Industry for the 5th consecutive year



**Miss Dusadee Soontorntrumong**  
Chairman of the Executive Committee



**Mr. Manu Leelanuwatana**  
Chairman of the Board



## Audit Committee's Report

The Audit Committee of Thanulux Public Company Limited consists of 3 independent directors which qualification meet the requirements of the Securities Exchange Commission and the Stock Exchange of Thailand. In which Mr. Padoong Techasarintr is the Chairman of the Audit Committee, Assoc. Prof. Nares Kesaprakorn and Assoc.Prof. Dr. Nipon Poapongsakorn is the Audit Committee member.

During the year 2019 the Audit Committee held in total 12 meetings which the all three member attended regularly. Moreover there were 3 meetings with the Management in order to discuss about the company's business operations. Additionally the meetings with external auditors, without participation from management team, were also organized to freely discuss over about the reviewing and auditing financial statements. The report of the Audit Committee's performance has been reported to the Board of Directors for acknowledgment and consideration on a quarterly basis with summarized as follows:

### 1. Review Financial Statement:

The Audit Committee reviewed the quarterly and annually financial statements for the year 2019 of the company and its subsidiaries which had been reviewed and audited by the auditor. This was to ensure that the financial statements of the company and its subsidiaries were correctly prepared in conformity with the laws and the enforcement of the current accounting standards with complete and sufficient disclosure of information and reliable.

### 2. The Internal Control Systems and Internal Audit

Ensure that the company had adequate and effective internal control systems which could protect against corruption of any systems. This was for the reasonably confident that the company's business operations had adequate and appropriate controls. By considering from the internal audit report, risk management report and Auditor Report to evaluate the internal control system and risk management, including the follow-up of the operations corrective actions according to the suggestion. The Audit committee considered approving of the annual internal audit plan which had been prepared in accordance with the strategy and risk of the organization and also agreed that the company's internal control system was effective and suitable for the company's business operations.

### 3. Compliance with government laws and regulations

The Audit Committee had supervised the company to comply with the Securities and Exchange Act Including various regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as the notifications of the Capital Market Supervisory Board and laws relating to the business operations of the company. The Audit Committee had the opinion that the company carried out their works correctly and completely according to the laws and regulations.

### 4. Risk Management

The Audit Committee had systematically followed up the risk management which covers all aspects both internal and external factors that may effect to the business operation. The management had focused on risk management by establishing a risk management committee which had duty to supervise and prepare the risk management plan, for purpose to manage the impact that may occur to the business operation at an acceptable level and reported the performance to the Board of Directors on a quarterly basis.



5. Reviewed the related transactions and/or transactions which might cause conflict of interests

The Audit Committee had reviewed the related transactions and/or transactions which might cause conflict of interests between the company and its subsidiaries as well as the relevant parties occurred during the year 2019. It was found that transactions were carried out according to the normal business, provided the highest benefit to the company and also complied with the laws and regulations of the Stock Exchange of Thailand and the announcement of the Capital Market Supervisory Board. There were report to the Audit Committee every month before reporting to the company's board of director every quarter.

6. Corporate Governance

The Audit Committee had reviewed the compliance with the good corporate governance policy including complying with the laws, rules, regulations and the company's code of ethics. As well as acknowledgment Performance in accordance with anti-corruption policy, receiving complaints and clues, by reporting to the Board of Directors every quarter.

7. Self-Assessment Evaluation

The Audit Committee reviewed and conducted self-assessment evaluation both collective and individually to ensure the Audit Committee efficiency and effectively carried out their duty. In addition, the Audit Committee's charter was reviewed annually in order to be appropriate and consistence with the announcement of the Stock Exchange of Thailand and in accordance with the best practices of the audit committee.

8. The Appointment of the External Auditors

The Audit Committee considered the appointment of the external auditors based on knowledge and capability and had the same opinion with the management, agreed to propose to the company's Board of Directors for further approval at the General Meeting of shareholders the appointment of Mr. Anusorn Kiatgungwalgri, a certified public accountant number 2109 or Mrs. Kwunjai Kiatgungwalgri, a certified public accountant number 5875 or Mr. Satis Kiatgungwalgri Certified Public Accountant No. 9760 or Mr. Prasitporn Kesama Certified Public Accountant No. 9910 of the ASV & Associates Limited as the external auditors for the year 2020 at the fee of Baht 1,100,000 which was considered reasonable.

In consequence, the Audit Committee reckoned that the management and operations of the company with good corporate governance. there was risk management and adequate internal control system, also included good governance policy for the strictly regulatory law compliance.

On behalf of the Audit Committee



( Mr. Padoong Techasarintr )

Chairman of the Audit Committee



## Nominating Committee's Report

Thanulux Public Company Limited has appointed 3 member of Nominating Committee in accordance with the Good Corporate Governance Principles to perform the task of supporting the Board of Directors in selecting Company Directors and Top Management.

In the year 2019, the Nominating Committee held 4 meetings, to perform their duties as assigned by the Board of Directors, which stipulated in the charter of the Nomination Committee, to be responsible for selecting suitably qualified persons from a variety of professions in accordance with selection rules, Company Articles and relevant laws, to take the position of Company Chairman of the Nominating Committee. In any event, the Company has given an opportunity for shareholders to nominate persons for selection as Company Directors prior to the Annual General Meeting of Shareholders in 2020 since December 1 - 30, 2019. No shareholder, however, nominated any person for selection as Company Director.

In the Annual General Meeting of Shareholders in 2019, there were three Directors completing their term, namely Mr. Supotch Pakaworawuth, Miss Marin Leelanuwatana and Assoc.Prof. Dr. Nipon Poapongsakorn. The Nominating Committee were made upon consideration of individual qualifications, knowledge, competence, expertise and performances of the Directors completing terms and reached the opinion that they should be nominated for reappointment as Company Directors for another term.

Furthermore, in March 2019 the Nominating Committee had agreed to propose Mr. Thamarat Chokwatana, as the Vice Chairman, and in December 2019, had asked the Board of Directors to consider appointing Mr. Manu Leelanuwatana to be a director in place of a vacant position and also to be the Chairman of the Board. In the same meeting, the Committee had also agreed to propose Miss Marin Leelanuwatana, as the Nominating Committee member and the Remuneration Committee member. The Nominating Committee further considered the structure of committees, the allocation of functions to Directors and subcommittees, in order to promote good governance and efficient management in line with changing circumstances.

The Nominating Committee has performed its assigned duties prudently and reasonably.

On behalf of the Nominating Committee



(Mr. Manu Leelanuwatana)

Chairman of the Nominating Committee



## Remuneration Committee's Report

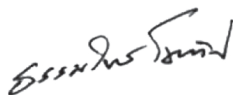
Thanulux Public Company Limited has appointed 3 member of Remuneration Committee in accordance with the Good Corporate Governance Principles to assist the Board of Directors in the determination of limits and rules for allocating remuneration to Company Directors.

In the year 2019, the Remuneration Committee held 2 meetings. The Committees had performed their duties to follow and consider important matters entrusted by the Board of Directors as assignment within the scope of the Remuneration Committee Charter, the Remuneration Committee has the duty of determining the remuneration limit and rules for allocating remuneration to Company Directors with a view to achieving an appropriate distribution capable of creating an incentive for working efficiency and to retain knowledgeable and proficient personnel in the Company. In addition, the Committee has reviewed the Charter of the Remuneration Committee and found that it is appropriate for the current situation.

The Remuneration Committee has determined the appropriate remuneration limit for Company Directors based on comparisons with other companies in the same industry, the remuneration limit approved by the shareholders' meeting in the preceding year and the amount of remuneration had been paid. As for the allocation of remuneration to Company Directors and members of sub committees, due consideration was given to the powers, duties, responsibilities, performance and the growth rate and performance of the Company, within the limit approved by the shareholders.

The remunerations of Company Directors and members of company committees have been disclosed in the Annual Report. The Remuneration Committee finds the remunerations appropriate and commensurate with duties, responsibilities and Company policies.

On behalf of the Remuneration Committee



(Mr. Thamarat Chokwatana)

Chairman of the Remuneration Committee

## Risk Management Committee's Report

Placing the importance on risk management to protect any risks that might influence to value added of stakeholders within acceptable criteria. Thanulux Public Company Limited has appointed the Risk Management Committee consisting of 6 Committee members to supervise risk management, risk assessment and action planning for the business operation that covered in all business activities. Risk management has then been pushed forward to become organizational culture in order to identify risk factors in all aspects both in organization level and business unit level. This also enables the Company to specify a suitable strategy on risk management in the acceptable level. In 2019, there were 4 meetings held by Risk Management Committee in which all 6 members participated.

**1. Annual review of key risks** The change of external factors regarding economy, social, climate as well as innovative technology that have impact on lifestyle and consumer's behavior. Moreover, intense competition among competitors in the same industry, new faces from the substitute industry together with internal factors. The Risk Management Committee have been considered to specify action plan on organizational risks to cover all key internal and external risks namely risks on strategy, implementation, finance, safety, natural disaster, corruption and risk to follow rules and regulations.

**2. Risk Management** The Risk Management Committee has held the meeting with the Management from all relevant departments attended aiming to perform risk assessment and conduct risk management plan. Furthermore, recommendation covering all aspects of risk has been provided as a tip for all departments to effectively monitor operation of action plan. This is a tool to build competitive advantage enabling the Company to have effective performance together with continual and sustainable growth.

**3. Governance** The Executive Committee has closely and continually followed up on implementation of action plan. Then, suggestion on how to respond to the risk has been additionally made to enhance performance of risk management.

**4. Reporting the results of risk management** The Risk Management Committee has reported the results of risk management to the Board of Directors for their notation on a quarterly basis.

Last year, having considered risk factors in all aspects, the Risk Management Committee has continually and regularly followed up on a key risk to assure the risk are in the acceptable level. Additionally, this is to encourage the Company to stably grow with good environment, society and governance (ESG).

On behalf of the Risk Management Committee



(Mr. Krish Follett)

Chairman of the Risk Management Committee



## Governance Committee's Report

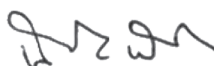
The Board of Directors of Thanulux Public Company Limited recognized the importance of good governance. Therefore, 4 member of the Governance Committee was appointed to perform duties as assigned by the Board of Directors which had been determined in the Corporate Governance Committee Charter, carried on the duties according to the governance code. The support regarding good governance was provided to the board of directors to raise value of the company, to bolster investors' and stakeholders' confidence and to conduct long-term sustainable business.

In 2019, the Governance Committee arranged 4 meetings to monitor assigned tasks. All 4 members attended completely. The outcomes can be summarized as follows:

1. Review the vision, mission, core values In accordance with the goal and the direction of the company.
2. Performed a review on Governance Charter to be in line with Good Corporate Governance Principles and to ensure it is up-to-date and suitable to current circumstance.
3. Had reviewed practices according to Anti-Corruption policy of the Company and grants an approval for re-certifying a membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company got certified in the third quarter of 2019 with the certificate valid for 3 years.
4. Overseen and encouraged the practice of the company according to corporate governance principles, result to the Company got certified as "Very Good" (Evaluate point 2019 = 89%, 2018 = 88%) by CG Scorecard for listed company 2019.
5. Monitored a progress of short-term strategic plan of 2019 on a quarterly basis and of medium-term strategic plan in the third quarter to give advice and suggestion to the management in charge to make sure the strategic plan is adjusted appropriately in response to the current business condition and circumstance. Moreover, recommendation on drafting short-term and medium-term strategic plans for 2020 has been provided to ensure the plans are in accordance with the rapid change in the present, enhance human resource development, set flat organizational structure allowing for active performance and identify indicator the implementation according to the plans.

Based on information regarding the Company's performance on good corporate governance, the Committee has a strong belief that the Company has followed Good Corporate Governance Principles. The Management has monitored the achievement from short-term and medium-term strategic plan and followed the anti-corruption policy, law and working standards. Also, the Company has firm commitment to continually develop business operation along with responsibility to the society, environment, and all related stakeholders to contribute to a long-run sustainable growth.

On behalf of the Governance Committee



(Assoc.Prof. Dr.Nipon Poapongsakorn)  
Chairman of the Governance Committee

## Executive Committee's Report

The Board of Directors has appointed 9 member of Executive Committee to administer the operations of the Company as provided by the Executive Committee Charter. In 2019, the Executive Committee held a total of 12 meetings to fulfill its assigned duties, a summary of which could be stated as follows

1. Proposed and reviewed the company goals, business policy, strategy formulation, working plan and annual budget to the Board of Directors.
2. Approval of investment budgets pertaining to manufacturing technology, information technology, Digital marketing and human potential development in order to boost the Company's competitiveness.
3. Promotion of employee continual innovations as regards products, services and work processes. The Thanulux Innovation Award Contest is held annually. Selected works are submitted to the Chairman Award Contest. Domestic and foreign trademark and patent registrations are also encouraged.
4. Ensure accurate, complete and timely financial reporting for submission to the auditor for audit and/or review prior to presentation to the Audit Committee and the Board of Directors respectively.
5. Monitoring of the financial status and overall performance, domestic and foreign market conditions and competition on a monthly basis in order to evaluate and modify strategies in response to changing circumstances.
6. Examination of connected transactions and the acquisition and disposal of assets with caution, prudence and reason in terms of price and other relevant conditions. The interests of the Company and shareholders are primarily upheld. An interested director would not participate in the decision-making process. After consideration, the matter would be referred to the Audit Committee and Board of Directors for approval in the event of a transaction within the scope requiring approval from the Board of Directors.
7. Promoted and supported an anti-corruption policy for communicated to all executives and employees and tracking some expense that may be a channel for corruption, reviewed the work system, working standards to comply with business changes, laws, company regulations, working regulations and other standard.
8. Reviewed the existing Charter for the Executive Committee and the Powers, Duties and Responsibilities of the Managing Director also internal procedures, in order that all these operating guidelines remain appropriate and relevant to the current situation.

The Executive Committee was committed to performing duties in pursuance of targets under the set action plan that assign from Board of Directors with prudence, transparency, accountability, social and environmental conscience, with a view to stable and sustainable growth.

On behalf of the Executive Committee



(Miss Dusadee Soontrontumrong)  
Chairman of the Executive Committee



# Overview of Business Operations

Thanulux Public Company Limited was founded on 23 June 1975 under the Intention of Mr. Boonsithi Chokwatana. The initial registered capital was Baht 3 million and there were merely 75 employees. The business premises were situated near Wat Dok Mai. All shareholders were Thais, comprising natural persons and juristic persons, viz. Saha Pathana Inter-Holding Public Company Limited and I.D.F. Company Limited. The Company operated the business of manufacturing finished garments.

The name “Thanulux” was created to match the name ARROW, with its arrow symbol. Thanulux is associated with a red symbol of Rama God pointing an arrow towards the sky. The name expresses a deeper meaning whereby the Rama God represents Thainess, the red color symbolizes good fortune and the arrow pointing towards the sky represents fashion trends moving forward.

## Significant Changes and Developments

### First Decade: 1975 – 1985

#### Laying down the business foundations

The Company had been the licensee of the ARROW brand from the United States and had assigned ICC International Public Company Limited to oversee domestic sales and marketing. To enhance sales efficiency, the company had initiated the Arrow Consult (AC) who were available to advice on selecting shirt for customers and provided fitting rooms in order to give customer confidence that the proper fit had been acquired. As regards marketing, a slogan was created for the first ARROW product, “ARROW is shirt, shirt is ARROW” and Mr. Pichai Vasanang was chosen as the brand ambassador under the slogan “ARROW: The True Gentleman Style”.

#### Important events

- 1975 - Company registration on 23 June 1975 with a registered capital of Baht 3 Million.
- 1983 - Increase of registered capital to Baht 6 million for business expansion.
- 1984 - Increase of registered capital to Baht 12 million for business expansion.

### Second Decade: 1986 – 1995

#### Business Expansion

The Company entered into a joint venture with foreign companies for business expanded to leather goods, garments and upstream raw materials, building a new production facility in the Saha Group Industrial Park, Sriracha, and expanding to Saha Group Industrial Parks in Lamphun and Kabinburi and received an investment promotion from BOI.

#### Important events

- 1987 - Increase of registered capital to Baht 24 million and Baht 30 million
- Listed in the Stock Exchange of Thailand on 21 July 1987.
- 1988 - Registered share capital increased to Baht 45 million and issued shares were revalued to Baht 10 per share.
- 1989 - Increase of registered capital to Baht 60 million for business expansion.
- 1994 - Conversion from a Limited Company to a Public Limited Company

#### Being the licensee of



Men's Wear

LOUIS FONTAINE

Leather Goods

Guy Laroche

Fashion Men's Wear

absorba<sup>®</sup>  
PARIS

Fashion Children's Wear

#### Being the licensee of



Fashion Maternity Clothes

MIX-SELF

Fashion Women's  
Wear



Men's Wear  
(Re-brand จาก “ZAZCH”)

JEAN-LOUIS SCHERRER  
PARIS

High Ends Women's Wear  
and Leather Goods

Guy Laroche

Swimwear, underwear and pants



### Third Decade: 1996 – 2005

#### A test of the organization's strength

The national economic crisis in 1997 severely devalued the Thai Baht. The business sector experienced a loss from exchange rates. The Company was also affected resulted to sales of products decreased both in domestic and export markets. In the crisis, Mr. Boonsithi Chokwatana found an opportunity, thus held the **Saha Group Export & Trade Exhibition Fair**. The aim was to expand to foreign customers. Because of the company's long experience in exports, longstanding relationships with foreign trading partners, along with the confidence of customers in the quality of goods, the Company's exports surged to 50 percent of total sales. Hence, the Company safely navigated through the economic crisis in a secure manner.

#### Important events

- 1996 - Increase of registered capital to Baht 120 million for business expansion.
- 1999 - Issue of debentures in the amount of Baht 300 million to reduce reliance on bank loans.
- 2002 - Received the transfer of the trademark "LOUIS FONTAINE" from Thai Wacoal Public Company Limited.
- 2003 - The par value was changed from Baht 10 per share to Baht 1 per share on 9 May 2003

### Fourth Decade: 2006 – 2015

#### Never-Ending Innovations

Business competition in the digital era had intensified. Numerous new strategies and Innovation had been developed, the Company then was committed to research and develop of innovations by co-ordinate with upstream industries in the Group for developing high quality raw materials, thus differentiating goods from competition and creating competitiveness.

#### Important events

- 2006 - Rebranding of "ZAZCH" to "HORNBILL" in order to appeal to a wider customer group.
- 2007 - Received an outstanding product innovation award for "COTTAZILK".
- 2012 - Opening of a second factory building at the Lamphun branch
- Expanded laundry service business at Bangplee branch
- 2015 - I.C.C. International Plc. (ICC), the distributor company in Saha Group, has become the licensee of ARROW trademark. Since 1 January 2015, and the company operated as manufacturer with licensor approval.

#### Being the licensee of



#### Being the licensee of







## Fifth Decade: 2016 – 2025

### Value-Based Economic

Thailand was entering the 4.0 era which focus on the use of technology, innovation and creativity to drive the economy. The Company was cooperate with upstream industrial allies in the development of raw materials for creating products and also promoted employees to be creative by organizing **“Thanulux Innovation Award Contest”** since 2007. Selected works were submitted to the Saha Group Chairman Award and encouraged registration of trademarks and patents.

### Being the licensee of

**OLYMP**

Hi End Men's Wear From German

**era-won**

Men's Wear

### Important events

- 2016 - Established a Joint venture company named “World Saha Fashion Company Limited” for the businesses relating to the distribution of apparel under the trademark “Takeo Kikuchi”.
- 2017 - Entrusted to be the licensee for distribute high-quality shirt from Germany under the trademark “Olymp”
  - Opening of Thanulux Public Company Limited, Mae-Sot Branch, Tak Province, to expand manufacturing capacity for leather goods.
- 2018 - Established a Joint venture company named “Saha Komehyo Company Limited” for investment in new business.
  - Expanded manufacturing capacity for leather goods at Lamphun branch.
- 2019 - Investment in ordinary shares of Saha Komehyo Company Limited
  - Investment in ordinary shares for establishment Saha Capital Tower Company Limited to expand in real estate business.
  - Transfer of retail business under “Era-won” brand from Celebrate Wealth Company Limited



## Social Awards

### Ministry of Labor and Social Welfare



- 2005 - Awarded a distinction for health promotion activities at the workplace.
- 2007 - Certified Silver Standard for Management of AIDS at workplace from the Department of Labour Welfare and Protection, and the Department of Disease Control.
- 2008 - Awarded a Certificate of Thai Labour Standard (TLS 8001-2003), Completion Level.
- 2009 - Awarded an ASO-T Thailand Platinum and ASO Thailand standards certificate for management and administration of AIDS and tuberculosis at the workplace from the Department of Labour Protection and Welfare, Ministry of Labour, and the Department of Disease Control, Ministry of Public Health.
- Certified as a breast-feeding workplace.
- Awarded with an accreditation and symbol (flag) by the Workplace Safety Center Area 1 and Area 4 for undertaking a campaign to reduce accident statistics at the workplace where risks are prevalent in the operations.
- 2012 - Certificate of distinction as the “White Factory Scheme” for actions to prevent and combat problems pertaining to the use of narcotic drugs at the workplace.
- to 2017
- 2015 - Awarded “Safe Workplace Honoring Her Royal Highness Princess Maha Chakri Sirindhorn, Head Office and Lamphun Branch”
- 2015 - Awarded the “Outstanding Workplace on Labour Relations and Labour Welfare (National)”.
- to 2019



### Thai Red Cross Society

- 2015 - Received honors from Her Royal Highness Princess Soamsawali as an agency supporting blood donation activities for 3 consecutive years.







### Ministry of Industry

- 2006 - Awarded a distinction for “Hospitable Factory in Harmonious Tribute to His Majesty” in modifying the factory’s landscape to enhance habitability and friendliness to the environment on the occasion of the 60<sup>th</sup> Anniversary Celebration of His Majesty’s Accession.
- 2012 - Was certified as a Green Factory, First Level Green Industry.
- 2013 - Awarded an honorary shield as a workplace that is compliant with good governance principles on the environment.
- 2017 -
- 2018 - Gold Medal 3Rs Awards from Project “To develop waste utilization potential”
- 2015 - Received the prestigious CSR-DIW CONTINUOUS Award 2019 for the 5<sup>th</sup> to 2019 consecutive year
- 2019 - Certificate Production scheme of Low Greenhouse Gas Emission



กระทรวงพลังงาน  
MINISTRY OF ENERGY

### Ministry of Energy

- 2019 - Award of the promotion of energy conservation in industrial, Lower Eastern region



### Bangkok Metropolitan Administration

- 2004 - Awarded a certificate of distinction for “Clean, Safe and Pollution-Free Workplace”.
- 2005 - Awarded a distinction trophy for the promotion of publicly beneficial activities from the senior citizen’s club, Yannawa District.
- 2018 - Certificate “Sponsor and a precursor to the benefit of the Yannawa area”.



- 2019 - Bronze Award of Happy Retirement Companies, organizes by the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC), Provident Fund Association and Fund Management Companies





## Products Awards

- 2011 - Received royal accreditation of Thai silk standard “Thai silk blend” for Cottaziik fabric under trademark Daks.
- 2013 - Certified a Carbon Footprint label for the shirt, Brand ARROW Style AY 630 from the Greenhouse Gas Management Organization (Public Organization) in collaboration with the Thai Textile Institute
  - Certified the “Smart Fabric” standard accreditation from the Thailand Textile Institute for good ventilation of moisture and sweat as well as greater comfort. The product accredited was shirt (cool innovation) under brand Guy Laroche.
- 2014 - Certified an Environmental Footprint label for the shirt, Brand ARROW Style AY 630, from the Thailand Textile Institute.
  - First operator to receive accreditation for the use of the “Smart Fabric” mark under the “Anti Bacteria” category, after having undergone inspection and standard accreditation procedures applied by the Thailand Textile Institute for the men’s shirt category. This proves the goods’ efficiency in eliminating more than 99.9% of odor-releasing bacteria.
- 2015 - Received royal accreditation of Thai silk standard ‘Thai silk’ for 100% silk fabric fabric under brand Daks.
- 2016 - Accreditation of Cool Mode standard for 100% Cotton Knitted TRI003 by the Greenhouse Gas Management Organization (Public Organization) in collaboration with the Thai Textile Institute.
- 2017 - Certified for the electric saving “Label No.5” for shirt from the project of Electricity Saving type shirt of Electricity Generating Authority of Thailand.

## Management Standardization



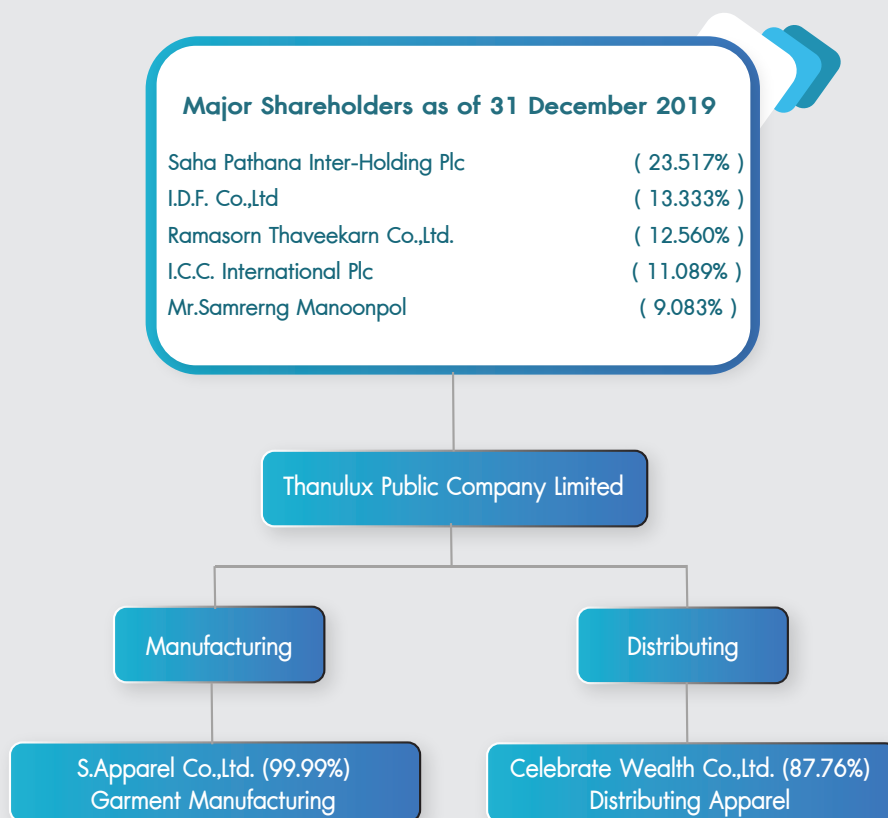
- 2002 - Awarded quality accreditation ISO9001:2000 for designs and manufacturing of garments and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)
- 2010 - Awarded quality accreditation ISO9001:2008 for design and manufacturing of garments and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)
- 2015 - Awarded environmental management standard accreditation ISO14001:2004 for design and manufacture of menswear, women’s wear, children’s wear and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)
- 2017 - Certified quality accreditation ISO9001:2015 for design and manufacturing of garments and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)
- 2018 - Certified environmental management standard accreditation ISO14001:2015 for design and manufacturing of menswear, women’s wear, children’s wear and leather goods from Bureau Veritas Certification (Thailand) Ltd. (BVQI)







## Shareholding Structure for Companies under Thanulux Group



The Company has 2 subsidiaries, namely

### S. Apparel Company Limited

- Apparel manufacturing and distribution
- Were situated at No. 4/2, Moo 8, Bangna-Trad Road, Km.18, Tambon Bangchalong, Amphoe Bangplee, Samut Prakarn Province.

### Celebrate Wealth Company Limited

- Apparel distribution
- The office is situated at No. 129/1, Chongnonthri Road, Chongnonthri Sub-district, Yannawa district, Bangkok.

## Group Task Allocation Policy

The Company and subsidiaries have collaborated in the development of products. Procurement of raw materials, production planning and manufacturing orders are undertaken by the Company.

## Cross-Shareholding

The Company has a cross-shareholding structure but such cross-shareholding does not create any conflict or inconsistency with the rules provided under the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: "Application for and Approval of Offer for Sale of Newly Issued Shares", clause 14.



## Cross-Shareholding as of 31 December 2019

Name of Company	Proportion of Shareholding (%)	
	The Company's Shareholding in Other Company	Other Company's Shareholding in the Company
<b>1. Shareholdings exceeding 50%</b>		
(A) Other company holding more than 50% of the Company's share; the Company must not have cross-shareholding in the other company.	-	-
(B) The Company holding more than 50% of shares in other companies; the other company must not have cross-shareholding in the Company.		
1. S. Apparel Compnay Limited	99.99	-
2. Celebrate Wealth Co., Ltd.	87.76	-
(C) The Company holding more than 50% of shares in 2 or more other companies; such other companies must not have cross-shareholding amongst themselves.	-	-
The two subsidiary companies as (b) do not have cross-shareholding amongst		
<b>2. Shareholdings exceeding 25% but not exceeding 50 %</b>		
(A) Other compnay holding > 25% but < 50% of the Company's share; the Company's cross-shareholding in the other company must not exceed 10%.	-	-
(B) The Compnay holding > 25% but < 50% of other company's share; the other company's cross-shareholding in the Company must not exceed 10%.	-	-
<b>3. Shareholdings not exceeding 25%*</b>		
(A) Other compnay holding not more than 25% of the Company's share; the Company's cross-shareholding in the other company must not exceed 25%.		
* 1. Saha Pathana Inter-Holding Public Company Limited	0.94	23.52
2. I.C.C. International Public Company Limited	3.44	11.09
(B) The Compnay holding not more than 25% of other company's share; the other company's cross-shareholding in the Company must not exceed 25%.	-	-

**Remark :** \* Data only shown for companies with cross-shareholding

## Business Relationship with the Company's major shareholding parties

The Company has engaged in transactions, with textile and apparel group of Saha Pathana Inter-Holding Public Company Limited – major shareholder, from upstream to downstream industry, and with the distribution company also, these transactions enhance the company's business capability completely starting from procurement of raw material till distribution of goods.

## Business Description

The Company is a producer and distributes of finished garments and leather products under licensed international trademarks and Company own-brands that are renowned domestically and Export.

In 2019, the proportion of domestic to foreign distributions was 70 : 30 Domestic distribution is undertaken through I.C.C. International Public Company Limited, being the major distributor to departmental stores, while international distributions are made through distributors and/or trademark owners, such as in the United States of America, Europe, Asia, ASEAN and Japan.

### Company's Products

The Company's products may be classified into two categories, as follows:

#### Finished Garments

The Company's finished garments incorporate men, women and children customer groups, consisting of shirts, polo shirts, trousers, suits, jackets, pajamas, underwear, neckties, handkerchiefs, scarves, swimsuits, sportswear and socks under the trademarks ARROW, EXCELLENCY, GETAWAY, COOL, Guy Laroche, Guy Guy Laroche, DAKS, ELLE HOMME, Takeo Kikuchi, Olymp, HORNBILL, ICON, positif, MIX-SELF, MORGAN and Erawon for men and women. As for children products, the Company manufactures and distributes garments for infants to 8-year olds. In addition, there are also diapers, bedding, shoes, socks, dolls and accessories for toddlers under the trademarks absorba

#### Leather Goods

These products are manufactured for men and women, consisting of wallets, handbags and belts under the trademarks ARROW, EXCELLENCY, GETAWAY, Guy Laroche, Guy Guy Laroche, DAKS, LOUIS FONTAINE and MORGAN.

In addition to the manufacture and distribution of products under the abovementioned trademarks, the Company also manufactures various other products under trademarks of foreign customers for exports, and manufacture uniforms, Buddhist monk triple robes, white robes for practice of dharma



## Group Revenue Structure

### Revenue of the Company and Subsidiaries

Divided by the operator

(Unit : Million Baht)

Product	Operated By	% of Shareholding	2019	%	2018	%	2017	%
Fashion Goods	Thanulux PCL.	-	<b>1,505.76</b>	92.36	<b>1,607.09</b>	90.35	<b>1,699.93</b>	91.46
Fashion Goods	S. Apparedl Co., Ltd.	99.999	<b>5.43</b>	0.33	<b>8.83</b>	0.50	<b>7.88</b>	0.42
Fashion Goods	Celebrate wealth Co., Ltd.	87.76	<b>119.09</b>	7.30	<b>162.80</b>	9.15	<b>150.87</b>	8.12
Total Sales Revenue			<b>1,630.29</b>	100.00	<b>1,778.72</b>	100.00	<b>1,858.68</b>	100.00

Divided into Sources of Revenue

(Unit : Million Baht)

Product	Sales Revenue	2019	%	2018	%	2017	%
Fashion Goods	Domestic	<b>1,136.59</b>	69.72	<b>1,205.57</b>	67.78	<b>1,295.71</b>	69.71
Fashion Goods	Export	<b>493.70</b>	30.28	<b>573.15</b>	32.22	<b>562.97</b>	30.29
Total Sales Revenue		<b>1,630.29</b>	100.00	<b>1,778.72</b>	100.00	<b>1,858.68</b>	100.00

### Revenue Structure of the Company only

(Unit : Million Baht)

Sales Revenue	2019	%	2018	%	2017	%
Finished garments	<b>956.65</b>	62.45	<b>1,019.10</b>	60.95	<b>1,062.20</b>	60.15
Leather goods	<b>575.11</b>	37.55	<b>652.88</b>	39.05	<b>703.80</b>	39.85
Total	<b>1,531.76</b>	100.00	<b>1,671.98</b>	100.00	<b>1,766.00</b>	100.00

## Marketing

### Marketing strategy-Domestic market

Due to the digital disruption taking place, selling products in the department store which is a main channel of the vendor's becomes sluggish. Moreover, customers' shopping behavior on fashion products which are deemed luxuries is also slow-down. New generation of consumers applies online shopping platform; therefore, E-Commerce marketing and Omni channel have been expanded in every business to quickly respond to the consumers' needs in the present. Since new customers considerably do online shopping, Fast Fashion products becoming new alternative of the market has been exceedingly expanded.

The Company has actively adapted itself to the current market circumstance which drastically swifts. The main strategy is to develop innovative product quality to meet customers' needs and to make customers obtaining impressive experience. Furthermore, the Company has expanded a new sales platform to ensure the business is ready for any changes and effectively competitive in the digital market.

## 1. Product

The Company has continually developed innovative raw material to meet customers' current needs in caring more about the environment. For example, the customers use cloth bags instead of plastic bags. Therefore, every brand realizes the importance of developing products for the environment.

### ARROW Product

Shirt Collection "Arrow Shirt Upcycling by GC"—one shirt is made from 12 plastic bottles in 600 ml size.

Memorandum of Understanding on cooperation in developing textile from plastic waste between Saha Pathana Inter-Holding Public Co. Ltd. (SPI), a company of Sahapat Group and PTT Global Chemical Public Company Limited (PTTGC) under the project "Upcycling The Ocean Thailand" contributes to reduce plastic waste issues by recycling plastic bottles to be newly valued products. It not only helps reduce the number of waste, but also greatly enhances Thai textile product to the international standard by transforming used plastic bottles to fabric and textile.

Shirt collection "Arrow Upcycling by GC" is developed with care to the environment. It is ready to be distributed to the customers contributing to the project sustainability.

### Cool Mode "Handsome with non-iron"

This is an energy-saving product certified by Electricity Generating Authority of Thailand (EGAT) with its 2 outstanding attributes namely non-iron and comfortable. With the mentioned specialties, wearing the product, customers will feel comfortable even during outdoor activities. With a firm determination in developing the product quality to assure that customers receive the best product, the Company together with the customers can help save the environment.

### Daks Product

#### *Bemberg fabric*

Fabric is made from the extraction of the fiber covering cotton seed and processed to get the special quality. When weaved as a textile, the fabric is comfortable, soft and smooth to the skin as the touch of silk. Moreover, it is breathable and suitable in every weather condition.

### Absorba Product

#### *Bamboo Extra Soft*

Bamboo Extra Soft is made from cotton fiber combining with natural bamboo fiber aiming to keep baby skin soft and non-irritating. When worn, the fabric is light, comfortable, breathable and not rancid even in hot weather.

## 2. Pricing

Economic fluctuations greatly have impact on pricing factors. However, the Company has policy regarding the reasonable price and ensures that the price conforms to the quality and value of the product. One of the pricing strategies is to develop varieties of products and expand them to cover all targeted customers to meet their highest satisfaction towards the products.

### 3. Sale and Distribution

Owing to the various categories of products in the current market aiming to expand customer base, sales channel is considered a key part to distribute products to cover all targets of customers.

#### 3.1 Department Store

The Company and distributor have strong determination in creating image of each brand by applying outstanding Visual Merchandising Display. The display of product will convey brand identity and directly communicate to the customers. Also, we ensure that the products are sufficiently stocked and ready for sale in every shop.

#### 3.2 Online

The Company and distributor cooperatively develop the products especially for Marketplace online platform, for instance, Lazada, Shopee and Central Online Shop in order to expand the products which were originally sold at the department store to the new sales channel to obtain new base customer.

#### 3.3 Factory Outlet

The products with good quality and reasonable price are selected to be sold in Factory Outlets enabling customers in many areas buy conveniently.

#### 3.4 Uniforms & Workwear

Since last year, the Company has firm determination in continually growing and expanding sales channels of uniform and workwear by establishing Uniforms and workwear Business Group. Also, the Company has good cooperation and connection with SAHA Supply chain regarding all-in-one service of Pattern order and Made to order. The good selection of innovative fabric is made to ensure that customers have been upgraded with good-quality office uniforms tailored by the Company. The organization image has also been fostered. In this regard, the customers are offered several services focusing on the process of Direct to customers. It is elaborated as follows.

##### Custom made shop

Custom made shop is a pilot shop opened at Thanulux Public Company Limited. The shop is for the tailors to practice their skill on Pattern order and Made to order which are offered to the police officers for their uniforms. The service is also offered to general customer who wants tailor-made clothes under the name Erawan Uniforms & Workwear Center By Thanulux for any special occasions.

##### Retail Shop

The first Pop up Shop has been piloted at Chaeng Watthana Government Complex to sell finished office uniform for civil servant. The Shop receives great feedback as the products are made from innovative nano zinc fabric which is considered highlight of the product.

##### Booth

The Company has performed public relations and build new base customer by continually having exhibition booth to display products at SAHA GROUP FAIR and STYLE BANGKOK 2019.

##### Walk in

The Direct Sale team is set up to directly present products to the customers





### Online Channel

E-Catalog has been produced for specific target group of customers in order to present product information and advertise for its promotion. The target consists of police, civil servant, the state enterprises as well as private sectors. The customers can also have direct communication with the Company via established official Line channel.

### 3.5 Distribution without sales agent

Last year, starting from OLYMP--a German Brand for male shirt, the Company has set up sales department to perform our own distribution without sales agent. The Company has distributed products to 10 branches of department stores together with through online platform. The access to this Brand is expanded by performing OLYMP OFFICE ROADSHOW activity traveling to many office buildings in Bangkok. The Roadshow puts more emphasis on marketing to specific target group of customers, which are those who wear shirt in professional and require credibility, to ensure that the Company has zeroed to the right target group.

## 4. Marketing

The era of 4G and 5G internet has great impact on online shopping behavior of the new generation of customers. This contributes to the significant change of marketing communication to the digital world. Thus, marketing strategy has to be adjusted. The Company has then established Digital Marketing department which is one of the strategies to drive marketing process. In addition, E-Commerce team has been set up to directly sell products to the customers via new sales channel.

## Marketing Strategy-International market on textile and apparel

### 1. Product

The Company aims at producing high quality products and cooperates with the customers in developing products to meet drastic changes of fashion trend and lifestyle. Moreover, the Company has developed more new textile products.

### 2. Pricing

Realizing the significance of the reasonable price and product quality, the Company is able to be competitive in the present economic circumstance.

### 3. Marketing

Performing active marketing, the Company collaborates with company in Sahapat Group to organize Saha Group Fair every year. The Fair has caught great attention from several domestic and international partners and customers last year. Furthermore, the Company has organized exhibition booth in the expo organized by Department of International Trade Promotion namely Bangkok International Fashion Fair & Bangkok International Leather Fair (BIFF & BILF). Making customers aware of the Company's competency, the Company seeks opportunity to expand the market by paying visit to customer in abroad to present products sporadically. The target group of customers is distributor company and trademark owner in the U.S., European Union, Asia as well as Japan.



## Marketing strategy-International market on leather products

### 1. Product

The Company emphasizes on co-designing product with the customer starting from presentation process, developing raw materials and innovations to ensure that the product meets customer's needs and catch fashion trend which rapidly changes. To enhance the efficiency of production; and to control product quality to meet the standard, the Company develops innovation in production process by improving every step of the process from the beginning-from input to output.

### 2. Pricing

Realizing how key the customer is, the Company sets the price to be reasonable to the product quality in order to become competitive among the same markets.

### 3. Marketing

Performing active marketing, the Company cooperates with company in Sahapat Group to organize Saha Group Fair every year inviting domestic and international partners and customers. In addition, the Company has sporadically organized expo both domestically and internationally seeking opportunity to expand the market and communicating with the customers of production competency of the Company. The target customers are distributed company and/or trademark owner in countries of the European Union, Asia, ASEAN and Japan. Additionally, media and online marketing platforms, including website have been applied to perform public relations and communications to increase chances in marketing.

## Industrial Trends and Competition

In 2019, Thailand's economic growth was slowest in 5 years with the rate of 2.6% which is lower than expectation rate between 3.5-4%.

Declining of the exports value has the greatly effect on overall economic growth The impact from trade war between the U.S. and China which are Thailand's most first and second important partners, respectively has brought about the recession of export. Moreover, internal factors namely consumption and investment are likely to be continually slow.

It is expectation that the expansion rate of Thai economy in 2020 will be further slowdown, growth rate might be lower than 2% result from the outbreak of COVID-19 originating from Wuhan, China, causing to fewer tourists. Until now, World Health Organization (WHO) is not yet able to predict when to keep the situation on COVID-19 pandemic under control. Exports will be shrank, as well as, private consumption and investment also slow-down.

### Textile and apparel

Textile and apparel industry, production of fiber, fabric and finished clothes have been expected to shrink compared to 2019. Result from the outbreak of COVID-19 in China and is spreading to many countries around the world. It is currently affecting the production chain that have production bases in China and other countries too.





## Leather products

It has been speculated that in 2020, tanning and decorating leather is likely to be slow resulting from decreasing need in using leather to produce car seat which is according to the slow automobile industry. It has a linkage to the export value of tanning and compressing leather that is also slow. Like shoes product, it tends to be slow too as entrepreneurs who are the brand owners turn to hire neighboring countries, i.e. Myanmar, Cambodia as well as Vietnam to produce shoes due to a lower manufacturing cost comparing to Thailand's. Nevertheless, the production of luggage is likely to be expanded especially for export since luggage made in Thailand, leather production and exotic leather-snake skin, sting ray skin as well as crocodile skin, is of the preference and popular for the foreigners.

## Promotional Privileges

By virtue of the Investment Promotion Act, B.E. 2520, the Company has been granted some promotional privileges from the Board of Investment (BOI) as follows:

1.	Promotional certificates No.	1628(2)/2554	1627(2)/2554	60-0122-0-00-1-0	60-1470-1-03-1-0
2.	Dates of promotional certificates	31/5/2011	31/5/2011	16/2/2015	3/7/2017
3.	The first receiving revenues dates	2/9/2011	4/5/2011	2/8/2018	1/3/2018
4.	The type of business promoted	Leather products or artificial leather	Textile or fragment	Leather products or artificial leather	Leather products or artificial leather
5.	Important privileges which are granted:-				
5.1.	Exemption from corporate income tax on net profit from promotional operations, commencing from the first receiving revenue date.	8 years (Expired on 30/10/17)	8 years (Expired on 30/11/18)	8 years	8 years
5.2.	Exemption from income tax on dividends from promoted business which was exempted from income tax in 5.1.	8 years (Expired on 30/10/17)	8 years (Expired on 30/11/18)	8 years	8 years
5.3.	Reduction of the corporate income tax on net profit from promoted business at 50% of normal rate after the end of exemption period.	5 years	5 years	5 years	5 years
5.4.	Double deduction of expenses for utilities (electricity, water and transportation) for the year.	10 years	10 years	10 years	10 years
5.5.	Exemption from corporate income tax for amounts not exceeding (Adjustable to capital investment amount excluding cost of land and working capital).	Baht 76.27 million	Baht 46.13 million	Baht 51.99 million	Baht 60.00 million

The Company had strictly comply with certain terms and conditions stipulated in the promotional certificates.





## Procurement of Goods and Services

The Company procures almost goods internally. The remaining few items procured externally are under quality controls of the Company. In all events, the Company employs technology alongside manpower skills in manufacturing in order to attain quality goods, including the use of ISO 9001 quality management system.

Number of manufacturing facilities, premises of the Company and production capacity.

Operators	Location	category	Production capacity (unit) per year
<b>Thanulux Public Company Limited</b>	129/1 Chongnonthri Road, Chongnonthri, Yannawa, Bangkok	Garment	660,000
		Leather goods	100,000
	99/3 Moo 5 Saha Group Industrial Park-Lamphun, Paa-sak, Muang Lamphun, Lamphun	Leather goods	700,000
	125 Moo 5 Saha Group Industrial Park-Kabinburi, Suwannasorn Road, Nonthri, Kabinburi, Prachinburi	Garment	1,340,000
	269/15 Moo 15 Sah Group Industrial Park-Mae Sot, Mae Kasa, Mae Sot, Tak	Leather goods	200,000
<b>S. Apparel Co., Ltd. (Subsidiary company)</b>	4/2 Moo 8 Bangna-Trad Road Km.18, Bangchalong, Bangplee, Samutprakarn	Garment	165,000
<b>รวม</b>			<b>3,165,000</b>

Production capacity and actual production separated by product category

(Unit : piece)

	Subsidiary company			Thanulux Public Company Limited		
	2019	2018	2017	2019	2018	2017
Production capacity (unit)						
<b>Finished garments</b>	165,000	180,000	210,000	2,000,000	2,200,000	2,023,200
<b>Leather goods</b>	-	-	-	1,000,000	1,140,000	1,176,000
Total	165,000	180,000	210,000	3,000,000	3,340,000	3,199,200
Actual production (unit)						
<b>Finished garments</b>	132,266	175,069	167,814	1,775,700	2,064,339	1,969,609
<b>Leather goods</b>	-	-	-	779,747	937,983	1,091,437
Total	132,266	175,069	167,814	2,555,447	3,002,322	3,061,046
<b>Capacity utilization (%)</b>	80.16	97.26	79.91	85.18	89.89	95.68
Output increase (decrease) (%)	(24.45)	4.32	(41.34)	(14.88)	(1.92)	(4.15)



## The Procurement of raw materials and proportion of raw materials purchased

The principal raw materials used for production by the Company consist of finished woven textiles, finished knitted textiles and finished tanned leather. Secondary raw materials consist of weaving threads, buttons, zips, raw material components of finished garments, metal components in the categories of belt buckles, loops, logos, components of leather products and raw materials used in packaging, such as bags, paper labels and boxes. The proportion of procurement from domestic sources and foreign imports are 65% and 35% respectively. Imports are obtained from countries such as Italy, France, Australia, United States of America, China, Hong Kong, Japan, Korea and Taiwan. Domestic procurements are obtained through purchases from major producers with standard governance and production control systems. In addition, the Company has invested in upstream manufacturers in Saha Group in order to establish production facilities and develop raw materials in Thailand, e.g Erawan Textiles Company Limited, producer of threads and woven fabric, SSDC (Tigertex) Company Limited, producer of cleaned, dyed and finished fabric, Thai Gunze Company Limited, producer of stretched fabric, Textile Prestige Public Company Limited, producer of stretched fabric, lace fabric and elastic bands, Thai Staflex Company Limited, producer of lining fabric, Thai Naxis Company Limited, producer of woven product labels and Fujix International Company Limited, producer of sewing threads of Japanese quality standard. These investments were made with a view to promoting competitiveness and continual product development.

The Company has implemented a control and assessment system for suppliers and subcontractors pursuant to ISO 9001 in order to ensure that production and labour practices meet international standards. Furthermore, the Company chooses trading partners which operate businesses ethically, comply with the law, account for stakeholders, respect human rights, are mindful of the environment and collaborate in the fight against corruption.

The risks of change in the price of raw materials have slightly changed. As a result of the strengthened exchange rate of Thai currency, the cost for import is also reduced. Moreover, the purchase order from upstream countries in the Group enables the Company to control the cost in the normal level. In addition, the Company has a comprehensive and transparent plan for purchasing and managing the inventory, thus impact is minimal. At the same time, the Company has continuously conducted research and development of raw materials such as development of innovative fabric, development of new materials to substitute the existing ones, development of production techniques, international standard control and testing of raw material quality before applying to the production process. Consequently, the Company is able to effectively manage cost of procurements and control raw material inventories.



## Risk Factors

Placing the importance on sustainable risk management to add value to the stakeholders, the Company has investigated and applied COSO ERM 2017 to the Company context. Also, the policy regarding risk management aims at managing all risks covering to business activities. Risk management is also pushed forward to become organizational culture. The Company has continually reviewed and estimated risks by taking into account internal and external factors, chance causing risk and its direct and indirect impacts to business operation. The Company's risk evaluation and identification are made to design a supportive tangible work plan and suitable risk management measure to protect, regulate and control many aspects of risks to be in the acceptable level. Risk factors having impact on business operation are explained below:

### 1. Risk at Sales channel

The Company has run business in producing and domestically and internationally distributing finished cloth and leather products under entrusted trademark and the Company's trademark. There are sales channels both with and without sales agent. So far, the Company has proportion of distributions for more than 50% of income through main business partner who are sales agent of the department store. Should that business partner have been affected either from economic, political and business competitive circumstances or from other factors, e.g. the swift of technology which has greatly influenced to the daily life and business, the Company will also become exceedingly affected. The Company has its own risk management method. They are the following:

#### Domestic Market

- 1) To cooperate with partners to increase sales channels, for example, TV shopping, online selling and Marketplace, focusing on developing products, method and quality and setting price to meet target's needs in each channel.
- 2) To develop House Brand products and directly sell to the consumer by having own shop, selling through Factory outlet and online platform.
- 3) To offer special service of tailoring office uniform to increase sales channel.

#### Export Market

The Company has policy to increase distribution proportion to other potential customers by co-developing products with customers and seeking customers from both new and existing markets

### 2. Risk from Digital Transformation Technology

Digital transformation technology plays an important role in daily life and business operation namely applying digital technology in marketing administration and selling online. In the long run, this transformation may have an effect so greatly on traditional business operation and sales channel that the Company lost competitiveness. Therefore, the follow-up and analysis on transformation trend of digital technology have been applied to develop competency at work, including initiation of new business to increase competitiveness and to add value to the Company, for instance, the application of big data on an analysis of needs and behaviors of the customers, the launching of strategic marketing on linking to sales channel, the application of A.I. on the production process to enhance competency and respond to customers' needs as well as the use of digital technology in production administration and transportation.





### 3. Risk at Exchange rate

In the present, the Company has done financial transaction in foreign currency on the import and export. Realizing the risk that might occur, the Company considers exercising some protection tools to bridge the gap according to the policy on risk protection approved by Risk Management Committee. Moreover, internal coordination among related business departments have been made to calculate natural hedge and do forward contract to reduce impacts from currency appreciation.

The report has been done and quarterly submitted to the Risk Management Committee for their notation and consideration. The policy may also be reviewed to be aligned with economic trend, currency direction as well as the Company's strategy.

### 4. Risk at Investment in money market

The risks occurring all over the world, fragile economy resulting from stringent world currency and the U.S. obscure policy on currency cause the central bank in emerging markets to reduce interest rate and apply simulative measure through finance policy. Nevertheless, it is anticipated that returns gained from the investment will exceedingly decrease comparing to the past.

The Company has managed liquidity of capital surplus by applying commercial bank account, government bonds, mutual fund and bond. Realizing all risk factors mentioned including risks at debenture defaulted, the Board of Directors and Risk Management Committee have considered the bond investment and specified that the bond investment should be made only to the group of company with credit rating and that credit rating of the bond is not less than A rating grade. The Asset-liability Management Committee has been assigned to intimately follow up on the investment circumstance and do credit rating of the bond invested to be in the acceptable level.

### 5. Risk at Human Resource Management

Being aware of human resource as a key element in driving business to the expected direction and Company's strategy, the Company has strong determination in developing human resource to be competent and able to handle the internal and external changes. As a result, the Company puts emphasis and effort in recruiting process and significantly sustaining competent personnel. Risk management approach that has been applied by the Company is elaborated as follows:

- 1) **Recruiting experienced personnel to enhance business competency** Their expertise must be aligned with the direction and structure of organization. There are several recruiting channels namely social media, Job website, networking with famous education institutions. The recruiting platform also includes internal recruitment, job rotation and promotion.
- 2) **Building and developing successor position for the future** The Company has developed capacity building program for the key position which has great impact on organizational management. Working performance and competency have been evaluated applying the established criteria. Moreover, the Company has developed a plan for individual successor by assessing readiness in inheriting the target position.





- 3) **Developing all level of personnel to be ready for the change** The Company has development program on required management skills for the Management, strategic planning, coaching skill, communication skill, skill for supervisor in production line to enhance subordinates' competency. Generally, HRD is applied to all sections to ensure organizational value is grown to all employees reflecting organizational culture. The program focuses on 2 main topics, Active to Quality and Think & Go Digital, which truly contribute to the study and adaptation to the change.
- 4) **Building relationship and developing internal communication** Realizing the significance of developing internal communication and building good relationship between the employees and the Company through activities conducted, the Company has created platforms for internal communication, e.g. Email, Group Line as well as Facebook Thanulux and held activities namely Town Hall Meeting, On Boarding (for new staff), Happy Birthday as well as TNL volunteer. Every year, surveys regarding internal communication and level of satisfaction towards working environment have been conducted to improve communication channels and working atmosphere. It will bring about employee engagement which is one of The Company's sustainable missions.

## 6. Risk to follow rules, regulations and relevant legislation

Giving priority to strictly following rules, regulations and relevant legislation related to business and environmental impact, the Company places importance on policy in good business operation along with taking care of society, community and environment.

Certified with quality accreditation ISO14001:2015 and ISO9001:2015 and awarded with CSR – DIW CONTINUOUS AWARD in 2019, the Company has Legal Affairs Office to perform regulatory function to the relevant laws on business operation. Also, the Company has regularly disseminated necessary information to all employees to keep them posted and have better understanding towards to laws.

## 7. Risk at the corruption

Having strong determination on sustainable business operation, the Company places importance on the Good Corporate Governance and concise process of internal control system. Thus, Anti-Corruption policy is launched requiring strict execution. Accepted as a Party of Anti-Corruption Network, the Company has joined Collective Action Coalition Against Corruption (CAC), which is a program initiated by private sectors regarding anti-corruption. Additionally, Code of Conduct in business has been created and communicated to the distributor and subcontractor to emphasize on the Company's standpoint.

Regarding the deterrence and risk management from corruption, the Company launches measure regulating key working process in which corruption might take place. Internal Auditing team shall perform risk assessment and random inspection to ensure that all working processes have transparently and honestly done. This is also to deter any conducts from involving to the corruption and to open channel of communication for stakeholders to notify a clue or suggestion or to file a complaint in relation to the corruption.

The Petition Investigation Committee has been set up following to the transparent, systematic and detectable process to bring about trust and reliability in the impartial investigation process.



# General information and Reference

## General Information

**Thanulux Public Company Limited Registered No. 0107537001358**

<b>Registered capital</b>	: 120 million Baht, divided into 120 million ordinary shares, fully paid up.
<b>Type of Business</b>	: Manufacturer of garment and leather goods Manufacturer of garment and leather goods
<b>Head Office</b>	: 129/1 Chongnonthri Road, Chongnonthri, Yannawa, Bangkok 10120
<b>Home Page</b>	: <a href="http://www.thanulux.com">www.thanulux.com</a>
<b>TEL.</b>	: 0-2295-0911-9, 0-2295-4171-80
<b>FAX</b>	: 0-2294-5101, 0-2294-5918, 0-2294-0794
<b>Customer Relation Center</b>	: 0-2295-0911-9, 0-2295-4171-80
<b>E-mail</b>	: Company Secretary and Investor Relations <a href="mailto:supachoke@thanulux.com">supachoke@thanulux.com</a>
	: Internal Audit Department <a href="mailto:audit@thanulux.com">audit@thanulux.com</a>
	: Customer Relation Center <a href="mailto:crcenter@thanulux.com">crcenter@thanulux.com</a>

## Reference

### Share Registrar

**Thailand Securities Depository Company Limited**

No.93 Rachadaphisek Road, Dindaeng, Bangkok 10400, Thailand

<b>TEL.</b>	: 0-2009-9000
<b>FAX</b>	: 0-2009-9991
<b>SET Contact Center</b>	: 0-2009-9999
<b>Website</b>	: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
<b>E-mail</b>	: <a href="mailto:SETContactCenter@set.or.th">SETContactCenter@set.or.th</a>

## Auditor

**ASV & Associates Limited**

47 Soi 53, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120

<b>TEL.</b>	: 0-2294-8504, 0-2294-8587
<b>FAX</b>	: 0-2294-2345
<b>By</b>	: Mr. Anusorn Kiatgungwalgri Licensed Auditor no. 2109, and/or
	: Mrs. Kwunjai Kiatgungwalgri Licensed Auditor no. 5875, and/or
	: Mr. Satis Kiatgungwalgri Licensed Auditor no. 9760, and/or
	: Mr. Prasitporn Keasma Licensed Auditor no. 9910



## Investments in other companies

Investments in companies which Thanulux Public Company Limited holds at 10% and over of the issued shares as follows :

Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>DISTRIBUTING COMPANIES</b>						
1. <b>Celebrate Wealth Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2294-9505 Fax : 0-2294-9506	Apparel	Ordinary	850,000	746,000	87.76	69,235,995.20
2. <b>Saha Komehyo Co., Ltd.</b> Room No. T28A1, 28th FL. Siam Piwat Tower, 989 Rama 1 Rd., Pathumwan, Pathumwan, Bangkok. Tel : 0-2251-3527 to 8 Fax : 0-2251-3529	Second hand products	Ordinary	1,350,000	135,000	10.00	13,500,000.00
3. <b>Miwaki SDN. BHD.</b> 37B, Jalan SS22/23, Damansara Jaya, 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel : (03) 719-4381 Fax : (03) 719-5399	Apparel	Ordinary	1,000,000	190,000	19.00	2,481,039.21
4. <b>Miwaki Philippines, Inc.</b> 25/F Yuchengco Tower, RCBC Plaza, 6819 cor. Ayala & Sen. Gil Puyat Avenues, Makati City, Philippines 1200 Tel : (632) 753-4791-2 Fax : (632) 753-4794	Apparel	Ordinary	20,800,000	3,952,000	19.00	3,317,590.00
5. <b>International Commercial Coordination (Hong Kong) Limited</b> Room 408, 4/F., Hope Sea Industrial Centre, 26 Lam Hing Street, Kowloon Bay, Tel : (852) 2756-5622 Fax : (852) 2753-8631	Apparel	Ordinary	50,000	7,200	14.40	3,822,438.85
6. <b>World Saha Fashion Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2294-2250 Fax : 0-2294-2251	Apparel	Ordinary	50,000	9,500	19.00	9,500,000.00
7. <b>Wise Winner Co., Ltd.</b> 555/128-129 Ratchaphreuk Road, Maha Sawat, Bang Kruai, Nonthaburi Tel : 0-2101-6698 Fax : 0-2101-6698	Clothing and Sporting Goods	Ordinary	100,000	18,000	18.00	1,800,000.00



Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>8. Morgan De Toi (Thailand) Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-1737, 0-2295-1730 Fax : 0-2294-1757	Apparel	Ordinary	400,000	64,000	16.00	6,400,597.59
<b>9. Paknumpo Wattana Co., Ltd.</b> 310/47-50 Sawanvithi Road, Paknumpo, Muang, Nakornsawan Tel : (056) 222-354, 223-683 Fax : (056) 223-683	Apparel	Ordinary	10,000	1,400	14.00	1,037,442.00
<b>10. Intanin Chiangmai Co., Ltd.</b> 162/2 Changklan Road, Changklan Muang, Chiangmai Tel : (053) 274-514-15, 282-598-9 Fax : (053) 282-358	Apparel	Ordinary	5,000	625	12.50	2,781,362.50
<b>11. Koraj Wattana Co., Ltd.</b> 3/44-47 Troksoathong, Mukamontree Road, Muang, Nakhonratsima Tel : (044) 253-772 Fax : (044) 261-556-9	Apparel	Ordinary	10,000	1,250	12.50	1,527,575.00
<b>12. Sun &amp; Sand Co., Ltd.</b> 74/220-224 Phoon-pon Road, Muang, Phuket Tel : (076) 213-137, 223-984-5 Fax : (076) 213-137	Apparel	Ordinary	10,000	1,250	12.50	1,498,637.50
<b>13. Intersouth Co., Ltd.</b> 229-231 Dhamnoonvithi Road, hadyai, Songkhla Tel : (074) 243-850, 245-019 Fax : (074) 356-339	Apparel	Ordinary	10,000	1,250	12.50	4,285,612.50
<b>14. Eastern I.C.C. Co., Ltd.</b> 90/5-6, 8 Moo 4, Pipit Road, Bangsai, Muang, Choburi Tel : (038) 285-194 Fax : (038) 285-194	Apparel	Ordinary	10,000	1,250	12.50	2,938,062.50
<b>15. Maharachapreuk Co., Ltd.</b> 470/7 Praaongdam Road, Muang, Phitsanulok Tel : (055) 212-288-90 Fax : (055) 212-288	Apparel	Ordinary	10,000	1,200	12.00	415,584.00



Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
<b>MANUFACTURING COMPANIES</b>						
1. <b>S. Apparel Co., Ltd.</b> 4/2 Moo 8, Bangna-Trad Rd., KM.18 Bangchalong, Bangplee, Samutprakarn Tel : 0-2337-1657-8 Fax : 0-2337-1659	Garment	Ordinary	180,000	179,998	99.998	30,483,098.27
2. <b>Total Way Image Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Leatherware	Ordinary	200,000	38,000	19.00	7,132,316.93
3. <b>Thai Monster Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Garment	Ordinary	50,000	9,500	19.00	5,548,942.47
4. <b>Thai Naxis Co., Ltd.</b> 222 Moo 5, Suwannasorn Rd., Nonthri, Kabinburi, Prachinburi Tel : (037) 205-145-7 Fax : (037) 205-229	Label	Ordinary	200,000	38,000	19.00	4,700,000.00
5. <b>International Leather Fashion Corp., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Leatherware	Ordinary	500,000	90,000	18.00	8,810,100.00
6. <b>Erawan Textile Co., Ltd.</b> 49 Moo 3 Poochaosamingprai Rd., Samrongtai, Prapradaeng, Samutprakarn Tel : 0-2183-3898-9 Fax : 0-2183-3916	Spun yarn and fabrics manufacturing	Ordinary	6,214,634	922,468	14.84	117,726,177.91
7. <b>Champ Ace Co., Ltd.</b> 3885/2 Bangklo, Bangkorleam, Bangkok Tel : 0-2291-2533-4 Fax : 0-2291-2537	Garment	Ordinary	400,000	60,000	15.00	6,000,000.00





Company Name/Address	Type of Business	Type of Share	Issued Shares	Shares Hold	% of Shares Hold	Amount (Baht)
8. <b>People's Garment Public Co., Ltd.</b> 666 Rama 3 Rd., Bangpongpan, Yannawa, Bangkok Tel : 0-2685-6500 Fax : 0-2294-5159	Garment	Ordinary	96,000,000	13,484,000	14.05	52,683,587.15
9. <b>Thai Takaya Co., Ltd.</b> 129/1 Chongnonthri Rd., Chongnonthri, Yannawa, Bangkok Tel : 0-2295-4171-9 Fax : 0-2294-5101	Jeans	Ordinary	300,000	33,000	11.00	3,300,000.00
<b>SERVICE COMPANIES</b>						
1. <b>SSDC (Tigertex) Co., Ltd.</b> 111 Moo 5, Nonthri, Kabinburi, Prachinburi Tel : (037) 281-930, 281-932 Fax : (037) 281-937	Bleaching, Dyeing Fabric and Yarn	Ordinary	32,400,000	6,144,600	18.96	68,634,718.97



# Shareholder

## Registered and Paid-Up Capital

Thanulux Public Company Limited is a listed company in the Stock Exchange of Thailand (SET) with the stock symbol for Trading as “TNL”

1. **Ordinary shares**, as of 31 December 2019, Thanulux Public Company Limited had a registered capital of Baht 120 million, of which Baht 120 million had been fully paid-up. The capital is divided into 120 million ordinary shares at a par value of Baht 1 per share.

2. **Other types of share issue** with rights or conditions differing from ordinary shares, e.g. preference shares:  
- None -

## The Company's 10 Major Shareholders as of 31 December 2019

	Name of shareholder	No. of shares	%
1	Saha Pathana Inter-Holding Plc.	28,220,820	23.517
2	I.D.F. Co., Ltd.	16,000,000	13.333
3	Ramasorn Thaveekarn Co., Ltd.	15,071,600	12.560
4	I.C.C. International Plc.	13,307,040	11.089
5	Mr. Samrerng Manoonpol	10,900,000	9.083
6	Mr. Boonsithi Chokwatana	4,655,220	3.879
7	Watsadoramai Co., Ltd.	2,800,000	2.333
8	Miss Sirikul Dhanasarnsilp	2,272,580	1.894
9	Mrs. Sirina Pavarolaravidya	1,979,040	1.649
10	Universe Beauty Co., Ltd.	1,738,000	1.448
<b>Total</b>		<b>96,944,300</b>	<b>80.787</b>

Note: Investors can see the updated shareholders' information from the Company website, [www.thanulux.com](http://www.thanulux.com), and prior to the 46<sup>th</sup> General Meeting of Shareholders.

## Distribution of Shareholding as at the Book Closing Date on 31 December 2019, Categorized According to Type of Shareholder

Type of Shareholder	No. of shareholder	No. of share	%
<b>Legal entity</b>			
Thai Nationality	32	82,277,150	68.56
Foreign Nationality	0	0	0.00
<b>Total Legal entity</b>	<b>32</b>	<b>82,277,150</b>	<b>68.56</b>
<b>Ordinary person</b>			
Thai Nationality	638	37,519,190	31.27
Foreign Nationality	4	203,660	0.17
<b>Total Ordinary person</b>	<b>642</b>	<b>37,722,850</b>	<b>31.44</b>
<b>Total</b>	<b>674</b>	<b>120,000,000</b>	<b>100.00</b>



### Distribution of Shareholding as at the Book Closing Date on 31 December 2019, Categorized According to Amount of Shareholding

Range of shareholding	Total Shareholders			Legal entity			Ordinary person		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 100	139	4,660	0.004	0	0	0.000	139	4,660	0.012
101 - 1,000	120	61,619	0.051	8	3,040	0.004	112	58,579	0.155
1,001 – 5,000	156	455,948	0.380	3	7,700	0.009	153	448,248	1.188
>5,000	259	119,477,773	99.56	21	82,266,410	99.99	238	37,211,363	98.64
<b>Total</b>	<b>674</b>	<b>120,000,000</b>	<b>100.00</b>	<b>32</b>	<b>82,277,150</b>	<b>100.00</b>	<b>642</b>	<b>37,722,850</b>	<b>100.00</b>

**3. There is no agreement between major shareholders** on matters affecting the issue and offer of securities or management of the Company

**4. Issue of other securities**, e.g. debentures or convertible securities:

**- None -**

### Report of Shareholdings of Directors and Executive Officers in Thanulux Public Company Limited as of 31 December 2019

Unit : Share

	Name		Beginning 2019		Purchase	Sale/ Transfer	Ending 2019	%
			Directors/ Executive	Spouse*				
1	Mr. Manu	Leelanuwatana	-	-	-	-	-	0.000%
2	Mr. Thamarat	Chokwatana	152,747	-	-	-	152,747	0.127%
3	Miss Dusadee	Soontrontumrong	433,240	-	-	-	433,240	0.361%
4	Mr. Supotch	Pakaworawuth	13,420	-	-	-	13,420	0.011%
5	Miss Marin	Leelanuwatana	1,117,960	-	-	-	1,117,960	0.932%
6	Mr. Padoong	Techasarintr	-	-	-	-	-	0.000%
7	Assoc.Prof. Nares	Kesaprakorn	-	-	-	-	-	0.000%
8	Assoc.Prof. Dr.Nipon	Poapongsakorn	-	-	-	-	-	0.000%
9	Mr. Suchart	Layluxsiri	5,000	-	-	-	5,000	0.004%
10	Dr.M.L.Sirapirom	Teeraprasert	8,000	19,080	-	-	27,080	0.023%
11	Miss Yupaporn	Jearrakul	5,000	-	-	-	5,000	0.004%
12	Mr. Woradej	Puengsiticharoen	6,000	-	-	-	6,000	0.005%
<b>Total</b>			<b>1,741,367</b>	<b>19,080</b>	<b>-</b>	<b>-</b>	<b>1,760,447</b>	<b>1.467%</b>

\* Inclusive of shares held by spouse and children who have not reached legal age

The amount of securities hold by directors and managements (including their spouses and children under legal maturity) is 1,760,447 shares, equal to 1.467% of total registered capital 120,000,000 shares which is not exceed 25% of the company's sold shares.

Also, the company has required directors and managements to report their shareholding status including those hold by spouses and children under legal maturity within 30 days from the date of appointment as director or management. In case the directors or managements including their spouses and children under legal maturity wish to change their shareholding status, they should inform the Company Chairman 1 day in advance. And shall report to The Securities and Exchange Commission in accordance with article 59 of The Securities and Exchange Act B.E.2535 including inform the company secretary within 3 working days upon completion of the transaction.





## Dividend Payment Policy

**The Company** has a policy of paying dividends to shareholders at the rate of Baht 0.20 per share, which is equivalent to 20 percent of the par value. However, payment is principally subject to the Company's operating results and economic conditions. Dividend payments would be made from net earnings and retained earnings. Dividends would be calculated in proportion to the earnings in the Company operating results (unconsolidated statement). Details of dividend payouts are shown below:

Thanulux Plc.	2019	2018	2017	2016	2015
Earnings per share (Baht)	1.12	1.68	1.30	1.61	1.58
Dividend per share (Baht)	* 0.55	0.75	0.70	0.85	0.75
Payout ratio (%)	49.01	44.53	54.02	52.72	47.36

**Note** \*The Board of Directors Meeting No. 1/2020 adopted a resolution to propose to the 46th General Meeting of shareholders, which is to be held on April 23, 2020, the approval of dividend payment at the rate of Baht 0.55 per share.

**Subsidiary Companies.** The Company has a policy whereby subsidiary companies shall pay dividends from net earnings and retained earnings with due regard to the excess cash remaining from normal operations or surplus of capital investments, subject principally to forecasts of future operating results and economic conditions.

# Management Structure

The Company has a clear management structure which ensures accountability as well as sufficient checks and balances. The Board of Directors has appointed 5 Company Committees to scrutinize various aspects of the operation and has appointed Executive Officers to take charge of the Company's operational management. The powers, duties and responsibilities of each Company Committee, Chairman and Managing Director are clearly stated in writing in the Charters. The Company Secretary performs functions prescribed by law and as assigned by the Board of Directors.

## 1. The Board of Directors

There are 8 members of the board of directors who named in the certificate letter of Ministry of Commerce as follows:

- 5 Non-Executive Directors constituting 62.50% which include 3 Independent Directors
- 3 Executive Directors constituting 37.50%

The Board of Directors oversees operations for the greatest benefit of the Company and shareholders and ensures compliance with law, objects, articles and shareholders' meeting resolutions. The Board of Directors is under an obligation to perform duties responsibly, prudently, honestly and in good faith as a reasonable operator of such business would perform under the same circumstances.

In 2019, the list of Company Directors and positions held in Company Subcommittees as follows:

	Name	The Board of Directors	The Audit Committee	The Nominating Committee	The Remuneration Committee	The Risk Management Committee	The Governance Committee	The Executive Board
1	Mr. Manu Leelanuwatana	✱ <sup>1</sup>		✱				
2	Mrs. Varindr Leelanuwatana	✱ <sup>2</sup>		/	/			
3	Mr. Thamarat Chokwatana	★ <sup>3</sup>		/	✱			
4	Miss Dusadee Soontorntumrong	/			/		/	✱
5	Mr. Supotch Pakaworawuth	/				/		/
6	Miss Marin Leelanuwatana	/		/ <sup>4</sup>	/ <sup>4</sup>		/	/
7	Mr. Padoong Techasarintr	±	✱					
8	Assoc. Prof. Nares Kasaparakorn	±	/					
9	Assoc. Prof. Nipon Poapongsakorn	±	/				✱	

✱ = Chairman      ★ = Vice Chairman      / = Director      ± = Independent Director

Chairman of the Risk Management Committee is Mr. Krish Follet

- Note :**
1. Mr. Manu Leelanuwatana, as the Chairman of the Board on December 17, 2019
  2. Mrs. Varindr Leelanuwatana has passed away on October 28, 2019
  3. Mr. Thamarat Chokwatana, as Vice Chairman on April 9, 2019
  4. Miss Marin Leelanuwatana, as the Nominating Committee member and Remuneration Committee member on December 17, 2019

## Directors representing the Company

The two Directors out of the following 3 Directors must jointly sign their names, together with the affixing of Company seal, namely

1. Miss Dusadee Soontorntumrong
2. Mr. Supotch Pakaworawuth
3. Miss Marin Leelanuwatana

## Curriculum Vitae of Company Directors

Details on the curriculum vitae of Directors may be found under the heading “Information of the Directors, Executives, Controlling persons and Company Secretary”.

## Records of the Directors attending the meeting

In 2019, attendance in each Company Committee may be summarized as follows:

Unit: Time / Year

List of Directors			Attendance						
			AGM No 45	Directors	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Governance Committee
1	Mr. Manu	Leelanuwatana	1 / 1			4 / 4			
2	Mrs. Varindr	Leelanuwatana	0 / 1 <sup>1</sup>	1 / 6 <sup>1</sup>		2 / 3 <sup>1</sup>	1 / 2 <sup>1</sup>		
3	Mr. Thamarat	Chokwatana	1 / 1	8 / 8		4 / 4	2 / 2		
4	Miss Dusadee	Soontorntrumrong	1 / 1	8 / 8			2 / 2	4 / 4	12 / 12
5	Mr. Supotch	Pakaworawuth	1 / 1	8 / 8				4 / 4	11 / 12 <sup>1</sup>
6	Miss Marin	Leelanuwatana	1 / 1	8 / 8				4 / 4	11 / 12 <sup>2</sup>
7	Mr. Padoong	Techasarintr	1 / 1	8 / 8	12 / 12				
8	Assco.Prof. Nares	Kesaprakorn	1 / 1	8 / 8	12 / 12				
9	Assco.Prof. Dr. Nipon	Poapongsakorn	1 / 1	8 / 8	12 / 12			4 / 4	
10	Mr. Krish	Follett	0 / 1 <sup>2</sup>				4 / 4		
11	Mr. Suchart	Layluxsiri	1 / 1				4 / 4		10 / 12 <sup>3</sup>
12	Miss Yupaporn	Jearrakul	1 / 1				4 / 4	4 / 4	12 / 12
13	Dr.M.L.Sirapirom	Teeraprasert	1 / 1				4 / 4		12 / 12
14	Mrs. Tueanjai	Puengsiricharoen	1 / 1						12 / 12
15	Mr. Paskorn	Suphakwat	1 / 1						11 / 12 <sup>3</sup>
16	Mr. Chayarop	Makamontri	1 / 1						11 / 12 <sup>3</sup>
17	Miss Sunee	Kongsong	1 / 1				4 / 4		

**Note :**

- <sup>1</sup> Sick Leave
- <sup>2</sup> Errand Leave
- <sup>3</sup> Leaving on Business trip

## The Board and Committee Meetings

The Board of Directors and subcommittees have arranged meeting schedule one year in advance. Additional meetings may be called upon issued, as necessary. Each meeting is accompanied by clear agendas. The secretary of each committee shall send out invitation letters together with the agenda and supplemental meeting documents to the directors not less than 7days in advance in order to enable the directors to carry out adequate studies of the information prior to the meeting. In the meeting, the chairman shall give opportunities to all directors to fully debate and express opinions, and to the executives to give explanations and responses to questions. Minutes are recorded in writing. Minutes which have been approved by the board are systematically archived as evidence for references and ready for inspection

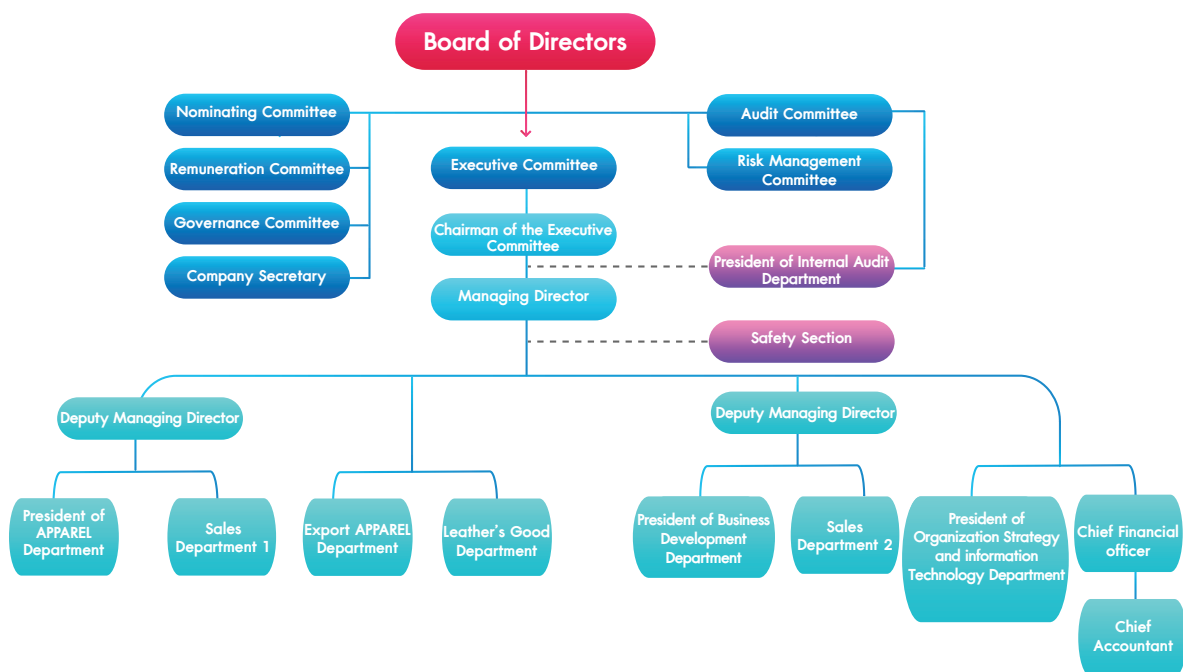


## 2. Controlling persons

The Company does not have a controlling person who exercises a significant influence on the formulation of management or operational policies of the Company.

## 3. Executives

### The Company Management Structure



As of 31 December 2019, the Company had 7 Executives, as follows:

Name			Position
1	Miss Dusadee	Soontrontumrong	Chief Executive Officer
2	Mr. Supotch	Pakaworawuth	Managing Director
3	Miss Marin	Leelanuwatana	Deputy Managing Director and President of Business Development
4	Mr. Suchart	Layluxsiri	Deputy Managing Director and President of APPAREL Department
5	Dr.M.L. Siripirom	Teeraprasert	President of Organization Strategy and Information Technology Department
6	Miss Yupaporn	Jearrakul	Chief Finance Officer
7	Mr. Woradej	Puengsiricharoen	President of Internal Audit Department
8	Ms. Somjit	Sukko	Chief Accountant

The abovementioned office holders are regarded as Executives under the definition of the Office of the Stock Exchange Commission.







### Curriculum Vitae of Executive

The curriculum vitae of Executives may be found under the heading “Information of the Directors, Executives, Controlling persons and Company Secretary”.

## 4. Company Secretary

The Board of Directors adopted a resolution to appoint Mr. Supachoke Sirichantaradilok, Deputy Manager for Finance and Overseas Operations, whose qualifications are stated in “Information on the Board of Directors, Executives, controller and company secretary”, as the Company Secretary from May 8, 2008. The Company Secretary is under an obligation to perform duties prescribed under section 89/15 and section 89/16 of the Securities and Exchange Act (No. 4) 2008, which came into force on August 31, 2008. Those duties must be performed responsibly, prudently and in good faith, and also in accordance with laws, objects, Company Articles, Board of Directors resolutions, including shareholders’ meeting resolutions, as follows:

1. To provide preliminary advice to the directors on laws, regulations and articles of the Company, and to monitor proper and regular compliance, as well as to report substantive changes to the directors.
2. To coordinate between the Company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of the Board of Directors.
3. To organize meetings of shareholders and meetings of the Board of Directors in accordance with laws, Company Articles and other directives.
4. To record minutes of meetings of shareholders and meetings of the Board of Directors as well as to monitor compliance with resolutions of meetings of shareholders and meetings of the Board of Directors.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents:
  - (a) Directors’ Register.
  - (b) Notice of Board of Directors meeting, minutes of Board of Directors meeting and Annual Report of the Company.
  - (c) Notice of shareholders meeting and minutes of shareholders meeting.
7. To maintain reports of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board.

## 5. Remuneration of Directors and Executives

### Criteria for remuneration of Directors and Executives

Payment of remuneration to Company Directors is subject to the limits and rules set by the Remunerations Committee. Due regard is given to other companies in the same industry, the Company’s expansion, growth of the Company’s operating results, and the powers, duties, responsibilities and performance of Company Directors. Remuneration is determined as meeting allowances and an annual fee. A proposal would be made to the Board of Directors for consideration before submission to the General Meeting of Shareholders for approval of the remuneration limit.

Payment of remuneration to Executive Officers is made in accordance with the principles prescribed by the Company after having due regard to the Company’s operating result, level of responsibility assigned and performance of the Executive Officer. For the performance of the Managing Director, the Board of Directors has assigned the Chief Executive Officer to evaluate.





## 1. Monetary Remuneration

### (a) Directors Remuneration

Shareholders' Meeting No. 45 on April 23, 2019 passed a resolution approving the remuneration limit in an amount not exceeding Baht 10 million per annum for Company Directors. This remuneration does not include compensation or welfare benefits payable to Company Directors in their capacities as officers or employees of the Company. The following compensation has been determined for performance of duties.

#### 1. Company Director

##### 1.1 Meeting allowance payable only to Directors present at the meeting

Chairman	10,000.- Baht/meeting
Each Company Director	8,000.- Baht/meeting

##### 1.2 Annual fee (remuneration) payable to all Company Directors. The Remuneration Committee considers allocation of this amount and proposes to the Board of Directors for approval.

#### 2. Audit Committee. Meeting allowances are paid only to Members present at the meeting.

##### 2.1 Monthly meeting allowance

Chairman of the Audit Committee	10,000.- Baht/meeting
Each Audit Committee Member	8,000.- Baht/meeting

##### 2.2 Quarterly meeting allowance

Chairman of the Audit Committee	60,000.- Baht/meeting
Each Audit Committee Member	30,000.- Baht/meeting

#### 3. Nominating Committee and Remuneration Committee

Meeting allowances are paid only to Members present at the meeting.

Chairman	10,000.- Baht/meeting
Each Committee Member	8,000.- Baht/meeting

#### 4. Risk Management Committee. Meeting allowances are paid only to Members present at the meeting.

Chairman	6,000.- Baht/meeting
Each Committee Member	5,000.- Baht/meeting

#### 5. Governance Committee Meeting allowances are paid only to Members present at the meeting.

Chairman	10,000.- Baht/meeting
Each Committee Member	8,000.- Baht/meeting

For the remuneration of other committee members appointed by the Board of Directors, the Remuneration Committee shall determine in appropriate circumstances and in accordance with the duties and responsibilities and presented to the Board for approval.

In 2019, The Company paid the meeting allowance of Baht 1,362,000 annual fee Baht 4,400,000 total Baht 5,762,000.



**Monetary Remuneration details for the Board of Directors and Subcommittee**

(Unit : Baht)

List of Directors			Director Remuneration (Baht)		
			Meeting Allowance	Annual fee	Total Remuneration
1. Mrs. Varindr	Leelanuwatana	Chairman of the Board Nominating Committee member Remuneration Committee member	34,000	1,000,000	1,034,000
2. Mr. Thamarat	Chowatana	Vice Chairman Chairman of the Remuneration Committee	116,000	400,000	516,000
3. Miss Dusadee	Soontorntrumrong	Director Chairman of the Executive Committee Remuneration Committee member Governance Committee member	112,000	900,000	1,012,000
4. Mr. Supotch	Pakaworawuth	Director Risk Management Committee member Executive Committee member	84,000	800,000	884,000
5. Miss Marin	Leelanuwatana	Director Governance Committee member Executive Committee member	96,000	400,000	496,000
6. Mr. Padoong	Techasarintr	Independent Director Chairman of the Audit Committee	384,000	400,000	784,000
7. Assoc. Prof. Nares	Kesaparakorn	Independent Director Audit Committee member	248,000	200,000	448,000
8. Assoc. Prof. Nipon	Poapongsakorn	Independent Director Audit Committee member Chairman of the Governance Committee	288,000	300,000	588,000
<b>Total</b>			<b>1,362,000</b>	<b>4,400,000</b>	<b>5,762,000</b>

**(b) Executive Remuneration**

Executive remuneration means remuneration of the Executive Officers according to the definition of the SEC total of 7 persons (excluding the chief accountant). Remuneration is paid as salaries, sponsorship, stipend, allowances and retirement fees, paid in their capacities as employees.

Remunerations	2018		2017		2016	
	Persons	Amount (Baht)	Persons	Amount (Baht)	Persons	Amount (Baht)
Salaries and others except Meeting allowance	7	27,239,334	5	21,508,553	9	29,142,955
Meeting allowance	7	799,000	5	285,000	7	390,000
<b>Total</b>		<b>28,038,334</b>		<b>21,793,553</b>		<b>29,532,955</b>



## 2. Other Remuneration

The Company does not have a policy of paying other remuneration apart from remuneration paid by the Company to Directors or employees in the ordinary course of business. There is no grant of shares, debentures or other securities.

(a) Other remuneration of Company Directors - None -

(b) Other remuneration for Executives:

Other remuneration of Executive Officers according to the definition of the SEC total of 7 persons (excluding the chief accountant) who are member of provident fund will received monthly contribution at the rate of 3-5 percent of the salary.

Year 2019	7 persons	in the amount	0.23 million Baht
Year 2018	5 persons	in the amount	0.23 million Baht
Year 2017	9 persons	in the amount	0.30 million Baht

## 6. Employees

### 1. Total employees of the Company as of 31 December 2019

	2019			2018			2017		
	Adminis- tration	Production	Total	Adminis- tration	Production	Total	Adminis- tration	Production	Total
Bangkok - Head office	397	674	1,071	308	705	1,013	324	684	1,008
Bangplee	3	11	14	3	10	13	13	18	31
Lamphun	22	512	534	23	501	524	23	633	656
Kabinburi	18	418	436	19	444	463	22	470	492
Mae Sod	3	187	190	3	182	185	3	192	195
<b>Total</b>	<b>443</b>	<b>1,802</b>	<b>2,245</b>	<b>356</b>	<b>1,842</b>	<b>2,198</b>	<b>385</b>	<b>1,997</b>	<b>2,382</b>

2. Labour disputes over the previous 3 years period - None -

### 3. Remuneration of all employees

Remuneration consists of salaries, overtime pay, bonuses, provident fund contributions, retirement fees and other incomes.

Year	2019	2018	2017
Consolidated Returns (million Baht)	557.09	567.67	579.62

### 4. Employee Development Policies

Details on employee development may be found in the Social Responsibility Report under the heading "Sustainability Report"





## The Board of Directors



Mr. Boonsithi Chokwatana

Chairman of the advisor to  
the Board of Directors



Mr. Manu Leelanuwatana

Chairman of the Board  
and Chairman of  
the Nominating Committee



Mr. Supotch Pakaworawuth

Director  
Risk Management  
Committee member and  
Executive Committee member



Miss Marin Leelanuwatana

Director  
Nominating Committee member  
Remuneration Committee member  
Governance Committee member  
and Executive Committee member



Mr. Padoong Techasarintr

Independent Director and  
Chairman of  
the Audit Committee



Mr. Thamarat Chokwatana

Vice Chairman  
Chairman of the  
Remuneration Committee  
and Nominating Committee member



Miss Dusadee Soontrontumrong

Director  
Chairman of the Executive Committee  
Remuneration Committee member  
and Governance Committee member



Assoc.Prof. Nares Kesaprakorn

Independent Director  
Audit Committee member



Assoc.Prof. Dr. Nipon Poapongsakorn

Independent Director  
Audit Committee member and  
Chairman of the Governance Committee



## Executives



Miss Dusadee Soontrontumrong

Chairman of  
the Executive Committee



Mr. Suchart Layluxsiri

Deputy Managing Director  
President of APPAREL  
Department



Dr. M.L. Sirapirom Teeraprasert

President of Organization  
Strategy and Information  
Technology Department



Mr. Supotch Pakaworawuth

Managing Director



Miss Marin Leelanuwatana

Deputy Managing Director  
President of Business  
Development Department



Miss Yupaporn Jearrakul

President of Accounting  
Department and  
Chief Financial Officer



Miss Somjit Sukko

Chief Accountant





# Information of the Directors and Executives

## Information of the Directors, Executives, Controlling persons and Company Secretary

### Mr. Manu Leelanuwatana

Age of 74 years

Chairman of the Board /

Chairman of the Nominating Committee

as Director started :	December 17, 2019
Share hold %	- None -
Family relationship among Executives	Miss Marin Leelanuwatana's father
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Bachelor's Degree in Mechanical Engineering, Chiba University, Japan

### Training

- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 68/2005), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

#### Other Listed Companies

2004 – Present	Director	I.C.C. International Public Company Limited
1987 – Present	Director	O.C.C. Public Company Limited
1980 – Present	Chairman	Textile Prestige Public Company Limited
1976 – 1980	Managing Director	Textile Prestige Public Company Limited
1990 – Present	Chairman	Thai Wacoal Public Company Limited
1974 – 1990	Managing Director	Thai Wacoal Public Company Limited
1973 – 1974	Director	Thai Wacoal Public Company Limited
2007 – 2019	Director	Saha Pathana Inter-Holding Public Company Limited

#### Other Non-Listed Companies

17 Companies

#### Competitive Business related to Company's Business

2 Companies

2004 – Present	Chairman	Pattaya Manufacturing Company Limited
1975 – 2004	Director	Pattaya Manufacturing Company Limited
1990 – Present	Chairman	Thai Gunze Company Limited



## Mrs. Varindr Leelanuwatana

Age of 73 years

Chairman of the Board / Nominating Committee member /  
Remuneration Committee member

as Director started :	June 6, 1975
(passed away since October 28, 2019)	
Share hold %	0.24%
Family relationship among Executives	Miss Marin Leelanuwatana's mother
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Bachelor's Degree in Economics (Finance and Banking), Thammasat University

### Training

- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association (IOD)
- Board and CEO Assessment (2/2003), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 68/2005), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

**Other Listed Companies** - None -

**Other Non-Listed Companies** 5 Companies

**Competitive Business related to Company's Business** 2 Companies

2017 – 2019	Director	Total Way Image Company Limited
2004 – 2017	Chairman	Total Way Image Company Limited
1990 – 2019	Director	Thai Takaya Company Limited





## Mr. Thamarat Chokwatana

Age of 50 years

Vice Chairman /

Chairman of the Remuneration Committee /

Nominating Committee member

as Director started :	July 11, 2016
Share hold %	0.13%
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Bachelor's Degree in Arts, Assumption University

### Training

- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 68/2005), Thai Institute of Directors Association (IOD)
- Company Secretary (CSP 31/2009), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

#### Other Listed Companies

2017 – Present	Director	Saha Pathanapibul Public Company Limited
2018 – Present	Director / Executive Director / Director of Marketing Division	Thai Wacoal Public Company Limited
2001 – 2018	Director / Executive Director	Thai Wacoal Public Company Limited
1999 – Present	Director/ President / Vice Executive Chairman	I.C.C. International Public Company Limited Saha Pathana Inter-Holding Public Company Limited

#### Other Non-Listed Companies

43 Companies

#### Competitive Business related to Company's Business

1 Company

2008 – Present	Director	Champ Kabin Company Limited
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## Miss Dusadee Soontrontumrong

Age of 71 years

Director / Chairman of the Executive Committee /  
Remuneration Committee member /  
Governance Committee member / Authorized Director

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as Director started :	July 11, 1984
Share hold %	0.36%
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Mini MBA of Economics, Chulalongkorn University
- Higher Education Certificate in Accounting, Kerk College

### Training

- Director Accreditation Program (DAP 8/2004), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 42/2004), Thai Institute of Directors Association (IOD)
- Company Secretary (CSP 31/2009), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

Other Listed Companies - None -

Other Non-Listed Companies 2 Companies

Competitive Business related to Company's Business 1 Company

2005 – Present      Director      S. Apparel Company Limited







## Mr. Supotch Pakaworawuth

Age of 62 years

Director / Risk Management Committee member /  
Executive Committee member / Managing Director /  
Authorized Director

as Director started :	April 23, 1990
Share hold %	0.01%
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Master's Degree in Business Administration, National Institute of Development Administration
- Bachelor's Degree in Industrial Engineering, King Mongkut's University of Technology Thonburi

### Training

- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 46/2004), Thai Institute of Directors Association (IOD)
- Finance for Non-Finance Directors (12/2004), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

Other Listed Companies - None -

Other Non-Listed Companies 3 Companies

Competitive Business related to Company's Business 2 Companies

2015 – Present	Chairman	Thai Takaya Company Limited
1990 – 2015	Director	Thai Takaya Company Limited
2015 – Present	Chairman	S. Apparel Company Limited
2005 – 2015	Director	S. Apparel Company Limited





## Miss Marin Leelanuwatana

Age of 46 years

Director / Governance Committee member /  
Executive Committee member / Deputy Managing Director /  
President of Business Development Department /  
Authorized Director

as Director started :	April 23, 2013
Nominating Committee member /	
Remuneration Committee member	
as started	December 17, 2019
Share hold %	0.93%
Family relationship among Executives	Mr. Manu Leelanuwatana's daughter Mrs. Varindr Leelanuwatana's daughter
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Master's Degree in Business Administration, Loyola University, Chicago, USA
- Bachelor's Degree in Commerce and Accounting, Thammasat University

### Training

- Director Certification Program (DCP 180/2013), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

<u>Other Listed Companies</u>	- None -
<u>Other Non-Listed Companies</u>	4 Companies
<u>Competitive Business related to Company's Business</u>	- None -



## Mr. Padoong Techasarintr

Age of 79 years

Independent Director / Chairman of the Audit Committee

as Director started :	April 18, 1994
Share hold %	- None -
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Bachelor's Degree in Commerce and Accounting, Thammasat University

### Training

- The Role of Chairman Program (RCP 6/2001), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 4/2003), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 55/2005), Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP 22/2008), Thai Institute of Directors Association (IOD)
- Monitoring the Internal Audit (MIA) 2008, Thai Institute of Directors Association (IOD)
- Monitoring the System of Internal Control and Risk Management (MIR) 2009, Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

#### Other Listed Companies

2003 – Present	Independent Director / Chairman of the Audit Committee	Kulthorn Kirby Public Company Limited
1999 – Present	Independent Director / Audit Committee member	CP All Public Company Limited
1999 – Present	Independent Director / Chairman of the Audit Committee	Textile Prestige Public Company Limited
1993 – Present	Independent Director / Chairman of the Audit Committee	Lanna Resources Public Company Limited

#### Other Non-Listed Companies

- None -

#### Competitive Business related to Company's Business

- None -



**Assoc.Prof. Nares Kesaprakorn**  
Independent Director / Audit Committee member

Age of 61 years

as Director started :	April 23, 2007
Share hold %	- None -
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

**Education**

- Master's Degree in Laws (Securities Regulation), University of Georgia, USA
- Bachelor's Degree in Laws, Thammasat University
- Thai Barrister-at-law, Thai Bar Under The Royal Patronage
- Executives of Senior Judicial Process

**Training**

- Director Accreditation Program (DAP 52/2006), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 77/2006), Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP 12/2006), Thai Institute of Directors Association (IOD)
- Understanding the Fundamental of Financial Statements (UFS 1/2006), Thai Institute of Directors Association (IOD)
- Finance for Non-Finance Director 28/2006, Thai Institute of Directors Association (IOD)
- Monitoring the System of Internal Control and Risk Management (MIR 5/2009), Thai Institute of Directors Association (IOD)
- Chartered Director Class (CDC 5/2009, Thai Institute of Directors Association (IOD)
- The Board's Role on Fraud Prevention and Detection 1/2010, Thai Institute of Directors Association (IOD)

**Past 5 Years Experiences**

2017 – Present	Dean, Faculty of Laws	National Institute of Development Administration
2009 – Present	Audit Committee member	Thai Chamber of Commerce, Board of Trade of Thailand
2010 – 2019	Committee of Appeal	The Securities and Exchange Commission, Thailand

**Other Listed Companies**

2012 – 2018	Independent Director and Risk Management Committee member	Thai Wacoal Public Company Limited
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**Other Non-Listed Companies**

- None -

**Competitive Business related to Company's Business**

- None -





**Assoc.Prof. Dr. Nipon Poapongsakorn**  
**Independent Director / Audit Committee member**

**Age of 71 years**

<b>as Director started :</b>	April 26, 2016
<b>Share hold %</b>	- None -
<b>Family relationship among Executives</b>	- None -
<b>Family relationship among Executives</b>	- None -
<b>in the previous year which has an impact the time devoted significant</b>	- None -

**Education**

- Doctoral Degree of Economics, University of Hawaii, USA
- Master's Degree in Economics cum laude, Middle Tennessee State, USA
- Bachelor's Degree in Economics (Good Honors), Thammasat University
- Capital Market Academy Class 10, Thailand Securities Institute (TSI), The Stock of Exchange Thailand

**Training**

- Director Certification Program (DCP 14/2002), Thai Institute of Directors Association (IOD)

**Past 5 Years Experiences**

2014 – Present	Director	Committee of Rice Policy and Management
2014 – Present	President	Economics Association of Thailand
2013 – Present	Visit Professor	Global Business Leader Program, School of Management, Kyoto University
2013 – Present	Board of Director	Asian Society of Agricultural Economists
2010 – Present	Director	Law Development of Council of State
2010 – Present	Director	Thailand Productivity Institute
2009 – Present	Director	Rural Reconstruction Foundation of Thailand
2008 – Present	Executive Director	Puey Ungphakorn Institute
1999 – Present	Chairman	Authority of the Information Disclosure Commission of Economics and National Finance
2013 – 2017	Expert Committee	Office the University Council Chiang Mai University

**Other Listed Companies**

2017 - Present	Independent Director	Saha Pathana Inter-Holding Public Company Limited
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**Other Non-Listed Companies**

- None -

**Competitive Business related to Company's Business**

- None -



## Mr. Suchart Layluxsiri

Age of 54 years

Executive Committee member /  
Risk Management Committee member /  
Deputy Managing Director /  
President of APPAREL Department

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as started :	May 10, 2007
Share hold %	0.004%
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	

### Education

- Master's Degree in Business Administration, Bangkok University
- Bachelor's Degree in Economics, Kasetsart University

### Training

- Director Certification Program (DCP 154/2011), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

Other Listed Companies - None -

Other Non-Listed Companies 3 Companies

Competitive Business related to Company's Business - None -





**Dr.M.L. Sirapirom Teeraprasert**

Age of 56 years

Executive Committee member /

Risk Management Committee member

President of Organization Strategy and Information Technology Department

as started :	May 12, 2011
Share hold %	0.02%
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

**Education**

- Doctoral Degree of Business Administration, Ramkhamhaeng University
- Master's Degree in Public and Private Management, National Institute of Development Administration
- Bachelor's Degree in Science (Statistics), Khon Kaen University

**Training**

- Director Certification Program (DCP 150/2011), Thai Institute of Directors Association (IOD)

**Past 5 Years Experiences**

**Other Listed Companies** - None -

**Other Non-Listed Companies** 1 Company

**Competitive Business related to Company's Business** - None -





### Miss Yupaporn Jearrakul

Age of 60 years

Executive Committee member /

Governance Committee member /

Risk Management Committee member /

Chief Financial Officer

as started :	May 1, 2015
Share hold %	0.004%
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Master's Degree in Business Administration, Ramkhamhaeng University
- Master's Degree in Finance and Banking, Ramkhamhaeng University
- Bachelor's Degree in Accounting, Sukhothai Thammathirat Open University

### Training

- Director Certification Program (DCP 150/2011), Thai Institute of Directors Association (IOD)

### Past 5 Years Experiences

**Other Listed Companies** - None -

**Other Non-Listed Companies** 3 Companies

**Competitive Business related to Company's Business** 1 Company

2001 – Present      Director      Thai Monster Company Limited







**Mr. Supachoke Sirichantaradilok**

Age of 60 years

Company Secretary / Investor Relations /  
Deputy Manager, Finance Division

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as started :	May 8, 2008
Share hold %	- None -
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

**Education**

- Master's Degree in Public and Private Management, National Institute of Development Administration
- Bachelor's Degree in Commerce and Accounting (Accounting), Chulalongkorn University

**Training**

- Director Accreditation Program (DAP 91/2011), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 49/2004), Thai Institute of Directors Association (IOD)
- Investor Relations 2006

**Past 5 Years Experiences**

**Other Listed Companies**

2019 – Present	Director	Qualitech Public Company Limited
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**Other Non-Listed Companies**

2 Companies

**Competitive Business related to Company's Business**

- None -





## Miss Somjit Sukko

Age of 54 years

Chief Accountant /

Accounting and Taxation Section Manager

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as started :	May 11, 2018
Share hold %	- None -
Family relationship among Executives	- None -
Any position in others business or other organization	- None -
in the previous year which has an impact the time devoted significant	- None -

### Education

- Bachelor's Degree in Accounting, Srinakharinwirot University

### Training

- None -

### Past 5 Years Experiences

#### Other Listed Companies

- None -

#### Other Non-Listed Companies

1 Company

#### Competitive Business related to Company's Business

- None -



# Corporate Governance

The Board of Directors is confident that a proper, transparent, and accountable governance system has been put in place, along with checks and balances and an adequate and appropriate internal control. Alongside these mechanisms is due respect for shareholders' rights and equality, as well as accountability for all stakeholders. These key factors contribute to the enhancement of the Company's immunity and to the promotion of balanced and sustainable long-term growth.

## The Good Corporate Governance Policy

**The Board of Directors** has prescribed corporate governance policies as operational guidelines for Company Directors, Executive Officers and employees, as follows:

1. Company Directors, Executives and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executives and employees to Company operations.
2. Company Directors, Executives and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committees and Executives.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
5. Information shall be disclosed in a sufficient, reliable and timely matter to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.
10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.
11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

The Company has disseminated the corporate governance policies to employees, shareholders and the general public through the Company website [www.thanulux.com](http://www.thanulux.com) under the heading About the Company ➡ Good Corporate Governance ➡ Corporate Governance Policies.



## The Board of Directors and Sub-Committees

The Company's management structure comprises the Board of Directors, Company Committees and Executive Officers. The powers and duties of each constituent have been clearly delineated in order to ensure transparency and proper checks and balances. The Board of Directors appoints the various Company Committees based on suitable knowledge and expertise to take charge of each function. Shareholders can be confident that the Company exercises prudence in operations and screening of tasks. The Company Committees appointed are the Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee, Governance Committee and Executive Committee.

The Board of Directors has clearly stipulated the scope of authority and responsibilities of each Committee in their respective Committee Charters. The Chairman of each Committee performs the duties of ensuring that works are performed in accordance with the policies of the Board of Directors and reports performance results to the Board of Directors.

### 1. The Board of Directors

The Board of Directors as evidenced by the incorporation certificate issued by the Ministry of Commerce comprises 8 Directors, consisting of

- Non-Executive Directors 5 persons (3 of whom are Independent Directors)
- Executive Directors 3 persons

#### The List of Directors as follows:

Name - Surname			Position
1	Mr. Manu	Leelanuwatana	Chairman of the Board
2	Mr. Thamarat	Chokwatana	Vice Chairman
3	Miss Dusadee	Soontrontumrong	Director
4	Mr. Supotch	Pakaworawuth	Director
5	Miss Marin	Leelanuwatana	Director
6	Mr. Padoong	Techasarintr	Independent Director
7	Assoc.Prof. Nares	Kesaparakorn	Independent Director
8	Assoc. Prof. Dr. Nipon	Poapongsakorn	Independent Director

Noted : Mrs. Varindr Leelanuwatana had passed away on October 28, 2019. The Board of Directors was approved to appoint Mr. Manu Leelanuwatana as Chairman of the Board on December 17, 2019.

Mr. Boonsithi Chokwatana as the Chairman of the Advisor to the Board of Directors.

Mr. Supachoke Sirichantaradilok holds the position of Company Secretary.





### Term of Company Director

Each Company Director holds office for a term as stated in the Company Articles and Charter of the Board of Directors as follows:

1. At every General Shareholder Meeting, one-third of the Company Directors shall retire. If the number of Company Directors cannot be divided evenly into 3 parts, the number of retiring Company Directors closest to one-third, the longest serving Company Directors shall retire and may be re-elected.
2. Company Directors retire from office at the expiration of term, or by resignation, or death, or disqualification as provided by law, or upon removal by resolution of the shareholders' meeting, or by court order.
3. A Company Director wishing to resign before the expiration of term must submit a resignation letter to the Company and may also serve notice to the registrar under the law on public limited companies. The resignation comes into effect as from the day of the Company's receipt of the resignation letter.
4. In the case where a Company Director's office becomes vacant for a cause other than the expiration of term, and the remaining term is not less than 2 months, the Board of Directors shall elect a Company Director to replace the vacant office in the subsequent meeting of the Board of Directors. The elected Company Director shall remain in office only for the remaining term of the replaced Company Director.
5. The shareholders' meeting may pass a resolution to remove a Company Director before the expiration of term by the votes of not less than three-fourths of the shareholders present and eligible to vote, and the total number of shares held must be not less than one-half of the total number of shares held by shareholders present and eligible to vote.

### The Meeting

In the Board of Directors meeting, there must be at least half of the directors attending the meeting, therefore will be a quorum.

Resolution of the Board of Directors Meeting to hold a majority of the directors attending the meeting.

### Authority of the Board of Directors

1. Appoint, remove, and assign authority to advisors to The Board of Directors, various committees, and The Managing Director, to carry out the assigned duties.
2. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
3. Approve the acceptance or cancellation of the credit lines, for such portion exceeding the authority of The Executive Board.
4. Approve loan extension to companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies, for such portion exceeding the authority of The Executive Board..







5. Approve the entering into guarantee for credit facility, for companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies, for such portion exceeding the authority of The Executive Board.
6. Approve the set-up, merger, or dissolution of subsidiary company.
7. Approve the investment for the purchase or sales of common shares, and/or debt securities, for such portion exceeding the authority of The Executive Board.
8. Approve the procurement and investment in fixed asset, for such portion exceeding the authority of The Executive Board.
9. Approve the sales, disposal, transfer for fixed asset, for such portion exceeding the authority of The Executive Board
10. Approve the adjustment, disposal, and write-off for fixed assets, and/or intangible assets no longer in use, or being subject to damage, loss, destruction, deterioration, out-of-date, or no longer functional for such book value exceeding the authority of The Executive Board.
11. Approve the adjustment, disposal, and write-off for deteriorate or out-of-date raw material and/or inventory which its book value become lower, for such book value exceeding the authority of The Executive Board.
12. Approve the settlement of conflicts by reconciliation or by the resolution through arbitration, petition, lawsuit, and/or court proceedings on the company's behalf, for such case not considered as normal business practice, and/or such case considered as normal business practice, for such portion exceeding the authority of The Executive Board.
13. Approve the entering into such transaction not considered as normal business practice, for such portion exceeding the authority of The Executive Board.
14. Propose the capital increase or capital decrease, or the change in par value, change or amendment to memorandum of association, articles of association, and/or objectives of the company to the shareholders for consideration.
15. Authorize the Executive Board to stipulate guideline for authorization and relevant operations as appropriate.
16. Authorize the Executive Board members, management members, managers or other persons, to act on their behalf.
17. Authorize to summon management members or employees concerned to provide explanation or opinion, to join the meeting, and to submit those documents deemed necessary.
18. Appoint and remove Company Secretary
19. The authority scope for The Board of Directors pertaining to the acquisition and disposal of assets and connected transactions, shall comply with the Notification of The Capital Market Supervisory Board.





### Duty and responsibility of The Board of Directors

1. Set the direction, target, and business policy for the company.
2. Approve the annual business plan and annual budget, as well as supervising the operations by the management to well comply with the laws, policies, and plans in an efficient and effective manner.
3. Promote the establishment of corporate governance policy, business ethics, and business morality in writing, to serve as guidelines for the directors, the management, and the employees, in carrying out their business practices, while regularly following up to ensure their strict adherence and compliance accordingly.
4. Set up adequate internal control systems, so as to ensure that all transactions receive proper approval from the authorized persons, and that proper accounting review and bookkeeping practice are carried out, while proper checking systems are in place to safeguard against unauthorized exploitation of company assets.
5. Ensure that careful consideration is given to the issue of conflict of interests, and that clear practice guidelines are in place to safeguard the interests of the shareholders and the company. Also ensure that the persons having interests at stake do not take part in adopting the decision, and that all concerned parties strictly follow the procedures and regulations to disclose relevant information in a proper manner.
6. Grant approval to financial statements already audited and verified by the certified public accountant and earlier approved by The Audit Committee.
7. Being accountable to all shareholders on an equal basis, while ensuring that information are disclosed to the shareholders and investors in an accurate, reliable, and transparent manner.
8. Acknowledge the corporate management report prepared by the Executive Board.
9. Set the date, time, place and agenda for the annual shareholders' general meeting, and convene said meeting accordingly. Also set the rate for dividend payments (if any), and provide comments relating to the meeting agenda to the shareholders.

In that regard, the company may suspend shares transfer registration for the period of 21 days leading up to the meeting, whereby the company is required to post such announcement to the shareholders at the company's head office and its branches for the period of no less than 14 days prior to such suspension. Otherwise, the company may set the date to finalize the shareholders' list (Record Date) no longer than 2 months prior to the meeting, to entitle the shareholders to attend the meeting, and to be eligible for dividend payments.

10. Prepare the Board of Directors' responsibility report toward financial statements compilation, and disclose said report in the company's annual report (form 56-2) and the annual registration statement (form 56-1).
11. Supervise the compilation of the documents required to be submitted to concerned regulating agencies, to ensure that all information contained therein are true and accurate in accordance with the information appearing in the accounting books, the registration book, and other official documents of the company.
12. Grant approval to the charter for The Board of Directors, and/or other committees.
13. Engage in those acts lying beyond The Executive Board's authority, or as deemed necessary by The Board of Directors.

During 2019, The Board of Directors convened total 7 meetings, there was a review of the vision, mission, core values, direction, goals, and business strategies. Moreover, in every Quarter, the Board also monitored performance and progress of the strategic plan, whereby the meeting dates had been earlier decided throughout the entire year. Furthermore, additional meeting could also be summoned according to necessary circumstances. The attendance of each director appeared in the form 56-1 and the annual report titled **Management Structure**.





## 2. Audit Committee

The Board of Directors Meeting No.3/2019 on May 9, 2019 passed a resolution to appoint Independent Directors having the qualifications prescribed by the law on securities and exchange to the positions of Audit Committee Members. These Members perform the duties of supporting the Board of Directors in supervising good governance, especially pertaining to the financial reporting process, internal control system, inspection process and compliance of relevant laws and regulations. The three members were as follows.

### The list of Audit Committee

Name - Surname			Position
1	Mr. Padoong	Techasarintr	Chairman of the Audit Committee
2	Assoc.Prof. Nares	Kesaparakorn	Audit Committee Member
3	Assoc. Prof. Dr. Nipon	Poapongsakorn	Audit Committee Member

Mr. Woradej Puengsiricharoen holds the position of Secretary to the Audit Committee and has the qualifications stated in the heading “Internal Control System” and “Form 56-1 Part 2, Article 11.3”.

The Audit Committee holds office for a term of 1 year, in the period of May 2019 to May 2020. Mr. Padoong Techasarintr is well-informed and experienced in undertaking the review of the Company’s financial standing. (See the details on his education and career background under the heading “Personal information of the Board of Directors, Executives, Controller and Company Secretary”)

All members of the Audit Committee were not the company shareholders, not engages in business relationship or provided any professional service to the company, its parent company, subsidiary, associated company or juristic person who may have conflicts of interest. Furthermore, they also did not serve as audit committee in its parent company, subsidiary, or same-level subsidiary.

### Authority of the Audit Committee

1. To lay down collaborative measures with a view to achieving a harmonized understanding between the auditors, board of directors and internal audit units.
2. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.
3. To have the power to call upon executive officers, the management or relevant employees of the Company to give statements or opinions as well as to attend meetings or send documents which are deemed as relevant, and also to have access to data at every organizational level.
4. To have the power to conduct an examination of relevant persons or relevant matters within the scope of powers and duties of the Audit Committee.





### Duty and responsibility of The Audit Committee

1. Review the company's financial statements to ensure that they are accurate and adequate by reviewing the company's major accounting policies, and supervising information disclosure in such manner complying with Thai Financial Reporting Standards.
2. Review the company's internal control system to ensure that it is suitable and review fraud and corruption prevention and internal audit system to ensure that they are effective.
3. Review operational independence of the internal audit office; approve, appraise, appoint, transfer, or dismiss the chief of internal audit office or any other office responsible for internal audit operations. Supervise to ensure that chief of internal audit office has sufficient education, experiences, and training, adequate to such internal audit operations.
4. Grant approval to the Internal Audit Charter.
5. Grant approval and monitor the progress made in relation to the internal audit plan.
6. Review to ensure that the company duly follows the laws on securities and stock exchange, the regulations of The Stock Exchange of Thailand, and the laws concerning the company's business operations.
7. Review, select, nominate and/or dismiss independent persons to serve as the company auditor, and propose related remuneration. Also take part in joint meeting with the company auditor, in the absence of the management for at least once a year.
8. Review connected transactions or transactions with possible conflict of interests, to ensure that they follow the laws, the regulations of The Stock Exchange of Thailand, and the notification of The Capital Market Supervisory Board and that they are justified and are of maximum benefits to the company.
9. Prepare the report by The Audit Committee and disclose it in the company's annual report. Said report requires the signature of the Audit Committee Chairman, and needs to contain at least the following information:
  - (a) Opinion regarding the accuracy, complete coverage and reliability of the company's financial statements.
  - (b) Opinion regarding the adequacy of the company's internal control, fraud and corruption and the risk management system.
  - (c) Opinion regarding the practices in compliance with the laws on securities and stock exchange, the regulations of The Stock Exchange of Thailand, or other laws concerning the company's business operations.
  - (d) Opinion regarding the suitability of the company auditor and the chief of internal audit office.
  - (e) Opinion regarding the transaction with possible conflict of interests.
  - (f) The number of The Audit Committee's meeting and the attendance record of each member.
  - (g) Overall opinion or comment provided by The Audit Committee out of its practices in accordance with the charter.
  - (h) Other items deemed to benefit the shareholders and general investors, in accordance with the authority and duty scope assigned by The Board of Directors.





10. During the course of its duty, should The Audit Committee come across or have any doubt relating to below transactions that they may significantly affect the company's financial position or performances, they are then required to report the matter to The Board of Directors, in order for necessary remedial actions to be taken within the timeframe decided upon by The Audit Committee.
  - (a) Transaction incurring conflict of interests.
  - (b) Significant fraud and corruption, irregularity or deficiency within the internal control system.
  - (c) Breach of laws concerning securities and stock exchange, the regulations of The Stock Exchange of Thailand, and other laws concerning the company's business operations.

In the case where The Board of Directors or the management fail to rectify the items within the timeframe assigned by The Audit Committee, any member of The Audit Committee may report said problems to The Securities and Exchange Commission or The Stock Exchange of Thailand.

11. Encourage and follow-up to ensure that the company has effective risk management system.

12. Supervise to ensure that the company has adequate channel to take care of complaints or tips relating to suspicious or improper items contained in the financial statements or fraud and corruption. At the same time, ensure that the company has protective confidential measurement for whistleblower, transparency and independence investigation process, and appropriate follow up.

13. Supervise to ensure that the company implements adequate management system in accordance with the good corporate governance practice.

14. Review, revise and amend the Audit Committee Charter for further submission to The Board of Directors for approval.

15. Implement self-appraisal review at least once a year.

16. Engage in other acts as assigned by The Board of Directors and deemed justified by The Audit committee in accordance with company regulations and the law.

In carrying out its above duties, The Audit Committee is directly responsible to The Board of Directors, who in turn is responsible to the shareholders and general investors.

In 2019, the Audit Committee holds monthly meetings Totally 12 times. A meeting schedule has been set in advance for the entire year. Joint meetings are also held with the management to discuss and exchange opinions relating to the Company's businesses. In addition, the joint meeting is held with the management and company auditor 1 time to inquire on issues identified by the audit of Company financial statements. The Audit Committee reports its performance results to the Board of Directors regularly every quarter and reports to the shareholders as stated in the Annual Report.

### 3. Nominating Committee

Board of Directors Meeting No. 3/2019 on May 9, 2019 passed a resolution to appoint Nominating Committee member to perform the duties of supporting the functioning of the Board of Directors in supervising good governance by searching and screening suitably qualified persons to assume the positions of Company Directors and high-level executive officers. This is to maintain confidence in transparency of the Company's nominating process. The 3 Members were as follows.





### The list of Nominating Committee

Name – Surname			Position
1	Mr. Manu	Leelanuwatana	Chairman of the Nominating Committee
2	Mr. Thamarat	Chokwatana	Nominating Committee Member
3	Miss Marin	Leelanuwatana	Nominating Committee Member

Noted : Mrs. Varindr Leelanuwatana had passed away on October 28, 2019. The Board of Directors was approved to appoint Miss Marin Leelanuwatana as the Nominating Committee member on December 17, 2019.

The Nominating Committee holds office for a term of 1 year, in the period of May 2019 to May 2020.

### Authority of the Nominating Committee

1. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.
2. To have the power to summon executive officers and relevant employees of the Company for an explanation, opinion, participation in a meeting, or the submission of documents deemed as relevant and necessary.

### Duties and Responsibilities of the Nominating Committee

1. To determine rules and procedures for the Nominating of Company Directors.
2. To examine the biography and other information of persons nominated for appointment as Company Directors, taking into consideration such persons' knowledge, skills, experience and diversity of professional expertise, in order to obtaining the most qualified persons in accordance with the Nominating rules, Articles of the Company and relevant laws.
3. To consider the Nominating of persons having suitable qualifications for a Company Director for nomination to the meeting of the Board of Directors for approval, except in the event of the retirement of Company Directors at the expiration of term where a submission is made to the meeting of shareholders for approval.
4. To prepare opinions or suggestions on various matters for consideration.
5. To revise and amend the Charter of the Nominating Committee and to submit such revisions or amendments to the Board of Directors for approval.
6. To carry out any other acts as assigned by the Board of Directors.

In 2019, the Nominating Committee held its meeting 4 times, and subsequently reported the results to The Board of Directors and shareholders as stated in the annual report, whereby the meeting dates had been decided in advance throughout the entire year. Furthermore, additional meeting could also be summoned according to necessary circumstances.

## 4. Remuneration Committee

Board of Directors Meeting No.3/2019 on May 9, 2019 passed a resolution to appoint Remuneration Committee Members, to perform the duties of supporting the functioning of the Board of Directors in supervising good governance by determining rules for disbursements and forms of remunerations for Company Directors. This is to maintain confidence in transparency and fairness of remunerations. The 3 Members were as follows.



### The list of Remuneration Committee

Name – Surname			Position
1	Mr. Thamarat	Chokwatana	Chairman of the Remuneration Committee
2	Miss Dusadee	Soontrontumrong	Remuneration Committee Member
3	Miss Marin	Leelanuwatana	Remuneration Committee Member

Noted : Mrs. Varindr Leelanuwatana had passed away on October 28, 2019. The Board of Directors was approved to appoint Miss Marin Leelanuwatana as the Remuneration Committee member on December 17, 2019.

The Remuneration Committee holds office for a term of 1 year, in the period of May 2019 to May 2020.

### Authority of the Remuneration Committee

1. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
2. Authorized to summon the management and company staff to provide comments and clarification, to take part in meetings, and to submit documents deemed as necessary.

### Duty and responsibility of the Remuneration Committee

1. Review the remuneration criteria for The Board of Directors, and if deemed necessary, propose the suggestion or revision to existing criteria, in order to make them more suitable.
2. Review the remuneration budget earmarked for The Board of Directors, by taking into account the practices by other companies in the same business category, the business growth and the company's performances, the remuneration budget approved by the shareholders' meeting, and the actual remuneration amount for the previous year, for further presentation to The Board of Directors for consideration, and for final approval by the shareholders' meeting.
3. Review the remuneration budget for the company's directors, the Audit Committee members, the Nominating Committee members, the Remuneration Committee members the Risk Management Committee members and the Governance Committee member by taking into account their duty and responsibility scope and related performances, based on the remuneration budget approved by the shareholders' meeting, and propose to the board of directors for approval.
4. Review the remuneration budget for the Nominating Committee members, the Remuneration Committee members, the Risk Management Committee members and the Governance Committee member (who do not serve as company directors), by taking into account their duty and responsibility scope, and related performances and propose to the board of director for approval.
5. Review and revise the charter for The Remuneration Committee, and present to The Board of Directors for approval.
6. Engage in other acts as assigned by The Board of Directors.

In 2019, the Remuneration Committee held its meeting 2 times, and subsequently reported the results to The Board of Directors and shareholders as stated in annual report, whereby the meeting dates had been decided in advance throughout the entire year.



## 5. The Risk Management Committee

Board of Directors Meeting No.3/2019 on May 9, 2019 passed a resolution to appoint Risk Management Committee Members to perform the duties of supporting the functioning of the Board of Directors in supervising good governance by reviewing the risk factors pertinent to the entire organization, appraising risks, determining guidelines for risk management, including the assignment of personnel responsible for finding measures for controlling and managing risks within acceptable levels. The 6 Members were as follows.

### The list of the Risk Management Committee

Name – Surname			Position
1	Mr. Krish	Follett	Chairman of the Risk Management Committee
2	Mr. Supotch	Pakaworawuth	Risk Management Committee Member
3	Mr. Suchart	Layluxsiri	Risk Management Committee Member
4	Dr.M.L. Sirapirom	Teeraprasert	Risk Management Committee Member
5	Miss Yupaporn	Jearrakul	Risk Management Committee Member
6	Miss Sunee	Kongsong	Risk Management Committee Member and Secretary

The Risk Management Committee holds office for a term of 1 year, in the period of May 2019 to May 2020.

### Authority of the Risk Management Committee

1. The power to invite relevant employees of the Company to provide an explanation, present an opinion, participate in a meeting or submit documents deemed as necessary and relevant.
2. To consult experts or advisors of the Company (if any) or hire external advisors or experts where necessary under the Company's expense.
3. To have the power to appoint a working group to assess and monitor risks in the entire organization.

### Duties and Responsibilities of the Risk Management Committee

1. Set forth the policies, plans, and targets in relation to the implementation of the risk management plans, in a clear-cut and continuous manner, to effectively cope with significant risk factors. Consequently, compile and present achievement progress report to The Board of Directors' meeting on a quarterly basis, also notify to the Audit Committee for acknowledgement.
2. Encourage and promote mutual cooperation among various departments within the company, to implement the risk management plans at all operational levels.
3. Supervise to ensure that the company has adequate and efficient risk management system in place, which also cover against such risks resulting from fraudulent practices, while providing attention and priorities to early warning signals and items showing irregularities.
4. Supervise company operations to ensure that all the departments and the company overall duly follow those laws and regulations pertaining to company operations.



5. Develop and upgrade the risk management system throughout the organization, so as to remain effective on a consistent basis.
6. Supervise the compilation of the report by The Risk Management Committee, for disclosure in the annual report compilation by the company, whereby the Chairman of The Risk Management Committee is duly required to affix his signature in verification of said report.
7. Review and revise the charter for The Risk Management Committee, and submit to The Board of Directors for approval.
8. Engage in other acts as assigned by The Board of Directors.

In 2019, The Risk management Committee held its meeting 4 times, and additional meetings to follow up and review the risk assessment of operational units, totally 8 times, on the dates which had been decided in advance throughout the entire year. The Risk management Committee subsequently reported the results to the Board of Directors and shareholders as stated in annual report.

## 6. The Governance Committee

Board of Directors Meeting No. 3/2019 on May 9, 2019 passed a resolution to appoint The Governance Committee Members to perform the duties of setting the criteria of the Company's guidelines to go along with good corporate governance to encourage confidence with shareholders and all stakeholders. The 4 Members were as follows.

### The list of Governance Committee

	Name – Surname		Position
1	Assoc. Prof. Dr. Nipon	Poapongsakorn	Chairman of the Governance Committee
2	Miss Dusadee	Soontrontumrong	Governance Committee Member
3	Miss Marin	Leelanuwatana	Governance Committee Member
4	Miss Yupaporn	Jearrakul	Governance Committee Member

Mrs. Ratchanit Luepongpanich to hold the position of Corporate Governance Committee Secretary.

The Governance Committee holds office for a term of 1 year, in the period of May 2019 to May 2020.

### Duties and Responsibilities the Governance Committee

1. Stipulate, review and improve Corporate Governance policy and principles, Business Ethics, Code of Conduct for Company's directors, managements and employees, including Anti-Corruption policy and rules and regulations to conform with changes in business, related rules, announcements, regulations and law, on a continual basis.
2. Promote and support Company directors, managements and employees to comply with Good Corporate Governance principles and Anti-Corruption policy.
3. Stipulate Corporate Governance guidelines including Anti-Corruption policy as well as follow up, provide advice and suggestion in order to develop good corporate governance system of the Company.



4. Review, improve and amend the Charter of Corporate Governance Committee and present to the Company Board of Directors for approval.

5. Other duties as assigned by the Board of Directors.

In 2019, The Governance Committee held its meeting 4 times, and subsequently reported the results to The Board of Directors and shareholders as stated in annual report, whereby the meeting dates had been decided in advance throughout the entire year.

## 7. The Executive Committee

Board of Directors Meeting No.3/2019 on May 9, 2019 passed a resolution to appoint Executive Committee Members to perform management duties as assigned by the Board of Directors. These duties were performed responsibly, cautiously and in good faith as a prudent business operator under the same circumstances as Executive Committee Members, they enjoy-trade bargaining powers without undue influence. The 9 Members were as follows.

### The list of the Executive Committee

Name – Surname			Position
1	Miss Dusadee	Soontrontumrong	Chairman of Executive Committee
2	Mr. Supotch	Pakaworawuth	Executive Director
3	Miss Marin	Leelanuwatana	Executive Director
4	Mr. Suchart	Layluxsiri	Executive Director
5	Miss Yupaporn	Jearrakul	Executive Director
6	Dr.M.L. Sirapirom	Teeraprasert	Executive Director
7	Mrs. Tueanjai	Puengsiricharoen	Executive Director
8	Mr. Paskorn	Suphakat	Executive Director
9	Mr. Chayarop	Mahamontri	Executive Director

The Executive Committee holds office for a term of 1 year, in the period of May 2019 to May 2020.

### Powers of the Executive Committee

1. To appoint, remove, transfer, evaluate as well as to determine the remuneration and welfare benefits of employees at every levels.

2. To appoint and remove any other working committee to carry out any activity with respect to the management of the Company.

3. To consult specialists or advisors of the Company (if any), or to hire external advisors or specialists where necessary at the expense of the Company.

4. To issue rules and notifications on the performance of work, and to have the ability to delegate powers to an Executive Committee member and/or an executive-level employee as the authorized signatory for giving approval to disposals of the Company's assets.







5. To approve the acceptance or cancellation of the credit lines in an amount not exceeding Baht 60 million each time.
6. To approve the grant of loans to companies having business relationships with the Company as shareholders or companies engaged in trade with the Company or other companies in the amount not exceeding Baht 80 million per company.
7. To approve the guarantees of credit lines for companies having business relationships with the Company as shareholders or companies engaged in trade with the Company or other companies in the amount not exceeding Baht 40 million per company.
8. To approve investments and sales of investments in capital instruments and/or debt instruments in an amount not exceeding Baht 20 million each time.
9. To approve procurements and investments in fixed assets in an amount not exceeding Baht 20 million each time.
10. To approve the modification, demolition and writing off of fixed assets and/or intangible assets which are decommissioned, out of order, lost, damaged, deteriorated or outdated and no longer usable with book value not exceeding Baht 1 million per year.
11. To approve the adjustment of price and destruction of raw materials and/or outstanding stocks that have deteriorated or become outdated, which could have an effect in reducing the book value as actually occurred.
12. To approve a settlement, dispute settlement by arbitration, filing of complaint, lawsuit and/or to participate in any legal proceedings on behalf of the Company for the non-normal business of the company amounting not exceed Baht 2 million per episode and/or the normal business of the company with amounting not exceed Baht 20 million per episode.
13. To approve the dispatch of employees to foreign countries for work or study visits in an amount not exceeding Baht 1 million each time.
14. To approve transactions not part of the normal business in an amount not exceeding Baht 20 million each time.
15. To delegate authority to the executive-level employees of the Company or any other person to act on its behalf.
16. To have the power to summon executive officers and relevant employees of the Company for an explanation, opinion, participation in a meeting, or the submission of documents deemed as relevant and necessary.
17. To issue any other work regulations as deemed appropriate.
18. All powers of the Executive Committee stated above which involve the acquisition or disposal of assets and connected transactions shall be exercised in accordance with Notifications of the Capital Market Supervisory board.





### Duties and Responsibilities of the Executive Committee

1. To propose the goals, policies, plan and annual budget to the Board of Directors.
2. To take responsibility for the management of the Company in accordance with the direction, goals and business policies of the Company.
3. To take charge in enhancing the competitiveness of the Company and to promote continual innovations.
4. To supervise the operations of the Company in accordance with the laws, objects, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, as well as relevant rules and regulations.
5. To supervise the preparation of financial statements, this shall be submitted to the auditor for audit and/or review prior to submission to the Audit Committee and Board of Directors respectively.
6. To consider matters submitted to the Board of Directors for approval or endorsement.
7. Executive Committee members may divide the works and responsibilities amongst themselves, in which case reports on the activities within each member's supervision must be submitted to the meeting of the Executive Committee for acknowledgement.
8. To revise and amend the Charter of the Executive Committee and to submit such revision or amendment to the Board of Directors for approval.
9. To carry out any other acts as assigned by the Board of Directors.

In 2019, The Executive Board held its meeting 12 times, where by the meeting dates had been decided in advance throughout the entire year.

## 8. Chairman

### Authority, duty, and responsibility scope of the Chairman

1. Take responsibility as the leader of The Board of Directors in monitoring and supervising the operations of The Board of Directors and various committees.
2. Preside at The Board of Directors' meeting. In case of tie, the Chairman adds an additional vote as a casting vote.
3. Summon the Board of Directors' meeting or may assign another person to act on own behalf.
4. Preside at the shareholders' meeting and control the meeting to be in accordance with the company's regulations regarding the meeting. Conduct the meeting according to the agenda specified in the invitation to the meeting, unless the meeting resolves to change the order of the agenda by votes of not less than two-thirds of the shareholders present at the meeting.
5. Engage in other acts as assigned by The Board of Directors.

## 9. Managing Director

The Board of Directors was appointed Mr. Supotch Pakaworawuth as the Managing Director. Powers, duties and responsibilities of the Managing Director are as defined by the charter, as follows:





### Powers, Duties and Responsibility of the Managing Director

1. To have the power to administer the operations of the Company pursuant to policies, law, objectives, Articles of the Company, resolutions of the meeting of shareholders, resolutions of the Board of Directors, resolutions of the Executive Committee, as well as relevant regulations and procedures.
2. To have the power to issue orders and carry out any act as necessary and appropriate in order to satisfactorily carry out the functions under article 1 and in the case of an important matter, a report shall be made and/or notice shall be given to the Board of Directors and/or the Executive Committee.
3. To have the power to issue regulations on the Company's operations, such regulations not being inconsistent with or contrary to the policies, articles, regulations, rules, orders and resolutions of the Board of Directors and/or Executive Committee.
4. To grant and/or delegate powers to other persons to perform specific tasks on behalf of the Managing Director.
5. To promote and develop adherence to good conduct, legal compliance, ethics and culture in the Company's business operations while observing good governance principles.
6. To carry out any other act as entrusted by the Board of Directors and/or Executive Committee.
7. The above powers of the Managing Director shall not be exercised in the event of the Managing Director's having a potential personal interest in or a conflict of interests of any character with the Company.

In addition, the Executive Committee has appointed several subcommittees to enable participation of employees in certain areas of management of the Company to ensure compliance, efficiency and effectiveness of Company operations. The following subcommittees have been appointed.

1. Safety Vocational Hygiene and Working Environment Committee
2. Workplace Welfare Committee
3. Provident fund committee
4. Energy Management working group
5. Thai Labor Standard and Drug Prevention working group
6. The Innovation Competition Project Committee
7. The Customer Compliance Committee
8. Financial and Benefit Committee
9. The Scholarship Committee
10. Anti-Corruption working group
11. Corporate Social Responsibility Committee
12. ISO9001 Quality Management System working group
13. ISO14001 Environment System working group
14. Environmental Committee
15. Greenhouse Gas Management Committee





## Nominating and Appointment of Directors

The Board of Directors was appointed by the shareholders' meeting. **Since the Company shareholding was not structured as a joint venture, there is no need to allocate Directors according to shareholder groups.**

### 1. Selection Procedure for Appointment of Company Directors

#### Criteria for the selection of directors

For nominating process of the persons to be appointed directors, the company has set the criteria as follows:

1. Qualifications of nominated directors to be diverse or what is called Board Diversity in terms of educational level, professional skills, specialization that is beneficial to the company's business, and ability to meet the requirements of the strategy of the company's business operation without discrimination such as sex, age, and race, etc.
2. Having leadership, vision, integrity and ethics, as well as transparent work experiences.
3. Being qualified and not be prohibited under the laws and regulations of the company.
4. In case of the nomination of the retiring directors to serve another term, they will be considered additionally in term of the performance as directors and various committees in the past.
5. In case of the selection of persons to be appointed independent directors, they must have the qualifications required for independent directors, in accordance with The Notification by The Capital Market Supervisory Board.

#### Process for the selection of Directors

1. The Nominating Committee has been assigned to select qualified persons having appropriate qualifications to be nominated as company directors for consideration by The Board of Directors, prior to submitting to the shareholders' meeting for approval by the majority votes of the shareholders present at said meeting.

In the case where the retirement took place prior to term completion with the remaining term being not less than 2 months, The Board of Directors' meeting shall then be authorized to select the persons from the candidates proposed by The Nominating Committee, for further appointment as company directors, by the majority votes of not less than 3/4 of the remaining directors. In such case, the newly-appointed directors shall serve out the remaining term of their predecessors.

2. The Nominating Committee will use Board Skill Matrix by the analysis of skills, experience, knowledge and expertise of the board as consideration information for selecting directors in accordance with the strategy of the company's business operation.

In addition, regarding the selection of new board members, The Nominating Committee has considered more in terms of knowledge, ability and experience that can be beneficial to the performance of directors and essential to the structure of the board that is still lacking.

3. The Nominating Committee has considered the person to be nominated to serve as directors, apart from professional directors of the Thai Institute of Directors Association (IOD). At present, the company has 1 independent director recruited from the Director Pool of IOD. The company also has provided an opportunity for minor shareholders to participate in the nomination of persons to be elected as directors.

With regard to the selection of persons to be appointed independent director, The Nominating Committee shall select from those persons having qualifications required for independent directors, in accordance with The Notification by The Capital Market Supervisory Board, in addition to basic qualification requirements above.





### Independent director's qualifications

The Board of Directors resolved to adopt the definition for “independent director” having qualifications in accordance with the notification of The Capital Market Supervisory Board as follows:

1. Holding shares not exceeding 1 percent of the total number of voting rights of the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, including the shares being held by related persons of independent directors.
2. Neither being nor having been an executive director, employee, staff, or advisor who received regular salaries, or being a controlling person of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholders or persons having supervision authority over the company, unless the foregoing status ended not less than two years prior to the date of their appointments as independent directors. Nevertheless, such prohibited nature would not apply in the case of these independent directors having earlier served as government officials, or advisors to government agency acting as major shareholder in the company or having supervision authority over the company.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executive, major shareholder, controlling person, or person to be nominated as executive or as controlling person of the company or its subsidiary.
4. Not having business relationship with the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, in such manner likely to interfere with own independent judgment and neither being nor having been a significant shareholder or person having supervision authority over the person who has business relationship with the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, unless the foregoing relationship ended not less than two years prior to the date of appointment as independent director.

The term ‘business relationship’ aforementioned under paragraph one included any normal business transaction, rental or lease of immovable property, transaction relating to the assets or services or the granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action, resulting in the company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under The Notification of The Capital Market Supervisory Board regarding The Compromise Criteria for Connected Transactions. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

5. Neither being nor having been an auditor of the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, unless the foregoing relationship has ended not less than two years prior to the date of appointment as independent director.

6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its parent company, subsidiary, associated company, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority or partner of the professional advisor, unless the foregoing relationship has ended not less than two years prior to the date of appointment as independent director.







7. Not being a director who has been appointed as the representative of the company's director, major shareholder, or being a shareholder who is related to the major shareholder.

8. Not engaging in business operations of the same business nature or in competition against the business operations of the company or its subsidiaries, nor serving as a significant partner in a limited partnership or otherwise serving as a director participating in the management, or serving as employee or consultant receiving regular salary or holding over 1% shares out of total shares in other companies engaging in the same business nature or in competition against the company and its subsidiaries.

9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

After appointed to be independent director who qualifies as stated above, such independent director may be assigned by the Board of Directors for taking part in the business decisions of the company, its parent company, its subsidiaries, its associated companies, same level subsidiaries, major shareholder or controlling person of the company on the condition that such decision must be a collective one.

In the event of any announcement by The Capital Market Supervisory Board imposing the revision to the qualifications for independent director, the company's independent director would thereby be required to possess such qualifications well complying with such revision.

Additionally, in the past accounting period, the independent directors of the company had neither business relationship nor professional services. Also, the appointed independent directors never have or had business relationship or professional services exceeded than the rules stipulated in the notification of The Capital Market Supervisory Board regarding the Application for and Approval of Offer for Sale of Newly Issued Shares.

## 2. Shareholders' rights to elect Company Directors

### Minor shareholders' rights to propose candidates as Company Director

The company provided minor shareholders with the opportunity to nominate candidates to be appointed as company directors at the annual shareholders' general meeting in advance according to the criteria specified by the company, whose further details were displayed on the company website under the heading "Investor Relations ♦ IR News".

### Vote-casting method for director appointment

According to company articles of association no.20, the shareholders' meeting was authorized to appoint company directors according to the criteria and method as follows:

1. One shareholder shall have one vote per one share.
2. Each shareholder must exercise all of the votes he or she has under the first paragraph to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.
3. The persons receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholder's meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at said meeting, the Chairman shall cast the deciding vote.





### 3. The selection method for the person to be appointed as Chief Executive Officer

#### The nominating of the management

The nominating process for the persons to further serve in management positions for the company begins with the nominating of the persons having good qualifications and sound morality and ethics to join the company. The company then trains and develops these people to be well-prepared to meet the challenges as future management members, through its consistent evaluation process of employees' potentials and capabilities.

#### The nominating of the Chief Executive Officer

With the regard of nominating methods for the company's Chief Executive Officer, The Nominating Committee shall consider and select from the current management or others, with qualified knowledge and abilities, who understand the company's business very well, as well as be able to manage to achieve the objectives and targets set by The Board of Directors, and also not be prohibited by laws. Accordingly, such person is then proposed to The Board of Directors for consideration of appointment.

### Supervision of inside

The company placed much emphasis on the protection and supervision over usage of inside information, as specified in the company's business ethics, prohibit directors, managements and employees who access to inside information, from any act in exploitation of such inside information, especially those information not yet disclosed to the public. Violation is considered as a disciplinary offence.

1. The company has in place a measure for the monitoring of its security trading transactions by prohibiting company directors, management members, and employees having access to inside information, from engaging in any act in exploitation of such information, particularly those information not yet disclosed to the general public. Any violation would be deemed as a disciplinary offence of company regulations. Furthermore, for the period of 1 month prior to the disclosure of financial statements to the public, the company sent out related circular to the directors, the management, and the employee having access to inside information, instructing them to refrain from any purchase or sales transaction of company shares during said period, together with the penalties to be imposed in the case of violation or non-compliance with said regulation.

In 2019, the company directors, management members, and employees were not found to have any abuses related to inside information.

2. The company informed company directors, management members to acknowledge of duty to report their shareholding status, as well as those by spouses and children not yet reaching legal maturity, within 30 days from the day of their appointments to become directors or management members. Furthermore, in the case of any change occurring to their shareholding status, they were required to report such change details within 3 days from the day of change to The Securities and Exchange Commission according to article 59 of The Securities and Exchange Act B.E. 2535.

Furthermore, the company has set a policy for company directors, management members including their spouse and underaged children having duty to inform of the company's securities trading to the Chairman of the Board at least 1 working day prior to trading and report their shareholding and the changes in holding of the company's securities to The Board of Directors at the next Board of Directors' meeting. The company has to provide the agenda to report the securities holding status by the company directors and the management including their spouse and underaged children to the Board of Directors' meeting acknowledged on a quarterly basis.



In 2019, the company directors and the management did not have any trading of the company's securities.

3. The company had in place a measure for monitoring of the company director and the management's interest by requiring the interest report of company director, the management, and related persons which their interest are connected to the company's business operation.

In 2019, the company directors and the management strictly followed the above regulation.

## Auditor expenses

### 1. Audit fees

The Company and subsidiary companies have obtained approval from the meeting of shareholders to pay an audit fees to ASV and Associates Company Limited, the audit office of the auditor's affiliation. Details of the fees are as follows:

Unit : Baht

Audit Fee	2019	2018
Thanulux Public Company Limited	996,500	996,500
Subsidiary Companies (2 Companies)	384,000	384,000
<b>Total</b>	<b>1,380,500</b>	<b>1,380,500</b>

### 2. Other Services

The Company paid other services fee for reviewing of compliance with conditions under the Investment Promotion Certificate.

Unit : Baht

Other Service Fees	2019	2018
Thanulux Public Company Limited	60,000	65,000
Subsidiary Companies (2 Companies)	-	-
<b>Total</b>	<b>60,000</b>	<b>65,000</b>

## Supervising the operations

The designated Company Directors will meet together to select a person which the Company would nominate and vote to appoint as a director of a subsidiary company. The number of persons voted by the Company for appointment would be in proportion to the Company's shareholding. The person appointed as a director of a subsidiary company would be under a duty to act in the best interest of that subsidiary company, except on matters pertaining to important policies having an impact on business operations for which the Company requires such appointed person to obtain the approval of the Board of Directors prior to voting on the resolution.

The Company has a policy of ensuring that a subsidiary has a sufficient and appropriate internal control system. The Company's internal audit office would monitor the subsidiary company's internal control system every year.



In addition, the Company instructs the person appointed by the Company to oversee the subsidiary company's compliance and disclosure of significant information pursuant to the same applicable rules as the Company, such as connected transactions, acquisition or disposal of assets or other significant transactions, including supervision of data collection and financial accounting of the subsidiary company in order to facilitate inspections and consolidation of financial statements in a timely manner.

The Company does not have any agreement with other shareholders on the management of subsidiary companies. The Company also does not have any agreement with other shareholders on the allocation of returns other than normal returns pursuant to the proportion of shareholding in the subsidiary company.

In 2019, the Company has 2 subsidiaries, the directors of each subsidiaries are as follows:

### 1. S. Apparel Company Limited

Name – Surname			Position
1	Mr. Supotch	Pakaworawuth	Chairman
2	Miss Siriluk	Dhanasarnsilp	Director and Managing Director
3	Miss Dusadee	Soontrontumrong	Director
4	Mr. Woradej	Puengsiricharoen	Director
5	Mr. Chayarop	Mahamontri	Director

### 2. Celebrate Wealth Company Limited

Name – Surname			Position
1	Miss Yupaporn	Jearrakul	Director and Managing Director
2	Miss Marin	Leelanuwatana	Director and Deputy Managing Director
3	Mr. Chairat	Wattanachotiwat	Director and Deputy Managing Director
4	Mr. Suchart	Layluxsiri	Director

## Compliance with Good Corporate Governance Principles

The Board of Directors believes that compliance with the Good Corporate Governance Code, which is the foundation of sustainable development and business value creation, will bring about competitiveness and desirable profitability. To this end, the Board has considered long-term effects, ethical business practices, respect for and responsibility towards shareholders and stakeholders, benefits to society, eco-friendly developments, the minimization of environmental impact, and the ability to cope with change.

The Company has announced the Good Corporate Governance since the year 2002. These principles have been revised and updated by the Board of Directors every year. The Good Corporate Governance Principles (1st revision) was approved by the Board of Directors Meeting No. 1/2014 on February 19, 2014. In 2017, the Board of Directors assessed and reviews the Good Corporate Governance Principles against the Corporate Governance Code for listed companies 2014 and then on the Board of Directors Meeting No. 7/2018 on December 18, 2018 had approved the said documents. The document comprises the following:





#### The Good Corporate Governance Policy

- The Eight Principles of Good Corporate Governance
  - Principle 1      The Board of Directors shall be aware of its leadership roles and responsibilities in the creation of the Company's sustainable prosperity.
  - Principle 2      The Board of Directors shall define the Company's objectives to ensure sustainability.
  - Principle 3      The Board of Directors shall strengthen its effectiveness.
  - Principle 4      The Board of Directors shall nominate and develop senior executive officers and ensure good people management.
  - Principle 5      The Board of Directors shall nurture innovations and responsible business practices.
  - Principle 6      The Board of Directors shall provide an adequate system of risk management and internal control.
  - Principle 7      The Board of Directors shall ensure information disclosure and financial integrity.
  - Principle 8      The Board shall encourage engagement and communication with shareholders.
- The Business Ethics
- The Code of Conduct for Directors, Executive Officers, and Employees

In 2019, the Board of Director required the Eight Principles of Good Corporate Governance be adapted to the Company's business conduct, covering the following five aspects:

## Section 1: Rights of Shareholders

The Board of Directors appreciates and respects the ownership rights of shareholders. As a consequence, corporate governance principles have incorporated safeguards for shareholder rights, including the non-violation or non-infringement thereof. The Board of Directors assumes the function of overseeing the equitable benefits of shareholders, as well as supporting and promoting all shareholder groups whether foreign or domestic, major, retail or institutional shareholders to enable the exercise of their respective rights, as follows:

**1.1 Basic rights** Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment based on outstanding shares, the right to access company information in sufficient, timely, and consistent manner, the right to nominate candidates to be elected as directors, the right to attend and cast votes at the shareholders' meeting, the right to elect individual company director and approve directors remuneration, the right to remove directors, the right to appoint company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote on his/her behalf.

**1.2 The right to significant information access** Shareholders were entitled to access information on an equitable basis. In that regard, the company facilitated information distribution in both Thai and English languages, via the channels of The Stock Exchange of Thailand and company website, to provide shareholders with additional access channel. Such information included performance results, connected transactions, changes in the funding structure, and changes in supervisory control, transactions of significant company assets, and other information essential for decision-making by shareholders.







**1.3 The right to attend the shareholders' meeting** The Company held its annual shareholders' meeting regularly each year, within 4 months after completing its accounting year. Nevertheless, in the event of such emergency situations possible affecting the shareholders' interests, or involving amendments to the laws or company articles requiring approval by the shareholders, the company was authorized to convene the extraordinary shareholders' meeting on a case by case basis. The company held its meeting at such date, time, and venue, deemed convenient to the shareholders, to facilitate their meeting attendance. For 2019, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting, according to the following details:

During the 45<sup>th</sup> General Meeting of Shareholders for 2019, the Company treated the shareholders in the following chronological order.

#### Proceedings Prior to the Shareholders' Meeting Day

1. The Company provided the minority shareholders with the opportunity to propose meeting agenda prior to the meeting date for 2018, during the period of December 1 - 30, 2018, by providing related conditions on company website, together with news sent through the channel of The Stock Exchange of Thailand. Nevertheless, there were no shareholders proposing any meeting agenda during said specified period.

2. The Company informed the shareholders of the resolution to convene the shareholders' meeting 55 days prior to the meeting date, namely on February 26, 2019 to allow the shareholders sufficient time to plan their meeting attendance.

3. The Company disseminated the meeting invitation letter via company website, carrying the same content as the letter sent to the shareholders, in both Thai and English, 32 days prior to the meeting, to provide the shareholders with necessary information in a swift, convenient, and sufficient manner in advance.

4. The Company sent out the meeting invitation letter to the shareholders 21 days prior to the meeting on April 1, 2018, exceeding the minimum time limit specified by law.

5. The Company also posted the announcement notifying said meeting invitation to the shareholders in the newspapers for 3 consecutive days, 13 days prior to the meeting namely during April 9 – 11, 2019.

6. Shareholders could submit questions in advance 7 working days prior to the meeting day. The shareholders were informed of this right through the Company website and the notice of invitation to the shareholders' meeting.

7. The documents sent out to the shareholders (QR Code Downloading) were, the meeting invitation letter providing details on the rationale for each meeting agenda, together with related opinions by the Board of Directors and the documents in support of the voting decision by the shareholders for each meeting agenda. Furthermore, the documents also included the annual report publication, profile of the persons nominated as directors replacing those due to retire upon term completion, definition of independent director, profile of independent directors proposed as proxies by the shareholders, company regulations regarding the shareholders' meeting, the documents and evidences required for the shareholders to present for meeting attendance, meeting regulations, meeting procedures, the map of the meeting venue, and the registration form. Other documents were the proxy appointment letter form B for voting in line with the shareholders' decision, or the proxy appointment letter either form A and C which shareholders could download from company website, as well as procedures for shareholders to post advance questions prior to the shareholders meeting.





### Day of Shareholders' Meeting

1. Determination of day, time and place of meeting that is convenient and suitable, and does not pose an obstacle for attendance. In 2019, the Company held the General Meeting of Shareholders on Tuesday, April 23, 2019, 11.00 hours, at Montien Riverside Hotel, which the transportation system is accessible and sufficient to facilitate the shareholders and the Institutional investors for easily to attend the meeting

2. Registration of shareholders attending the meeting by barcode scanning was open 2 hours prior to the meeting and remained open until the conclusion of the meeting. Registration was open from 9.00 hours. Sufficient staff was provided for meeting registration. **Duty stamps** were also provided for shareholders granting proxies to others or Independent Directors to attend the meeting on their behalves. **Voting placards and ballot papers** were distributed to shareholders for casting votes.

3. The Board of Directors attaches significance to the meeting of shareholders. Attendance at all meetings is deemed a duty, save for important engagements or illness.

At the General Meeting of Shareholders for 2019, The Chairman was unable to attend due to illness, there were 7 Directors in attendance from a total of 8 Directors, including the Vice Chairman and Chairman of the Audit Committee, Chairman of the Nominating Committee, Chairman of the Remuneration Committee, Chairman of the Governance Committee and Chairman of the Executive Committee. In addition, the Managing Director, Chief Financial Officer, Executive Committee Members and Company Auditor were also present and open to questions from shareholders on relevant issues.



4. Prior to the commencement of the meeting, the Company Secretary declared the number of shares and ratio attending the meeting as well as explained voting and vote counting procedures for voting of shareholders in each agenda pursuant to the law and Company Articles. In the event of a shareholder attending the meeting after the commencement of the meeting, the Company still granted the right to vote in the remaining agenda that had not yet been considered and voted upon. Such shareholder would be included in the quorum.



5. In order to ensure transparency of the meeting in accordance with laws and the Company Article, the Company invited a representative of the Company's audit office, namely ASV And Associates Company Limited, to act as a witness in the vote counting. A barcode system was used for processing of votes in each agenda, and the voting results were displayed instantly after the end of the agenda on a screen at the meeting room's anterior.

6. During the meeting, the Chairman proceeded with the meeting in accordance with the agenda stated in the notice of meeting without adding any new items in the agenda or changing any significant data without giving prior notice to shareholders and gave investors opportunity to question, comment and suggest equally and thoroughly in all agendas. In the General Meeting of Shareholders for 2019, no shareholder requested for the addition of any new agenda, but there were inquiries. The Directors and Executives had already answered questions.





### Important agenda in the meeting of shareholders consisted of the following:

**(1) Dividend Payout** : The Company had provided details on the appropriation of earnings, dividend payout of 0.75 Baht per share which were in accordance with the payout policies of the Company, including comparison between the dividend payout of the current year and preceding year, also specified the record date for the shareholders who are entitled to receive dividends

**(2) Appointment of Directors** : The Company provided an opportunity for shareholders to elect directors individually. Preliminary information on each person nominated for election as director, together with a specification of positions held in other businesses of the nominees, clearly stating whether the nature of such companies' were identical to or in competition with the businesses of the Company, Shareholding in the Company, Meeting attendance record (In case reappointed at the expiration of term), Type of Directorial Position Nominated and Nominations were made after screening by the Nominating Committee.

**(3) Directors' Remuneration** : The Company had provided details on the amount of remuneration proposed, which was in accordance with the policies and conditions relating to the remunerations of directors subsequent to review by the remuneration committee. The Company proposed remuneration limits for approval by the meeting of shareholders on an annual basis and disclosed remunerations of the Company Board of Directors and remuneration of other subcommittees in Form 56-1 as well as in the Annual Report.

**(4) Appointment of Auditor and Determination of Audit Fee** : The Company had provided details on the names of auditors, along with their audit office, independence, relationship with the Company, number of years of performing duties, reasons for change of auditor (if any), and comparative data on the audit fees for the current and preceding year. This information had been reviewed by the Audit Committee. Other fees for services rendered by the audit office to which the auditor was associated with respect to both the Company and its subsidiaries were also disclosed.

### Voting Summary of Shareholders in Each Agenda

Agendum	Number of shareholders (No.)	Approval			Disapproval			Abstention		
		(No.)	Shares	%	(No.)	Shares	%	(No.)	Shares	%
1	79	79	108,519,710	100	-	-	-	-	-	-
3	82	82	108,815,710	100	-	-	-	-	-	-
4	82	82	108,815,710	100	-	-	-	-	-	-
5.1	82	82	108,815,710	100	-	-	-	-	-	-
5.2	82	82	108,815,710	100	-	-	-	-	-	-
5.3	82	82	108,815,710	100	-	-	-	-	-	-
6	83	83	108,816,810	100	-	-	-	-	-	-
7	83	83	108,816,810	100	-	-	-	-	-	-





### Proceedings after the Shareholders' Meeting Day

1. The company disclosed the resolutions adopted by the shareholders' meeting, together with the voting results for each meeting agenda, also declared the details of the dividend payment to all the shareholders at the same rate, as per their rights, in both Thai and English, via the news channel of the SET, and the company website, on the following day.
2. The company compiled the meeting minutes subsequent to the shareholders' meeting, by incorporating all essential details and summarizing voting results for each meeting agenda, classified as consent, dissent, and abstention votes, together with the record on the discussion and conclusion regarding significant topics. Said minutes was submitted to The Stock Exchange of Thailand and The Securities and Exchange Commission within 14 days subsequent to the meeting, and disseminated on the company website, in both Thai and English, so as to enable the shareholders to review said minutes content without having to wait until the next shareholders' meeting.
3. The company recorded the meeting on VDO, for further dissemination to the shareholders upon request.

As a consequence of the General Meeting of Shareholders carried out by the Company in a transparent and accountable manner, in compliance with laws and Company Articles, facilitating shareholders attending the meeting. In 2019, the Company was evaluated the quality of shareholders' meeting from the Thai Investors Association at the level "4 TIA (90-99 scores)".

## Section 2: Equitable Treatment of Shareholders

### 2.1 The shareholders' meeting

- (1) The Company granted an opportunity to shareholders to propose meeting agenda in advance, as well as to nominate suitable persons for election as Directors in the General Meeting of Shareholders for 2019. A proposal could be made between 1-30 December 2018 pursuant to the rules and procedures stipulated and published on the Company website [www.thanulux.com](http://www.thanulux.com). Notice was also given to shareholders through the Stock Exchange of Thailand information system, as well as provided the opportunities for Shareholders to submit the questions in advance before the meeting. No shareholder made any proposal for an addition to the meeting agenda and did not sent any Question in advance.
- (2) The right to vote at the meeting was in accordance with the number of votes held by the shareholder. Each share carried one vote. There was no share which carried a preference or limitation on the voting rights of other shareholders.
- (3) In the case of foreign shareholders, the company sent out meeting invitation letter in English, to facilitate the understanding by foreign shareholders, as well as disseminating said information on company website made accessible at the same time as The Thai version.
- (4) In the case where shareholders could not attend the meeting in person, the company allowed said shareholders to appoint proxies from independent directors or other parties, to attend the meeting on own behalf. The company provided clear details pertaining to the proxy appointment letter, sent together with the proxy appointment letter (form B), allowing the shareholders to instruct own voting direction.





Number and nature of attendance of the Annual General Meeting of Shareholders No.45 on April 23<sup>rd</sup>, 2019.

	persons	No. of shares	% (shares)
Shareowners as listed in share registration	690	120,000,000	100.00
Total number of attendants	75	107,012,880	89.18
Attended by oneself	33	21,183,100	17.65
Proxy	42	85,829,780	71.52
Proxy to audit committee	11	2,076,690	1.73
Proxy to individual	31	83,753,090	69.79

- (5) The voting procedure for each meeting agenda was carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes were kept afterwards. Nevertheless, for the agenda related to directors' appointment, all voting ballots bearing the signature of each shareholder were collected and kept as evidence. Vote tallying was carried out using the barcode system and displayed on-screen in the meeting room after the end of the agenda, to facilitate convenience, transparency, and easy verification.
- (6) Shareholders were given the right to pose questions in the meeting of shareholders. At the 45<sup>th</sup> General Meeting in 2019, Mr. Anu Wongsarakit, a shareholder had asked about the operating results of the Company. The Directors and the Management had clarified the question until it was understood.

**2.2 Supervision over inside information** The Company has laid down the policy safeguarding against inside information abuse, by stating in writing in the business ethics manual, and the code of conduct for company directors, the management and employees, not allowing Company Directors, the management, and employees, to exploit the information or assets belonging to the company, or accorded own position, in such manner seeking unjust gains for own self or for others. In relation to this, the Company handed out relevant manuals to Company Directors, the management, and the employees, to serve as guidelines for their business operations and assignments, while also disseminating those information on company website. Detail had been shown on the Item Supervision of inside information. Furthermore, the Company also incorporated above information into company regulations, together with the penalty provision. In 2019, no contravention of such policy by any Company Director, Executive Officer and employees was found.

**2.3 Supervision over the transaction of Company securities** The Board of Directors has prescribed measures to oversee securities trading and reporting of interests of directors and executives. The Company forbade the Directors, the management, and the employees working in those departments accessible to inside information, to engage in the transaction of company securities, during the period of 1 month before the disclosure of such information to the public. The company distributed said instructions in circular to all concerned parties each quarter, together with the penalties to be imposed in the case of violation or non-compliance with said regulation. In 2019, all the company directors and management members strictly followed accordingly, without engaging in such transactions during said period.

In addition, the Company had set a policy to oversee the interests of the directors and executives by request the report of their and the related parties interests, which related to the operation of the company. In the year 2019, the Company's directors and executives have complied with the prescribed measures.







**2.4 Treatment of conflict of interests** The company treated the issue of conflict of interests with caution and reason, with the company's interests in mind, price setting is on fair trade terms, in the same condition as outsider. The Company laid down operations systems in a transparent manner, deemed as one major policy regarding good governance practice and business ethics for the company. The company controlled the implementation of connected transactions being conducted in the fair market price, in accordance with the normal business, so as to comply with the announcement by The Capital Market Supervisory Board. Before implementing each connected transaction requiring prior approval from The Board of Directors, the item was first proposed to The Audit Committee for endorsement prior to submitting to The Board of Directors for further approval. The directors with possible conflict of interests were not allowed to take part in the meeting. Afterwards, the company informed said meeting resolution to the shareholders via the news channel of the SET together with the company website. The information included the disclosure of names and relationship of connected parties, pricing policy, transaction value, and other related details, as well as the opinions of The Board of Directors pertaining to such transactions.

Furthermore, the company held The Board of Directors' meeting subsequent to the shareholders' meeting each year, to decide on the approval criteria for business transactions under normal business term, conducted between the company and the directors, management members, or connected persons. Such transaction items were to be concluded and reported to The Board of Directors on a quarterly basis.

**2.5 Supervision over assets transaction** The company supervised assets transaction in accordance with the announcement by The Capital Market Supervisory Board regarding the acquisition and disposal of assets, whereby directors with possible conflict of interests were not allowed to participate, so as to facilitate fairness and transparency.

### Section 3: Role of Stakeholders

The Board of Directors appreciates and respects the rights of all stakeholders. Regard is given to the rights under the law or agreements executed by the Company. As a consequence, a policy has been determined as a guideline for treatment of each stakeholder group. Further regard is also given to communities, society and the environment. This policy aims to achieve sustainable development, combat wrongful and corrupt practices, prevent intellectual infringement, as well as respect human rights.

The Company has prepared a **Code of Business Ethics and Employee Conduct** for Company operations in order to secure confidence that all stakeholders will be protected and treated fairly and equally.

**3.1 Shareholders** The Company respects the rights of both major and minority shareholders as required various laws and regulations. All shareholders are treated equally. The Company strives to satisfactorily represent the shareholders in advancing the businesses as well as generating a fair return in accordance with the dividend policies of the Company. In addition, the Company has mechanisms for ensuring the trust of shareholders in obtaining accurate information, controlling connected transactions, and having measures for preventing conflicts of interests. Measures have also been in place to prevent the exploitation of insiders' information for personal benefits, including the use of such information for the trade of the Company's securities, especially in the 1 month period prior to the disclosure of financial statements to the public, which is stipulated in the code of conduct for employees.

The Company invited all shareholders to the annual general meeting. Shareholders were given the right to vote on all agenda. Shareholders also have the right to acquire important information, such as the Company's quarterly operating results, investment disclosures and connected transactions. The Company has disclosed these data through channels of the Stock Exchange of Thailand and the Company website ([www.thanulux.com](http://www.thanulux.com)).





In 2019, the Company paid dividends for 2018 operations and retained earnings at the rate of Baht 0.75 per share, equivalent to a dividend payout 44.53 percent of the net profits of the separate financial statements on May 17, 2019. This dividend payout exceeds the prescribed dividend policy of Baht 0.20 per share. The payments reflected a continuous payout of dividends to the Company's shareholders, thereby genuinely building long-term wealth to the shareholders.

**3.2 Employees** The Company realizes that employees are the most valuable resources and constitute the heart and main driving force of the organization to success. The Company has therefore treated its employees in accordance with good governance principles. Human dignity, human rights and ethics are respected and promotion, support, practice, training and knowledge development of employees are provided comprehensively for employees. Employees are given opportunities to express their potential. They are also encouraged to participate in determining the development and operational directions of the Company. In order to secure career path security, the Company offers fair remuneration for employees as appropriate for the knowledge, skills, responsibilities and performances of each employee.

Moreover, the Company has looked after the working environment by having due regard to the safety of life, health and properties of employees. Security personnel are on duty 24 hours a day. Alarm systems have been installed in buildings. Safety equipment and fire engines have been provided. Basic firefighting training and drills have been held as well as evacuation drills and the use of personal protective equipment. These training and drills were held to promote the employees' understanding of the proper practices according to standard systems on safety and the environment. Various welfare benefits have also been provided for employees to raise the quality of lives and standard of living, e.g.

- Together with the Saha group set up cooperatives for employees
- Provision of a clinic attended by a medical doctor twice weekly and 2 nurses every day.
- Annual medical examination
- Employee uniforms
- Welfare sale of goods at special prices as sustenance aid for employees
- Collaboration with the Government Housing Bank in providing low-interest housing loans
- Accommodation for employees assigned to perform tasks in other provinces
- Retirement benefits
- Financial assistance in the event of death of an employee, employee's parent and spouse
- Financial assistance in the event of an employee being a victim of fire or a natural disaster, such as flooding or storms
- Cash rewards for employees completing 10, 20, 30, 40 years of employment

In addition, the Company has established a Welfare Committee in order to offer an opportunity for employees to participate in the administration of welfare benefits and to act as a center for the comprehensive distribution of welfare aid to employees, as well as to act as a channel for communications, suggestions or voicing grievances on various matters pertaining to work.

**3.3 Customers** The Company operates its businesses by adhering to the principles of loyalty, justice and providing accurate information to customers. Customers' complaints are handled with priority and processed with all due fairness in order to promote an expeditious response to customers' needs as well as to develop products and services which meet the requirements of customers. Constant innovations are undertaken in order to add value to products and services according to the quality accreditation ISO9001 on design and manufacture of garments and leather goods. Customers' trade secrets are also protected. A survey of customer satisfaction on quality, services and delivery of goods for 2019, show that the Company enjoyed a satisfaction approval of more than 85%.

In this regard, the Company has a customer relations center which serves as a central medium for receiving comments and suggestions from customers. The center may be call at 0-2295-0911-9, 0-2295-4171-80





**3.4 Competitors** The Board of Directors placed much importance on fair and honest business competition under the framework specified by law. Accordingly, the company always implemented its business operations according to fair competition rules. Over the years, the company was never engaged in any trade dispute with other competitors.

**3.5 Business partners** The Company has prescribed policies of fair and equitable treatment and responsibilities to business partners, which was based on the appropriate compensation for both parties as follows.

- (1) The Company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards and friendliness to the environment.
- (2) The confidentiality of secrets or information of trading partners is maintained and not exploited for wrongful gains of oneself or of others.
- (3) The Company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners.
- (4) Had criteria according to international standards ISO 9001 for evaluating, selecting, checking and monitoring the performance of business partners.
- (5) Relationships, and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.
- (6) The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trading agreements.

In addition, the company had also formulated procurement regulations to serve as a guideline for efficient and ethical business conduct in accordance with good corporate governance.

In 2019, there was no case of non-compliance with the contract with partners.

**3.6 Creditors** The Company adhered to operating business with ethics to gain trust from creditors by:

- (1) Prescribe policy to treat every creditors with fairness justly.
- (2) Espouse responsibility and transparency through strict compliance to contractual terms and conditions.
- (3) Present financial statement with accuracy and punctuality.

In 2019, the company paid all creditors in accordance with agreed term, without causing any default.

**3.7 Communities and Society** The Company operates business with due regard to impact on communities and society. There is a continual instillation of conscience of responsibility amongst employees. One heading of the social responsibility policy is the importance attached to participation in community development. The Company would consider the needs of communities and participation in the development of community quality of lives. Attitudes and organizational cultures are fostered in order to enable employees to participate in volunteer works and socially beneficial activities with communities.

In 2019, the Company expanded its community and social responsibility activities by holding workshops with communities in the Company's vicinity and holding activities as requested by the communities. A channel was provided for filing complaints relating to the environment and other aspects of the Company which could affect the communities, then did not receive any complaint. The Company's performance earned accreditation under the social responsibility of industrial operator standard (CSR-DIW Continuous) from the Department of Industrial Works, Ministry of Industry. Activities which are beneficial to the communities and society have been disclosed in the Sustainability Report.





**3.8 Environment** The Company has recognized responsibility towards environment by prescribing it as one of the company's missions, and also define in the corporate governance policy and business ethics towards. The company conducts business with due concern toward natural resources and the environment. Accordingly, the company paid due attention to ensure that all activities starting from manufacturing were eco-friendly:

- (1) Conduct business in compliance with applicable laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment, the performance was reviewed and evaluated regularly.
- (2) Organizational culture and consciousness of Employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.
- (3) Provide knowledge and training about environmental management.
- (4) An Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
- (5) Environmentally friendly technology is developed and used whenever possible

#### Promotion of efficient use of resources

The Company realizes the importance of control on the use of resources for sustainable development. This can be achieved with the cooperation of all personnel in the organization. A value is promoted amongst employees that society advancement requires a balanced development in the economy, quality of life as well as natural resources and environmental conservation.

In 2019, the Company adhered to energy conservation measures, enabling energy consumption reduced from the preceding year. The Company also engendered an organizational culture and built a conscience in all levels of employees to promote cooperation and mutual responsibility in the utilization of resources. Activities were organized to encourage creativity by employees in the creation of value from leftover materials. Moreover, trainings were also held on efficient energy consumption for employees in the production line, as well as numerous other activities such as campaign boards for water conservation and electricity conservation in various locations to remind employees of the need to maintain efficient and sustainable utilization of resources.

#### Knowledge Building and Training of Employees on the Environment

The Board of Directors has promoted employees' awareness of the importance of the environment. The Company disseminated knowledge on the environment to employees via the internet, information notice board and audio announcements, as well as continually promoted employees' training to build knowledge on the environment.

In 2019, employees participated in environmental training in key issues, e.g. ISO14001:2015 course (environmental management system standard) and CSR-DIW Continuous (a project to promote social responsibilities of industries and sustainable co-existence with communities).

**3.9 Promotion of Activities for Community Development** The Board of Directors has attached importance to community development by continually promoting activities which are beneficial to communities. Detail of the activities had displayed in the Corporate Social Responsibility Report

**3.10 Public Sector** The Company undertakes businesses in compliance with the laws and regulations enacted by the State. The company also give the cooperating in providing accurate information according to government requests, pay taxes correctly, completely, in time according to the requirements of the Revenue Tax Law and customs duties law.





**3.11 Participation channels for the stakeholders** The Board of Directors provides channels and procedures for all stakeholder groups to report or file a complaint on any matter which poses a risk of loss to the Company, the accuracy of financial statements or an unfair treatment. Shareholders and other stakeholders may contact

- (1) Mr. Supachoke Sirichantaradilok, Company Secretary and Investor Relations Officer  
Telephone : 02-295-0911-19, 02-2954171-80 ext. 250 , facsimile : 0-2294-5101  
Email : supachoke@thanulux.com
- (2) Mr. Woradej Puengsiricharoen, President of Internal Audit Department  
Telephone : 02-295-4171-9 ext. 168, facsimile : 0-2294-5101  
Email : audit@thanulux.com.

Who also reports directly to the Audit Committee and investigation outcomes would be reported to the Board of Directors. Details on informants and complaints will be kept secret.

In 2019, there were no complaints filed by shareholders and stakeholders.

Additional details are provided in **“Sustainability Report”**.

Treating all stakeholders above, **the Company had defined various policies and practices as follows:**

#### **Policies and Guidelines Relating to Non-Involvement with Human Rights Infringement.**

The Board of Directors attaches importance to fundamental human rights. Business operations are in compliance with laws and human rights principles. There is no discrimination on the basis of gender, race, religion, political rights, Sexual harassment or other factors. The Company also has a policy of not taking any action and not supporting any activity that is in violation of human rights, such as combatting against the use of child labour by not employing any person below the age of 15 as a Company employee. The Company gives the right to employees to file objections and prove one's innocence in the face of an allegation or corrupt practice. Employment is not terminated unfairly. Employees are treated in accordance with the law on labour protection, which includes the firm protection of employees' human rights. Employees are also educated on human rights principles, which would be applied to operations. As well as the company had a policy not to operate business or did not support activities that violate human rights. Throughout the Company's business operations, there has been no history or court proceedings relating to human rights violations (details on compliance with these policies are provided in “Sustainability Report”).

#### **Policies and Guidelines for Non-Infringement of Intellectual Property and Copyrights.**

The Company adhere a policy of operating its business in consistent with laws relating to intellectual property rights, including respecting the intellectual property rights of others and not involve to intellectual property infringement by imitating or use Intellectual properties without permission. Employees are stimulated to invent innovations to increase the value of goods. Products and work processes are developed to improve efficiency. Innovation contests have been held within the Company continually since 2007, now extending 13 years till present.

The Company has a policy of non-involvement with infringement of copyright and non-use of any trademark without permission of the owner. In case, The Company received any licenses, the Company had strictly complied with the contractual terms and conditions.

There has also been a campaign to prevent employees throughout the organization from using fake products.

In 2019, the Company did not commit any infringement of intellectual property or trademark.







### Policy and regulations concerning computer software

The Company has a policy of regulation computer software as follows:

1. Employees are required to use only the software allowed by the Company in order to prevent Intellectual property infringement
2. In case of using work or any information with all right reserved to outsider of the company, employees need to verify that no intellectual property is violated.
3. Employees are prohibited from bringing, participating, acknowledging or disseminating any information that violates the law as mentioned on copyright act B.E. 2537 or any related law.

### Policies and guidelines on anti-corruption and prohibition of bribery for business benefits

Pursuant to the working philosophy of Dr. Thiem Chokwattana, the founder of Saha Group, there is an emphasis on integrity and justice. The Company has instilled a core value of not promoting actions of employees and Executive Officers which constitute corrupt practices or giving or receiving bribes to obtain benefits for the Company. This value has been stated in the Business Ethics and Employee Code of Conduct.

The Company has implemented the policy of compliance with anti-corruption laws by prohibiting Company Directors, Executive Officers and employees from committing any act or from accepting or supporting any form of corruption, whether directly or indirectly. This prohibition applies to all businesses and all related employees. Anti-Corruption Policy and Anti-corruption procedure can be found under the heading “Anti-Corruption” in the part pertaining to the Sustainability Report.

The Company has recertified “the certification of the Private Sector Collective Action Coalition Against Corruption” on November 4, 2019, the 3-year renewal on November 4, 2022.

## Section 4: Information Disclosure and Transparency

The Board of Directors oversees that there is proper, transparent and timely disclosure of significant information in accordance with the relevant laws and regulations. These disclosures include reports filed in accordance with accounting periods and reports of events having an impact on shareholders’ interests, as well as the disclosure of other information pursuant to the principles of good corporate governance prescribed by the Stock Exchange of Thailand. Disclosure is made to the extent that the Company’s legitimate interests are not prejudiced. Information is published in both Thai and English on the Company’s website, disclosure channels of the Stock Exchange of Thailand and other channels which are comprehensively and equitably accessible.

The Company has transmitted such information through the information dissemination system of the Stock Exchange of Thailand within the time limit for dissemination to the investors and the general public. Moreover, the Company has added new dissemination channels by publishing the information on the Company’s website ([www.thanulux.com](http://www.thanulux.com)) in both Thai and English and regularly updating such information.

The information disclosed in the annual reporting form (56-1) and annual report (56-2) include not only financial statements, but also information on various matters which are demonstrative of business transparency, as follows:





**4.1 Good Governance** The Company discloses good governance policies, good governance principles, business ethics and codes of conduct for Company Directors, Executive Officers and employees, as well as report performance results on compliance with such policies on the Company website.

**4.2 Social and Environmental Policies** The Company holds this as an important business policy, and thus prescribes therefor in its good governance policies. Regard shall be given to impact on natural resources and the environment. Details of compliance with such policies may be found under the heading “Sustainability Report”.

**4.3 Risk Management Policy** The Company has disclosed risk factors affecting businesses, indicating the characteristics of the risks, causes, impact and approaches to preventing or mitigating those risks.

**4.4 Shareholding Structure** The Company has disclosed the list of top 10 shareholders of the Company as at the date of book closing prior to the general meeting of shareholders. This disclosure is made on the Company website ([www.thanulux.com](http://www.thanulux.com))

**4.5 Report of Board of Directors’ Responsibility for Financial Statements** The Board of Directors is aware of the significance of Financial Statements that are accurate, complete and in accordance with accounting standards. The disclosure of such information has been audited by an independent auditor and approved by the Audit Committee and Board of Directors prior to dissemination to shareholders. Also, in order to secure confidence, the Board of Directors has prepared a Report of the Board of Directors’ Responsibility for the Financial Statements, signed by the Company Chairman and Managing Director, disclosed in the Annual Report and Form 56-1 together with the Auditor’s Report. In 2019, the Company’s Financial Statements were approved unconditionally by the auditor. The Financial Statements have been submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission in a timely manner. No instructions were given to amend the Company’s Financial Statements.

**4.6 Performance of the Board of Directors and Subcommittees** The roles and duties of the Board of Directors and Company Committees have been disclosed, along with the number of meetings, attendance of each Company Director in meetings during the past year, under the heading “Management Structure” and “Governance” in the part pertaining to the Board of Directors and Company Committees.

**4.7 Securities Holding of Directors and Executive Officers** The Company has disclosed shareholdings and changes in shareholdings in the Company during the year of Directors and Executive Officers, directly and indirectly, in the Annual Report. Details can be found under the heading “Shareholder” in the part pertaining to Report of Shareholdings of Directors and Executive Officers in Thanulux Public Company Limited as of December 31, 2019”

**4.8 Remuneration of Directors and Executives** A disclosure of the policy on remuneration payments to directors and executives, including the forms, types and amount of remuneration received by director and sub-committees, these details have been disclosed in Form 56-1 and in the annual report under the heading on management structure, sub heading “Remuneration of Directors and Executive”.

**4.9 Report of Directors’ Interests Policy** The Board of Directors has prescribed a policy for Company Directors and Executive Officers to report to the Company every occasion which gives rise to a personal interest or the interest of a connected person. In 2019, the Company Directors and Executive Officers have strictly complied with the policy. In addition, during the meeting of the Board of Directors, an interested Director could not participate in deliberations on an important agenda, and the Company has disclosed the interests of such Company Directors and Executive Officers in the notice of resolution submit to the Stock Exchange of Thailand information system.





**4.10 Development of Directors and Executive Officers** The Company has disclosed information on training and development of Directors and Executive Officers. Details can be found under the heading “Personal Details of Company Directors, Executives, Controller and Company Secretary” and “Governance” in the part pertaining to compliance with good governance principles in other areas (Section 5 Responsibilities of the Board of Directors, Article 5.7).

**4.11 Connected Transactions** The Company has complied with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. There are clear, prudent and reasonable guidelines for the greatest benefit of the Company and shareholders. Details of such transactions are disclosed, with specifications of contractual parties, relationships, characteristics of transaction, price terms and value of transaction, to the Stock Exchange of Thailand, published on the Company website and summarized in the Annual Disclosure Report (Form 56-1) and Annual Report (Form 56-2) under the heading “Connected Transactions”.

**4.12 Quarterly Performance Reports** The Company has published quarterly performance reports on the Stock Exchange of Thailand and Company websites. In the event of a change in net earnings in the same quarter on a year-on-year basis by more than twenty percent, the Company would provide an additional explanation for the performance.

**4.13 Whistle Blowing** The Company has prescribed a policy and measures for the protection of employees or whistle blowers in the Code of Conduct of Company Directors, Executive Officers and Employees. Details can be found under the heading “Anti-Corruption in the Sustainability Report”.

**4.14 Investor Relations** The Company has stressed the importance of disclosing transparent and comprehensive information. Various news have been disseminated to investors and related persons in a timely manner and on an equal basis through channels and media of the Stock Exchange of Thailand, and via the Company’s website at [www.thanulux.com](http://www.thanulux.com). In addition, the Company has designated a person who can provide information and news as required by investors or related persons.

Mr. Supachoke Sirichantaradilok, Company secretary and Investor relations

Telephone No. 0-2295-0911, 0-2295-4171-80 ext. 250, facsimile No. 0-2294-5101

Email: [supachoke@thanulux.com](mailto:supachoke@thanulux.com)





In 2019, the Company and companies in the Saha Group, comprising a total of 12 companies, in collaboration with the Stock Exchange of Thailand, held the “11<sup>st</sup> Analysts and Investors Meet Saha Group” event, on June 28, 2019 at Bi-tech Convention Center within the 23<sup>rd</sup> Saha Group Fair to give analysts and investors opportunity to acknowledge significant development of the company. In addition, Saha Group jointly prepared a summary fact book of the Saha Group. The fact books were distributed to analysts and investors attending the event. Interested persons who did not attend the event may watch a video recording of the event through channels of the Stock Exchange of Thailand and the Company website.

## Section 5: Responsibilities of The Board of Directors

The Board of Directors plays an important role in governing the Company to ensure efficient operations. These duties must be performed responsibly, prudently, honestly, and must utilize knowledge and competencies in the determination of the Company vision and mission statement with a view to securing sustained growth. In addition, there must be oversight of Executive Officers and employees to ensure compliance with guidelines in order to achieve the set objectives, as follows:

1. The Board of Directors has prescribed a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies and experiences, without limitation to gender, and having the qualifications required by law. At least one Company Directors is a Non-Executive Director who has experience in the Company’s business undertaking. There are also Independent Directors as required under the Notification of the Office of the Securities and Exchange Commission.
2. The Board of Directors has provided a definition for an Independent Director which meets the minimum requirements of the Office of the Securities and Exchange Commission.
3. The Board of Directors has appointed Committees to screen key matters prior to submission to the Board of Directors.
4. The Board of Directors has issued a charter for each Company Committee by prescribing the tenure and scope of powers and duties to clearly demarcate the roles, duties and responsibilities of each Company Committee and the management.
5. The Board of Directors has a policy which requires Company Directors and Executives holding directorial positions in other companies to make a disclosure to the Company Chairman and Chairman of the Audit Committee.
6. The Board of Directors has provided for a Company Secretary to perform duties prescribed by law and as entrusted. The qualifications of a Company Secretary should be a person possessing knowledge of law or accounting, or who has completed training relating to the performance of company secretarial duties. Continual training and knowledge development are also continually provided.
7. The Board of Directors has prescribed policies for governance, business ethics and codes of conduct for Company Directors, Executives and employees to ensure a harmonized approach.
8. The Board of Directors has prescribed a Company vision and mission so that the Company Directors, Executives and employees would strive towards the same goal.
9. The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executives and employees.
10. The Board of Directors prescribes an annual meeting schedule in advance every year. The determination of agenda takes into account the fair interests of shareholders and all stakeholders. All Company Directors enjoy independence in the expression of opinions. A Company Director having an interest in an agenda shall not have the right to vote in such agenda.





11. The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.
12. The Board of Directors has a policy of encouraging senior Executives to attend Board Meetings.
13. The Board of Directors provides Non-Executive Directors with opportunities to meet among themselves in the absence of the management when necessary. The Managing Director shall be notified of the meeting outcome.
14. The Board of Directors has a policy of promoting the Company Directors' access to essential additional information from the Managing Director, Company Secretary or other assigned Executives within the scope of the set policies. In the event of necessity, the Board of Directors may obtain independent opinions from advisors or external professionals on the Company's expenses.
15. The Board of Directors has implemented measures pertaining to conflicts of interest which are prudent, rational and in compliance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
16. The Board of Directors prohibits Company Directors and Executives from trading in Company shares in the 1-month period prior to the public disclosure of financial statements.
17. The Board of Directors has directed Company Directors and Executives as well as their spouses and children who have not attained legal age to have the duty to disclose shares holdings and changes in holdings of the Company shares to the Office of the Securities and Exchange Commission, and to submit a copy to the Company Secretary for reporting to the Board of Directors in the subsequent Board Meeting.
18. The Board of Directors has directed Company Directors and Executives to disclose personal interests and interests of connected persons in accordance with the prescribed rules.
19. The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.
20. The Board of Directors requires an annual assessment of the Board of Directors' performance.
21. The Board of Directors prepares a report on the responsibilities of the Board of Directors pertaining to the financial statements submitted in the Annual Report.
22. The Board of Directors oversees and determines the payment of appropriate remuneration to each committee member pursuant to the powers, duties and responsibilities and draws comparison to the operation levels in the same business sector.
23. The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.
24. The Board of Directors provides an orientation for first term Company Directors.
25. The Board of Directors has established an internal control system and risk management system.
26. The Board of Directors has provided for the monitoring and assessment of corporate governance by establishing the Governance Committee.







**5.1 Board and Committee Structures** The Board of Directors, Company Committees, and Executive Officers perform assigned tasks.

- (1) **Composition of the Board of Directors.** The Company Articles provide that there shall be no fewer than five Directors. At least half of the Directors must reside in the Kingdom. In 2019, there were 8 Company Directors possessing knowledge, expertise and experience in a variety of fields, namely accounting, finance, management, marketing, law and textiles. The Board of Directors consisted of:

Executive Directors                      3 persons

Non-Executive Directors              5 persons (including 3 Independent Directors)

Hence, Independent Directors comprise more than the one-third required by law.

- (2) **Qualifications of Independent Directors** All Independent Directors possess all qualifications for Independent Directors pursuant to the rules prescribed by the Company in the definition of “Independent Director”. This definition is consistent with the Notification of the Capital Market Supervisory Board. Independent Directors and connected persons do not hold any shares in the Company, parent company, subsidiary company, associated company, major shareholder or controller of the Company.

**No Independent Director holds a director position in more than 5 listed companies.**

- (3) **Recruitment Process** The Board of Directors appointed a Nominating Committee to oversee the recruitment of Directors in a transparent manner (details are provided under the heading “Governance” in the part pertaining to the recruitment of Directors and Executive Officers.)

- (4) **Term of Directors** The Board of Directors is appointed by the meeting of shareholders. Each Director remains in office for a term prescribed by the Company Articles. Upon the expiration of term, a Director may be re-elected for another term in office.

- (5) **Number of Companies in which Directors Hold Positions** The Company has disclosed details on offices of each Director held in other companies under the heading “Personal Details of Company Directors, Executives, Controller and Company Secretary”. The Company does not impose a limit on the number of companies in which Directors are allowed to hold positions since past performances of all Company Directors have shown that they are able to attend meetings regularly and have applied knowledge, competence and full devotion of their time to the management of the Company without any flaws.

- (6) **Separation of Chairman and Managing Director Positions** The Company has clearly delineated the duties of the Chairman and the Managing Director in order to separate their respective management functions. This separation enables independence and checks, creating a balance in exercise of powers. The Company also clearly prescribes the scope of functions of each Company Committee and the management in Board of Directors Directives which are open for inspection so as to ensure transparency of management.๗

- (7) **Company Secretary** The Company has appointed Mr. Supachoke Sirichantaradilok as a Company Secretary to perform duties and assume responsibilities as provided by law and by the Company (details are stated under the heading “Management Structure”, Article 4 Company Secretary).

**5.2 Subcommittees** The Board of Directors has appointed Company Committees to assist in responsibilities in each area in order to secure shareholder confidence that Company operations are transparent, prudent, screened, reviewed and duly advised. The scope of functions and responsibilities of each Company Committee has been clearly prescribed (further details have been provided under the heading “Corporate Governance” in the part pertaining to Company Directors and Committees and “Management Structure” in the part pertaining to the Board of Directors).





### 5.3 Roles, Duties and Responsibilities of the Board of Directors

- (1) **Leadership and Vision** The Board of Directors consists of persons having diverse knowledge, competency and expertise as well as specializations in areas beneficial to the company. The Board would grant its approval to visions, tasks and strategies and authorize important issues pertaining to policies, strategies, plans and annual targets for the executive, as well as oversee that the administration carried out by the management is effective and consistent with the policies and prescribed business plans.  
The Board of Directors determines the vision, mission and core values of the Company, and also gives approval to the strategy, target work plans and annual budget of the Company proposed by the management. A resolution of Board of Directors Meeting No. 8/2019 on December 17, 2019 has approved the Medium term strategy, short term strategy and operation plan for 2020. The Board of Director also provides mechanisms for the supervision, monitoring and assessment of management performance to ensure consistency with targets and guidelines. This ensures value adding and prosperity of the Company and shareholders. At the same time, regard is given to all stakeholders.
- (2) **Good Corporate Governance** The Board of Directors appreciates the significance of good corporate governance. In this connection, good corporate governance principles have been issued in writing, consisting of 4 parts, namely, the Good Corporate Governance policy, the 8 Good Corporate Governance Principles, the Business Ethics and the Code of conduct for Directors, Executive officers and employees. It was published in 2 languages: Thai and English. Board of Directors had a policy to evaluate and review ethical corporate governance code annually. The code was promoted through corporate website as well as a printed hand-out distributed to every personnel. All employees were required to strictly follow the code. Moreover, the idea of ethical corporate governance was portrayed by animation and presented to employees regularly in order to raise awareness of ethics in work place. As for the new joiner, the company also included ethical corporate governance code as one of the lesson during the orientation.  
The Board of Directors appointed ethical governance committee to encourage and promote ethical corporate governance code to directors, executives, and employees. The supervisors were required to ensure their team members strictly follow the code. The aim was to improve company administration with transparent business conduct. The employees who do not follow will receive penalty or will be persecuted if they violated the law. (Further detail of ethical corporate governance code can be found in company's website)
- (3) **Management of Conflicts of Interests** The Board of Directors attaches significance to the scrutiny of transactions which could potentially lead to a conflict of interests. This is to be carried out prudently, honestly and in good faith. Thus, policies relating to conflicts of interests have been prescribed as part of the corporate governance policies and business ethics. Further details are available on the Company website ([www.thanulux.com](http://www.thanulux.com)). The Company disclosed details of transactions with potential conflicts of interests under the heading "Connected Transactions".
- (4) **Supervision of Control Systems and Internal Audit** The Company has attached significance to internal control systems in regard to administration, finance, operations and supervision. An internal audit unit performs the duties of auditing various operational systems, including computing systems. The unit also gives advice to ensure effective compliance with guidelines, independence, full accountability and checks and balances. The unit reports directly to the Audit Committee and hold regular meetings with the Audit Committee to exchange views pertaining to audit and audit results. The Audit committee will present the report as well as notice and suggestion to board of Directors every quarters.  
The Board of Directors Meeting No. 1/2019 on February 26, 2019, the Board of Directors had reviewed the internal control report of the company and affiliates in 5 aspects including control environment, risk management, control activities, information and communication, and monitoring and evaluations. The board approved it reasonable and effective.





- (5) **Risk Management** The Board of Directors attached importance of the risks management that had an effect on the objective of the Company. Therefore, procedures of risk management were developed systematically and conformed with corporate policies. The Board also appointed a Risk Management Committee to determine work plans and clear procedures for risk management. The Risk Management Committee classifies risks, causes of risks, including assessments of opportunities and threats, in order to formulate a risk management plan. The objective is to minimize or eliminate certain risks under systematic and continual supervision that is most effective, as well as to monitor and assess the management of each risk factor to within acceptable levels. Parameters have been set for the Committee to undertake reviews, monitors and provide advice on risk headings, as well as approaches for remedying and preventing those risks in a continual and systematic manner. A report is submitted to the Board of Directors every quarter to ensure achievement of the objectives of risk management which encompass the entire Company (details of risk management in each aspect of the Company are stated under the heading “Risk Factors”).

**5.4 Board of Directors Meetings** The Company determines the dates and times of meetings for the entire year, scheduling at least one meeting each quarter, except in the event of a special agenda where additional meetings may be called as necessary. In each meeting, the Company Secretary would send notices of the meeting together with the meeting agenda and supporting documents at least 7 days in advance in order to enable the directors to sufficiently consider and study those documents prior to attending the meeting.

The Board of Directors has given importance to the attendance of meetings and upholds as a duty to attend all Board of Directors meetings in order to acknowledge and participate in the decisions of the Company. In the fourth quarter of each year, the Board of Directors would invite senior executives to attend the Board of Directors meeting in order to directly provide additional information and details on the standings of problems, as well as to propose operational plans, strategies and targets for annual operations.

In every meeting, the Chairman would give an opportunity to all directors to debate and express opinions independently. A director who had an interest in the matter considered would not attend the meeting and have no right to vote. At the end of the meeting, the Company Secretary, as a recorder of the meeting, would prepare the meeting minutes and send the minutes to the Chairman within 7 days for consideration and signature as verification. In any event, directors are able to express opinions, request amendments or additions to the minutes for greater accuracy.

The Minutes that have been approved by the meeting and signed by the Chairman would be archived systematically at the Company office in order to enable searches, references and inspections by the Board of Directors and related persons.

In 2019, the Board Meetings were held 8 times. The attendance of each director has already been stated in form 56-1 and the Annual Report.

**5.5 Assessment of the Board of Directors** The Board of Directors appreciates the significance of its roles, duties and responsibilities towards the performance of functions for the best interest of the Company and all stakeholders. Therefore, there is an annual assessment of the Board of Directors as a whole and individual. In 2019, the Company Secretary had sent evaluation forms to all Directors. Each Director enjoys independence in filling the evaluation forms. Upon completion, the forms were returned to the Company Secretary for processing and reporting to the Board of Directors in the meeting.

**The annual collective evaluation of the Board of Directors** may be divided into 3 aspects, namely:

- (1) Role, duty and responsibility of the Board of Directors
- (2) Independence of the Company Director
- (3) Relationship with management and stakeholders





In 2019, the evaluation result achieved the **“Very good”** grade with an average score of **85.86%**.

**Individual evaluations for each Company Director** are divided into 3 aspects, namely:

- (1) Roles, duties and responsibilities of the Company Director;
- (2) Duty fulfillment of the Company Director;
- (3) Self-development of the Company Director.

In 2019, the evaluation result achieved the **“Very good”** grade with an average score of **87.68%**.

#### Evaluation of the Subcommittee for the year 2019

- 1) **Audit Committee** the evaluation result achieved the **“Excellent”** grade with an average score of **98.33%**
- 2) **Nominating Committee** the evaluation result achieved the **“Very good”** grade with an average score of **75.00%**
- 3) **Remuneration Committee** the evaluation result achieved the **“Very good”** grade with an average score of **78.67%**
- 4) **Risk Management Committee** the evaluation result achieved the **“Very good”** grade with an average score of **76.67%**
- 5) **Governance Committee** the evaluation result achieved the **“Very good”** grade with an average score of **87.19%**
- 6) **Executive Committee** the evaluation result achieved the **“Very good”** grade with an average score of **78.13%**

#### Annual Evaluation of the Managing Director

The Board of Directors requested the Chairman of the Executive Committee to evaluate the performance of the Managing Director on an annual basis. The result is used to determine remuneration, based on the following factors:

- (1) Vision and business strategy;
- (2) Leadership, teamwork and succession plan;
- (3) Analytic skills and creativity;
- (4) Commitment to efficiency and success;
- (5) Flexibility and adaptability;
- (6) Integrity and loyalty to the organization.

The evaluation result is confidential personal data which cannot be disclosed.

**5.6 Remunerations** The Remunerations Committee would consider the appropriate remunerations limit and make a proposal to the Board of Directors for consideration before submission to the meeting of shareholders for approval of the remunerations limit.

The 45<sup>th</sup> General Meeting of Shareholders for 2019 on Tuesday, April 23, 2019 approved the remunerations limit for Company Directors at Baht 10 million per year. Meeting allowances were paid at the rate approved by the meeting of shareholders. Annual fees were paid to all Directors, the Remunerations Committee was tasked with the allocation of those fees and sent to Board of Director for Approval.

Remunerations of Executive Officers are in accordance with Company policies. Regard is given to the Company's performance and the individual performance of each Executive Officer. In all events, the remunerations of Directors and Executive Officers in 2019 have been disclosed by the Company in Form 56-1 and the Annual Report under the heading “Remunerations of Directors and Executives”.



**5.7 Development of Directors and Executive Officers** The Company attaches importance and promotes opportunities for increasing knowledge of all Directors and Executive Officers. Thus, the Company sponsors the enrollment of all Directors in courses which would be beneficial to the performance of Director duties. Directors have participated in courses organized by the Thai Institute of Directors (IOD), i.e. Director Accreditation Program (DAP) and Director Certification Program (DCP), at least one of which is required by the SEC for directors of listed companies. Apart from the requisite courses, the Board of Directors also attaches significance to participation in other courses of the Thai Institute of Directors, e.g. Audit Committee Program (ACP), Understanding the Fundamental of Financial Statements (UFS) and Finance for Non-Finance Director (FND), and the Role of Chairman (RCM) Monitoring the System of Internal Control and Risk Management (MIR) and Chartered Director Class (CDC) or courses of other organization. These training would enhance their competence as professional leaders with proper understanding of their roles and duties and enable them to advance the organization to good governance. Furthermore, there are shorter seminars beneficial to the performance of duties by the Board of Directors, including other courses to be organized by IOD in the future.

Details of participation in training on Director roles of each Director have been disclosed in the Annual Report and Form 56-1 under the heading “Personal Details of Company Directors, Executives, Controlling persons and Company Secretary”.

#### Seminars attended by Directors

Name list	Training Course Name - Seminar
<b>Miss Dusadee Soontrontumrong</b>	● Update Digital Marketing & Tools
	● How to quick win leather Goods
	● Smart Leader : Leader as a Coach
	● Leader as a Communicator
	● Strategic Planning & Management
<b>Mr. Supotch Pakaworawuth</b>	● Update Digital Marketing & Tools
	● How to quick win leather Goods
	● Smart Leader : Leader as a Coach
	● World System Merchandising
	● Leader as a Communicator
<b>Miss Marin Leelanuwatana</b>	● Update Digital Marketing & Tools
	● How to quick win leather Goods
	● Smart Leader : Leader as a Coach
	● Sharing Success Story with “Shopee”
	● Leader as a Communicator
	● Strategic Planning & Management





## Orientation for New Directors

The Company organized an orientation for new Directors in order to inform them of the Company's business policies, as well as relevant information, e.g. the Company's principal businesses, performance, organizational structure and shareholders, for the benefit of performing duties of new Directors. In addition, a "Handbook for Directors of Listed Companies" are also distributed to all Directors, containing the following details:

- (1) Summary of comparison between the Company Articles, Securities and Exchange Act and Public Companies Act.
- (2) Charters of the Board of Directors and Company Committees.
- (3) Good Corporate Governance Policy

**5.8 Succession Plan** The Company has a policy of continually developing its personnel in order to strengthen the organization. The aim is to provide drive and opportunity for self-development and the full realization of potentials. In this regard, the company has organized a scheme for developing high-potential personnel through the nominating, analysis and assessment of competencies in order to devise an individual development plan. This scheme prepares the personnel for executive positions where they will continue to drive the organization in the future. Moreover, the Company grants educational scholarships to employees at bachelor's degree and master's degree levels for domestic and overseas studies. The aim is to enable employees to obtain knowledge that would be beneficial to the performance of work. The Company also promotes study visits within and outside of the country.

Furthermore, the Board of Directors appreciates the importance of building executives to succeed the chief executive positions. The following principles are pursued:

- (1) A description of the chief executive positions, relevance to targets and strategies of the organization, as well as a specification of the qualifications, knowledge and skills required.
- (2) Nominating of executive officers who possess competence and abilities.
- (3) Analysis of individual qualifications in order to identify strengths and areas in need of further development.
- (4) Constructing an individual development plan to promote development of competence and potentials.

From the importance attached and the continual development of good governance of Company Directors, Executive Officers and Company Employees. In 2019, the Company received a **"Very good"** governance rating for listed companies from the Thai Institute of Directors, sponsored by the SEC and the Stock Exchange of Thailand.



# Internal Control System

The Company realizes the importance of the internal control system which has been established based on the integrated internal control framework called “COSO” (The Committee Sponsoring Organizations of the Treadway Commission). The system consists of internal control of organization, risk assessment, implementation control, information and communication system and tracking system. The Company requires Internal Auditing Office to evaluate the internal control system according to assessment form of the Office of Securities and Exchange Commission, including a Control Self-Assessment (CSA) system. The key purposes are to increase the efficiency, effectiveness and save time in operations; to create an accurate, complete, reliable and timely financial report, financial statements as well as other related reports; and to ensure the strict compliance with the laws, rules and requirements related to business operation of the Company.

In 2019, the Board of Directors and Audit Committee are of the opinion that the Company and subsidiaries had the effective and appropriate internal control system.

## Head of Internal Audit Officer and Head of Compliance Unit

### 1. Head of Internal Audit Office

The Audit Committee approved of Mr. Woradej Puengsiricharoen to take a position as head of Internal Audit Office, since the person has good quality of knowledge, abilities and experiences in such work and also received Internal Auditing Certificate Program (CIA No. 30825)

Name / Position	Education	Training Course / Seminar
<b>Mr. Woradej Puengsiricharoen</b> President of Internal Audit Department Secretary to the Audit Committee	Master's degree in Management	- Risk Management
	Mahidol University	- Revenue Code
	Bachelor's degree in Accounting	- Auditing Information System
	Chulalongkorn University	- Control - Self Assessment)
	Certified Internal Audit (CIA No. 30825)	- Accounting Standards
	The Institute of Internal Auditors (IIA USA)	- Effective Audit Committee (IOD)
		- Good Corporate Governance Code (IOD)
		- Balanced Scorecard
		- COSO Internal Audit
		- SAP Audit
		- Resources for Lean Manufacturing
		- Exchange rate and Risk Management tools
		- Change Management

Accordingly, the Audit Committee agreed that the company's head of Internal Audit Office possesses adequately appropriate, experiences, and trainings to perform as Head of Internal Audit.



## 2. Compliance Unit

The Company has assigned Miss Morakod Kladpetch, Legal office, to act as head of Compliance unit according to the rules of official agencies overseeing the company's business operations.

Name / Position	Education	Training Course / Seminar
<b>Miss Morakod Kladpetch</b> Legal officer	Bachelor's degree in law Chulalongkorn University Attorney at Law License Barrister-at-law	- Notarial Services Attorney
		- Preparation for legally enforceable agreement
		- AGM Checklist
		- Foundation of Professional to manage condominium and housing estate, class of 7
		- Occupational Safety and Workplace
		- Environment Management



## Connected Transactions

In 2019, the Company executed accounting transactions with subsidiaries and connected companies, i.e. companies sharing common groups of shareholders or common directors, as stated in note 5.1 of the financial statements. The notes provide details on the connections of connected companies, policies for determining prices for connected transactions and the connected transactions, as follows:

1. Connected revenues and expenditures for the year ending 31 December 2019, e.g. sales revenue, dividends received, other revenues, goods and raw materials purchases, sales and administration expenses and purchases of fixed assets (please refer to note 5.2 of the financial statements).
2. Connected assets and liabilities as at 31 December 2019, e.g. accounts receivable, short-term loans, outstanding receipts, investments, accounts payable and outstanding expenditures (please refer to note 5.3 of the financial statements).

### Connected Transactions as Defined by the Stock Exchange of Thailand

**Transactions** between the company or its subsidiaries and connected person that were executed in 2019 are stated below:

#### Ordinary and Usual Course of Business

The Board of Directors in meeting no.6/2018 held on 14 November 2018 adopted a resolution which granted authorization for the execution of certain types of transactions with 20 connected persons in respect of the Company's ordinary and usual course of business which occurred or was expected to occur in the year 2019. These transactions were aimed at mutual promotion and business development and enhancement of competitiveness for the benefit of the Company. The prices and other related conditions were reasonable. Details of the transactions are set out below.

No.	Connected Person	Nature of Relationship
1.	Saha Pathana Inter-Holding Public Company Limited	Major shareholder
2.	Ramasorn Thaveekarn Company Limited	Major shareholder
3.	Thai Wacoal Public Company Limited	SPI is a co-major shareholder
4.	I.C.C. Internation Public Company Limited	SPI is a co-major shareholder
5.	PTK Multi-Service Company Limited	SPI is a co-major shareholder
6.	Pitakkij Security Guard Company Limited	SPI acting as co-major shareholder (Indirectly shareholding through Pitakkij Co., Ltd.)
7.	World saha Fashion Company Limited	SPI is a co-major shareholder
8.	T-Chamber Company Limited	RST is a co-major shareholder
9.	Wise Winner Company Limited	RST is a co-major shareholder
10.	Thai Monster Company Limited	SPI and RST are a co-major shareholder
11.	Saha Pathanapibul Public Company Limited	SPI and ICC are a co-major shareholder
12.	Thai Gunze Company Limited	SPI and ICC are a co-major shareholder
13.	Thai Secom Pitakkij Company Limited	SPI and ICC are a co-major shareholder



No.	Connected Person	Nature of Relationship
14.	Thai Takaya Company Limited	SPI and ICC are a co-major shareholder
15.	Morgan De Toi (Thailand) Company Limited	SPI and ICC are a co-major shareholder
16.	Thai Itokin Company Limited	SPI and ICC are a co-major shareholder
17.	SSDC (Tigertex) Company Limited	SPI and ICC are a co-major shareholder
18.	Erawan Texille Company Limited	SPI and ICC are a co-major shareholder
19.	Total Way Image Company Limited	SPI , ICC and RST are a co-major shareholder
20.	International Leather Fashion Corporation Limited	SPI , ICC and RST are a co-major shareholder

Note: SPI = Saha Pathana Inter-Holding Public Company Limited  
 ICC = I.C.C. Internation Public Company Limited  
 RST = Ramasorn Thaveekarn Company Limited

### General Characteristics of Transactions :

(Unit : million Baht)

2019				
Transaction	Revenue / Expenditure	Example of Transaction	Approved Limit	Actual Transaction
Support of Ordinary and Usual	Revenue	Transactions occurred from normal	8.00	4.32
Course of Business	Expenditure	busines support activities	2.00	1.37
Short-term Lease of Immovable Property Not Exceeding 3 Years	Revenue	- Rent of Immovable Property	28.00	14.89
	Expenditure	- Rent of Immovable Property	2.00	0.98
Transaction Related to Assets or Services	Revenue	- Data processing services	5.00	4.85
Financial Assistance		- Loans	99.00	51.80
		- Guarantees		

### Rules for Determining Returns

1. **Rental Income** Based on location, condition and assets utilization.
2. **Data Processing service** Calculated on cost plus reasonable compensation
3. **Consultancy Fee** Calculated from cost plus reasonable remuneration depending on complexities and scope of services.
4. **Lending interest** Calculated from average deposit interest rates of 5 major commercial banks plus reasonable defined rate.
5. **Guarantee fee** Reasonable fee





**Interested Directors** left the meetings room and did not cast votes, namely

- |    |              |                 |
|----|--------------|-----------------|
| 1. | Mrs. Varindr | Leelanuwatana   |
| 2. | Mr. Supotch  | Pakaworawuth    |
| 3. | Miss Dusadee | Soontrontumrong |
| 4. | Mr. Thamarat | Chokwatana      |

The above transactions executed between the Company and connected companies constituted connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand.

Class 2: regular business support

Class 3: short-term lease of immovable property

Class 4: transaction related to a property or service

Class 5: financial assistance

Pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand on Disclosure of Information and Practices of Listed Companies in Connected Transactions B.E. 2546 (2003), disclosure is required for classes 2, 3 and 4 transactions with values of over 1 million Baht but not exceeding 20 million Baht, or over 0.03% but not exceeding 3% of NTA, whichever is the greater value, and class 5 transactions with a value of less than 3% of NTA or 100 million Baht (minimum value). The 3% of NTA as at June 30, 2018 equal to 107.78 million Baht. Thus the Company was not required to seek approval of the shareholders' meeting, but approval of the Board of Directors and disclosure of information to the Stock Exchange of Thailand were required.

**Opinions by director significantly different from those by the Board of Directors** - None-

## Measures or Procedures for Approving Connected Transactions

1. Transactions in the ordinary and usual course of business between the Company or its subsidiary and a Director, executive officer or related person are executed under general commercial terms as would have been done by a reasonable person under similar circumstances. These agreements are negotiated at arm's length without any undue influence exerted by virtue of the status of a Director, executive officer or related person pursuant to section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008). The Management seeks the approval of the Board of Directors' Meeting on a yearly basis in the first Board of Directors' Meeting following the Annual General Meeting of Shareholders, to inform the new Board of Directors of such matter. As regards other transactions that are not executed under general commercial terms, done in the ordinary and usual course of business of the Company or subsidiaries with connected persons, the Management seeks the approval of the Board of Directors' Meeting on a regular basis in the 4<sup>th</sup> quarter of each year. In addition, the Management reports the transactions executed under the aforesaid conditions to the Board of Directors' Meeting every quarter.

2. Connected transactions which are not executed in the ordinary and usual course of business must be approved by the Company Executive Committee first. If the size of the transaction is within the Executive Committee's authority, the process would be concluded at this stage. However, if the size of the transaction exceeds the authority of the Executive Committee, the Executive Committee would submit a summary of the meeting's resolution to the Audit Committee for an opinion before submission to the Board of Directors for approval if the matter is within its authority. If the connected transaction has a value which exceeds the authority of the Board of Directors, the matter would be submitted to the shareholders' meeting for approval pursuant to regulations of the Stock Exchange of Thailand. At any stage of the deliberations, an interested person shall not be present at the meeting and shall not cast a vote.



### Rules for Consideration

1. Regard shall be given to the present and future benefits to the Company and Group, e.g.
  - Returns on investment, e.g. interests and dividends
  - Company's business opportunities
2. Security which should be received by the Company in connection with the transaction
3. Standing of the relevant company as well as managerial competency

### Policies and Trends for Future Connected Transactions

The Company, as a public limited company, is aware of its responsibilities towards shareholders, employees and all stakeholders under the principles of good corporate governance. Connected transactions are only executed as necessary. Any increase or decrease will depend on economic conditions. In any event, there will be full compliance with the rules stated in all Notifications of the Stock Exchange of Thailand on "Rules Governing Connected Transactions."



## The Board of Directors' Responsibility Report towards Financial Statements

The Board of Directors duly recognized their obligations and responsibilities in their status as the directors of SET listed company, with regard to the compilation of financial statements for Thanulux Public Company Limited and its subsidiary companies. Said financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the adoption of appropriate accounting policies on a consistent basis, accompanied by careful consideration and justifiable accounting estimates. Furthermore, adequate significant information was disclosed per the notes to the financial statements, together with necessary clarification and analysis regarding the financial positions and performances by the company and its subsidiaries, so as to contribute to the interests of the shareholders and general investors. Moreover, said financial statements were duly audited and unconditionally verified by independent certified public accountants.

The Board of Directors had exercised efforts to promote good governance practice, and to establish risk management system and internal control system in an efficient and effective manner. These practices were intended to ensure that the recording of accounting information was carried out in an accurate, complete, and sufficient manner, in order to safeguard the assets of the company and its subsidiaries, while also safeguarding against any significant fraud or abuse.

In the regard, The Board of Directors had appointed the Audit Committee whose members comprising independent directors had duly carried out audit work on the quality of the financial statements and the efficiency of internal control system. The opinions of The Audit Committee were displayed per the Audit Committee's report contained in the annual report publication, as well as the annual registration statement (form 56-1).

Accordingly, The Board of Directors concluded that, the good corporate governance practice, the risk management system, as well as the internal control system already in place at the company, were well adequate and sufficient, reasonably providing sufficient confidence to all the concerned parties that, the financial statements of the company and its subsidiaries ending December 31, 2019, were prepared and presented in substantial context, in accordance with Thai Financial Standards and related regulation, in an accurate and reliable manner.



(Mr. Manu Leelanuwatana)  
Chairman of the Board



(Miss Dusadee Soontrontumrong)  
Chairman of the Executive Committee

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS THANULUX PUBLIC COMPANY LIMITED

### Opinion

I have audited the accompanying consolidated financial statements of Thanulux Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanulux Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanulux Public Company Limited and its subsidiaries and of Thanulux Public Company Limited as of 31 December 2019, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Related Party Transactions

The Company has a commercial agreement with a related company (having co-director/shareholder with the Company) to manufacture and distribute the Company's products in several department stores and other channels. The agreement stipulates that the related company may have goods return within specified period after the sales date.

For the year ended 31 December 2019, the Company has sales transactions with the related company in the amount of Baht 784.47 million, approximately 48 percent of the Group's total sales. Total goods return is reflected in the consolidated and separate statements of comprehensive income for the year ended 31 December 2019 in the amount of Baht 17.99 million. The management also made an estimate for the provision of goods return of Baht 16.60 million as reflected in the consolidated and separate statement of financial position as of 31 December 2019.

We considered the related party transaction matter a key audit matter because generally transactions with related companies contain management overriding control risk which may affect sales transaction not in ordinary course of business. This matter also requires the use of judgment by management to estimate the allowance for goods return.

Therefore, our audit procedures included the review of the policies and compliance of the control relating to sales recognition with the related party when goods were delivered to department stores and pricing policy under the agreed-upon structure. We also reviewed the sales transactions with other related parties whether they represents the same arrangement as well as compared the prices charged to the related company to those charged to third parties. We found that related party transactions are in ordinary cause of business.



Furthermore, we also reviewed key assumptions used by management to estimate the allowance for goods return whether they are appropriate by testing the reliability of goods return report such as calculation of historical goods return data and gross profit margin ratio. We then compared such information to the actual goods returned outcomes. We also assessed and challenged management assumptions in connection with the decrease of the rate of goods return as a result of more efficient store management and decreasing rates of goods return in the past years.

### **2. Net Realizable Value of Inventories**

The Group's inventories as of 31 December 2019 included garments and leather goods in fashionable product group shown in the consolidated and separate financial statements amounting to Baht 354.76 million and Baht 347.43 million, respectively. The Group has a devaluation policy during the year to reduce inventory costs as soon as there is a potential indication, such as product ages, inventory conditions and goods returned, etc. Such policy requires management to use judgment for the product obsolescence and the likely sales prices.

We considered the net realizable value of inventory a key audit matter because of the significant inventory value to the financial statements, the probability that the inventories would be obsolete or out of fashion, and significant use of judgment by the management for the stock devaluation policies.

Our audit included the review the policy and compliance of price reduction policies, including frequencies of inventory devaluation, identification of potentially devalued stock, such as stock ages, number of events which the items were displayed under sales promotion events, product conditions, devalued amount and the situation when it is necessary to devalue more than once, and assessed if they were appropriate to the circumstances. We also reviewed sales documents of the devalued stocks during the year till the date of this report and noted that the sales of the devalued inventories are at the price higher the devalued cost.

Furthermore, we also reviewed the calculation of lower of inventory cost and net realizable value, including the major assumptions used by the management consisting of sales prices and selling expenses.

### **3. Impairment of investments in subsidiary companies, investments in associate company, and general investments**

As discussed in Notes to the financial statements no. 13 of the separate financial statements, as of 31 December 2019, the Company had net investments in subsidiary companies amounting to Baht 27.30 million. As discussed in note to the financial statements, no. 12 of the consolidated and the separate financial statements, as of 31 December 2019 the Company had net investments in associate company amounting to Baht 2.30 million and Baht 2.36 million, respectively. As discussed in note to the financial statements, no. 14 of the consolidated and the separate financial statements, as of 31 December 2019 the Company had net general investments amounting to Baht 406.36 million. The Company had recorded the allowances for impairment of investments in subsidiary companies in the separate financial statements totalling to Baht 72.42 million and general investments in the consolidated and separate financial statements totalling to Baht 41.40 million and Baht 37.40 million, respectively.

We considered the above issue a key audit matter due to the impairment in investments test in accordance with Thai Financial Reporting Standard is material to audit because the recoverable amount of such investment may be lower than the carrying value of investment as of 31 December 2019 and is significant to the financial statements. The consideration of impairment in investments depends on the Group's management judgments and significant assumptions to consider the correct, adequate and appropriate recoverable amount.

Our audit procedures include understanding consideration process and internal control procedures related to the impairment of investments, reviewing the design and implementation of the internal control procedures, calculating test, examining the supporting documents in relation to the management consideration of impairment indicators for investments and assessing the appropriateness of the methodology applied by the Group's management in calculating the impairment charges, and the judgments applied in determining recoverable amount.







## Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Satis Kiatgungwalgri

Mr. Satis Kiatgungwalgri  
Certified Public Accountant No. 9760  
ASV & ASSOCIATES LIMITED  
Bangkok  
26 February 2020



## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2019

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	29,830,565	30,482,064	15,466,515	28,046,930
Short - term investments	7	545,880,456	664,355,634	545,880,456	664,355,634
Trade and other receivables	8	246,742,552	255,828,945	252,056,542	277,226,318
Short - term loans to related companies	9	51,800,000	48,800,000	75,300,000	79,800,000
Inventories - net	10	354,764,761	342,489,148	347,433,749	287,651,990
Other current assets		17,089,850	13,468,347	13,075,046	4,975,724
TOTAL CURRENT ASSETS		1,246,108,184	1,355,424,138	1,249,212,308	1,342,056,596
NON - CURRENT ASSETS					
Available-for-sale invesments - net	11	1,519,800,353	1,571,977,994	1,519,800,353	1,571,977,994
Investments in associate - net	12	2,295,886	4,894,662	2,363,873	9,500,000
Investments in subsidiaries - net	13	-	-	27,302,141	29,368,805
Long - term investments					
General investments - net	14	406,356,161	380,358,856	406,356,161	380,358,856
Investments in debt securities					
held to maturity - net	15	563,793,401	406,214,201	563,793,401	406,214,201
Investment property - net	16	62,409,587	56,947,676	134,274,446	56,947,676
Property, plant and equipment - net	17	444,708,605	483,172,983	418,418,319	454,442,780
Intangible assets - net	18	10,569,341	12,991,872	10,487,536	12,887,594
Leasehold right - net	19	5,224,248	7,883,348	5,224,248	7,883,348
Deferred tax assets	28	38,453,483	35,112,985	38,453,483	35,112,985
Other non - current assets		11,901,492	12,899,992	3,307,493	1,859,253
TOTAL NON - CURRENT ASSETS		3,065,512,557	2,972,454,569	3,129,781,454	2,966,553,492
TOTAL ASSETS		4,311,620,741	4,327,878,707	4,378,993,762	4,308,610,088

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



## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF 31 DECEMBER 2019

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
LIABILITIES AND					
SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Overdrafts and short - term loans from					
financial institutions	20	8	3,061,509	-	-
Trade and other payables	21	164,725,599	185,140,693	183,461,428	172,995,055
Accrued corporate income tax		-	7,371,150	-	7,371,150
Other current liabilities		10,022,104	6,772,151	6,042,275	6,287,775
<b>TOTAL CURRENT LIABILITIES</b>		<b>174,747,711</b>	<b>202,345,503</b>	<b>189,503,703</b>	<b>186,653,980</b>
NON - CURRENT LIABILITIES					
Retirement benefit obligation	22	170,380,177	171,401,542	170,380,177	163,984,479
Deferred tax liabilities	28	188,312,813	194,442,168	188,312,813	193,418,848
Other non - current liabilities		2,555,574	1,563,005	2,555,574	155,898
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>361,248,564</b>	<b>367,406,715</b>	<b>361,248,564</b>	<b>357,559,225</b>
<b>TOTAL LIABILITIES</b>		<b>535,996,275</b>	<b>569,752,218</b>	<b>550,752,267</b>	<b>544,213,205</b>

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





## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF 31 DECEMBER 2019

(UNIT : BAHT)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
SHAREHOLDERS' EQUITY					
Share capital					
Registered share capital					
120,000,000 ordinary shares of Baht 1 each		120,000,000	120,000,000	120,000,000	120,000,000
Issued and paid - up share capital					
120,000,000 ordinary shares of Baht 1 each		120,000,000	120,000,000	120,000,000	120,000,000
Premium on ordinary shares		181,125,000	181,125,000	181,125,000	181,125,000
Other components of equity		749,692,617	782,192,787	752,207,114	775,018,951
Retained earnings					
Appropriated					
Legal reserve	23	12,000,000	12,000,000	12,000,000	12,000,000
General reserve	24, 32	224,300,000	214,200,000	224,300,000	214,200,000
Unappropriated		2,488,358,923	2,447,160,586	2,538,609,381	2,462,052,932
EQUITY ATTRIBUTABLE TO PARENT COMPANY		3,775,476,540	3,756,678,373	3,828,241,495	3,764,396,883
Non - controlling interests		147,926	1,448,116	-	-
TOTAL SHAREHOLDERS' EQUITY		3,775,624,466	3,758,126,489	3,828,241,495	3,764,396,883
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		4,311,620,741	4,327,878,707	4,378,993,762	4,308,610,088

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







## Financial Position and Operation Results

### THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### STATEMENTS OF COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 31 DECEMBER 2019

(UNIT : BAHT)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
Revenue from sales		1,589,390,258	1,731,630,252	1,496,095,514	1,633,641,561
Revenue from rendering of services		37,799,013	46,694,191	32,566,236	37,935,148
	26	1,627,189,271	1,778,324,443	1,528,661,750	1,671,576,709
Add Allowance for goods returned no longer required	8	3,100,000	400,000	3,100,000	400,000
<b>Net sales</b>		<b>1,630,289,271</b>	<b>1,778,724,443</b>	<b>1,531,761,750</b>	<b>1,671,976,709</b>
Cost of sales		(1,146,637,801)	(1,219,096,406)	(1,099,728,362)	(1,184,535,646)
Cost of rendering of services		(41,303,400)	(33,638,850)	(27,355,760)	(27,541,373)
<b>GROSS PROFIT</b>		<b>442,348,070</b>	<b>525,989,187</b>	<b>404,677,628</b>	<b>459,899,690</b>
Other incomes					
Dividend income		74,904,536	61,125,114	101,904,236	61,125,114
Interest income		35,338,219	33,726,378	36,153,572	34,838,726
Rental income from investment property		3,569,648	3,136,600	3,569,648	3,136,600
Rental income		6,060,448	5,504,666	6,060,448	6,650,006
Gain on disposal of investments		973,234	59,583,283	973,234	59,583,283
Others		28,829,173	30,025,787	33,191,502	30,800,765
<b>PROFIT BEFORE EXPENSES</b>		<b>592,023,328</b>	<b>719,091,015</b>	<b>586,530,268</b>	<b>656,034,184</b>
Selling expenses		(98,709,021)	(99,537,288)	(57,851,175)	(57,136,305)
Administrative expenses		(360,487,205)	(360,716,839)	(343,737,977)	(339,186,206)
Royalty expenses		(45,316,652)	(46,369,150)	(43,523,452)	(45,840,835)
(Allowance) reversal for impairment loss of investments	14	(302,695)	850,740	(9,505,487)	2,678,552
Share of loss from investment in associated company	12	(2,598,776)	(2,457,239)	-	-
<b>PROFIT BEFORE FINANCE COSTS AND</b>					
<b>- INCOME TAX EXPENSES</b>		<b>84,608,979</b>	<b>210,861,239</b>	<b>131,912,177</b>	<b>216,549,390</b>
Finance costs		(66,559)	(261,895)	(102)	-
<b>PROFIT BEFORE INCOME TAX EXPENSES</b>		<b>84,542,420</b>	<b>210,599,344</b>	<b>131,912,075</b>	<b>216,549,390</b>
Income tax expenses	28	3,766,894	(15,867,545)	2,743,574	(14,424,185)
<b>NET PROFIT FOR THE YEAR</b>		<b>88,309,314</b>	<b>194,731,799</b>	<b>134,655,649</b>	<b>202,125,205</b>

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





**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

(UNIT : BAHT)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
<b>NET PROFIT FOR THE YEAR</b>		<b>88,309,314</b>	<b>194,731,799</b>	<b>134,655,649</b>	<b>202,125,205</b>
<b>Other comprehensive income :-</b>					
Other comprehensive income to be reclassified					
to profit or loss in subsequent period					
Unrealized loss on revaluation of					
available-for-sale investment (net of income tax)	11	(22,811,837)	(69,580,305)	(22,811,837)	(69,580,305)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(22,811,837)</b>	<b>(69,580,305)</b>	<b>(22,811,837)</b>	<b>(69,580,305)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>65,497,477</b>	<b>125,151,494</b>	<b>111,843,812</b>	<b>132,544,900</b>
<b>PROFIT ATTRIBUTABLE TO :-</b>					
Owners of the parent company		89,609,504	195,524,820	134,655,649	202,125,205
Non - controlling interests		(1,300,190)	(793,021)	-	-
		<b>88,309,314</b>	<b>194,731,799</b>	<b>134,655,649</b>	<b>202,125,205</b>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>ATTRIBUTABLE TO :-</b>					
Owners of the parent company					
Net profit for the year		89,609,504	195,524,820	134,655,649	202,125,205
Other comprehensive income to be reclassified					
to profit or loss in subsequent period:					
Unrealized loss on revaluation of					
available-for-sale investment (net of income tax)	11	(22,811,837)	(69,580,305)	(22,811,837)	(69,580,305)
<b>Total owners of the parent company</b>		<b>66,797,667</b>	<b>125,944,515</b>	<b>111,843,812</b>	<b>132,544,900</b>
Non - controlling interests		(1,300,190)	(793,021)	-	-
		<b>65,497,477</b>	<b>125,151,494</b>	<b>111,843,812</b>	<b>132,544,900</b>
<b>BASIC EARNINGS PER SHARE :-</b>					
Owners of the parent company (Unit : Baht)		0.75	1.63	1.12	1.68
Weighted average number of ordinary shares (Unit : shares)		120,000,000	120,000,000	120,000,000	120,000,000

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





THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

(UNIT : BAHT)

CONSOLIDATED FINANCIAL STATEMENTS											
	Notes	Retained earnings			Other components of equity						
		Issued and paid - up share capital	Premium on ordinary shares	Appropriated		Unappropriate	Unrealized gain (loss) on revaluation of available-for-sale investments	Difference from change in shareholding ratio in subsidiary company	Actuarial gain	Total other components of shareholders' equity	Total shareholders' equity
				Legal Reserve	General Reserve						
<b>Balance as of 1 January 2018</b>		120,000,000	181,125,000	12,000,000	206,400,000	2,385,433,666	811,090,533	(2,514,496)	43,197,055	851,773,092	3,756,731,758
General reserve	24, 32	-	-	-	7,800,000	(7,800,000)	-	-	-	-	-
Dividend payment	32	-	-	-	-	(125,997,900)	-	-	-	-	(125,997,900)
Total comprehensive income for the year		-	-	-	-	195,524,820	(69,580,305)	-	-	(69,580,305)	125,944,515
<b>Ending Balance as of 31 December 2018</b>		120,000,000	181,125,000	12,000,000	214,200,000	2,447,160,586	741,510,228	(2,514,496)	43,197,055	782,192,787	3,756,678,373
General reserve	24, 32	-	-	-	10,100,000	(10,100,000)	-	-	-	-	-
Dividend payment	32	-	-	-	-	(47,999,500)	-	-	-	-	(47,999,500)
Reversal of actuarial gain		-	-	-	-	9,688,333	-	-	(9,688,333)	(9,688,333)	-
Total comprehensive income for the year		-	-	-	-	89,609,504	(22,811,837)	-	-	(22,811,837)	66,797,667
<b>Ending Balance as of 31 December 2019</b>		120,000,000	181,125,000	12,000,000	224,300,000	2,488,358,923	718,698,391	(2,514,496)	33,508,722	749,692,617	3,775,476,540
											147,926
											3,775,624,466

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





THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

(UNIT : BAHT)

SEPARATE FINANCIAL STATEMENTS										
	Notes	Retained earnings				Other components of equity				
		Issued and paid - up share capital		Premium on ordinary shares		Appropriated		Unrealized gain (loss) on revaluation of available-for-sale investments	Actuarial gain	Total other components shareholders' equity
		General reserve	Legal Reserve	General Reserve		General Reserve				
<b>Balance as of 1 January 2018</b>		120,000,000	181,125,000	12,000,000	206,400,000	2,393,725,627	811,090,533	33,508,723	844,599,256	3,757,849,883
General reserve	24, 32	-	-	-	7,800,000	(7,800,000)	-	-	-	-
Dividend payment	32	-	-	-	(125,997,900)	(125,997,900)	-	-	-	(125,997,900)
Total comprehensive income for the year		-	-	-	-	202,125,205	(69,580,305)	-	(69,580,305)	132,544,900
<b>Ending Balance as of 31 December 2018</b>		120,000,000	181,125,000	12,000,000	214,200,000	2,462,052,932	741,510,228	33,508,723	775,018,951	3,764,396,883
General reserve	24, 32	-	-	-	10,100,000	(10,100,000)	-	-	-	-
Dividend payment	32	-	-	-	-	(47,999,200)	-	-	-	(47,999,200)
Total comprehensive income for the year		-	-	-	-	134,655,649	(22,811,837)	-	(22,811,837)	111,843,812
<b>Ending Balance as of 31 December 2019</b>		120,000,000	181,125,000	12,000,000	224,300,000	2,538,609,381	718,698,391	33,508,723	752,207,114	3,828,241,495

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





## Financial Position and Operation Results

### THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expenses	84,542,420	210,599,344	131,912,075	216,549,390
Adjustments				
Decrease in allowance for doubtful accounts	(36,570)	(5,329,778)	(36,570)	(5,957,212)
Decrease in allowance for goods returned	(3,100,000)	(400,000)	(3,100,000)	(400,000)
Increase in allowance for slow - moving stock	1,354,855	140,371	1,854,119	-
Allowance (reversal) for impairment loss of investments	302,696	(850,740)	8,005,488	(2,678,552)
Dividend income	(74,904,536)	(61,125,114)	(101,904,236)	(61,125,114)
Depreciation and amortization	53,307,227	44,109,762	50,317,244	41,334,219
Gain on disposal of investments	(940,000)	(59,090,402)	(940,000)	(59,090,402)
Share of loss from investment in associate	2,598,776	2,457,239	-	-
Realized gain on revaluation of mutual fund	(2,546,662)	(427,037)	(2,546,662)	(427,037)
Unrealized (gain) loss on revaluation of trading securities	1,216,556	(510,153)	1,216,556	(510,153)
Loss from capital reduction	-	-	1,500,000	-
Loss from retirement of fixed assets	977,936	12,025	7,437	12,025
(Gain) loss on disposal of fixed assets	490,617	(526,936)	(100,806)	(195,715)
Gain on disposal of intangible assets	(558)	-	-	-
(Gain) loss on exchanges	(396,879)	119,440	(396,879)	119,689
Finance costs	66,559	261,895	102	-
Interest income	(35,338,219)	(33,726,378)	(36,153,572)	(34,838,726)
<b>CASH FLOWS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>27,594,218</b>	<b>95,713,538</b>	<b>49,634,296</b>	<b>92,792,412</b>
Operating assets (increase) decrease				
Trade and other receivables	13,665,210	39,091,451	29,748,593	48,182,140
Inventories	(13,630,468)	3,098,004	(61,635,878)	3,553,972
Other current assets	(3,621,503)	(1,411,974)	(8,099,322)	(1,743,419)
Other non - current assets	1,082,500	(2,649,131)	(1,448,241)	728,485
Operating liabilities increase (decrease)				
Trade and other payables	(20,808,567)	(27,104,333)	10,072,901	(29,621,092)
Other current liabilities	3,249,953	(749,371)	(245,500)	(1,077,266)
Retirement benefit obligations	(1,021,365)	(5,277,118)	6,395,698	(4,745,398)
Other non - current liabilities	992,569	358,851	2,399,676	23,267
<b>CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>7,502,547</b>	<b>101,069,917</b>	<b>26,822,223</b>	<b>108,093,101</b>
Corporate income tax paid	(7,371,150)	(8,346,140)	(7,371,150)	(7,929,863)
<b>NET CASH RECEIVED FROM OPERATING ACTIVITIES</b>	<b>131,397</b>	<b>92,723,777</b>	<b>19,451,073</b>	<b>100,163,238</b>

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







## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Dividend received	74,883,652	61,049,506	101,883,352	61,049,506
Interest received	35,705,347	34,233,654	36,520,700	35,346,002
Decrease in fixed deposits, bill of exchange and certificate of deposits	25,351,448	57,811,470	25,351,448	57,811,470
Cash received from redemption of trading securities - debt securities	952,461,496	434,025,770	952,461,496	434,025,770
Cash paid for investment in trading securities - debt securities	(969,007,661)	(407,198,278)	(969,007,661)	(407,198,278)
Cash received from short - term loans to related parties	2,000,000	1,200,000	9,500,000	6,200,000
Cash paid for short - term loans to related parties	(5,000,000)	-	(5,000,000)	(16,000,000)
(Increase) decrease in investments in available-for-sale securities				
- marketable equity securities - net	(2,037,599)	56,585,697	(2,037,599)	56,585,697
(Increase) decrease in investments in available-for-sale securities				
- debt securities - net	24,971,758	(59,341,641)	24,971,758	(59,341,641)
Acquisition of debt securities held to maturity	(217,638,720)	(154,898,307)	(217,638,720)	(154,898,307)
Cash received from redemption of debt securities held to maturity	170,000,000	99,500,000	170,000,000	99,500,000
Cash paid for general investments	(29,500,000)	(500,000)	(29,500,000)	(500,000)
Proceeds from disposal and decrease in share capital				
- of general investments	4,868,686	1,583,402	4,868,686	1,583,402
Cash paid for advance in fixed assets	(84,000)	-	-	-
Acquisition of fixed assets	(16,347,885)	(110,741,865)	(14,557,955)	(106,170,316)
Acquisition of investment property	-	-	(72,000,000)	-
Acquisition of intangible assets	(343,800)	(1,560,033)	(343,800)	(1,560,033)
Proceeds from disposal of intangible assets	561	-	-	-
Proceeds from disposal of fixed assets	-	2,952,260	434,729	1,876,542
<b>NET CASH RECEIVED INVESTING ACTIVITIES</b>	<b>50,283,283</b>	<b>14,701,635</b>	<b>15,906,434</b>	<b>8,309,814</b>

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





# Financial Position and Operation Results

## THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(UNIT : BAHT)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Overdrafts and short - term loan from financial institutions	(3,061,501)	932,675	-	-
Cash paid for finance cost	(66,559)	(261,895)	(102)	-
Dividend payment	(47,938,119)	(125,850,084)	(47,937,820)	(125,850,084)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(51,066,179)</b>	<b>(125,179,304)</b>	<b>(47,937,922)</b>	<b>(125,850,084)</b>
<b>CASH AND CASH EQUIVALENTS DECREASE - NET</b>	<b>(651,499)</b>	<b>(17,753,892)</b>	<b>(12,580,415)</b>	<b>(17,377,032)</b>
Cash and cash equivalents as at 1 January	30,482,064	48,235,956	28,046,930	45,423,962
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>	<b>29,830,565</b>	<b>30,482,064</b>	<b>15,466,515</b>	<b>28,046,930</b>

#### SUPPLEMENTAL DISCLOSURE OF

##### CASH FLOWS INFORMATION : -

Significant non-cash items in consolidated and separate financial statements consist of

- Unrealized loss on revaluation

of available-for-sale securities (net of income tax)	(22,811,837)	(69,580,305)	(22,811,837)	(69,580,305)
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The accompanying notes are an integral part of the financial statements.





**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. GENERAL INFORMATION**

- 1.1 Registration** Thanulux Public Company Limited (“The Company”) is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on 21 July 1987.
- 1.2 Office location** Head office and its factory is located at 129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok, Thailand.
- Factory branch (Saha Group Industrial Park - Lamphun Project) is located at 99/3 Moo 5, Paa-Sak, Muang Lamphun, Lamphun, Thailand.
- Factory branch (Saha Group Industrial Park - Kabinburi Project) is located at 125 Moo 5, Nonthri, Kabinburi, Prachinburi, Thailand.
- Factory branch (Bangplee) is located at 911 Moo 15, Teparak Road, Bangsoathong, Samutprakarn, Thailand.
- Factory branch (Mae Sot) is located at 269/1 Moo 15, Mae kasa, Mae Sot, Tak, Thailand.
- 1.3 Main activities** Manufacturing and distributing apparel. The subsidiaries’ main activities are discussed in Note 4.1
- 1.4** The first two major shareholders ranged by their shareholding as of 31 December 2019 and 2018 are as follows :-

	% of issued and paid-up share capital	
	31 December 2019	31 December 2018
Saha Pathana Inter-Holding Plc.	23.52	23.52
I.D.F. Co., Ltd.	13.33	13.33

**2. BASIS OF FINANCIAL STATEMENTS PREPARATION**

- 2.1** The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) and Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and the presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016 under the Accounting Act B.E. 2543 and the financial reporting requirements of the Securities and Exchange Commission (SEC).
- 2.2** The financial statements have been prepared on the historical cost basis except where otherwise disclosed in the accounting policies.





**2.3** 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.

**2.4** Basis of the consolidation of financial statements

The consolidated financial statements include the financial statements of Thanulux Public Company Limited “the Company” and the following subsidiary companies “the subsidiaries”

	% of Shareholding / Voting right		Incorporated in	Location	Main activities
	31 Dec 2019	31 Dec 2018			
<b>Subsidiaries</b>					
S. Apparel Co., Ltd.	99.99	99.99	Thailand	4/2 Moo 8, Bangna-Trad Road, KM. 18 Bangchalong, Bangplee, Samutprakarn.	Manufacturing, Subcontracting and distributing apparel
Celebrate Wealth Co., Ltd.	87.76	87.76	Thailand	129/1, Chongnonthri Road, Chongnonthri, Yannawa, Bangkok.	Distributing apparel

- The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Subsidiaries’ financial statements are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- The subsidiaries’ financial statements are prepared on the same reporting period as the Company’s using consistent significant accounting policies.
- Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. Book value of investments and shareholder’s equity of its subsidiaries have also been eliminated from the consolidated financial statements.
- Non - controlling interest represents the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of comprehensive income and in the shareholders’ equity in the consolidated statements of financial position.





**2.5** The separate financial statements present investments in subsidiaries and associates presented under the cost method.

**2.6** Using of accounting estimates

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**3. NEW FINANCIAL REPORTING STANDARDS**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

**3.1** Financial reporting standards that became effective in the current year

The FAP issued and revised the financial reporting standards and interpretations (revised 2018) and new accounting treatment guidance that are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards do not have any significant impact on the financial statements. The new standard involves changes to key principles are as follows:-

TFRS 15, Revenue from Contracts with Customers 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

The management of the Group assessed that these standards do not have any significant impact on the financial statements.





### 3.2 New Financial reporting standards issued and not yet effective

The FAP issued a number of the financial reporting standard and interpretations that will become effective for fiscal years beginning on or after 1 January 2020, as follows :-

- A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, consist of :-

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

- TFRS 16 supersedes TAS 17 Leases together with related Interpretations. However, 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.







## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Revenue recognition and expenses**

#### ***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, after deducting allowance for returns of goods supplied and discounts excluding value added tax.

#### ***Revenue from rendering of services***

Revenue from rendering of services is recognised when service have been rendered taking into account the stage of completion.

#### ***Dividend income***

Dividend income is recognised when the right to receive the dividend is established.

#### ***Interest income***

Interest income is recognised on an effective interest method.

#### ***Other revenues and expenses***

Other revenues and expenses are recognised on an accrual basis.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short - term investments with an original maturity of three months or less and not subject to restrictions.

### **4.3 Accounts receivable - trade**

Accounts receivable - trade are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Allowance for goods returned has been provided up by assessment of past experiences.





#### 4.4 Inventories

Inventories are valued at the lower of cost (weighted average) or net realizable value.

Cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In case of finished goods and work in progress, cost includes an appropriate share of overheads.

Net realizable value is estimated selling price in the ordinary course of business less estimated costs to complete and to make the sale.

Allowance is made for all deteriorated, damaged, obsolete and certain slow-moving inventories.

#### 4.5 Investments

- Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of the securities are included in the statements of comprehensive income.
- Investments in available-for-sale securities mean investments in listed securities stated at fair value, with the objective for long-term investments. Changes in the carrying amounts of securities are recorded as separate item in the other comprehensive income until the securities are sold, and the changes are then included in the statements of comprehensive income.
- Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to interest income.
- Investments in non-marketable equity securities, which the Company classifies as general investments, are stated at cost net of allowance for impairment loss (if any).

Investments in related companies mean those companies in which the Group has holding interest less than 20% and/or the companies which directly or indirectly have some common management, major shareholders or such related persons.

Investments in other companies are those companies in which the Group has holding interest but has no power to govern or participate in any policy.

- Investments in subsidiaries and associate in the separate financial statements of the Company are accounted for using the cost method less impairment losses.
- Investment in associate in the consolidated financial statements is accounted for using the cost net of allowance for impairment loss (if any).





The fair value of marketable securities is based on the latest bid price of the last working day of the year quoted on the Stock Exchange of Thailand. The fair value of unit trusts is determined from their net asset value.

Weighted average method is used for the computation of cost of investments.

#### 4.6 Investment property

Investment property is stated at cost less accumulated depreciation and loss on impairment of assets (if any).

Cost of investment property includes purchase price and other direct costs relating to the acquisition of such asset item.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of assets which are as follows :-

Building	20 Years
Land improvement	5 Years
Land	Not depreciated

#### 4.7 Property, plant and equipment

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).

Cost of property, plant and equipment include purchase price and other direct costs relating to the acquisition of such asset item.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation is charged to the statements of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment which are as follows :-

Land improvement	5 years
Building and structures	20, 25, 35 and 40 years
Machinery	5 - 10 years
Office equipment	3 - 5 years
Furniture and fixtures	5 years
Vehicles	5 years





Land and assets under construction and installation are not depreciated.

The Group has reviewed useful life and residual value at least at each financial year-end. In case that the residual value or estimated useful lives differs from those originally estimated, such changes are considered changes in accounting estimates.

#### **4.8 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life.

The amortisation expense is charged to the comprehensive income statements.

Intangible assets with finite useful lives comprise of computer software having useful lives of 5 - 10 years.

#### **4.9 Leasehold right**

Leasehold right is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on the straight-line basis over the leasehold period of 7 years.

Amortisation is charged to the comprehensive income statements.

#### **4.10 Impairment of assets**

Impairment of assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the comprehensive income statements. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).

#### **4.11 Related party transactions**

Related parties and related companies with the Group means the parties or the companies that have the controlling power to the Group, controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties and related companies also means the associated companies and the parties who have holding interest with voting rights, either directly or indirectly, and have significant influence to the Group, important management, being directors or employees of the Group who have the power to manage and control the Group's operations including the family members close to the said persons which could persuade or to act in compliance with the said persons and businesses that the said persons have controlling power or significant influence, either directly or indirectly.





#### 4.12 Foreign currency transactions

Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the statement of financial position date are translated into Baht at the reference exchange rates as determined by the Bank of Thailand on the statement of financial position date, except the transactions of forward exchange contracted with the banks will be recognised at fair value.

Exchange gains or losses are included as incomes or expenses in the statements of comprehensive income.

#### 4.13 Employee benefits

- **Short - term employee benefits**

Short - term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

- **Defined contribution plans**

The Group operate a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund and managed by a fund manager. The provident fund is contributed by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statement of comprehensive income in the years to which they relate.

- **Defined benefit plans**

- Termination and retirement benefits

Under Labor Laws applicable in Thailand and Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 58. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 400 days of final salary. And employees who have provided the services to the Group more than 20 years, the special severance pay on termination or retrenchment without cause will be compensated at the rate specified.

- Other long - term benefits

The Group has a policy to reward employees upon 10, 20 and 30 years of services at specified lump-sum amounts.

The Company also has a policy to provide compensation to retired directors by reference to service years as the Company's director multiplied by a specified rate.





The Group provides provision regarding the employee benefits under defined benefits plan by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Actuarial gains and losses arising from post-employment benefits are recognised in the statement of other comprehensive income.

#### **4.14 Operating lease**

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statements of comprehensive income over the lease terms.

#### **4.15 Provision**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Presentation for a provision in the statements of comprehensive income is the net amount which can be reimbursed.

#### **4.16 Income tax expense**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

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

##### **Deferred tax**

Deferred 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 Group recognizes deferred tax liabilities for all taxable temporary differences while they recognize 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 such deductible temporary differences and tax losses carried forward that can be utilized.

At each reporting date, the Group reviewed and reduced 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 utilized.

The Group recorded deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.17 Fundamental earnings per share**

Fundamental earnings per share are calculated by dividing net income by the number of ordinary shares outstanding at the end of the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received.

#### **4.18 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 Group 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 Group 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 Group 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. TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The Company had transactions with its subsidiaries and related companies, given that those companies having the same group of shareholders or mutual directors. Significant inter-company transactions and outstanding balances as of 31 December 2019 and 2018 are summarized below :-

### 5.1 NATURE OF RELATIONSHIPS

RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
1. S. Apparel Co., Ltd.	Manufacturing, subcontracting and distributing apparel	Co-directors, Co-shareholders and being subsidiary
2. Celebrate Wealth Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders and being subsidiary
3. World Saha Fashion Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders and being associate
4. T- Chamber Co., Ltd.	Distributing apparel	Co-management
5. People's Garment Plc.	Garment manufacturing	Co-shareholders
6. I.C.C. International Plc.	Consumer goods distributing	Co-directors, Co-shareholders
7. Sahacogen (Chonburi) Plc.	Electricity generating and distributing	Co-shareholders
8. Thai Wacoal Plc.	Ladies' lingerie manufacturing	Co-directors, Co-shareholders
9. Textile Prestige Plc.	Embroidery fabric manufacturing	Co-directors, Co-shareholders
10. Saha Pathana Inter - Holding Plc.	Holding company	Majority shareholders
11. Far East Fame Line DDB Plc.	Advertising	Co-shareholders
12. O.C.C. Plc.	Distributing cosmetics and apparel	Co-shareholders
13. Saha Pathanapibul Plc.	Consumer goods distributing	Co-shareholders
14. Thai Monster Co., Ltd.	Garment manufacturing	Co-directors, Co-shareholders
15. Total Way Image Co., Ltd.	Leatherware manufacturing	Co-directors, Co-shareholders
16. Thai Naxis Co., Ltd.	Label manufacturing	Co-shareholders
17. SSDC (Tigertex) Co., Ltd.	Bleaching, dyeing fabric and yarn	Co-directors, Co-shareholders
18. International Commercial Coordination (Hong Kong) Ltd.	Distributing apparel	Co-shareholders
19. International Leather Fashion Co., Ltd.	Leatherware manufacturing	Co-directors, Co-shareholders
20. Wise Winner Co., Ltd.	Distributing garment and sport equipment	Co-shareholders
21. Morgan De Toi (Thailand) Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
22. Champ Ace Co., Ltd.	Real estate development	Co-directors, Co-shareholders
23. Pak Numpo Wattana Co., Ltd.	Distributing apparel	Co-management, Co-shareholders





RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
24. Intanin Chiangmai Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
25. Koraj Wattana Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
26. Sun & Sand Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
27. Eastern I.C.C. Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
28. Maharachapreuk Co., Ltd.	Distributing apparel	Co-directors, Co-shareholders
29. Thai Takaya Co., Ltd.	Jeans manufacturing	Co-directors, Co-shareholders
30. Thai Gunze Co., Ltd.	Garment manufacturing	Co-shareholders
31. Waseda Education (Thailand) Co., Ltd.	Education institution	Co-shareholders
32. Thai Bunka Fashion Co., Ltd.	Fashion institution	Co-directors, Co-shareholders
33. Sriracha Aviation Co., Ltd.	Machinery and plane maintenance	Co-directors, Co-shareholders
34. K.Commercial and Construction Co., Ltd.	Construction contractor	Co-shareholders
35. H & B Intertext Co., Ltd.	Fabric doll manufacturing	Co-shareholders
36. Thai Shikibo Co., Ltd.	Cotton yarn manufacturing	Co-shareholders
37. Thai Staflex Co., Ltd.	Fabric products	Co-shareholders
38. Treasure Hill Co., Ltd.	Golf course	Co-directors, Co-shareholders
39. Thai Asahi Kazei Spandex Co., Ltd.	Manufacturing and distributing spandex	Co-shareholders
40. Value Added Textile Co., Ltd.	Fabric embroidering and printing	Co-shareholders
41. Panland Co., Ltd.	Property development	Co-shareholders
42. Wien International Co., Ltd.	Direct sale	Co-shareholders
43. Sahapat Real Estate Co., Ltd.	Real estate development	Co-directors, Co-shareholders
44. Janome (Thailand) Co., Ltd.	Sewing machines	Co-shareholders
45. Sahapat Properties Co., Ltd.	Property development	Co-directors, Co-shareholders
46. Thai Itokin Co., Ltd.	Garment manufacturing	Co-shareholders
47. Racha Uchino Co., Ltd.	Household textile	Co-shareholders
48. Erawan Textile Co., Ltd.	Spun yarn and fabrics manufacturing	Co-shareholders
49. Pattaya Manufacturing Co., Ltd.	Garment manufacturing	Co-shareholders
50. Ramasorn Thaveekarn Co., Ltd.	Investment	Majority shareholders
51. PTK Multi Services Co., Ltd.	Garden maintenance and cleaning service	Co-shareholders
52. I.D.F. Co., Ltd.	Investment	Majority shareholders
53. Bangkok Tokyo Socks Co., Ltd.	Manufacturing and distributing socks	Co-shareholders
54. Fujix International Co., Ltd.	String distributing	Co-shareholders
55. PT. TRINITY LUXTRO APPAREL	Distributing apparel	Co-management, Co-shareholders
56. Pitakkit Security Guard Co., Ltd.	Service of security	Co-shareholders





RELATED PARTIES	TYPES OF BUSINESS	RELATIONSHIP
57. Saha Asia Pacific Co., Ltd.	Rental and manage property	Co-directors, Co-shareholders
58. Singer Thailand Public Plc.	Service and Commercial	Co-shareholders
59. President Bakery Public Plc.	The food and beverage	Co-shareholders
60. Eastern Thai Consulting 1992 Co., Ltd.	Wholesale of industrial chemicals	Co-majority shareholders
61. Pitakkij Co., Ltd.	Constuctions of non-residential building	Co-majority shareholders
62. Thai Secom Security Co., Ltd.	Service of security	Co-majority shareholders
63. Saha Komehyo Co.,Ltd	Buy and sell of luxury used products	Co-shareholders

Pricing policies of related party transactions are as follows :-

Transactions	Pricing policies
Sale of goods	Agreed-upon price by referring to market price
Royalty income	Agreed-upon price
Purchase of goods and rendering of services	Agreed-upon price/market price
Selling and administrative expenses	Contractually - agreed prices
Interest income	At 3.00% - 4.00 % per annum.
Directors' remunerations (Meeting allowance, annual compensation)	Rates approved by shareholders
Purchase of marketable equity securities	Market price
Purchase of general investment	Agreed-upon price
Purchase of fixed assets	Agreed-upon price





## 5.2 RELATED PARTY REVENUE AND EXPENSES

The revenue, expenses and other transaction for the years ended 31 December 2019 and 2018 are as follows :-

	(UNIT : THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Transactions with subsidiaries</b>				
Revenue from sales and services	-	-	25,864	64,884
Revenue from rendering of service	-	-	-	243
Dividend income (Note 13)			27,000	-
Interest income	-	-	839	1,135
Other income	-	-	4,176	3,402
Purchase of goods and raw materials	-	-	18,397	96
Rendering of service	-	-	13,177	18,531
Selling and administrative expenses	-	-	8,496	11,872
Purchase of fixed assets	-	-	71,983	-
<b>Transactions with related parties</b>				
Revenue from sales and services				
- I.C.C. International Plc.	784,467	831,510	784,451	831,481
- Others	67,118	64,879	67,257	64,876
Total	851,585	896,389	851,708	896,357
Revenue from rendering of service	3,301	8,918	3,301	159
Dividend income (Notes 11 and 14)	54,868	45,194	54,868	45,194
Interest income	1,769	2,074	1,769	2,074
Other income	25,592	25,340	24,404	24,234
Purchase of goods and raw materials	98,865	120,133	83,341	85,220
Rendering of service	8,948	64	3,715	64
Selling and administrative expenses	56,261	56,317	53,961	58,212
Purchase of general investment	29,500	500	29,500	500
Purchase of marketable equity securities	-	38,742	-	38,742
Purchase of fixed assets	3,230	25,807	3,230	25,807



### Management benefit expenses

Management benefit expenses represent benefits paid to the Company's management such as salaries and related benefits including benefits paid by other means. The Company's management is the persons defined under the Securities and Exchange Act.

Management benefit expenses for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Remuneration to Executive Board	799,000	754,000	799,000	754,000
Short - term employee benefits	26,244,419	29,131,300	25,629,252	28,310,003
Post - employment benefits	1,656,000	1,965,470	1,610,082	1,913,241
Total	28,699,419	31,850,770	28,038,334	30,977,244

### 5.3 INTER - COMPANY BALANCES OF ASSETS AND LIABILITIES

As of 31 December 2019 and 2018, inter - company balances are as follows :-

(UNIT : THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Accounts receivable - trade				
Subsidiaries	-	-	4,393	34,828
Related companies				
- I.C.C. International Plc.	118,201	129,321	118,220	129,339
- Others	15,944	19,418	15,945	19,180
Total (Note 8)	134,145	148,739	138,558	183,347
Short - term loans				
Associate	5,000	-	5,000	-
Subsidiaries	-	-	23,500	31,000
Related companies	46,800	48,800	46,800	48,800
Total (Note 9)	51,800	48,800	75,300	79,800





(UNIT : THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Accrued income				
Subsidiaries	-	-	3,522	229
Related companies	824	2,296	724	1,979
Total	824	2,296	4,246	2,208
Investments - net				
Associate (Note 12)	2,296	4,895	2,364	9,500
Subsidiaries (Note 13)	-	-	27,302	29,369
Other related companies	1,675,116	1,664,132	1,675,116	1,664,132
Total	1,677,412	1,669,027	1,704,782	1,703,001
Accounts payable - trade				
Subsidiaries	-	-	678	2,521
Related companies	17,800	24,272	16,599	14,930
Total (Note 21)	17,800	24,272	17,277	17,451
Accrued expenses				
Subsidiaries	-	-	3,591	5,425
Related companies	7,820	7,481	6,715	7,409
Total	7,820	7,481	10,306	12,834



Movements of loans to related parties for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : THOUSAND BAHT)

	Consolidated financial statements		Separate financial statements		Interest per annum (percent)	
	2019	2018	2019	2018	2019	2018
<b>S. Apparel Co., Ltd.</b>						
Beginning balance	-	-	3,000	3,000		
<u>Less</u> repayment during the period	-	-	(3,000)	-		
Ending balance	-	-	-	3,000	-	3.75
<b>Celebrate Wealth Co., Ltd.</b>						
Beginning balance	-	-	28,000	17,000		
<u>Add</u> increase during the period	-	-	-	16,000		
<u>Less</u> repayment during the period	-	-	(4,500)	(5,000)		
Ending balance	-	-	23,500	28,000	3.00	3.00
<b>World Saha Fashion Co., Ltd.</b>						
Beginning balance	-	-	-	-		
<u>Add</u> increase during the period	5,000	-	5,000	-		
Ending balance	5,000	-	5,000	-	4.00	-
<b>Erawan Textile Co., Ltd.</b>						
Beginning balance	30,000	30,000	30,000	30,000		
<u>Less</u> repayment during the period	-	-	-	-		
Ending balance	30,000	30,000	30,000	30,000	3.98	3.98
<b>Morgan De Toi (Thailand) Co., Ltd.</b>						
Beginning balance	18,800	20,000	18,800	20,000		
<u>Less</u> repayment during the period	(2,000)	(1,200)	(2,000)	(1,200)		
Ending balance	16,800	18,800	16,800	18,800	3.00	3.00
Total short - term loans	51,800	48,800	75,300	79,800		



## 6. CASH AND CASH EQUIVALENTS

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash on hand	438,087	417,634	386,862	345,582
Deposits - saving accounts	27,682,987	23,765,429	13,370,162	21,402,347
Fixed deposits and bill of exchanges	1,709,491	6,299,001	1,709,491	6,299,001
Total	29,830,565	30,482,064	15,466,515	28,046,930

## 7. SHORT - TERM INVESTMENTS

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2019	2018
Fixed deposits & certificate of deposits (*)	293,650,795	319,002,243
Trading securities		
- Mutual funds	107,167,922	104,015,007
- Government bond	70,778,180	49,731,206
- Debentures	34,998,004	40,105,067
<u>Add</u> Allowance for revaluation of investment	285,555	1,502,111
Total	213,229,661	195,353,391
Held-to-maturity debt securities due within 1 year		
- Debentures (Note 15)	39,000,000	150,000,000
Total	545,880,456	664,355,634

(\*) Fixed deposit and certificate of deposits are subject to the interest at 0.65 - 2.00 percent per annum.



### Level of fair value and valuation techniques

- The fair value measurement of investments in mutual funds has been categorised as a Level 2, the fair value determined from their net asset value (NAV) at the measurement date of investment.
- The fair value measurement of investments in government bond has been categorized as a Level 2, the fair value determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.
- The fair value measurement of investments in debt securities has been categorized as a Level 2, the fair value determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.

Movements of investments in mutual funds and government bond for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2019	2018
Beginning balance - fair value	195,353,391	181,138,626
Acquisition	969,008,733	447,303,345
Redemption	(949,915,907)	(433,598,733)
Changes in allowance for revaluation of investment	(1,216,556)	510,153
Ending balance - fair value	213,229,661	195,353,391



## 8. TRADE AND OTHER RECEIVABLES

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Account receivables - trade</b>				
Related companies (Note 5.3)	134,145,003	148,739,222	138,557,735	183,347,415
Others	109,758,992	103,952,516	106,959,564	91,680,205
Total	243,903,995	252,691,738	245,517,299	275,027,620
<u>Less</u> Allowance for doubtful accounts	(898,832)	(935,402)	(271,398)	(307,968)
Allowance for goods returned	(16,600,000)	(19,700,000)	(16,600,000)	(19,700,000)
Account receivables - trade - net	226,405,163	232,056,336	228,645,901	255,019,652
<b>Other receivables</b>				
Accrued income	1,640,744	5,020,634	5,420,669	4,624,047
Accrued interest	7,148,679	6,456,286	7,148,679	6,456,286
Advance payment for goods	4,470,257	3,643,937	4,470,257	3,643,936
Others	7,077,709	8,651,752	6,371,036	7,482,397
Total trade and other receivables	246,742,552	255,828,945	252,056,542	277,226,318



The aging of trade accounts receivable are as follows :-

	(UNIT : BAHT)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Account receivables - related companies</b>				
Current	129,854,816	141,146,314	134,267,548	175,334,125
Overdue within 3 months	4,290,187	7,592,908	4,290,187	8,013,290
Total	134,145,003	148,739,222	138,557,735	183,347,415
<u>Less</u> Allowance for goods returned	(16,600,000)	(19,700,000)	(16,600,000)	(19,700,000)
Net	117,545,003	129,039,222	121,957,735	163,647,415
<b>Account receivables - other companies</b>				
Current	79,046,452	73,386,074	76,247,024	61,113,763
Overdue within 3 months	22,513,857	28,910,116	22,513,857	28,910,116
Over 3 to 6 months	7,927,285	1,348,358	7,927,285	1,348,358
Over 12 months	271,398	307,968	271,398	307,968
Total	109,758,992	103,952,516	106,959,564	91,680,205
<u>Less</u> Allowance for doubtful accounts	(898,832)	(935,402)	(271,398)	(307,968)
Net	108,860,160	103,017,114	106,688,166	91,372,237
Total	226,405,163	232,056,336	228,645,901	255,019,652

Movements of allowance for goods returned for the years ended 31 December 2019 and 2018 are as follows :-

	(UNIT : BAHT)	
	Consolidated and separate financial statements	
	2019	2018
Beginning balance	19,700,000	20,100,000
Decrease (included in revenue from sales in the statement of comprehensive income)	(3,100,000)	(400,000)
Ending balance	16,600,000	19,700,000





## 9. SHORT - TERM LOANS TO RELATED COMPANIES

The loans represent promissory notes which are unsecured and repayable at call, and subject to the interest at 3.00 - 4.00 percent per annum. (2018 : 3.00 - 3.98 percent per annum) (Note 5.3)

## 10. INVENTORIES - NET

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Finished goods	181,965,253	182,966,996	173,096,205	126,393,595
Work in process	69,238,209	57,979,090	69,238,209	57,864,818
Raw materials	95,710,182	92,717,444	95,710,182	92,717,444
Supplies	1,558,795	1,749,243	1,558,795	1,562,458
Goods in transit	9,684,477	9,113,675	9,684,477	9,113,675
Total	358,156,916	344,526,448	349,287,868	287,651,990
<u>Less</u> Allowance for slow - moving stock	(3,392,155)	(2,037,300)	(1,854,119)	-
Net	354,764,761	342,489,148	347,433,749	287,651,990



## 11. AVAILABLE-FOR-SALE INVESTMENTS - NET

(UNIT : THOUSAND BAHT)

	Consolidated and separate financial statements			
	Investment		Dividend for years ended	
	2019	2018	2019	2018
<b>Marketable equity securities</b>				
Related companies	383,415	383,415	31,492	31,139
Others	94,660	93,351	3,340	3,891
Total cost	478,075	476,766	34,832	35,030
<u>Add</u> Unrealized gain on investment revaluation	895,668	926,856	-	-
Total fair value	1,373,743	1,403,622	34,832	35,030
<b>Debt securities</b>				
Government bonds	4,032	14,097	-	-
Debentures	139,320	154,227	-	-
Total cost	143,352	168,324	-	-
<u>Add</u> Unrealized gain on investment revaluation	2,705	32	-	-
Total fair value	146,057	168,356	-	-
Total fair value of investments in available- for-sale securities	1,519,800	1,571,978	34,832	35,030

### Level of fair value and valuation techniques

- The fair value measurement of investments in marketable equity securities has been categorized as a Level 1.
- The fair value measurement of investments in debt securities has been categorized as a Level 2, the fair value determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.



Unrealized gain on investment revaluation movements for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : THOUSAND BAHT)

	Consolidated and separate financial statements		
	Equity securities	Debt securities	Total
Balance as of 1 January 2018	1,012,490	1,314	1,013,804
Decrease during the period - net	(85,634)	(1,282)	(86,916)
Balance as of 31 December 2018	926,856	32	926,888
Increase (decrease) during the period - net	(31,188)	2,673	(28,515)
Balance as of 31 December 2019	895,668	2,705	898,373

Unrealized loss on revaluation of available-for-sale investment (net income tax) for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : THOUSAND BAHT)

	Consolidated and separate financial statements	
	2019	2018
Unrealized loss on revaluation of available-for-sale investment	(28,515)	(86,916)
Difference due to investment reclassification	-	(59)
<u>Less</u> income tax	5,703	17,395
Net	(22,812)	(69,580)

## 12. INVESTMENTS IN ASSOCIATE - NET

(UNIT : THOUSAND BAHT)

	Paid - up		Percentage of		Consolidated		Separate	
	share capital		shareholding (%)		financial statements		financial statements	
	2019	2018	2019	2018	Equity method		Cost method	
Associate company					2019	2018	2019	2018
World Saha Fashion Co., Ltd.	50,000	50,000	19.14	19.15	2,296	4,895	9,500	9,500
<u>Less</u> Allowance for impairment loss					-	-	(7,136)	-
Net					2,296	4,895	2,364	9,500



Movements of investment in associate for the period ended 31 December 2019 and 2018 as follows :-

(UNIT : THOUSAND BAHT)

## Consolidated financial statements

	2019	2018
Beginning balance	4,895	7,351
Share of loss for the year under equity method	(2,599)	(2,456)
Ending balance	2,296	4,895

Summary of financial statements of investment in associate and statement of income for the year ended 31 December 2019 and 2018 as follows :-

(UNIT : THOUSAND BAHT)

	2019	2018
Current assets	21,199	24,907
Non - current assets	2,983	5,851
Current liabilities	11,741	4,795
Total revenue	27,139	24,536
Total expense	(40,716)	(37,368)
Net loss for the year	(13,577)	(12,832)

### 13. INVESTMENTS IN SUBSIDIARIES - NET

(UNIT : THOUSAND BAHT)

### Separate financial statements

	Paid - up share		Percentage of		Dividend for the			
	capital		shareholding		Cost method		years ended	
Subsidiary companies	2019	2018	2019	2018	2019	2018	2019	2018
S. Apparel Co., Ltd.	18,000	18,000	99.99	99.99	30,483	30,483	27,000	-
Celebrate Wealth Co., Ltd.	85,000	85,000	87.76	87.76	69,236	69,236	-	-
					99,719	99,719	27,000	-
Less Allowance for impairment loss					(72,417)	(70,350)	-	-
Net					27,302	29,369	27,000	-



Movements of allowance for impairment for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : THOUSAND BAHT)		
Separate financial statements		
	2019	2018
Beginning balance	70,350	72,178
Increase (included in loss on impairment of investment)	9,345	5,139
Decrease (included in profit on impairment of investment)	(7,278)	(6,967)
Ending balance	72,417	70,350

#### 14. GENERAL INVESTMENTS - NET

(UNIT : THOUSAND BAHT)						
	Consolidated financial statements		Separate financial statements		Dividend for the years ended	
	2019	2018	2019	2018	2019	2018
Related companies	435,718	409,418	431,718	405,418	23,376	14,055
Others	12,033	12,033	12,033	12,033	16,697	12,040
Total	447,751	421,451	443,751	417,451	40,073	26,095
<u>Less</u> Allowance for impairment loss	(41,395)	(41,092)	(37,395)	(37,092)	-	-
Net	406,356	380,359	406,356	380,359	40,073	26,095

Movements of general investments for the years ended 31 December 2019 and 2018 are as follows:-

(UNIT : THOUSAND BAHT)				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Beginning balance	421,451	421,604	417,451	417,604
Increase during the year	29,500	500	29,500	500
Decrease during the year	(3,200)	(653)	(3,200)	(653)
Ending balance	447,751	421,451	443,751	417,451



Movements of allowance for impairment loss for the years ended 31 December 2019 and 2018 are as follows :-

	(UNIT : THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Beginning balance	41,092	41,943	37,092	37,943
Decrease during the year				
(included in reversal of impairment loss of investment - net)	303	(851)	303	(851)
Ending balance	41,395	41,092	37,395	37,092

Significant movements of general investments for the years ended 31 December 2019 and 2018 are as follows :-

- In December 2019, the Company had sold all ordinary shares of Sriracha Aviation Co., Ltd. to a company at selling price of Baht 147 per share, totaling Baht 2.94 million.
- In September 2019, the Company invested in 600,000 newly issued ordinary shares of Saha Capital Tower Co., Ltd. at Baht 100 each totaling Baht 60 million, with the first payment of 25 percent of the capital of Baht 15.00 million, thereby resulting in the Company's shareholding interest 3 percent.
- In June 2019, the Company's Extra General Meeting of shareholders of Saha Asia Pacific Co., Ltd. approved the share decrease of the Company's registered capital of Baht 37.57 million. The registered capital after the capital reduction is Baht 150.27 million.
- In June 2019, the Company invested in 15,000 newly issued ordinary shares of Thai Bunka Fashion Co., Ltd. at Baht 100 each totaling Baht 1.50 million, thereby totalling the Company's shareholding interest 8 percent.
- In March 2019, the Company invested in 130,000 newly issued ordinary shares of Saha Komehyo Co., Ltd. at Baht 100 each totaling Baht 13 million, thereby totalling the Company's shareholding interest 10 percent.
- In December 2018, the Company sold shares in Waseda Education (Thailand) Co., Ltd. to a related person at Baht 320 each, totaling to Baht 1.43 million, thereby decreasing the Company's shareholding interest from 7.14 percent to 4.91 percent.
- In November 2018, the Company invested in 5,000 newly issued ordinary shares of Saha Komehyo Co., Ltd. at Baht 100 each totaling Baht 0.50 million, thereby totalling the Company's shareholding interest 10 percent.





- In June 2018, the Company's Extra General Meeting of shareholders of Waseda Education (Thailand) Co., Ltd. approved the decrease of the Company's registered capital of Baht 1,952 million. The registered capital after the capital reduction is Baht 20 million.

Allowance (Reversal) for impairment loss of investments - net

	(UNIT : THOUSAND BAHT)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Allowance for impairment loss of investments				
- Associate companies	-	-	7,136	-
- Subsidiary companies	-	-	9,345	5,139
- General investments	3,363	1,127	3,363	1,127
Total	3,363	1,127	19,844	6,266
Reversal for impairment loss of investments				
- Subsidiary companies	-	-	(7,278)	(6,967)
- General investments	(3,060)	(1,978)	(3,060)	(1,978)
Total	(3,060)	(1,978)	(10,338)	(8,945)
Net	303	(851)	9,506	(2,679)

## 15. INVESTMENTS IN DEBT SECURITIES HELD TO MATURITY - NET

As of 31 December 2019 and 2018, investments in debt securities held to maturity are as follows :-

	(UNIT : BAHT)	
	Consolidated and separate financial statements	
	2019	2018
Debentures	602,793,401	556,214,201
<u>Less</u> current portion of debentures with redemption within		
1 year (Shown in short - term investments - Note 7)	(39,000,000)	(150,000,000)
Net (Redemption within 2 - 4 years)	563,793,401	406,214,201



Movements of investments in debt securities for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2019	2018
Beginning balance - net book value	556,214,201	501,751,311
Acquisition	217,638,720	154,898,307
Redemption	(170,000,000)	(99,500,000)
Amortization of premium on debenture	(1,113,520)	(957,756)
Amortization of discount on debenture	54,000	22,339
Ending balance - net book value	602,793,401	556,214,201
Fair value - ending balance	615,064,601	558,746,173

#### Level of fair value and valuation techniques

The fair value measurement of investments in debt securities has been categorized as a Level 2, the fair value is determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.





## 16. INVESTMENT PROPERTY - NET

(UNIT : BAHT)

	Consolidated financial statements			
	Land	Land improvement	Building	Total
<b>Cost :-</b>				
1 January 2018	36,415,614	8,081,187	26,485,760	70,982,561
Acquisition	-	-	-	-
31 December 2018	36,415,614	8,081,187	26,485,760	70,982,561
Transfers from property, plant and equipment	4,992,330	592,683	11,136,075	16,721,088
31 December 2019	41,407,944	8,673,870	37,621,835	87,703,649
<b>Accumulated depreciation :-</b>				
1 January 2018	-	7,990,239	4,700,733	12,690,972
Depreciation for the year	-	90,925	1,252,988	1,343,913
31 December 2018	-	8,081,164	5,953,721	14,034,885
Depreciation for the year	-	-	1,483,034	1,483,034
Transfers from property, plant and equipment	-	592,683	9,183,460	9,776,143
31 December 2019	-	8,673,847	16,620,215	25,294,062
<b>Net book value :-</b>				
31 December 2019	41,407,944	23	21,001,620	62,409,587
31 December 2018	36,415,614	23	20,532,039	56,947,676
Total appraised value (*)	68,453,290	6,931,950	33,367,904	108,753,144

(\*) The appraised value was determined by an independent appraiser during the year 2017.





(UNIT : BAHT)

	Separate financial statements			
	Land	Land improvement	Building	Total
<b>Cost :-</b>				
1 January 2018	36,415,614	8,081,187	26,485,760	70,982,561
Acquisition	-	-	-	-
31 December 2018	36,415,614	8,081,187	26,485,760	70,982,561
Acquisition	22,000,000	-	50,000,000	72,000,000
Transfers from property, plant and equipment	4,992,330	592,683	11,136,075	16,721,088
31 December 2019	63,407,944	8,673,870	87,621,835	159,703,649
<b>Accumulated depreciation :-</b>				
1 January 2018	-	7,990,239	4,700,733	12,690,972
Depreciation for the year	-	90,925	1,252,988	1,343,913
31 December 2018	-	8,081,164	5,953,721	14,034,885
Depreciation for the year	-	-	1,618,175	1,618,175
Transfers from property, plant and equipment	-	592,683	9,183,460	9,776,143
31 December 2019	-	8,673,847	16,755,356	25,429,203
<b>Net book value :-</b>				
31 December 2019	63,407,944	23	70,866,479	134,274,446
31 December 2018	36,415,614	23	20,532,039	56,947,676
Appraised value (*)	68,453,290	6,931,950	33,367,904	108,753,144
Appraised value (**)	26,746,808	-	62,481,597	89,228,405
Total appraised value for 2019	95,200,098	6,931,950	95,849,501	197,981,549
Appraised value for 2018 (*)	68,453,290	6,931,950	33,367,904	108,753,144

(\*) The appraised value was determined by an independent appraiser during the year 2017.

(\*\*) The appraised value was determined by an independent appraiser during the year 2018.

#### Level of fair value and valuation techniques

The fair value measurement of land has been categorized as a Level 2, the fair value is based on the comparison approach to the valuation technique used.

The fair value measurement of building has been categorized as a Level 2, the fair value is based on the cost approach to the valuation technique used.





## 17. PROPERTY, PLANT AND EQUIPMENT - NET

(UNIT : BAHT)

	Consolidated financial statements								
	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total
<b>Cost :-</b>									
1 January 2018	202,005,688	24,559,797	391,923,800	378,054,073	168,696,945	49,250,569	253,118,900	1,346,616	1,468,956,388
Acquisition	-	548,490	10,241,387	-	9,963,892	8,724,000	2,782,060	81,049,412	113,309,241
Transfers in	-	-	-	20,581,295	1,366,494	-	3,036,995	-	24,984,784
Disposal	-	-	-	(8,023,459)	(950,463)	(8,559,797)	(400,000)	-	(17,933,719)
Writes off	-	-	-	(2,427,334)	(4,351,870)	(1,309,000)	-	-	(8,088,204)
Transfers out	-	-	-	-	-	-	-	(24,984,783)	(24,984,783)
31 December 2018	202,005,688	25,108,287	402,165,187	388,184,575	174,724,998	48,105,772	258,537,955	57,411,245	1,556,243,707
Acquisition	-	-	-	65,862	3,872,783	1,340,168	3,828,000	7,378,238	16,485,051
Transfers in	-	300,000	31,096,000	7,238,020	-	-	26,155,463	-	64,789,483
Disposal	-	-	(37,547,065)	(29,578,199)	(10,965,070)	(1,294,000)	(31,729,714)	-	(111,114,048)
Writes off	-	-	-	(386,886)	(3,955,752)	-	(4,470,779)	-	(8,813,417)
Transfers out	-	-	-	-	-	-	-	(64,789,483)	(64,789,483)
Transfers to investment property	(4,992,330)	(592,683)	(11,136,075)	-	-	-	-	-	(16,721,088)
31 December 2019	197,013,358	24,815,604	384,578,047	365,523,372	163,676,959	48,151,940	252,320,925	-	1,436,080,205





(UNIT : BAHT)

Consolidated financial statements

	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total
<b>Accumulated depreciation :-</b>									
1 January 2018	-	22,897,501	289,960,002	348,950,823	150,242,468	32,127,390	215,010,735	-	1,059,188,919
Depreciation for the year	-	286,539	5,127,677	9,711,952	8,293,946	2,928,512	11,101,378	-	37,450,004
Disposal	-	-	-	(6,965,554)	(901,692)	(8,339,179)	(46,466)	-	(16,252,891)
Writes off	-	-	-	(2,421,544)	(4,321,701)	(572,063)	-	-	(7,315,308)
31 December 2018	-	23,184,040	295,087,679	349,275,677	153,313,021	26,144,660	226,065,647	-	1,073,070,724
Depreciation for the year	-	431,793	5,506,574	11,617,624	9,565,800	3,550,322	15,726,652	-	46,398,765
Disposal	-	-	(37,545,476)	(29,395,185)	(10,889,014)	(1,293,999)	(31,362,592)	-	(110,486,266)
Writes off	-	-	-	(386,881)	(3,932,707)	-	(3,515,892)	-	(7,835,480)
Transfers to investment property	-	(592,683)	(9,183,460)	-	-	-	-	-	(9,776,143)
31 December 2019	-	23,023,150	253,865,317	331,111,235	148,057,100	28,400,983	206,913,815	-	991,371,600
<b>Net book value :-</b>									
31 December 2019	197,013,358	1,792,454	130,712,730	34,412,137	15,619,859	19,750,957	45,407,110	-	444,708,605
31 December 2018	202,005,688	1,924,247	107,077,508	38,908,898	21,411,977	21,961,112	32,472,308	57,411,245	483,172,983







(UNIT : BAHT)

## Separate financial statements

	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total
<b>Cost :-</b>									
1 January 2018	186,075,743	24,559,797	345,262,170	335,286,170	150,036,864	47,491,288	213,845,774	1,437,707	1,303,995,513
Acquisition	-	548,490	10,241,387	-	8,142,190	8,724,000	36,500	81,027,750	108,720,317
Transfers in	-	-	-	20,581,295	1,366,493	-	3,036,995	-	24,984,783
Disposal	-	-	-	(8,023,459)	(950,463)	(8,559,797)	(400,000)	-	(17,933,719)
Writes off	-	-	-	-	(4,003,016)	-	-	-	(4,003,016)
Transfers out	-	-	-	-	-	-	-	(24,984,783)	(24,984,783)
31 December 2018	186,075,743	25,108,287	355,503,557	347,844,006	154,592,068	47,655,491	216,519,269	57,480,674	1,390,779,095
Acquisition	-	-	-	65,862	3,606,516	1,340,168	2,236,600	7,308,809	14,557,955
Transfers in	-	300,000	31,096,000	7,238,020	-	-	26,155,463	-	64,789,483
Disposal	-	-	-	(77,598)	(346,351)	(1,294,000)	(801,160)	-	(2,519,109)
Writes off	-	-	-	(386,886)	(3,937,751)	-	(1,110,584)	-	(5,435,221)
Transfers out	-	-	-	-	-	-	-	(64,789,483)	(64,789,483)
Transfers to investment property	(4,992,330)	(592,683)	(11,136,075)	-	-	-	-	-	(16,721,088)
31 December 2019	181,083,413	24,815,604	375,463,482	354,683,404	153,914,482	47,701,659	242,999,588	-	1,380,661,632





(UNIT : BAHT)

Separate financial statements

	Land	Land improvement	Building	Machinery	Office equipment	Vehicles	Furniture and fixtures	Assets under installation	Total
<b>Accumulated depreciation :-</b>									
1 January 2018	-	22,897,502	248,543,557	306,297,419	133,085,800	31,203,600	179,856,384	-	921,884,262
Depreciation for the year	-	286,538	4,936,783	9,692,209	7,653,296	2,829,958	9,297,151	-	34,695,935
Disposal	-	-	-	(6,965,554)	(901,692)	(8,339,179)	(46,466)	-	(16,252,891)
Writes off	-	-	-	-	(3,990,991)	-	-	-	(3,990,991)
31 December 2018	-	23,184,040	253,480,340	309,024,074	135,846,413	25,694,379	189,107,069	-	936,336,315
Depreciation for the year	-	431,793	5,328,252	11,601,353	8,760,652	3,550,322	13,623,738	-	43,296,110
Disposal	-	-	-	(77,596)	(346,345)	(1,293,999)	(467,245)	-	(2,185,185)
Writes off	-	-	-	(386,881)	(3,930,322)	-	(1,110,581)	-	(5,427,784)
Transfers to investment property	-	(592,683)	(9,183,460)	-	-	-	-	-	(9,776,143)
31 December 2019	-	23,023,150	249,625,132	320,160,950	140,330,398	27,950,702	201,152,981	-	962,243,313
<b>Net book value :-</b>									
31 December 2019	181,083,413	1,792,454	125,838,350	34,522,454	13,584,084	19,750,957	41,846,607	-	418,418,319
31 December 2018	186,075,743	1,924,247	102,023,217	38,819,932	18,745,655	21,961,112	27,412,200	57,480,674	454,442,780





## 18. INTANGIBLE ASSETS - NET

As of 31 December 2019 and 2018, computer software consist of :-

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cost :-</b>				
1 January	51,095,060	49,535,026	49,918,807	48,358,773
Acquisition	343,800	1,560,034	343,800	1,560,034
Writes Off	(740,000)	-	-	-
31 December	50,698,860	51,095,060	50,262,607	49,918,807
<b>Accumulated amortization :-</b>				
1 January	38,103,188	35,445,441	37,031,213	34,395,942
Amortization expenses for the year	2,766,328	2,657,747	2,743,858	2,635,271
Writes Off	(739,997)	-	-	-
31 December	40,129,519	38,103,188	39,775,071	37,031,213
Net book value - 31 December	10,569,341	12,991,872	10,487,536	12,887,594

## 19. LEASEHOLD RIGHT - NET

(UNIT : BAHT)

	Consolidated and separate financial statements	
	2019	2018
<b>Cost :-</b>		
1 January	34,632,426	35,152,426
Writes Off	-	(520,000)
31 December	34,632,426	34,632,426
<b>Accumulated amortization :-</b>		
1 January	26,749,078	24,609,978
Amortization expenses for the year	2,659,100	2,659,100
Writes Off	-	(520,000)
31 December	29,408,178	26,749,078
Net book value as at 31 December	5,224,248	7,883,348



## 20. OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Overdrafts	8	1,061,509	-	-
Short - term loans from financial institutions	-	2,000,000	-	-
Total	8	3,061,509	-	-

The subsidiary companies have overdrafts and short - term loans lines of credit with financial institutions as follows :-

(UNIT : MILLION BAHT)

Subsidiaries	Overdrafts and short - term loans facilities		Guaranteed by
	2019	2018	
Celebrate Wealth Co., Ltd.	4.00	4.00	Parent company
S. Apparel Co., Ltd.	9.00	18.00	-

## 21. TRADE AND OTHER PAYABLES

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Accounts payables - trade</b>				
Related companies (Note 5.3)	17,800,095	24,271,798	17,277,165	17,451,273
Others	90,179,268	81,631,037	90,170,868	81,472,979
Total accounts payables - trade	107,979,363	105,902,835	107,448,033	98,924,252
<b>Other payables</b>				
Accrued bonus	7,674,101	22,214,088	7,674,101	20,897,689
Accrued expenses	29,189,680	29,227,718	30,113,665	29,690,121
Accrued royalties	7,078,195	7,025,747	5,741,182	6,041,052
Others	12,804,260	20,770,305	32,484,447	17,441,941
Total trade and other payables	164,725,599	185,140,693	183,461,428	172,995,055



## 22. RETIREMENT BENEFIT OBLIGATION

Movement of retirement benefit obligation for the years ended 31 December 2019 and 2018 are as follows :-

	(UNIT : BAHT)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Retirement benefit obligation				
- beginning balance - 1 January	171,401,542	176,678,660	163,984,479	168,729,877
Employee benefit expenses for the year	17,551,098	15,241,795	16,739,895	14,690,445
Increase in employee benefits from transferred of staff from subsidiary companies	-	-	1,021,444	-
Employee benefit paid during the year	(16,433,166)	(20,518,913)	(11,365,641)	(19,435,843)
Decrease in employee benefits from transferred of staff to related companies	(2,139,297)	-	-	-
Retirement benefit obligation				
- ending balance - 31 December	170,380,177	171,401,542	170,380,177	163,984,479

Employee benefit expenses were recognized in statements of income for the years ended 31 December 2019 and 2018 are as follows :-

	(UNIT : BAHT)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current service costs	13,901,884	11,599,557	13,235,723	11,186,846
Interest costs	3,649,214	3,642,238	3,504,172	3,503,599
Total	17,551,098	15,241,795	16,739,895	14,690,445

The principle of actuarial assumption used to calculate the defined benefit obligations for the years ended 31 December 2019 and 2018 are as follows :-

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.01% - 2.15%	1.45% - 2.38%	2.01% - 2.15%	1.60% - 2.15%
Mortality rate	100%(TMO 2017)	100%(TMO 2017)	100%(TMO 2017)	100%(TMO 2017)
Salary increase rate	2.50% - 4.00%	2.50% - 4.00%	2.50% - 4.00%	2.50% - 4.00%
Turnover rate	Age-related scale	Age-related scale	Age-related scale	Age-related scale



The sensitivity analysis for significant assumptions used in actuarial valuation can be analyzed as follow :-

(UNIT : BAHT)

	Change in assumptions	Effect to retirement benefit obligation increase (decrease)			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Discount rate	Increase 0.5%	(5,484,552)	(5,484,552)	(4,976,200)	(5,300,006)
Discount rate	Decrease 0.5%	5,785,864	5,785,864	5,244,923	5,592,809
Salary increase rate	Increase 0.5%	5,972,407	5,972,407	6,395,820	5,766,614
Salary increase rate	Decrease 0.5%	(5,710,055)	(5,710,055)	(6,106,403)	(5,511,599)

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which was announced in the Royal Gazette on 5 April 2019. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change has an impact to the Company and its subsidiaries by having additional liabilities for long-term employee benefits. The Company and its subsidiaries have recorded the effect of the change by recognising past service costs for the year ended 31 December 2019 in the amount of Baht 3.00 million, which is cost of sales and selling and admin expense in the statement of Baht 2.36 million and Baht 0.64 million, respectively.

## **23. LEGAL RESERVE**

Under the Public Limited Companies Act B.E. 2535 the Company is required to allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward (if any), as legal reserve until this account reaches an amount not less than 10 per cent of the registered capital. The legal reserve is not available for dividend distribution.

## **24. GENERAL RESERVE**

The Company has appropriated part of its net profit for general reserves with no specific objective.





## 25. EXPENSES CLASSIFIED BY NATURE OF EXPENSES

For the years ended 31 December 2019 and 2018 expenses classified by their nature are as follows :-

(UNIT : BAHT)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Changes in finished goods and work-				
in process increase	(10,257,376)	(8,041,776)	(58,076,001)	(11,236,659)
Purchases of finished goods	136,849,920	101,448,852	140,624,730	92,862,671
Loss on diminution in inventories	15,598,494	21,763,530	16,097,758	21,623,819
Raw materials and supplies used	554,037,906	595,498,223	554,037,906	595,492,994
Management benefit expenses	28,699,419	31,850,770	28,038,334	30,977,244
Employee benefit expenses	609,682,623	625,757,372	557,095,404	567,673,561
Depreciation and amortization expenses	53,307,227	44,109,762	50,317,244	41,334,219
Royalty expenses	45,316,652	46,369,150	43,523,452	45,840,835



## 26. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520, the Company has been granted some promotional privileges from the Board of Investment (BOI) as follows :-

1. Promotional certificates No.	60-1470-1-03-1-0	60-0122-0-00-1-0	1627(2)/2554	1628(2)/2554
2. Dates of promotional certificates	3/7/2017	16/2/2015	31/5/2011	31/5/2011
3. The first receiving revenues dates	1/3/2018	2/8/2018	4/5/2011	2/9/2011
4. The type of business promoted	Leather products or artificial leather	Leather products or artificial leather	Textile or fragment	Leather products or artificial leather
5. Important privileges which are granted :-				
5.1 Exemption from corporate income tax on net profit from promotional operations, commencing from the first receiving revenue date.	8 years	8 years	8 years (Expired on 30/11/18)	8 years (Expired on 30/10/17)
5.2 Exemption from income tax on dividends from promoted business which was exempted from income tax in 5.1.	8 years	8 years	8 years (Expired on 30/11/18)	8 years (Expired on 30/10/17)
5.3 Reduction of the corporate income tax on net profit from promoted business at 50% of normal rate after the end of exemption period.	5 years	5 years	5 years	5 years
5.4 Double deduction of expenses for utilities (electricity, water and transportation) for the year.	10 years	10 years	10 years	10 years
5.5 Exemption from corporate income tax for amounts not exceeding (Adjustable to capital investment amount excluding cost of land and working capital).	Baht 60.00 million	Baht 51.99 million	Baht 46.13 million	Baht 76.27 million

As a promoted entity, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.



Income derived from BOI and Non - BOI activities are summarized as follows :-

(UNIT : MILLION BAHT)

	Consolidated financial statements					
	2019			2018		
	Local	Export	Total	Local	Export	Total
BOI promoted business	377.01	268.68	645.69	304.98	222.78	527.76
Non - BOI promoted business	756.48	225.02	981.50	900.19	350.38	1,250.57
Total	1,133.49	493.70	1,627.19	1,205.17	573.16	1,778.33

(UNIT : MILLION BAHT)

	Separate financial statements					
	2019			2018		
	Local	Export	Total	Local	Export	Total
BOI promoted business	377.01	268.68	645.69	304.98	222.78	527.76
Non - BOI promoted business	658.97	224.00	882.97	795.53	348.29	1,143.82
Total	1,035.98	492.68	1,528.66	1,100.51	571.07	1,671.58

## 27. 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 Group's business operation involves 2 principal segments: (1) men's apparel (2) women's apparel with geographical segments of both local and export sales. Segment performance is considered by revenue and gross profit, and is also measured based on the group operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. Revenue and gross profit of operating segments for the years ended 31 December 2019 and 2018 are as follows :-



(UNIT : THOUSAND BAHT)

	For the year ended 31 December 2019			
	Men's apparel	Women's apparel	Other segment	Consolidated financial statements
<b>Revenue</b>				
Revenue from sales - net	1,208,508	383,982	-	1,592,490
Revenue from rendering of services	37,799	-	-	37,799
<b>Gross profit by segment</b>	<b>332,933</b>	<b>109,415</b>	<b>-</b>	<b>442,348</b>
Dividend income	-	-	74,905	74,905
Interest income	-	-	35,338	35,338
Gain on disposal of investments	-	-	973	973
Other income	-	-	38,459	38,459
Selling expenses	(108,229)	(24,441)	(11,355)	(144,025)
Administrative expenses	(89,590)	(29,490)	(241,710)	(360,790)
Share of loss from investment in associate	-	-	(2,599)	(2,599)
Finance costs	-	-	(67)	(67)
<b>Profit (loss) before income tax expenses</b>	<b>135,114</b>	<b>55,484</b>	<b>(106,056)</b>	<b>84,542</b>
Income tax expenses				3,767
<b>Net profit for the year</b>				<b>88,309</b>
<b>Additional information :-</b>				
Depreciation and amortization expenses				53,307



(UNIT : THOUSAND BAHT)

For the year ended 31 December 2018

	Men's apparel	Women's apparel	Other segment	Consolidated financial statements
<b>Revenue</b>				
Revenue from sales - net	1,133,260	598,770	-	1,732,030
Revenue from rendering of services	46,694	-	-	46,694
<b>Gross profit by segment</b>	<b>256,897</b>	<b>269,093</b>	<b>-</b>	<b>525,990</b>
Dividend income	-	-	61,125	61,125
Interest income	-	-	33,726	33,726
Gain on disposal of investments	-	-	59,583	59,583
Other income	-	-	39,518	39,518
Selling expenses	(100,496)	(30,512)	(14,898)	(145,906)
Administrative expenses	(88,207)	(28,278)	(244,232)	(360,717)
Share of loss from investment in associate	-	-	(2,457)	(2,457)
Finance costs	-	-	(262)	(262)
<b>Profit (loss) before income tax expenses</b>	<b>68,194</b>	<b>210,303</b>	<b>(67,897)</b>	<b>210,600</b>
Income tax expenses				(15,868)
<b>Net profit for the year</b>				<b>194,732</b>
<b>Additional information :-</b>				
Depreciation and amortization expenses				44,110



As of 31 December 2019 and 2018, segment assets and liabilities of the Group are as follows :-

(UNIT : THOUSAND BAHT)

	As of 31 December 2019				
		Women's	Total	Unallocated	Consolidated
	Men's apparel	apparel	segments	assets/liabilities	financial statements
Segment assets	354,170	140,114	494,284	3,817,337	4,311,621
Segment liabilities	29,491	25,623	55,114	480,882	535,996

(UNIT : THOUSAND BAHT)

	As of 31 December 2018				
		Women's	Total	Unallocated	Consolidated
	Men's apparel	apparel	segments	assets/liabilities	financial
					statements
Segment assets	381,244	159,808	541,052	3,786,827	4,327,879
Segment liabilities	13,363	52,727	66,090	503,662	569,752

(UNIT : THOUSAND BAHT)

For the year ended

	31 December 2019	31 December 2018
<b>GEOGRAPHICAL AREAS</b>		
Domestic sales	1,136,591	1,205,570
Export sales		
- EUROPE	208,990	242,172
- ASIA	144,308	175,190
- AMERICA	137,915	154,245
- AUSTRALIA	1,403	1,138
- SOUTH AFRICA	1,082	410

#### Information of major customers

The Company has one major customer from segment of Men's apparel and Women's apparel for the years ended 31 December 2019 and 2018, in the amount of Baht 784.47 million and Baht 831.51 million, respectively.





## 28. TAX INCOME EXPENSES

As of 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows :-

(UNIT : THOUSAND BAHT)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
- Retirement benefit obligation	33,872	32,797	33,872	32,797
- Consignment sales	4,211	2,316	4,211	2,316
- Unused tax losses	370	-	370	-
Total deferred tax assets	38,453	35,113	38,453	35,113
<b>Deferred tax liabilities</b>				
- Depreciation	8,638	9,064	8,638	8,041
- Unrealized gain on revaluation of available for-sale-investments	179,675	185,378	179,675	185,378
Total deferred tax liabilities	188,313	194,442	188,313	193,419

Income tax expenses for the year ended 31 December 2019 and 2018 are as follows :-

(UNIT : THOUSAND BAHT)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax</b>				
Corporate income tax for the year	-	11,656	-	11,656
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	(3,767)	4,211	(2,744)	2,768
Income tax expenses reported in the - statements of comprehensive income	(3,767)	15,867	(2,744)	14,424



Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows :-

(UNIT : THOUSAND BAHT)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before corporate income tax	84,542	210,599	131,912	216,549
Applicable tax rate	20%	20%	20%	20%
Accounting profit before corporate income tax multiplied by applicable tax rate	16,908	42,120	26,382	43,310
Effects of :				
Promotional privileges (Note 26)	(15,270)	(14,417)	(15,270)	(14,417)
Non - deductible expenses	3,197	(155)	3,054	(326)
Additional expense deductions allowed	(4,204)	(3,756)	(4,204)	(3,756)
Exemption of income	(16,929)	(9,706)	(16,929)	(9,706)
Effect from un - recording of deferred tax assets	(1,469)	1,656	4,223	(681)
Effect of elimination entry on the consolidated financial statements	14,000	125	-	-
Total	(20,675)	(26,253)	(29,126)	(28,886)
Income tax expenses reported in the statement of comprehensive income	(3,767)	15,867	(2,744)	14,424

Corporate income tax of the Group for the year ended 31 December 2019 and 2018 are calculated from the accounting profit and adjusted with revenues and expenses which are exempted from income tax or expenses not allowed by income tax law.

Non - BOI business operations are subjected to corporate income tax at the rate of 20 percent.

BOI business operation, the corporate income tax is calculated according to the privileges which are granted (Note 26).

Corporate income tax of the subsidiaries is calculated at the rate of 20 percent of taxable profit.



## 29. PROVIDENT FUND

The Company and its subsidiaries have set up a provident fund for their employees under the Provident Fund Act B.E. 2530 (1987) for the staff's welfare as well as security upon their resignation or retirement as defined by the Company's regulations, which is contributed by its employees and by the Company at the rate of 3 - 5% of salary. The Company has appointed the CIMB-Principal Asset Management Company Limited to act as the fund manager.

The Company and subsidiaries' contributions to the employee provident fund were recorded as expenses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 as follows :-

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Thanulux Public Company Limited	9.23	9.79	9.23	9.79
S. Apparel Co., Ltd.	0.23	0.36	-	-
Celebrate Wealth Co., Ltd.	0.32	0.39	-	-
Total	9.78	10.54	9.23	9.79

## 30. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the businesses. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total equity, excluding non-controlling interests and also monitors the level of dividends paid to ordinary shareholders.

## 31. COMMITMENT AND CONTINGENT LIABILITIES

**31.1** As of 31 December 2019 and 2018 the Group has commitments and contingent liabilities as follows :-

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Commitments and contingent liabilities				
Bank guarantee with Customs Department	10.07	9.66	10.07	9.66
Bank guarantee for electricity	4.47	4.55	3.81	3.89
Bank guarantee for business operations	0.20	1.42	0.20	1.42
Loan guarantee for related companies	22.03	24.91	27.03	29.91



**31.2** As of 31 December 2019, The Company has unused letters of credits of Baht 14.00 million (2018 : Baht 0.56 million).

**31.3** As of 31 December 2019 and 2018 The Company has entered into 6 trademark contracts with respective owners for the manufacturing and distribution apparel products under their trademarks. Both parties have mutual obligations to fulfill under these contracts whereby the Company is obliged to pay the royalty fees at the rate of 3.5 - 7.5% of total sales (under the agreed contracts).

As of 31 December 2019 and 2018, one subsidiary company has 3 trademark contracts and 1 trademark contract, respectively with respective owner whereby it must pay the royalty fee at the rate of 6 - 8% of total sales and 12 - 15% of total costs (under the agreed contracts).

**31.4** The Company has commitments relating to building lease right and services, whereby the Company must pay the monthly rentals and services in respect of the said contracts as follows :-

(UNIT : BAHT)

Description	Period	Lease term (years)	Monthly rental and services
Building lease right and services	2015 - 2022	7	78,720
Building lease right and services	2015 - 2022	7	165,000

**31.5** As of 31 December 2018, the Company has commitment relating to fixed asset purchase agreement of Baht 3 million (2019 : nil).

**31.6** As of 31 December 2019 and 2018, The Group has commitment relating to building lease agreement and service agreements, whereby the Group must pay the rentals as follows :-

(UNIT : MILLION BAHT)

Description	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Within 1 year	14.50	15.37	1.95	2.04
More than 1 year not over 5 year	16.37	13.77	7.43	7.60
More than 5 year	6.15	7.68	6.15	7.68



### **32. DIVIDEND PAYMENT, GENERAL RESERVE AND DIRECTORS' REMUNERATION**

**32.1** On 23 April 2019, the Company's Annual General Meeting of shareholders approved the following resolutions :-

- To pay dividends of Baht 0.40 per share totaling Baht 48 million, to the existing shareholders of 120 million shares which will be paid on 17 May 2019. The Company will pay dividends from BOI business operations and corporate income tax exempted business operations.
- To pay dividends of Baht 0.38 per share totaling Baht 45.60 million, to the existing shareholders of 120 million. The Company will pay dividends from BOI business operations and corporate income tax exempted business operations
- To pay dividends of Baht 0.02 per share totaling Baht 2.40 million, to the existing shareholders of 120 million. The Company will pay dividends from corporate income tax business operations
- To pay the directors' remuneration not more than Baht 10 million.
- To appropriate net profit for general reserve in the amount of Baht 10.10 million.

**32.2** On 8 August 2018, the Company's Board of Director Meeting No. 4/2018 approved to pay interim dividends of Baht 0.35 per share totaling Baht 42 million, to the existing shareholders of 120 million shares which will be paid on 7 September 2018. The Company will pay dividends from the retained earnings of BOI business operations.

**32.3** On 24 April 2018, the Company's Annual General Meeting of shareholders approved the following resolutions :-

- To pay dividends of Baht 0.70 per share totaling Baht 84 million, to the existing shareholders of 120 million shares which will be paid on 22 May 2018. The Company will pay dividends from BOI business operations and corporate income tax exempted business operations.
- To pay the directors' remuneration not more than Baht 10 million.
- To appropriate net profit for general reserve in the amount of Baht 7.80 million.

### **33. FINANCIAL INSTRUMENTS**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

#### **33.1 Accounting policies and procedure**

See Note 4.





### **33.2 Credit risk**

Credit risk refers to the risk that accounts receivable will default on its contractual obligations resulting in a financial loss to the Company.

The Company has concentration of risks as most of trade accounts receivable are related companies (Note 5). However, the said customers have been associated continuously for many years and maintained good payment capability.

For other customers, the management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As at the statements of financial position date there was no other significant credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

### **33.3 Interest rate risk**

Interest rate risk arises from the potential of a change in interest rates to have an effect on the operation of the Company in the current reporting period and in future years. The Group is confident that the risk can be managed because the Group has maintained plans and monitor the market situation closely.

Furthermore the Group has invested in debt securities, interest risk are depended on the fluctuation of prices of the debt securities due to the changes of interest rates. If the interest rate increased, the price of debt securities will be decreased and if the market interest rate decreased, the price of debt securities will increase.

### **33.4 Risk from currency exchange**

The Group's risk from the fluctuation of foreign exchange rates, from debtors and creditors from the trading in foreign currencies. The Group will make forward exchange contract, in case the Baht currency is highly fluctuated and it is considered appropriate.





### 33.4.1 Selling forward exchange contracts

The Group has entered into exchange forward contracts with a local commercial bank to hedge against risk in exchange rate fluctuation which might affect the Baht currency receivable from export trade accounts receivable which having the term not over one year which can be summarized as follows:-

Consolidated and separate financial statements						
31 December 2019				31 December 2018		
Foreign currency	Amount (Million)	Delivery will be made during	Exchange rates on	Amount (Million)	Delivery will be made during	Exchange rates on
			delivery date (Currencies exchange to Baht)			delivery date (Currencies exchange to Baht)
USD	0.25	Jun.20	30.01 - 30.08	0.18	Jun.19	32.33 - 32.51
JPY	12.03	May.20 - Jun.20	0.28	40.00	Jun.19	0.29 - 0.30
EUR	0.93	Feb.20 - Jun.20	33.46 - 34.77	0.30	May.19 - Jun.19	37.65 - 37.94

### 33.4.2 Uncovered transactions

As of 31 December 2019 and 2018, the Group has outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging transaction as follows :-

(UNIT : MILLION)

	Consolidated financial statements				Separate financial statements			
	Foreign currencies		Converted to Baht		Foreign currencies		Converted to Baht	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Assets</b>								
USD	1.47	1.62	44.20	52.25	1.47	1.62	44.20	52.25
EUR	0.01	0.35	0.16	13.04	0.01	0.35	0.16	13.04
HKD	0.36	0.36	1.38	1.48	0.36	0.36	1.38	1.48
Total			45.74	66.77			45.74	66.77
<b>Liabilities</b>								
USD	0.38	0.84	11.54	27.52	0.35	0.84	10.48	27.52
EUR	0.51	0.11	17.43	4.20	0.51	0.11	17.43	4.20
JPY	38.06	31.86	10.64	9.46	38.06	31.86	10.64	9.46
Total			39.61	41.18			38.55	41.18







### 33.5 Fair values of financial instruments

The Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

The following methods and assumptions were used by the Group in estimating fair value of financial instruments as disclosed herein:

- Investments in mutual funds have been categorized as a Level 2, the fair value is determined from their net asset value (NAV) at the measurement date of investment.
- The fair value measurement of investments in government bond has been categorized as a Level 2, the fair value determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.
- Investments in marketable securities have been categorized as a Level 1, the fair value is based on quoted market price.
- Investments in debt securities have been categorized as a Level 2, the fair value is determined by using the yield curve as announced by the Thai Bond Market Association at the measurement date of investment.
- Investment property :-
  - The fair value measurement of land has been categorized as a Level 2, the fair value is based on the comparison approach to the valuation technique used.
  - The fair value measurement of building has been categorized as a Level 2, the fair value is based on the cost approach to the valuation technique used.

### 34. EVENTS AFTER THE REPORTING PERIOD

On 26 February 2020, the Board of Directors meeting No. 1/2020 passed a resolution to propose a final dividend payment from the result of its operation for the year 2019 at Baht 0.55 per share for 120 million shares, totaling Baht 66 million to the 2020 Annual General Meeting of the shareholders for approval. This dividend payment is subject to the approval of the Annual General Meeting of the shareholders.

### 35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Company's board of directors on 26 February 2020.



# Management's Discussion and Analysis

## 1) Performance of The Company and its subsidiaries (referred as the "Group")

### 1.1) Performance Analysis

For the year 2019, the Group generated Baht 1,779.96 million in total revenue, a decrease of 9.73% from 2018. Total sales decreased 8.34%, came from Domestic sales decreased by 5.72% due to the high level of household debt. Export sale decreased by 13.86% due to Baht appreciated comparing to other currency, in addition the economic conditions of trade partners was also slow down. Net profit was Baht 89.61 million, a decrease of 54.17% from 2018 because of total revenue decreased from the last year and in 2018, the company books a gain from disposal of and investment (One-time item) was Baht 59.58 million.

### 1.2) Performance for the Completed Period

#### Total Revenue

The Group generated total revenue of Baht 1,779.96 million in 2019, a decrease of Baht 191.87 million or 9.73% from 2018 due to a drop of sales revenue by Baht 148.43 million and other revenues Baht 43.44 million.

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Sale Revenue	1,630.29	91.59	1,778.72	90.21	1,858.68	92.91	(148.43)	(8.34)	(79.96)	(4.30)
Other Revenue	149.67	8.41	193.11	9.79	141.88	7.09	(43.44)	(22.49)	51.23	36.11
Total Revenue	1,779.96	100.00	1,971.83	100.00	2,000.56	100.00	(191.87)	(9.73)	(28.73)	(1.44)

#### Sales Revenue

During 2019, The Group generated sales revenue amounted to Baht 1,630.29 million, a decrease of Baht 148.43 million or 8.34% from 2018, detail as below.

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Domestic	1,136.59	69.72	1,205.57	67.78	1,295.71	69.71	(68.98)	(5.72)	(90.14)	(6.96)
Oversea	493.70	30.28	573.15	32.22	562.97	30.29	(79.45)	(13.86)	10.18	1.81
Total Sales Revenue	1,630.29	100.00	1,778.72	100.00	1,858.68	100.00	(148.43)	(8.34)	(79.96)	(4.30)



- **Domestic sales :** In 2019, sales revenue amounted to Baht 1,136.59 million, a decrease of Baht 68.98 million or 5.72% from 2018. In 2019, the Thai Economy as a whole slowed down due to the effects of the global economy, household debt was still at a high level. Consumer behavior had changed and more careful about spending. In the marketing, the price competition was quite intense. Including the online sales channel which had a high rate of growth. The Group tried to adapt by expanded its distribution channels to be more diverse, covering both online and offline customers. There was developed the customer database to study and analyze the behavior of customers' consumption and use the information to design, develop products and services that meet customer needs and planning the storefront management to be suitable.

- **Export Sales :** In 2019, a sales revenue amounted to Baht 493.70 million, a decrease from 2018 of Baht 79.45 million or 13.86% due to the group had been affected by the appreciation of the Baht compared to the major currencies and also the economic conditions of trading partner countries had slowed down, resulting to the export sales having a negative growth rate. The Group was still looking for opportunities to expand into new customers by focusing on quality and service that exceeds expectations and also improving production efficiency to increase the capability of competition. For exchange risks, the Group had used financial tools to manage them.

## - Other Revenues

In 2019, The Group generated other revenues amounted to Baht 149.67 million, a decrease from 2018 of Baht 43.44 million or 22.49% due to in 2018 the Company had gain on disposal of available-for-sale securities of Baht 59.58 million but in 2019 had the dividend received increase Baht 13.78 million.

## Costs of goods sold and Selling and Administrative Expenses

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Sales Revenue	1,630.29	100.00	1,778.72	100.00	1,858.68	100.00	(148.43)	(8.34)	(79.96)	(4.30)
Costs of Goods Sold	1,187.94	72.87	1,252.73	70.43	1,319.95	71.02	(64.79)	(5.17)	(67.22)	(5.09)
Gross Profit	442.35	27.13	525.99	29.57	538.73	28.98	(83.64)	(15.90)	(12.74)	(2.36)

## Cost of Goods Sold

In 2019, The Group's proportion of cost of goods sold to sales revenue was 72.87% compared to 70.43% in 2018 due to the decreasing sales volume compared to last year. In addition, oversea sales were affected by the appreciate of Thai Baht against the baht.

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Selling Expenses	144.03	8.83	145.91	8.20	143.00	7.69	(1.88)	(1.29)	2.91	2.03
Administrative Expenses	360.49	22.11	360.72	20.28	382.79	20.59	(0.23)	(0.06)	(22.07)	(5.77)
Income Tax Expense	(3.77)	(0.23)	15.87	0.89	3.25	0.17	(19.64)	(123.74)	12.62	388.31

\* Proportional to Sales Revenue





## Selling and Administrative Expenses

In 2019, the Group had selling expenses of Baht 144.03 million, a decrease of Baht 1.88 million or 1.29% from 2018 due to the decreasing of royalty fees.

Administrative Expenses of Baht 360.49 million slightly decreased from 2018.

## Income tax expense

The Group's corporate income tax for the year 2019 was Baht (3.77) million, a decrease of Baht 19.64 million or 123.74% from 2018 due to the Group's did not have any corporate income tax, in addition the estimated of Deferred income tax decreased from previous year resulted to the income tax expense in the Statement of Comprehensive Income was Baht (3.77) million, as detailed below

Unit : million Baht

Consolidated Financial Statement	2019	2018	2017	Change Increase (Decrease)			
	Amount	Amount	Amount	2019 / 2018	%	2018 / 2017	%
<b>Corporate Income tax expense for the year</b>	<b>0.00</b>	<b>11.66</b>	<b>5.50</b>	<b>(11.66)</b>	<b>(100.00)</b>	<b>6.16</b>	<b>112.00</b>
Reconciled with deferred income tax							
- Retirement benefits obligation	(2.10)	1.68	(2.67)	(3.78)	(224.88)	4.35	162.92
- Consignment goods (increase) decrease	(1.89)	0.95	(0.56)	(2.84)	(298.95)	1.51	269.64
- Depreciation of fixed assets	0.59	1.58	0.98	(0.99)	(62.66)	0.60	61.22
- Allowance for slow - moving stock	(0.37)			(0.37)	(100.00)	0.00	0.00
<b>Total deferred income tax</b>	<b>(3.77)</b>	<b>4.21</b>	<b>(2.25)</b>	<b>(7.98)</b>	<b>(189.50)</b>	<b>6.46</b>	<b>287.11</b>
<b>Income Tax Expenses on Consolidated Financial Statement</b>	<b>(3.77)</b>	<b>15.87</b>	<b>3.25</b>	<b>(19.64)</b>	<b>(123.74)</b>	<b>12.62</b>	<b>388.31</b>

## Profit

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Sales Revenue	1,630.29	91.59	1,778.72	90.21	1,858.68	92.91	(148.43)	(8.34)	(79.96)	(4.30)
Other Revenues	149.67	8.41	193.11	9.79	141.88	7.09	(43.44)	(22.49)	51.23	36.11
<b>Total Revenues</b>	<b>1,779.96</b>	<b>100.00</b>	<b>1,971.83</b>	<b>100.00</b>	<b>2,000.56</b>	<b>100.00</b>	<b>(191.87)</b>	<b>(9.73)</b>	<b>(28.73)</b>	<b>(1.44)</b>
Cost of Goods Sold	1,187.94	* 72.87	1,252.73	* 70.43	1,319.95	* 71.02	(64.79)	(5.17)	(67.22)	(5.09)
<b>Gross Profit</b>	<b>442.35</b>	<b>* 27.13</b>	<b>525.99</b>	<b>* 29.57</b>	<b>538.73</b>	<b>* 28.98</b>	<b>(83.64)</b>	<b>(15.90)</b>	<b>(12.74)</b>	<b>(2.36)</b>
Selling and Administrative Expenses	507.11	28.49	509.09	25.82	527.78	26.38	(1.98)	(0.39)	(18.69)	(3.54)
Impairment Loss on investment, net	0.30	0.02	(0.85)	(0.04)	(0.82)	(0.04)	1.15	135.29	(0.03)	(3.66)
Finance Costs	0.07	0.00	0.26	0.01	0.13	0.01	(0.19)	(73.08)	0.13	100.00
Income Tax Expense	(3.77)	(0.21)	15.87	0.80	3.25	0.16	(19.64)	(123.76)	12.62	388.31
<b>Net Profit for the Year</b>	<b>88.31</b>	<b>4.96</b>	<b>194.73</b>	<b>9.88</b>	<b>150.27</b>	<b>7.51</b>	<b>(106.42)</b>	<b>(54.65)</b>	<b>44.46</b>	<b>29.59</b>
Owners of the parent company	89.61	5.03	195.52	9.92	152.11	7.60	(105.91)	(54.17)	43.41	28.54
Non-controlling interests	(1.30)	(0.07)	(0.79)	(0.04)	(1.84)	(0.09)	(0.51)	(64.56)	1.05	57.07
<b>ROE</b>	<b>2.38%</b>		<b>5.20%</b>		<b>4.19%</b>		<b>(2.82%)</b>		<b>1.01%</b>	
<b>ROA</b>	<b>2.07%</b>		<b>4.49%</b>		<b>3.58%</b>		<b>(2.42%)</b>		<b>0.91%</b>	

\* Proportional to Sales Revenue



## Gross Profit

The Group's gross profit margin for the year 2019 was Baht 442.35 million, a decrease of Baht 83.64 million or a decrease of 15.90% from 2018, due to a decrease of sales.

## Profit attributable to equity holders of the Company

The Group's net profit attributable to equity holders of the Company in 2019 was Baht 89.61 million, a decrease of Baht 105.91 million or 54.17% from 2018, due to the decreasing of operating profit and other income according to the reasons mentioned above. Net profit was 5.03% previous year 9.92%. Return on assets was 2.07% and previous year: 4.49%.

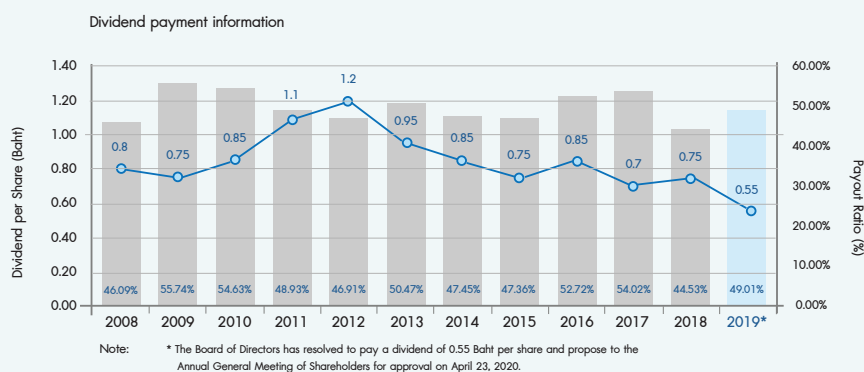
## Return on Equity

Return on equity was 2.38% while previous year was 5.20% due to the decreasing of net profit.

Company has a policy of paying dividends to shareholders at the rate of Baht 0.20 per share, which is equivalent to 20 percent of the par value. However, payment is principally subject to the Company's operating results and economic conditions. Dividend payments would be made from net earnings and retained earnings.

In 2019, the Company earned net profits as evidenced by the Separate financial statements in the amount of Baht 134.66 million equaled to Baht 1.12 per share. The Board of Directors Meeting No.1/2020 on 26<sup>th</sup> February 2020 agree to propose the General Meeting of Shareholders on 23<sup>rd</sup> April 2020 to approve dividend payments at Baht 0.55 per share, totaling Baht 66.00 million. Payout Ratio was 49.01% and will be paid on 22<sup>nd</sup> May 2020.

Separate Financial Statements	Units	2019	2018	2017	Change Increase (Decrease)			
		Amount	Amount	Amount	2019 / 2018	%	2018 / 2017	%
Owners of the parent company	Million Baht	134.66	202.12	155.50	(67.46)	(33.38)	46.62	29.98
Total Shares	Million Share	120.00	120.00	120.00				
Earning per Share	Baht / Share	1.12	1.68	1.30	(0.56)	(33.38)	0.38	29.98
Dividend per Share	Baht / Share	0.55	0.75	0.70	(0.20)	(26.67)	0.05	7.14
Total dividend Paid	Million Baht	66.00	90.00	84.00	(24.00)	(26.67)	6.00	7.14
Dividend Payout Ratio	%	49.01%	44.53%	54.02%	4.48%		(9.49%)	





## 2) Financial Position

### 2.1) Assets

#### Components of Assets

#### Consolidated Statement of Financial Position as of December 31

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Cash and Cash equivalents	29.83	0.69	30.48	0.70	48.23	1.10	(0.65)	(2.13)	(17.75)	(36.80)
Short-term Investments	545.88	12.66	664.36	15.35	657.45	15.03	(118.48)	(17.83)	6.91	1.05
Trade and Other Accounts Receivables	246.74	5.72	255.83	5.91	289.11	6.61	(9.09)	(3.55)	(33.28)	(11.51)
Inventories, net	354.76	8.23	342.49	7.91	345.73	7.91	12.27	3.58	(3.24)	(0.94)
Other Current Assets	68.90	1.60	62.26	1.44	62.06	1.42	6.64	10.66	0.20	0.32
<b>Total Current Assets</b>	<b>1,246.11</b>	<b>28.90</b>	<b>1,355.42</b>	<b>31.32</b>	<b>1,402.58</b>	<b>32.07</b>	<b>(109.31)</b>	<b>(8.06)</b>	<b>(47.16)</b>	<b>(3.36)</b>
Long-term Investments	2,492.24	57.80	2,363.45	54.61	2,427.41	55.51	128.79	5.45	(63.96)	(2.63)
Property, Plant and Equipment (net)	444.71	10.31	483.17	11.16	409.77	9.37	(38.46)	(7.96)	73.40	17.91
Other Non-current Assets	128.56	2.98	125.84	2.91	133.37	3.05	2.72	2.16	(7.53)	(5.65)
Total Fixed Assets	3,065.51	71.10	2,972.46	68.68	2,970.55	67.93	93.05	3.13	1.91	0.06
<b>Total Assets</b>	<b>4,311.62</b>	<b>100.00</b>	<b>4,327.88</b>	<b>100.00</b>	<b>4,373.13</b>	<b>100.00</b>	<b>(16.26)</b>	<b>(0.38)</b>	<b>(45.25)</b>	<b>(1.03)</b>

#### Current Assets

As of 31<sup>st</sup> December 2019, The Group posted Baht 1,246.11 million in total current assets, decrease from the previous year of Baht 109.31 million, mainly due to:

- **Short-term Investments** amount Baht 545.88 million decreased Baht 118.48 million was a result of used for invest in long-term investments.
- **Trade and Other Accounts Receivables** amount Baht 246.74 million decreased Baht 9.09 million was a result from reduced of sales amount.

#### Non-Current Assets

As of 31<sup>st</sup> December 2019, the Group posted Baht 3,065.51 million in non-current assets, increased by Baht 93.05 million from the previous year. This was mainly due to:

- **Long-term Investment** amount Baht 2,492.24 million increased Baht 128.79 million was a result of increase the investment in long-term debt instruments for the purpose of manage liquidity in order to get better returns.
- **Property, Plant and Equipment, net** amount Baht 444.71 million decreased Baht 38.46 million was a result from reclassification of investment properties in accordance with investment objectives and the depreciation.



## 2.2) Assets Quality

### Trade Accounts Receivable

In 2019, trade accounts receivable before deduction for allowance for doubtful accounts, and allowance for sales returns was Baht 243.90 million, a decrease by Baht 8.79 million. It comprised of Baht 134.14 million or 55.00% related trade accounts receivable and Baht 109.76 million or 45.00% other trade accounts receivable. (2018 related trade accounts receivable Baht 148.74 million or 58.86% and other trade accounts receivable Baht 103.95 million or 41.14%)

### Aging of Trade Accounts Receivable

Unit : million Baht

	Total amount	within credit term		over due					
				less than 3 months		3 to 6 months		more than 6 months	
		amount	%	amount	%	amount	%	amount	%
Related trade accounts receivable									
2019	134.14	129.85	96.80	4.29	3.20	-	-	-	-
2018	148.74	141.15	94.90	7.59	5.10	-	-	-	-
2017	202.03	185.53	91.83	9.59	4.75	1.61	0.80	5.30	2.62
Other trade accounts receivable									
2019	109.76	79.05	72.02	22.51	20.51	7.93	7.22	0.27	0.25
2018	103.95	73.39	70.60	28.91	27.81	1.35	1.30	0.30	0.29
2017	94.55	63.16	66.80	29.79	31.51	1.19	1.26	0.41	0.43

The Group might has risk for uncollectible debts amounted to Baht 0.90 million same amount as allowance for doubtful accounts. (2018: Baht 0.94 million)

### Inventory

The Group measured the ending balance of inventory in financial statement at cost or net realizable value whichever was lower value. The Group had considered to reduce the value of inventory according to accounting standard and also managed consistently on balancing the inventory level in accordance with the market demand.

**Long-term Investments** (See additional information from Notes to the Financial Statements No. 11 - 15), as below

### Available-for-sale securities

Investment in listed securities were stated in the financial statements at fair value which was higher than the cost amounted to Baht 895.67 million. Dividend yield was 7.29%, previous year was 7.35%. (Dividend yield at fair value was 2.54%, previous year was 2.50%)

### Non-marketable securities

Investment in unlisted equity securities were stated in the financial statements at cost less any impairment losses. Dividend yield was 8.95%. (previous year 6.19%)





### Held-to-maturity debt securities

Stated at amortized cost, all items were debentures with rating over A.

The Group had received the return on long-term investments in pass year over the average of fixed deposit rates at 5 major commercial banks. Moreover, the Group benefited from the investment in supply chain companies, resulting in stability of raw material, which was in accordance with financial management policy of the Group.

### Investment Properties

The Group has invested in land and building for aiming the benefits from rental and capital appreciation. The investment properties are stated at cost less accumulated depreciation, there were regularly review of fair value in accordance with accounting standard mentioned in Notes 16.

### Property, Plant and Equipment

Land disclosed in the financial statements at cost which had been acquired by the Group for over a long period. So the current market price of such land had overwhelmingly exceeded the cost stated in the financial statements. Factory and office building were had improvements and repairs to suit the applications. Machinery and equipment are efficient and technologically advanced as the Group continuously improved technologies in production to replace the old machinery and had regularly maintenance. Moreover, for unused assets, the Group had already disposed it.

## 2.3) Liquidity

### Components of Cash Flows

In 2019, the Group had cash and cash equivalent of Baht 29.83 million, year 2018 had Baht 30.48 million, decreased of Baht 0.65 million. For liquidity management, the Group considers to invest in long-term securities and invest in fixed assets to expand capacity and improve efficiency in production. Details of net cash flows classified by type to operating, investments and financing activities are as follows:

Unit : million baht

Consolidated Cashflow Statement	2019	2018	2017	Change Increase (Decrease)			
	Amount	Amount	Amount	2019 / 2018	%	2018 / 2017	%
Cash Received (Used) from Operating Activities	0.13	92.72	123.58	(92.59)	(99.86)	(30.86)	(24.97)
Cash Received (Used) from Investing Activities	50.28	14.70	(40.58)	35.58	242.04	55.28	136.22
Cash Received (Used) from Financing Activities	(51.06)	(125.18)	(103.09)	74.12	59.21	(22.09)	(21.43 )
<b>Net Cash Received (Used)</b>	<b>(0.65)</b>	<b>(17.76)</b>	<b>(20.09)</b>	<b>17.11</b>	<b>96.34</b>	<b>2.33</b>	<b>11.60</b>
Net Cash Beginning of the year	30.48	48.24	68.32	(17.76)	(36.82)	(20.08)	(29.39)
Net Cash End of the year	29.83	30.48	48.23	(0.65)	(2.13)	(17.75)	(36.80)

The Group's net cash flow from operating activities in 2019 amounted to Baht 0.13 million, decreased from year 2018 by Baht 92.59 million mainly due to the operating profit decreased.



Net cash from investing activities in 2019 amounted to Baht 50.28 million, which were mainly came from dividends received Baht 74.88 million, interest income Baht 35.71 million, In the same time. they used cash for investment in trading securities, debt instruments and short-term deposits (net) Baht 43.53 million and also invested in land, buildings and equipment (Net) Baht 16.78 million.

Net cash used in financing activities for 2019 amounted to Baht 51.06 million, decreased by Baht 74.12 million from year 2018. Due to in 2018, the Company had paid an interim dividend at 0.35 per share totaling Baht 42.00 million and in 2019 the subsidiaries had paid the loan amount Baht 3.06 million back to the financial institutions.

As reason mentioned above, net cash flow of the Group's decreased by Baht 0.65 million when combined with cash at the beginning of the period in amount of 30.48 million baht resulting in cash at the end of the period in the amount of 29.83 million baht

#### Adequacy of liquidity

		2019	2018	2017
Current Ratio	(times)	7.13	6.70	6.20
Quick Ratio	(times)	4.71	4.70	4.40
Cash Flow Liquidity Ratio	(times)	0.01	0.44	0.54
Net Increase in Cash Flows From Operating Activities	(million baht)	0.13	92.72	123.58

According to financial ratio above, the Group had a relatively low debt ratio. It showed that the Group still had the appropriate liquidity for business operation, any investments and payment of dividend to the shareholders.

The Company has pursued the policy to manage its excessive liquidity through investment in securities, debt and equity instruments and/or open-ended funds listed in the Stock Exchange of Thailand which were secure and offer preferable returns. The Company has also invested in businesses which were complementary to its principal business in order to improve competitiveness. In addition, the Company focused on shortening the payment period to obtain benefits from cash discounts.

#### Cash Cycle

		2019	2018	2017
	(days)			
Average inventory period		57	51	44
Average collection period		55	56	60
Average payment period		33	36	38
Cash cycle		79	70	66

Over the past, the Group had closely and continuously monitored on sales situation, marketing and economic circumstance including other factors which might had effect on sales and collection period.





## 2.4) Significant Investment Expenditures

In 2019, the Group has various investment expenditures as follows:

1. Investment in information system both of hardware and software to enhance the efficiency in production and sales distribution.
2. Increased management efficiency of the retail-sale channel by merging the business of Era-won brand from the subsidiary, improved work systems and manpower structures to increase operational efficiency.
3. Joint investment with the supply chain to develop innovative products that respond customer needs and care for the environment, such as textile products from plastic "Arrow Shirt Upcycling by GC", Cool Mode "cast without ironing"
4. There were also invest in the property for the operation and some of them were held for the benefit of rent or profit taking in the future.
5. Improve the factory environment so that employees have good quality of life, in accordance with the Occupational Health Act. Safety and Environment.
6. Joint investment in Saha Capital Tower Co., Ltd., the property development business, which was an opportunity to invest in new business In order to manage the excess liquidity and get better returns.

## 2.5) Sources of Fund

The Group's Fund for operation and investment had been mainly from capital and retain earning.

### Statement of Financial Position as at 31 December

Unit : million Baht

Consolidated Financial Statement	2019		2018		2017		Change Increase (Decrease)			
	Amount	%	Amount	%	Amount	%	2019 / 2018	%	2018 / 2017	%
Trade and Other Accounts Payables	164.73	3.82	185.14	4.28	212.40	4.86	(20.41)	(11.02)	(27.26)	(12.83)
<b>Total Current Liabilities</b>	<b>174.75</b>	<b>4.05</b>	<b>202.34</b>	<b>4.68</b>	<b>226.11</b>	<b>5.17</b>	<b>(27.59)</b>	<b>(13.64)</b>	<b>(23.77)</b>	<b>(10.51)</b>
Provision for Employee Benefits	170.38	3.95	171.40	3.96	176.68	4.04	(1.02)	(0.60)	(5.28)	(2.99)
Deferred Tax Liabilities	188.31	4.37	194.44	4.49	210.16	4.81	(6.13)	(3.15)	(15.72)	(7.48)
Total Non-current Liabilities	361.25	8.38	367.41	8.49	388.05	8.87	(6.16)	(1.68)	(20.64)	(5.32)
<b>Total Liabilities</b>	<b>536.00</b>	<b>12.43</b>	<b>569.75</b>	<b>13.16</b>	<b>614.16</b>	<b>14.04</b>	<b>(33.75)</b>	<b>(5.92)</b>	<b>(44.41)</b>	<b>(7.23)</b>
Issued and Fully Paid-up Share Capital	120.00	2.78	120.00	2.77	120.00	2.74	0.00	0.00	0.00	0.00
Premium on Ordinary Shares	181.13	4.20	181.13	4.19	181.13	4.14	0.00	0.00	0.00	0.00
Other Components of Equity	749.68	17.39	782.19	18.07	851.77	19.48	(32.51)	(4.16)	(69.58)	(8.17)
Appropriated Retained Earnings	236.30	5.48	226.20	5.23	218.40	4.99	10.10	4.47	7.80	3.57
Unappropriated Retained Earnings	2,488.36	57.71	2,447.16	56.54	2,385.43	54.55	41.20	1.68	61.73	2.59
<b>Total Shareholders' Equity</b>	<b>3,775.47</b>	<b>87.56</b>	<b>3,756.68</b>	<b>86.80</b>	<b>3,756.73</b>	<b>85.90</b>	<b>18.79</b>	<b>0.50</b>	<b>(0.05)</b>	<b>(0.00)</b>
Non-controlling Interests	0.15	0.00	1.45	0.03	2.24	0.05	(1.30)	(89.66)	(0.79)	(35.27)
<b>Total Liabilities and Shareholders' Equity</b>	<b>4,311.62</b>	<b>100.00</b>	<b>4,327.88</b>	<b>100.00</b>	<b>4,373.13</b>	<b>100.00</b>	<b>(16.26)</b>	<b>(0.38)</b>	<b>(45.25)</b>	<b>(1.03)</b>





### Capital Structure

Capital structure comprised of liabilities at Baht 536.00 million, equity at Baht 3,775.47 million, and non-controlling interest at Baht 0.15 million. The Group's debt to equity ratio was 0.14 slightly lower than previous year. The Group's capital structure was still stable.

### Liabilities

As of December 31, 2019, the Group's total liabilities amounted to Baht 536.00 million, decreasing from 2018 by Baht 33.75 million. This was mainly due from a decrease of Trade and Other Accounts Payables Baht 20.41 million, Accrued corporate income tax Baht 7.37 million, Provision for Employee Benefit Baht 1.02 million and deferred tax liabilities by Baht 6.13 million.

### Shareholders' Equity

As of December 31, 2019, the Group's equity amounted to Baht 3,775.47 million, slightly increase from year 2018. Due to the net profit by Baht 89.61 million, unrealized loss from valuation of investment in available-for-sale securities (net) by Baht 22.81 million, dividends payment for the year 2018 (For the last six months) in amount of Baht 48.00 million. The book value per share as at December 31, 2019 equaled to Baht 31.46.

### Commitments and Contingent Liabilities

Detail per Notes to the Financial Statements No. 31

### 3) Factors or situations that might affect toward the Company's financial position or business operation in the future

- 1) Household debt burden is still at a high level. Consumers are cautious about spending.
- 2) The fluctuation of exchange rate affected the Group's total sales and profit.
- 3) The customer needs are changing rapidly, the component of decision making for the purchasing of product both in terms of price and quality and distribution channels that quick respond to customers.
- 4) The minimum wage increase from government policy resulting to the higher production costs to the Group.
- 5) The global economic slowdown





## Synopsis of Operations of the Company and Subsidiaries

(Unit : thousand Baht)

Selected Data	2019	%	2018	%	2017	%
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>						
Revenue from sales	1,630,289	91.59	1,778,724	90.21	1,858,678	92.91
Other incomes	149,675	8.41	193,102	9.79	141,879	7.09
<b>Total revenues</b>	<b>1,779,965</b>	<b>100.00</b>	<b>1,971,826</b>	<b>100.00</b>	<b>2,000,557</b>	<b>100.00</b>
Cost of sales	1,187,941	* 72.87	1,252,735	* 70.43	1,319,944	* 71.02
Selling and administrative expenses	507,112	28.49	509,081	25.82	527,781	26.38
<b>Total expenses</b>	<b>1,695,422</b>	<b>95.25</b>	<b>1,761,227</b>	<b>89.32</b>	<b>1,847,037</b>	<b>92.33</b>
EBITDA	138,219	7.77	254,120	12.89	198,771	9.94
Depreciation and amortization	53,307	2.99	44,110	2.24	45,939	2.30
Profit before finance costs and corporate income tax	84,609	4.75	210,861	10.69	153,648	7.68
<b>Net profit for the year attributable to owners of the parent company</b>	<b>89,610</b>	<b>5.03</b>	<b>195,525</b>	<b>9.92</b>	<b>152,115</b>	<b>7.60</b>
<b>STATEMENTS OF CASH FLOWS</b>						
Net cash received from operating activities	131	0.01	92,724	4.70	123,575	6.18
Net cash used in investing activities	50,283	2.82	14,702	0.75	(40,577)	(2.03)
Net cash used in financing activities	(51,066)	(2.87)	(125,179)	(6.35)	(103,085)	(5.15)
<b>Cash and cash equivalent increase (decrease) - net</b>	<b>(652)</b>	<b>(0.04)</b>	<b>(17,753)</b>	<b>(0.90)</b>	<b>(20,087)</b>	<b>(1.00)</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>						
Cash and cash equivalents	29,831	0.69	30,482	0.70	48,236	1.10
Short - term investments	545,880	12.66	664,356	15.35	657,452	15.03
Trade and other receivables	246,743	5.72	255,829	5.91	289,110	6.61
Inventories - net	354,765	8.23	342,489	7.91	345,728	7.91
Total current assets	1,246,108	28.90	1,355,424	31.32	1,402,582	32.07
Long - term investments	2,492,246	57.80	2,363,446	54.61	2,427,407	55.51
Property, plant and equipment - net	444,709	10.31	483,173	11.16	409,767	9.37
<b>TOTAL ASSETS</b>	<b>4,311,621</b>	<b>100.00</b>	<b>4,327,879</b>	<b>100.00</b>	<b>4,373,130</b>	<b>100.00</b>
Trade and other payables	164,726	3.82	185,141	4.28	212,401	4.86
<b>Total current liabilities</b>	<b>174,748</b>	<b>4.05</b>	<b>202,346</b>	<b>4.68</b>	<b>226,113</b>	<b>5.17</b>
Retirement benefit obligation	170,380	3.95	171,402	3.96	176,679	4.04
Deferred tax liabilities	188,313	4.37	194,442	4.49	210,161	4.81
<b>Total non - current liabilities</b>	<b>361,249</b>	<b>8.38</b>	<b>367,407</b>	<b>8.49</b>	<b>388,044</b>	<b>8.87</b>
<b>TOTAL LIABILITIES</b>	<b>535,996</b>	<b>12.43</b>	<b>569,752</b>	<b>13.16</b>	<b>614,157</b>	<b>14.04</b>
Registered share capital	120,000	2.78	120,000	2.77	120,000	2.74
Issued and paid - up share capital	120,000	2.78	120,000	2.77	120,000	2.74
Premium on ordinary shares	181,125	4.20	181,125	4.19	181,125	4.14
Other components of equity	749,693	17.39	782,193	18.07	851,773	19.48
Appropriated retained earnings	236,300	5.48	226,200	5.23	218,400	4.99
Unappropriated retained earnings	2,488,359	57.71	2,447,161	56.54	2,385,434	54.55
<b>EQUITY ATTRIBUTABLE TO PARENT COMPANY</b>	<b>3,775,477</b>	<b>87.57</b>	<b>3,756,678</b>	<b>86.80</b>	<b>3,756,732</b>	<b>85.90</b>
<b>Non - controlling interests</b>	<b>148</b>	<b>0.00</b>	<b>1,448</b>	<b>0.03</b>	<b>2,241</b>	<b>0.05</b>

Notes \* cost of sales / sales

EBITDA = Earning before interest, corporate income tax, depreciation and amortization



**Financial Ratios of the Company and Subsidiaries**

Selected Data		2019	2018	2017
<b>Liquidity Ratios</b>				
Current Ratio	(times)	7.13	6.70	6.20
Quick Ratio (times)	(times)	4.71	4.70	4.40
Liquidity of Cash Flow from Operation	(times)	0.01	0.44	0.54
Account Receivable Turnover	(times)	6.57	6.48	6.04
Average Collection Period	(days)	55	56	60
Inventory Turnover	(times)	6.35	7.09	8.19
Average Inventory Turnover Period	(days)	57	51	44
Account Payable Turnover	(times)	10.95	9.94	9.47
Average Payment Period	(days)	33	36	38
Cash Cycle	(days)	79	70	66
<b>Profitability Ratios (%)</b>				
Gross Profit Margin	(%)	27.13	29.57	28.98
Net Profit Margin	(%)	5.03	9.92	7.60
Return on Equity	(%)	2.38	5.20	4.19
<b>Efficiency Ratios</b>				
Return on Total Assets	(%)	2.07	4.49	3.58
Return on Fix Assets	(%)	26.37	45.48	40.14
Total Assets Turnover	(times)	0.41	0.46	0.47
<b>Financial Policy Ratios</b>				
Debt-Equity Ratio	(times)	0.14	0.15	0.16
Time Interest Earned	(times)	113.72	386.92	1,003.43
Leverage Ratio (cash basis)	(times)	0.00	0.20	0.33
Dividend Payout	(%)	* 73.65	46.03	55.22

**Remark** \* Meeting of the Board of Directors adopted a resolution to propose to the General Meeting of shareholders, which is to be held on 23<sup>rd</sup> April 2020, the approval of dividend payment at the rate of Baht 0.55 per share.



**THANULUX**  
PUBLIC COMPANY LIMITED



## Vision Mission and Core Values

### Vision

To provide products and services of superior quality and innovation promoting long-term customer value through a digital organization.

### Mission

1. To endorse employee involvement in providing satisfaction and generating sustainable value for customers and shareholders.
2. To operate business under the principles of good governance
3. To promote digital culture in organization that values people and encourage personnel development with technology.
4. To commit to social and environmental responsibility.



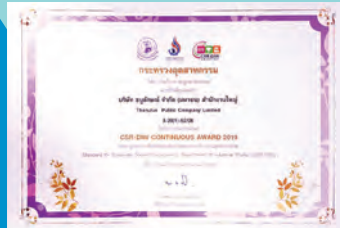
### Core Values “SMART”

- S** Synergy
- M** Moral & Ethics
- A** Active to Quality
- R** Responsibility for Social
- T** Think & Go Digital

## Award and Recognition



► CSR-DIW Continuous Award 2019  
Ministry of Industry



► Carbon Footprint Label scheme for Long-sleeved white shirt  
Thailand Greenhouse Gas Management Organization



► Certificate Production scheme  
of Low Greenhouse  
Gas Emission Ministry of Energy



✓ Certified for the international  
standard for Quality Management  
system ISO 9001:2015



✓ Certified for the international  
standard for Environment  
system ISO 14001:2015

## Message from the Managing Director

In 2019, placing the importance on sustainable business operation in all aspects-economic, social and environmental, the Company has committed to run business with corporate governance. Continually creating innovations, the Company shall also be responsible for all stakeholders and realizes importance of environment and safety.

The Company has been operating business with supervision from Committee and the Management and cooperation by employees who all have firm commitment to continually develop the Company. Not only putting an emphasis on human resource development, but the Company also makes employees to feel relatable and connected to the Company by realizing value of employees according to the core value “SMART”. This will pave the way for employees to be competent and growing in their career path.

Furthermore, realizing the importance of innovation, creation and development of products, the Company has organized the innovation award and encouraged employees to attend and present their innovations. This leads to the non-stop development of products which also contributes to increase productivity in order to satisfy customers in the present. Moreover, the products have been developed to be aligned with economic change while committing to reduce environmental impact.

On behalf of the Company, I would like to thank you the shareholders, business partner and customers that were important in supporting the growth of the company and for the continual confident to, also including the Board of Directors, Executives and all employees who had joined together committed and dedicated to work, patience and integrity, resulting in the company being successful up to today. The Company would like to make a commitment to conduct the business by adhering to the principles of good corporate governance, taking into account for all stakeholders’ as well social and environmental responsibility, to create sustainable success for the business.



(Mr. Supotch Pakaworuwuth)

Managing Director

# The Good Corporate Governance Principles

The Board of Directors, not only had built investor confidence, but also recognized the importance of the Good Corporate Governance principles which was a key foundation to the sustainable development and raised value to the Company. In order to lead a competitive business with good operating results. Taking into account the long-term impact, the Company ethically runs business by paying respect to the rights of shareholders and stakeholders. The business also contributes to the society's benefit, reduces negative impact to the environment and is adaptive to any different circumstances.

The Board of Directors has appointed Governance Committee to specify a criteria and guidelines for good governance, review and revise Company's strategic plan to comply with changes of business, rules, notices, regulations as well as relevant law. Moreover, the Company has established many channels of communication regarding good governance for Directors, Executives, and all employees. They are provided below.

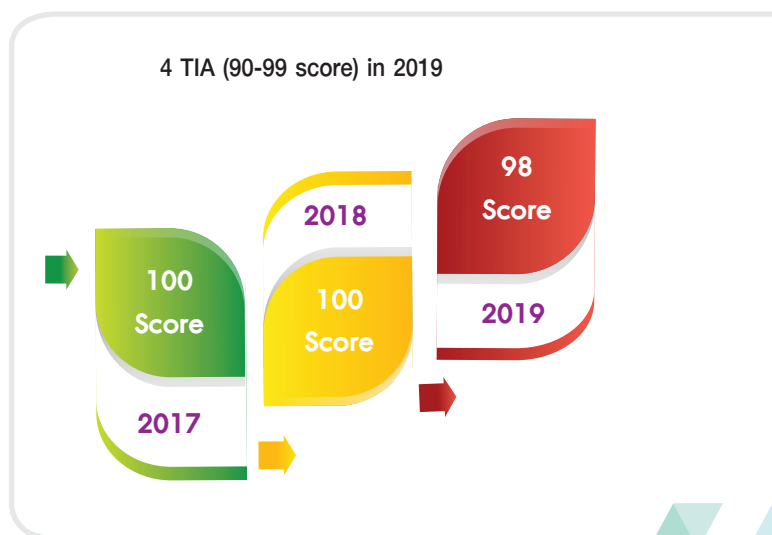
- All new employees will receive job orientation on the Good Corporate Governance policy, the Business Ethics, The Code of Conduct for Directors, Executive and employees as well as the Anti-Corruption policy.
- The Company applies intranet system and a Company website [www.thanulux.com](http://www.thanulux.com) as channels of internal communication. The Company has monitored any ethic violation on business and annually reported to the Board of Directors. Not any violation was found in 2019.
- The Board of Directors specifies the assessment of the Board of Directors' and sub-committee's working performance at least once a year. In 2019, the result of assessment shows **"very satisfied"**.
- The Board of Directors reviews and approves the Good Corporate Governance principles, 2<sup>nd</sup> revision for listed companies 2017 (CG Code) to suit with the business operation. The review of the principles shall be conducted at least once a year.

Further information related to the roles of Board of Directors is provided in the topic of Corporate Governance

## Corporate Governance Report (IOD)



## Annual General Meeting Checklist (100 Score)

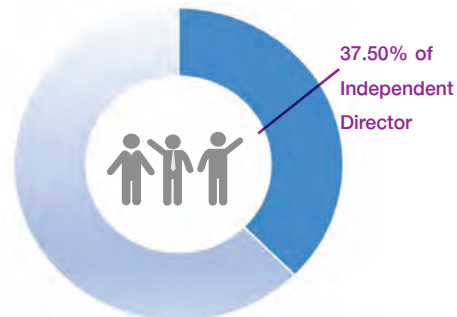


## The Board of Directors structure

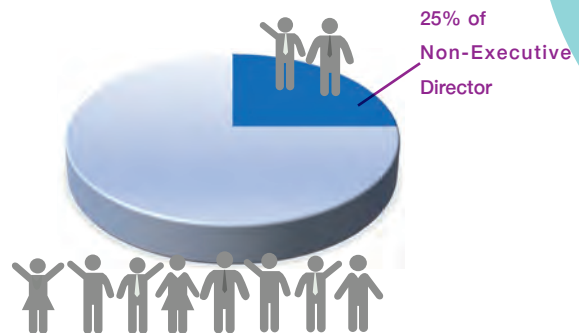
In 2019, the Company consists of 8 Directors as follows.

- Not less than five Directors
- Three Independent Directors

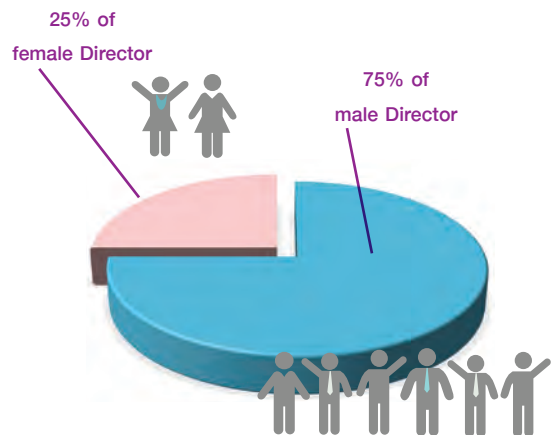
(Rule of the Board of Directors specifies the number of Independent Director not less than one third of the total)



- The Chairman is a Non-Executive Director or Managing Director
- Two Non-Executive Directors
- One Director has one vote each, without any member having interested therein



- Two Female Directors and six Male Directors
- At least three Independent Directors are appointed for a term of 3 years
- Consider an independence of Internal Auditing Department including auditing criteria and approach
- Audit the sufficiency, efficiency and effectiveness of the internal control system
- Report on Company's Financial Statements
- Appoint the independent auditor and audit the compliance with the relevant laws



**All of the Directors have expertise and experience in various fields contributing to the good corporate governance**



The working philosophy of Dr. Thiem Chokwatana, founder of the Saha Group, focuses on working under the principles of integrity, honesty and fair. These principles have been instilled as Company values, where employees and executive officers are discouraged from committing a dishonest act, give or receive bribes in order to acquire benefits for the Company. These values are stated in the Company's Good Governance Principles, Business Ethics and Employee Code of Conduct to comply with the intents and responsibilities towards society as a whole. The company operates as follows:

1. On 19 February 2014, the Board of Directors approved the signing of a Declaration of the Private Sector Collective Action Coalition Against Corruption.
2. On 26 February 2015 approved an anti-corruption policy which directs the Company to comply with anti-corruption laws and Effective Date 27th February 2015.
3. On 7 September 2016, the Company had submitted self-assessment form for anti-corruption measurement of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and received recognition as a member of the CAC on 14th October 2016.
4. On 13 September 2019, the Company had recertified "the certification of the Private Sector Collective Action Coalition Against Corruption". On November 4, 2019, the 3-year renewal on 4 November 2022.

## Anti-Corruption Policy

1. The company will not be a party to pay bribes. In case of charitable contributions, political contributions as well as offering gifts in a business manner, this must be transparent, explainable and audited.
2. Supporting enhancement of awareness and value for anti-corruption among the company directors, executives and employees to perform duties in accordance with relevant laws, notifications and regulations by preparing such manual for guidelines.
3. The company directors, executives and employees must not act as an intermediary in demanding and accepting gifts or benefits from government sectors or private sector, which induces to violate the laws. Moreover, it is illegal to use positions and/or duties to use the company's data to seek benefits for one or others.
4. Setting the system to report financial status transparently and accurately, providing and efficient and effective internal control system, and controlling check-and-balance system to be appropriate in order to prevent conducting any fraud or taking part in any fraud and corruption.
5. Monitoring and reviewing the anti-corruption policy, guidelines and regulations consistently for operation in order to adjust with business changes, laws and regulations.
6. Opening channel for reporting any suspected activity and ensuring that such reporters receive protection.

The Company had disseminated the Anti-Corruption policy through the Company website [www.thanulux.com](http://www.thanulux.com) under the heading About the Company ➡ Good Corporate Governance ➡ Anti-Corruption

## Anti-corruption procedure

To be suitable for the operation, the Board of directors had review Anti-corruption procedure on an annual basis. In 2019, the resolution was approved at the Board of Directors Meeting no. 3/2019 on 9 May 2019.

Anti-corruption procedure was as follows:

## Definition and forms of corruption

**“Corruption”** means

1. Usage of power entrusted by position to obtain benefit for oneself or others.
2. Bribery, regardless of form, whether by offering, promising, giving, acceptance, or demanding for benefit, to persuade any person to act illegally, in contrary with good moral, or undermine trust.

Except those actions permitted or acceptable by law and regulations, rules, social tradition, or commercial practices

**“Political support”** means financial support, gift, lending or donation, supplies, advertisement to promote or support political party, event ticket purchasing for the purpose to donate funds or supplies to organization with close relationship with political party, including devotion of employee’s working period for benefit of political party or political candidate.

## Forms of corruption

### 1. Political support

- 1.1 The company strongly adheres to the democratic regime of government with the King as Head of State with political neutrality. The company shall not support or conduct any act regarded as a bias to any political party.
- 1.2 In case of political support to promote democracy, such support shall not be in contrary with law, and shall not be made with expectation of preferential treatment in return. In such case, support shall be made in compliance with company’s regulations concerning withdrawal of funds by specifying name of receiver, purpose of support, transaction detail, amount, withdrawal date with related documents attached and send to person in charge with respect to approval authority.
- 1.3 Employees have freedom to participate in political activities under the provisions of law, but shall not use employment status or the company’s properties or equipment for political benefit. Employees should participate with awareness of any act which may lead to misunderstanding that the company is a political partisan or support any political party.

**2. Charity donation** whether in the form of financial support or other forms, as part of corporate social responsibility activities to promote and improve the company’s reputation and image, without expectation for business benefit in return, shall be in accordance with following guidelines:

- 2.1 The company shall be aware and ensure that the charity donation is not hidden transaction to avoid bribery. Moreover, it shall be made in transparent manner and in accordance with law.
- 2.2 Charity donation shall be made in compliance with company’s regulations concerning withdrawal of funds by specifying name of donate, purpose of donation with related documents attached, and deliver to HR department to verify and comment before sending to person in charge with respect to approval authority.





**3. Sponsorship** To promote the company's business, brand or reputation can be made in many forms such as supporting educational activities, arts, cultures, etc. The guidelines are as described below:

- 3.1 The company shall be aware and ensure that the sponsorship is not hidden transaction to avoid bribery. Moreover, it shall be made in transparent manner and in accordance with law.
- 3.2 Sponsorship shall be made in compliance with company's regulations concerning withdrawal of funds by specifying name of receiver, purpose and detail of transaction, amount, withdrawal date, with related documents attached and send for approval with respect to level of authority.

**4. Gift, gratuity, and entertainment** shall be made in accordance with the company's business ethics.

- 4.1 Employees may offer / accept gift, gratuity, or entertainment to / from any person if such transaction:
  - 1. is in accordance with company's business ethics, regulations and applicable law.
  - 2. is made openly in name of the company, not in name of directors, managements, and employees.
  - 3. is not made in a form of cash or cash equivalent such as gift card or voucher.
  - 4. is properly made due to time and place, such as occasional gift made during festival.
- 4.2 Employees can accept occasional gift and gratuity with a value not more than 3,000 Baht. Otherwise, such employees shall report to their supervisors accordingly.

**5. Conflict of Interest** The Company shall control transactions made with a person who has conflict of interest in accordance with the principles of good corporate governance, company's business ethics, and notification of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

**6. Business relationships and procurement with government and private sectors** The Company's business operations and communication with government or private sectors shall be made in transparent and straightforward manner in accordance with company's regulations concerning procurement and applicable law, without any bribery in any business transactions.

## Role and responsibilities

**1. The Board of Directors** are responsible for setting policies and establishing mechanisms that effectively support anti-corruption practices to ensure that working team appreciates the importance of anticorruption practices and to encourage these practicesto become a part of organizational culture.

**2. The Audit Committee** has the duty of reviewing the financial and accounting reports, internal control, internal audit, risk management mechanisms, including potential corruption risks, as well as a duty to ensure that anti-corruption measures are in compliance with international standards, and that they remain appropriate and effective.

**3. The Risk Management Committee** has a duty to monitor and promote risk management practices by evaluate the company's risk and corruption risk, including review the sufficiency of risk management and anticorruption mechanisms, before report to the Board of Directors.

**4. The Governance Committee** had a duty to determine, revise, improve the policies and guidelines for anti-corruption practices including promotion and support the Directors, Executives and Employees to comply with the principles of good corporate governance and anti-corruption policy.



**5. The Executive Committee** and managements have the duty of establishing mechanisms for support and promotion of anti-corruption policy, and communicating those policies to employees and all relevant persons. These duties include the review of related mechanisms and measures to ensure that they are proper and in conformity with changes in business, law, company's rules and regulations, notifications and other measures (if any)

## Practice Guidelines

1. The Company shall not conduct any act regarded as bribery or corrupt practice, whether directly or indirectly. Directors, managements and employees shall not overlook or ignore any suspected corrupt practice related with the company that he has witnessed. The witness shall report to the supervisors or person in charge and shall cooperate with the investigation. Questions and enquiries if any shall be made with supervisors or designated person who are responsible for compliance with company's business ethics.

2. The Company shall cooperate and support both government and private sectors to combat corruption or misconduct.

3. The Company will not support or conduct any act regarded as being biased to any political party. In case of political support to promote democracy, such support shall not be in contrary with law, and shall not be given with expectation of preferential treatment in return.

4. Gift, gratuity, and entertainment shall be permitted only to the extent permitted by law, acceptable with respect to social tradition and commercial practices.

5. The Company requires all directors, managements, and employees to be aware of and comply with the Anti-corruption policy including applicable directives.

6. Reports and complaints Employees or stakeholders who witness, possess evidence or suspect that an employee or a person acting on behalf of the company involve, whether directly or indirectly, with bribery or corruption, violation of law, non-compliance of the company's rules and regulations including policies or code of conduct for directors, managements, and employees, or unfair treatment in workplace, can report or complaint as detail below:

### 6.1 Complaint channels

1. Verbal or correspondence complaints to
  - President of Internal Audit Department Tel: 0-2295-0911 ext. 168
  - Chief Financial Officer Tel: 0-2295-0911 ext. 248
  - HR Manager Tel: 0-2295-0911 ext. 286
  - Company Secretary Tel: 0-2295-0911 ext. 250
2. E-mail Address : anticorruption@thanulux.com
3. Suggestion Box
4. PO Box.27, Sathupradit post office, Bangkok 10124

In case of anonymous whistle bower, detail of facts or sufficient evidence shall be provided to demonstrate that there is an involvement with bribery or corruption.

Relevant information will be strictly kept in confidential, taking into account safety of the whistleblower, unless required to be disclosed by law.





### Complaints in bad faith

If any evidence, complaints, statements, or information is proven to be an act in bad faith, resulting in damages to any person or the company, if the bad faith whistleblower is an employee of the company, he shall be subject to disciplinary action in accordance with the company's regulations and/or legal action. If the bad faith whistleblower who causes damages to the company is a third party, the company reserves the right to take legal action against such person.

#### 6.2 Conditions and procedures for complaints

1. Complaint or evidence of misconduct must be true, clear and contain sufficient details to initiate investigation.
2. The information received shall be kept strictly confidential. The identity of the whistleblower shall not be disclosed without consent.
3. The whistleblower who reports misconduct in good faith shall be treated properly and fairly whether he is the company's employee or outside third party.
4. Proceedings timeframe depends on the complexity of the case, sufficiency of the evidence and statement received from the whistleblower.
5. Report receiver and investigation participants shall keep relevant information confidential. Information shall be disclosed to the extent necessary with respect to safety of the whistleblower, collaborator, and related persons.

#### 6.3 Related personnel

1. Whistleblower means a person who files a complaint or report of a suspected misconduct
2. Report receiver means the person described in clause 6.1 no.1

## 7. Investigation

- 7.1 Report receiver shall conduct investigation and examine the facts, or he may assign a reliable person or department to act on his behalf.
- 7.2 Report receiver or assigned personnel is authorized to summon an employee to make statement or demand from him documents necessary for investigation.
- 7.3 Report receiver shall report the examined case to top management in order to report to risk management committee, audit committee and Board of Directors respectively.

For the case concluded as misconduct with disciplinary or legal action to be imposed, HR department shall submit a summary report with recommendation to top management for final decision.

The Company shall propose proper and fair remedies to the injured person in order to relieve damages incurred as a result of complaints in bad faith.

**8. Protection for whistleblower** The Company shall protect the rights of the good faith whistleblower by maintaining the confidentiality of the name, address, or any information that could identify the whistleblower. Such information shall be treated as confidential and accessible only by the person responsible for the case investigation pursuant to the provisions concerning whistleblower protection as described in the code of conduct for directors, managements, and employees.



**9. Protection for employees** The Company shall treat and protect employees who comply with Anti-corruption policy and this Directive pursuant to the provisions concerning whistleblower protection as described in the code of conduct for directors, managements, and employees.

**10. Human Resource** The Company shall apply Anti-corruption policy as part of human resource management, not only for recruitment but also for training, evaluation, remuneration and promotion. It is mandatory for supervisors at all level to communicate with their subordinates in order to apply with the business activities and to ensure effective compliance.

**11. Training and communication**

11.1 The Company shall regularly provide education and training on anti-corruption through a variety channels such as orientation, seminar, public announcement etc. to raise awareness of Anti-corruption policy, form and risk of being involve in corruption, as well as how to report corruption witnessed or suspected, including penalty in case of violation.

11.2 The Company shall communicate the Anti-corruption policy to subsidiaries, associated companies, directors, managements, employees, shareholders, customers, business partners, all stakeholders, persons with business relationship and business representatives through appropriate channels.

**12. Recording and storage of data** The Company manages its data in compliance with governing policy of its group, with the objective to maintain the standards of work system, computer system, data communication system, as important fundamentals for the development of an effective control system. Actions shall be taken to ensure that information, work system and computer system are well-protected and ready for business operation at all time. In addition, structure and cost of all measures in the company's control are appropriate with risk of data, work system and computer system. For achievement of the said objective, the following standards and practices shall be applied:

12.1 Determine scope of responsibility for user and administrator in all work system and computer system.

12.2 Evaluate risk and develop an appropriate risk controlling system to support changing of environment

12.3 Develop protection system for data, work system, computer system including responsible person.

12.4 Develop security system to protect data from illegal access, editing, or misuse regardless of accident or intention.

**13. Process monitoring / Internal control** The Company respects independent of the auditor and does not limit the scope of the auditor during performance of audit. The audit is also conducted by a certified public accountant quarterly and yearly in accordance with regulations of the relevant authorities.

The Audit Committee shall monitor internal control practices to ensure that business activities are operated within correct and appropriate scope, in compliance with company's policies, law and regulations, including applicable business standards.

**14. Penalty** The Company shall impose disciplinary action on violators or persons who ignore corrupted practices in accordance with Anti-corruption policy and this procedure. Also, such person is subject to punishment under provisions of law (if applicable).



### The implementation in year 2019 about an Anti-corruption

1. Internal audit department verified whether the reimbursement of some expenses that can be abused was according to the practice of anti-corruption policy. The expenses in the year 2019 were:

Category	Amount
1.1 Political support	- None -
1.2 Charity	2,633,673.99 THB
1.3 Sponsorship	- None -
1.4 Gift, souvenir and entertainment	535,719.41 THB

After verifying, all the reimbursement was done according to the company policy.

2. Anti-corruption course was included in the orientation of the new employees.

3. The training session about anti-corruption was held regularly as follow

Training course	Date	Location	Trainer	No. of attendees
Governance and Organization	10 Oct 2019	Head office	Dr. Chatrithong Thongsari	Executives and employees 66 persons
Management Anti-Corruption	28 Nov 2019	Kabinburi Branch	In-House Trainer	30 employees
Anti-Corruption	4 Dec 2019	Lumphun Branch	In-House Trainer	31 employees

Training and Workshop “Governance and Organization” at Head Office





#### In-House Training “Anti-Corruption” at Kabinburi and Lamphun Branch



4. The Executives and employees had joined the Anti-Corruption Day event under the concept of “Unite for Power..Volunteer Fight Cheating” on Friday September 6, 2019 at Event Hall 101, G floor, exhibition center and BITEC Bangna.



5. Anti-Corruption Working Group has created the Anti-Corruption Policy and the Anti-Corruption procedure in the form of QR Codes in order to communicate to management and employees through convenient channels. And easier to access information



นโยบายต่อต้านการคอร์รัปชัน และข้อปฏิบัติตามฯ

6. Circular notices were sent to supplying vendors informing that the Company refrained from accepting the New Year 2020 presents

# About the Company



[www.thanulux.com](http://www.thanulux.com)

## THANULUX PUBLIC COMPANY LIMITED

The Company operates in the manufacturing of finished garments and leather products for men, women and children under international trademarks licensed and Company own-trademarks for distributing both domestically and internationally. Moreover the Company is also a manufacturer of uniform product, Dharma practice set and the monk's robes sets.

<b>Headquarter</b>	: 129/1 CHONGNONGSI ROAD, CHONGNONGSI, YANNAWA BANGKOK 10120
<b>Date of Establishment</b>	: 23 June 1975
<b>First Trade Date</b>	: 21 July 1987
<b>Authorized Capital</b>	: 120,000,000 Baht
<b>Paid-up Capital</b>	: 120,000,000 Baht



## Product and Services



The Company products classified into categories as follows:

### 1. MEN'S WEAR

consisting of shirts, knit, jean, suits, jacket, pajamas, innerwear, neckties and socks



### 2. LEATHER GOODS

consisting of men and women handbags, wallets and belts



### 3. LADIES' WEAR

consisting of shirt, business dress, casual wear, maternity wear, sportswear and swimsuits

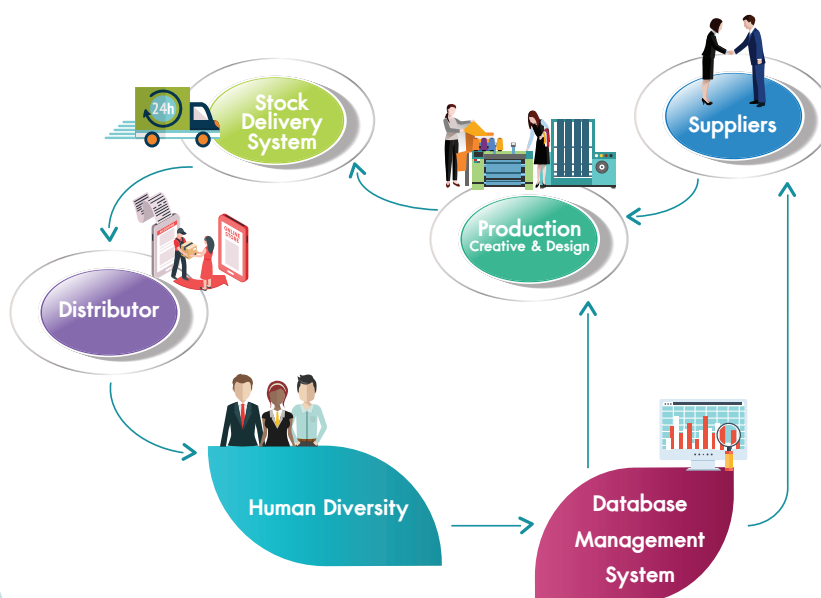
### 4. CHILDREN'S WEAR



### 5. OTHER PRODUCT

Dharma practice set under "Thammarat" trademark and the monk's robes sets under "Thammasorn" trademark.

# Supply Chain Management



1. Customer	2. Information Management System	3. Production	4. Partner and Distributor	5. Transportation System
Applying customer-centric strategy, the Company considers customer's need by collecting data and having them analyzed to ensure products which have been developed and launched satisfy customer's need. Big data is systematically developed and used in this regard.	Developing data information system to analyze consumer's need, for planning on raw material procurement, production and sales management.	Quality production process has been applied under the quality management systems of ISO9001, ISO14001 and CSR - DIW.	The Company has cooperation and good relationship with retail group and ensures that business competition has been fairly and transparently performed. The Company also has established Procurement Committee due to transparency.	Developing administration and warehouse management systems to promptly satisfy customer's need, the Company also applies barcode and sorter systems.

## Promotion of Social Responsibility in the Business Chain

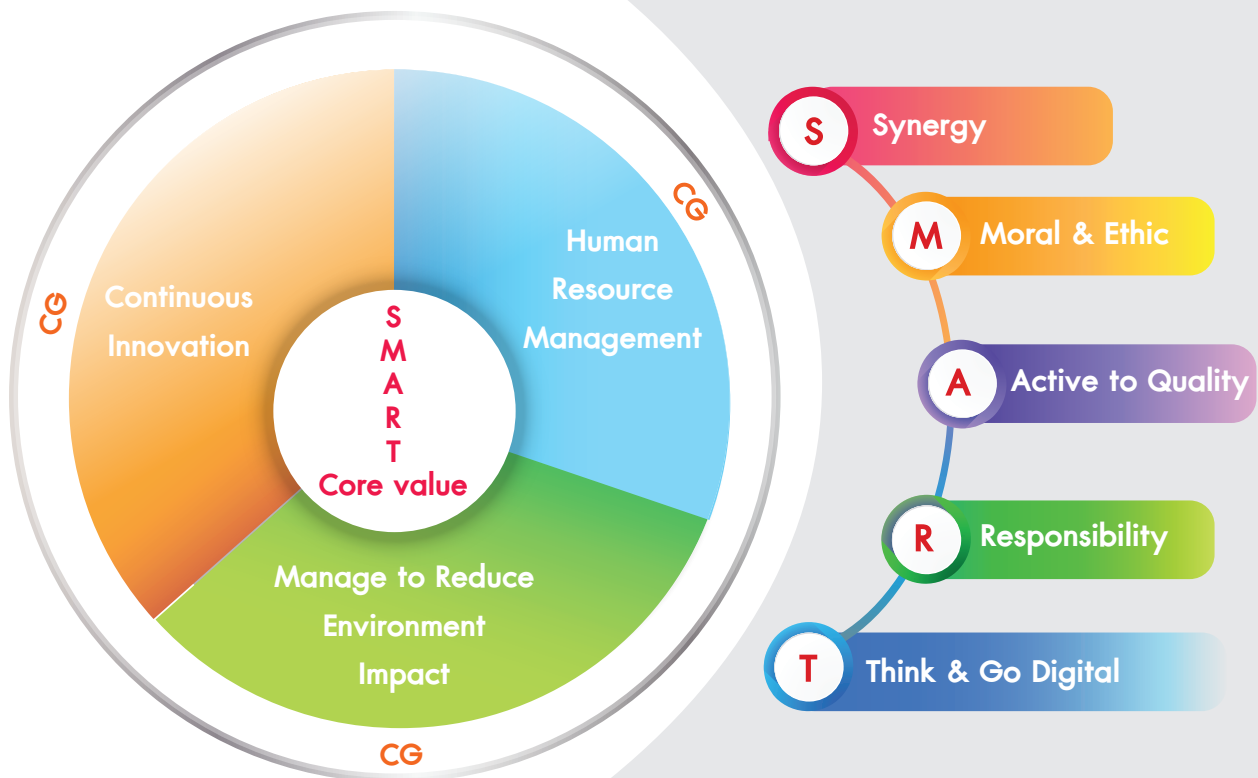
Procurement is an important process in the management of cost and product quality for the greatest benefit of the Company. Thus, rules governing the assessment and selection of business partners have been prescribed including examinations and monitors of performances pursuant to an Approved Vendor List system in accordance with ISO9001 standards. The Company has assessed and selected business partners on an equitable basis, premised on the principle of business security and credibility of the business partner concerned, as well as their ability to meet the demands of the Company. A Vendor List has been formulated to screen vendors who possess the competence to enter into transactions with the Company.

Since established, the Company has never been fined significant or forced the penalty from violating laws and regulations.

# Sustainable Development Policy

The Company has strong determination and support on implementing sustainable development policy consisting of 3 main elements (i) human resource development and sustainable competency development; (ii) innovative management; and (iii) reduction of direct and indirect impact to the environment. With these factors being applied, organizational culture **“SMART”** drives on economy, society as well as environment under good corporate governance principles. In the context of being responsible for building valued organization with sustainability, the Company has properly implemented internal control and risk management systems by emphasizing on human resource development and sustainable competency development. There are training programs for all levels of employees including the Management and successor for the future.

With a firm determination in continually creating innovations, the Company has developed modern systems to promptly satisfy consumer's need. The systems also connect to information allowing for working efficiency. Moreover, the Company puts effort on the management of reducing direct and indirect impacts to the environment leading the way to the development of eco-friendly products.



# Sustainable Development Strategy

With apparent vision and mission, the Company has firm determination to run a business successfully by creating innovative products and offering quality service to the customer exercising digital technology for sustainability.

To become a digital organization under good corporate governance principles, all employees are encouraged to take part in adding value and satisfying customer and shareholder. On top of the implementation of the policy showing responsibility to the society, the Company operates business with morale and ethic.

The Company has strategy in sustainable development realizing business goal, impact, and anticipation of stakeholders in economic, societal and environmental aspects to ensure sustainable growth with core value SMART as a driver.



## Policy, Guidelines and Process of 3P application

People (Social)	Profit (Economic)	Planet (Environment)
<b>Goals</b>		
Human resource development and sustainable competency development	Managing by continually creating innovations to satisfy consumer's need and reduce impact to stakeholders	Reducing direct and indirect impact to the environment and producing eco-friendly products
<b>Administrative process</b>		
Having training programs for all levels of employees, the Management and successor for the future	Developing modern systems to promptly satisfy consumer's need and to connect to information allowing for working efficiency	Specifying clear process in reducing environmental impact and conserving environment by focusing on reducing energy use, including raising awareness of employees to have public mind

## Socially Responsible Business Operations

The Company undertakes the business of manufacturing finished garments and leather goods for men, women and children. The Company has the policy to operate its business based on Corporate Social Responsibility principle emphasizing on fairness, ethics, honesty, integrity, transparency, the respect of human right and stakeholders' benefits. To encourage employees responsible for the sharing society, the Company not only intends to build and expand good relationship from the acceptance and trust but also makes positive attitudes and organizational cultures. The company operates Corporate Social Responsibility: CSR Policy comprises of the following 7 aspects:

1. **Corporate Governance:** The Company has the commitment to manufacture premium products including operating the business in line with the international business management which adds value to Thai society. In order to achieve and sustain excellence in moral values as the basis of leading organizations.
2. **Human Rights:** To support the respect of human right and freedom, the Company emphasizes the basic human rights through the equality, child labor elimination and anti-corruption in every format.
3. **Labor Practices:** The Company complies with the law and regulation of the employment including seriously adopting the regulations concerning about occupational hygiene and safety of all employees
4. **Environment:** The Company has the precise policy that is seriously applied in the organization in order to protect and preserve ecology and environment of communities around the Company.
5. **Fair Operating Practice:** The Company has the commitment to operate the business with fair, ethic, law compliance, social regulation respect and political justice.
6. **The Relationship between Customers and Suppliers:** The Company aims to provide the best services to meet customers' highest satisfaction by sincerely dealing with customer complaints and solving any error occurred when manufacturing or servicing.
7. **Participation and Community Development:** The Company will not only consider communities' demands but also be one part to improve the better quality of life of people. The Company also encourages attitudes and organizational cultures to employees so that they will participate in voluntaries and public benefits with communities.



## Operating Business on Fair Basis

The company recognizes and respects the rights of various groups of stakeholders, such as shareholders, customers, partners, competitors, creditors, employees with regard to legal rights, or an agreement with the company to ensure that these rights are protected and treated fairly and equally by policy and guidelines, such as:

### Policies and practices:

1. Respecting the rights of shareholders and treating them equally and fairly.
2. Manufacture procedure, distribution and service secured to the consumer and the environment.
3. Operating the business with integrity and fairness including avoiding any action that might violate the rights of clients, and taking commercial secret with confidentiality.
4. Having the selection system for the partners in the supply chain which business operations comply with the law, occupational safety and health standards, friendly to the environment, and also compete with them fairly, respect to each other, and kept their information confidential by not available to their own benefit without legal.
5. Complying with the rules of fair competition with regard to business ethics and competition law in various countries that the company has business.
6. Not destroying the reputation of competitors.
7. Treating all groups of creditors equally, fairly and strictly in accordance with the contract or conditions that have been agreed.
8. Treating employees respectfully according to the human dignity and the fundamental rights of working as well as promoting parity in employment by avoiding any discrimination about gender, race, religion, age, disability or even any other status that is not directly related to operations.
9. Not conducting any business that leads to social declination and not violating the rights of others who live in the community and society.
10. Generating revenue and promoting community economy by supporting employment and local products together with establishing the good relationship between the Company, communities and societies based on the integrity, transparency and fair.
11. Operating the business in accordance with laws, regulations, and environmental policies with regard to the impact on natural resources and the environment including having reviewed and evaluated the operation regularly.
12. Creating organizational cultures and consciences to employees in order to encourage the collaboration and responsibility in environmental management and resource sustainability.



# Sustainable Risk Management

Considered an immunity and basis for sustainable operation of the organization, risk management is used to prepare the Company to handle the instability of environment affecting business operation. In order to achieve the goal, the Company gives the importance on risk management by establishing Risk Management Committee to specify policy and framework of risk management and to regulate it to be in line with the strategy and goal of the Company. To reduce impact from business instable condition, risk assessment has been conducted to analyze the consequence, then support plan shall be initiated to make sure risk management has been systematically and continually performed.

## Risk probably affecting to the sustainability of the Company

### 1. Risk from Digital Transformation making change of consumer's behavior

**Impact: income from sales decreasing and affecting to the product capital**

In the present, digital technology plays a key role in people's routine, for instance, delivery service and online marketing and selling which influence business operation and existing sales channel e.g. department store, modern trade.

Therefore, to develop online sales channel is considered a key strategy to increase sales and profit as trading can be conveniently, easily and quickly made with save cost, e.g. E-business, Omni Channel and TV shopping. The Company has also developed innovative product to enhance competitiveness making new opportunity for business that adds value to the Company.

### 2. Risk from Environmental Management

**Impact: pollution caused to the community**

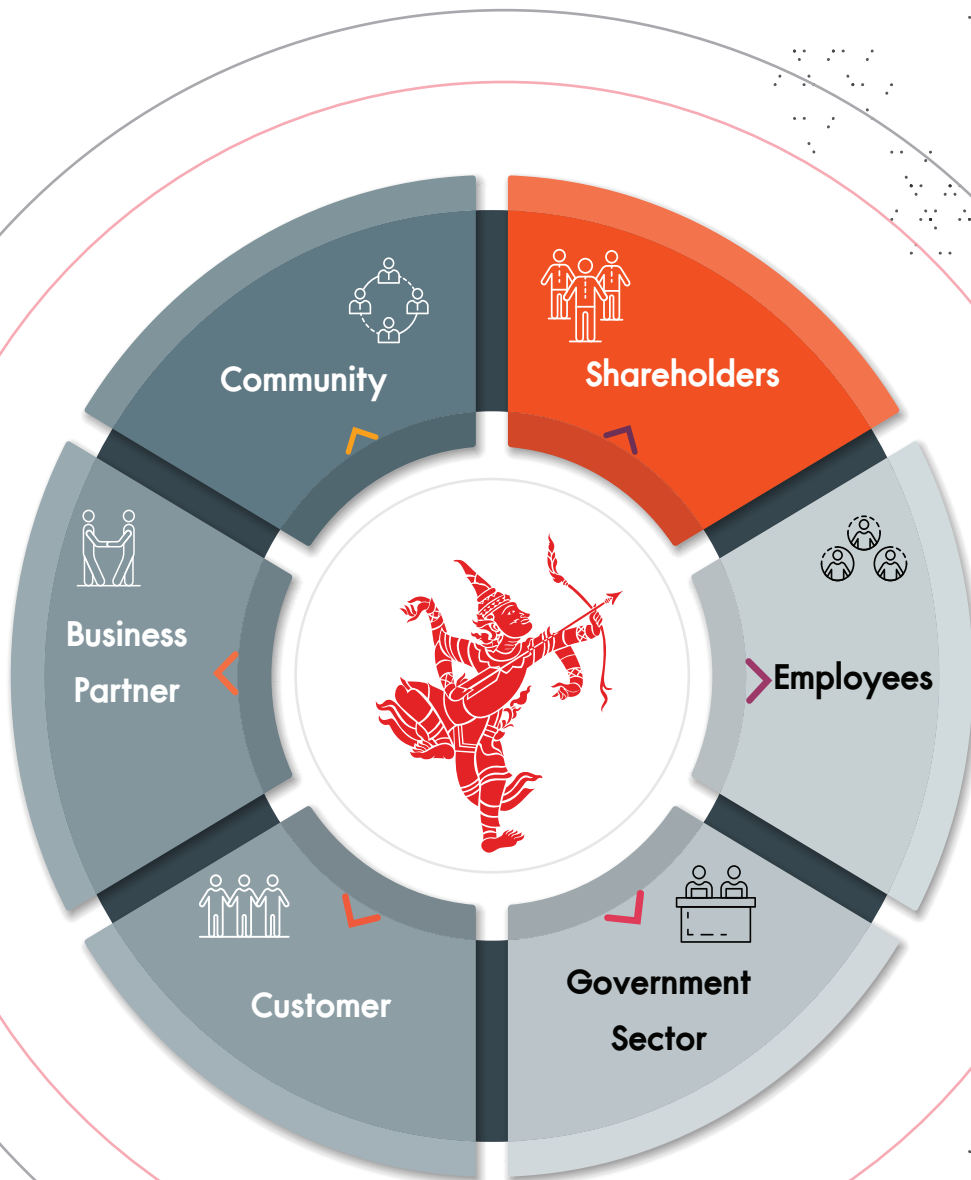
Running business as a producer and distributor of finished cloth and leather products, the Company gives priority on worthily exercising resources. The management of waste from production process that may affect community and environment must be performed to ensure the safety.

Applying policy regarding the management of waste from production process, the Company has set up working group on environment management ISO 14001:2015 and established supportive measure in the long run by creating database of greenhouse gas. The database itself has been used as a reference in contribution to the tangible reduction of releasing greenhouse gas. On top of that, the Company has investigated renewable energy technology and developed machine to consume energy in a more effective manner. Innovated Green Product has also been developed in this connection.



# Stakeholder Analysis

To respond to the expectation from inside and outside stakeholders, the Company has formed relationship with business partners and developed work expressing responsibility to the society. In addition, feedback, comment and suggestion from stakeholders through several platforms are welcomed and taken into account. Any significant points related to the sustainability shall be summarized to create a work plan covering all issues.



## Role to Stakeholders

Stakeholder	Expectations	Strategy that responses	Stakeholder
<b>1. Shareholders</b>	<ul style="list-style-type: none"> <li>- Return on investment and growth of organization</li> <li>- Business operation with transparent accountability</li> </ul>	<ul style="list-style-type: none"> <li>- Right to attend shareholders' meetings in order to vote and freely express opinions including making inquiries and suggestions</li> <li>- Right to receive a fair return on investment</li> <li>- Commitment to business operations pursuant to good corporate governance principles and reliability</li> <li>- Sufficient, reliable and timely disclosure of significant information</li> <li>- Analysts and investors meet Saha Group activities</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to make regular dividend payment</li> <li>- Acquiring the "very good" assessment in part of corporate governance under the listed company by the 2019 Listed Companies Corporate Governance Survey</li> <li>- Receiving an assessment rating "4 TIA" for AGM quality of listed companies by the Thai Investors Association for 2019</li> <li>- Trusted by shareholders and investors</li> </ul>
<b>2. Employees</b>	<ul style="list-style-type: none"> <li>- Proper welfare benefits and remunerations</li> <li>- Security and advancement</li> <li>- Knowledge and skill development</li> <li>- Better Quality of life</li> </ul>	<ul style="list-style-type: none"> <li>- Reconsidering welfare benefits and remunerations</li> <li>- Arranging the activities which create the best relationship in the organization</li> <li>- Enhancing the quality of lives of employees through the application of Happy Workplace Principle</li> <li>- Respect to human rights and fair labour treatment</li> <li>- Granting scholarships to the children of employees</li> <li>- Conduct personnel development programs for all levels</li> </ul>	<ul style="list-style-type: none"> <li>- Receiving the award as the outstanding workplace in terms of Labour Relations and Welfare in 2019</li> <li>- The Company was able to retain the personnel with competency and experience</li> <li>- Being able to accept employees who are scholarship recipients to intern or work upon completion of studies</li> <li>- Employees' participation in recreations held by the Company</li> <li>- Better quality of life of employees</li> </ul>
<b>3. Government Sector</b>	<ul style="list-style-type: none"> <li>- Fair and transparent liaison</li> <li>- Consultancy and learning exchange</li> <li>- Tax privileges</li> </ul>	<ul style="list-style-type: none"> <li>- Submitting the complete report within the due date as per the law specifications</li> <li>- Tax and fee payment in accordance with the rate specified by law</li> </ul>	<ul style="list-style-type: none"> <li>- The Company conducted the business transparently and legally.</li> <li>- Ability to build good relationship with the government sector</li> <li>- Acquisition of tax privileges</li> </ul>

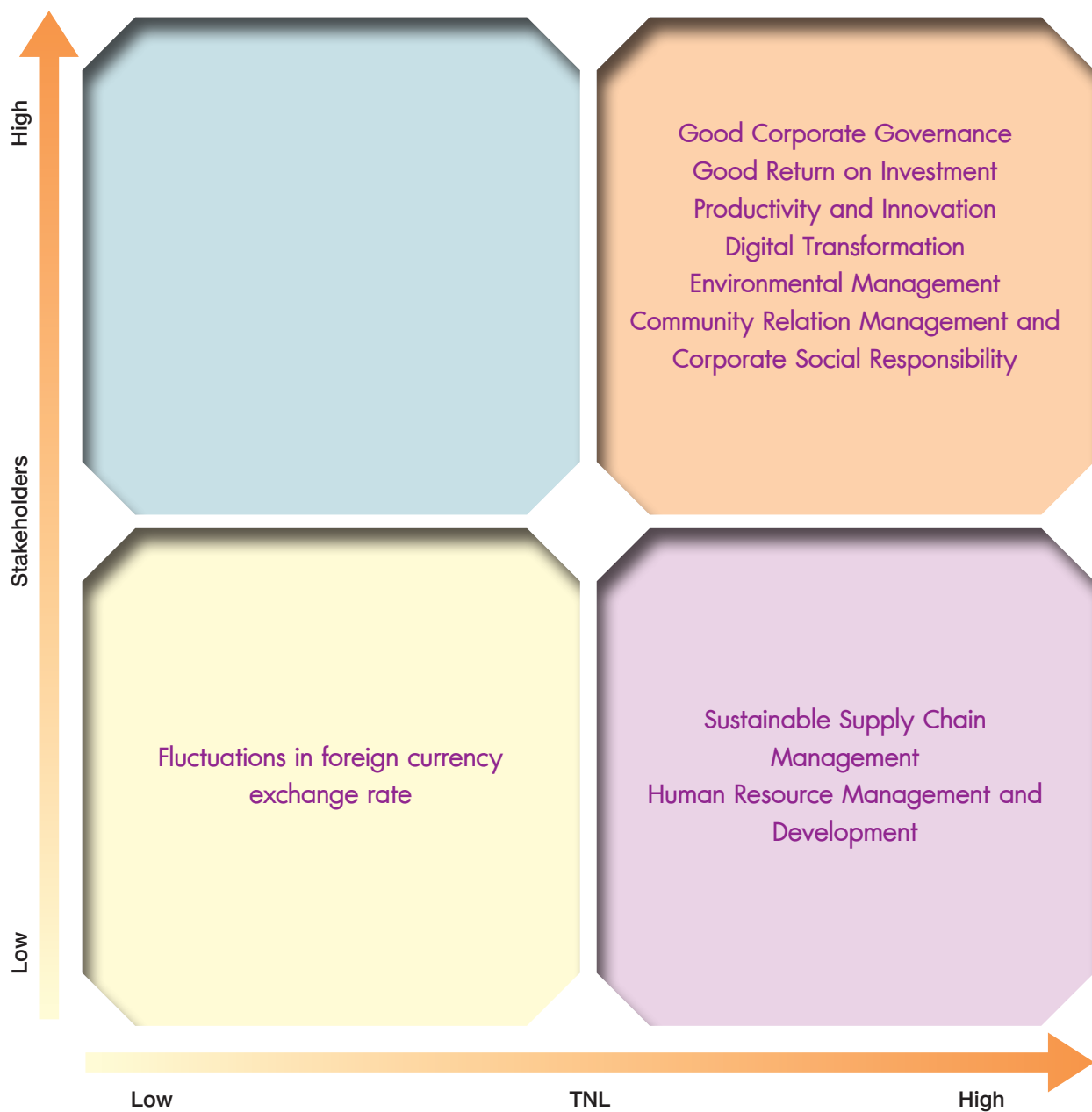


Stakeholder	Expectations	Strategy that responses	Stakeholder
<b>4. Customers</b>	<ul style="list-style-type: none"> <li>- Satisfaction in the quality of products and services</li> <li>- Environmentally-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>- ISO9001:2015 Quality Management</li> <li>- Satisfaction assessment</li> <li>- Hotline for consumer protection division</li> <li>- After-sales services throughout the product's expiration date</li> <li>- Development of environmentally-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>- The long-lasting trust from customers in product manufacturing process</li> <li>- The customers' satisfaction in products and services was more than 85% according to 2019 customers' satisfaction survey in ISO9001:2015.</li> </ul>
<b>5. Business Partners</b>	<ul style="list-style-type: none"> <li>- Transparency of business operations</li> <li>- Consultancy and learning exchange</li> <li>- Business partners, service providers and distributors are, will apply corporate social responsibility in their companies.</li> </ul>	<ul style="list-style-type: none"> <li>- Assessment and selection criteria</li> <li>- The expansion of payment channel</li> <li>- Being able to financially clear by payment due date</li> <li>- Promoting social and environment responsibility policies</li> <li>- Promoting anti- corruption policies</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier selection and evaluation were fair and transparent</li> <li>- Through mutual learning activities, Thanulux and business partners can mutually develop and source for alternative materials with lower cost and controlled quality.</li> <li>- Gaining trading partners who are responsible for social and environment</li> </ul>
<b>6. Community</b>	<ul style="list-style-type: none"> <li>- Occupation Encouragement and income generation for members in communities</li> <li>- Social and environment sustainability around communities</li> <li>- Community activity sponsorship</li> <li>- Development of children and youth who are studying at the school in communities</li> </ul>	<ul style="list-style-type: none"> <li>- Implement an environmental management system standard ISO14001:2015</li> <li>- Organize activities on Thai Children's day to the neighboring schools and communities.</li> <li>- Support necessities and finance to senior citizens' association</li> <li>- Gather the financial donation from the Company and neighboring communities to Wat Phra Bat Nam Phu foundation</li> <li>- Associate with surrounding communities</li> </ul>	<ul style="list-style-type: none"> <li>- Better surroundings around the Company</li> <li>- Being more intimate with communities</li> <li>- Better recognition from communities towards The Company</li> <li>- The ambience of children's learning room encouraged the learning and studying</li> <li>- Enhancing the relationship between the Company and schools</li> </ul>



## Selection of significant point on sustainability

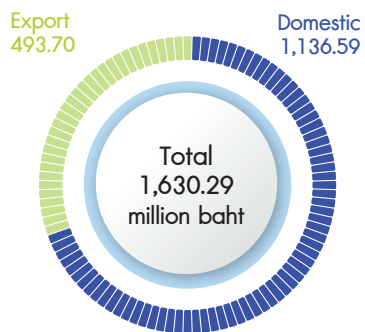
To apply to the sustainable strategy, the Company extracts significant point on sustainability considering risk from many aspects of management especially from stakeholders' point of view. The information on risk that the Company might directly receive from stakeholders shall be considered. Then, the review and analysis process on the point related to sustainability shall be made by the top Management considering levels of risk. The review is conducted on a yearly basis. In 2019, the point affecting stakeholders of the Company in economy, society and environment aspects has been scrutinized and analyzed in the form of Materiality Matrix. They are summarized in the below table.



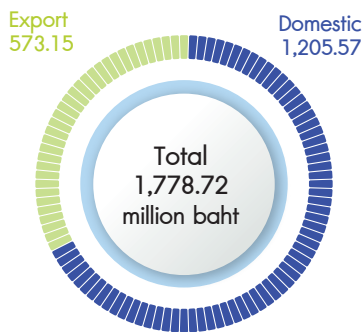
# Business Operation Performance

## Revenue from Sales (Million Bath)

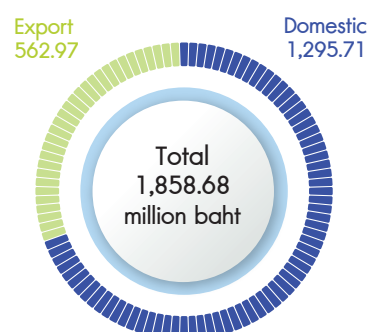
&gt;&gt; Year 2019



&gt;&gt; Year 2018

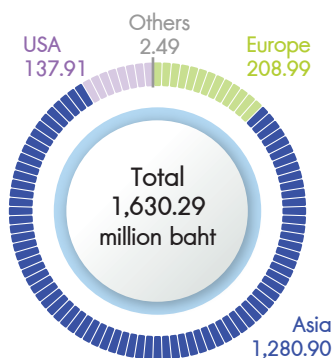


&gt;&gt; Year 2017

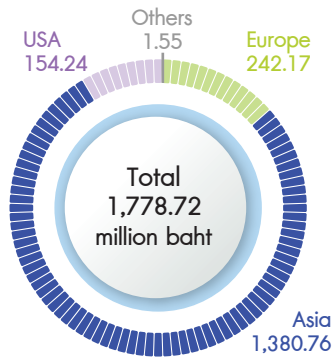


## Sales by Continent (Million Bath)

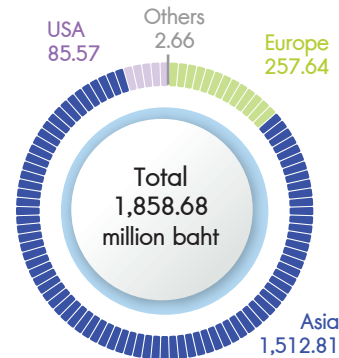
&gt;&gt; Year 2019



&gt;&gt; Year 2018



&gt;&gt; Year 2017



## Sales by Product (Million Bath)

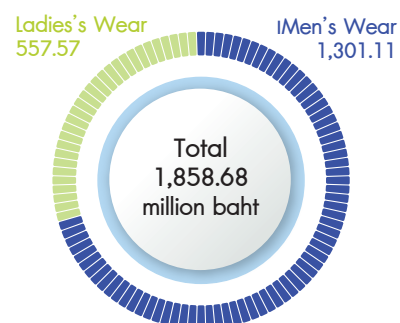
&gt;&gt; Year 2019



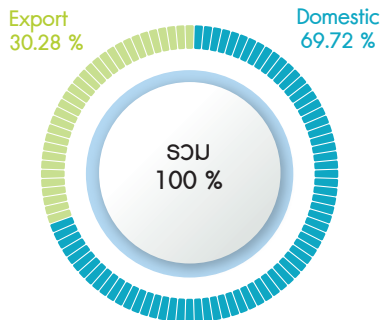
&gt;&gt; Year 2018



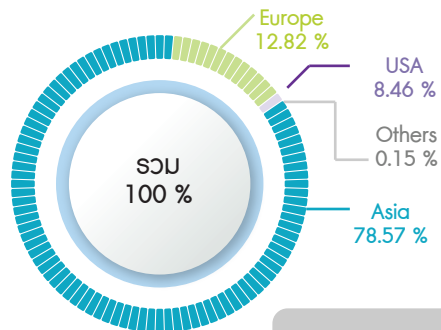
&gt;&gt; Year 2017



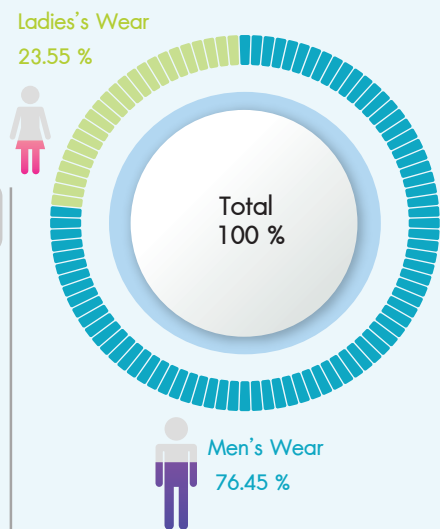
### Proportion of Sales 2019



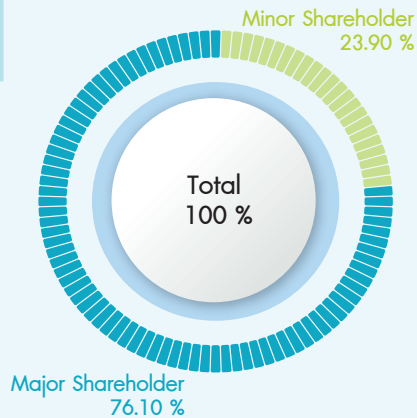
### Proportion of Sales by continent 2019



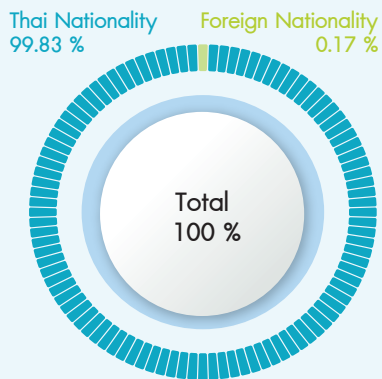
### Proportion of Sales by product 2019



### Distribution of Shareholding as of 31 December 2019



### Distribution of Shareholding as of 31 December 2019



**Net Sales**

1,630.29 Million Baht

**Net Profit**

89.61 Million Baht

**Customer Relation Management**

90.85 %

## Consumer Responsibility

**“To strive to surpass customers’ expectation with innovative and excellent quality products and services.”**

is another important mission of the company. Therefore, the Company attaches the utmost importance to customers’ satisfaction through the products and services. The examples of which are giving the correct and transparent information to customer, doing marketing with ethics, treating customers with fairness, and minimizing risks of products and services. The Company therefore commits towards consumer responsibility through product design, production, distribution, customer’s service, product recalls and consumer information confidentiality. The following policies and guidelines have been prescribed:

1. Manufacturing and distribution of goods and services must be safe for consumers and friendly to the environment.
2. Businesses are operated based on commitment, development of products and services, development of new innovations to continually add value to products and services in response to customer needs. Furthermore, information which is essential to decision-making is fully disclosed with no distortion of facts.
3. Businesses are operated based on the values of integrity, honesty and fairness. No actions are taken which would infringe the rights of customers. Customer trade secrets are guarded and not wrongfully utilized for one’s own benefit or for the benefit of related persons.
4. To not demand, receive or accept properties or other benefits dishonestly from a customer, whether directly or indirectly.
5. To conform to trade agreements. In the event where conformity is not possible, the customer shall be notified in advance in order to jointly arrive at a remedial solution and prevent damages.
6. To provide communication channels for customers to file complaints on the Company. Complaints are processed with care and dealt with fairly.

## Safety Standard

To ensure customers’ confidence, the Company’s standards and systems have been certified by the following:

1. International standard for quality management, ISO 9001:2015, from the process of sourcing, manufacturing, quality checking and packing, of which every step is auditable.
2. Certified for the electric saving “Label No.5” for shirt from the project of Electricity Saving type shirt of Electricity Generating Authority of Thailand.
3. International standard for environmental management, ISO 14001:2015

## Product and Services Labeling

The Company labels the products and services in accordance with international standards and regulations of the Office of Consumer Protection Board (OCPB) in order to make sure that consumers receive the correct information. The Company also includes some labels such as certified quality assurance label, environment health and safety label, Thai labour standards label, drug-free workplace label, etc. to support consumers’ decision making, also, other useful information such as an instructions label and a care label is also provided.





## Marketing Communication and Customers Privacy

The company emphasizes and is responsible for stakeholders. The guideline to be responsible to customers through various channels such as Website, Facebook, customers relations to use as guideline in the operation of the Company as follows:

1. Provide correct, sufficient and up-to-date information to customers so that they know about the products and services. This is not overstated which may cause misunderstanding.
2. Contact customers politely, effectively and gain their confidence. There is also channel easily accessible by customers to file complaints about product quality and safety. Our response is also quick.
3. Keep customers' information as confidential and do not use the information for own interest or related person in illegal way.
4. Provide recommendation about usage method and service of the company efficiently and of most interest to customers.



# Society Operation Performance

**Thanulux Public Company Limited** hopes for all employees to be happy at work and to enhance their working competency to grow old together with the Company.

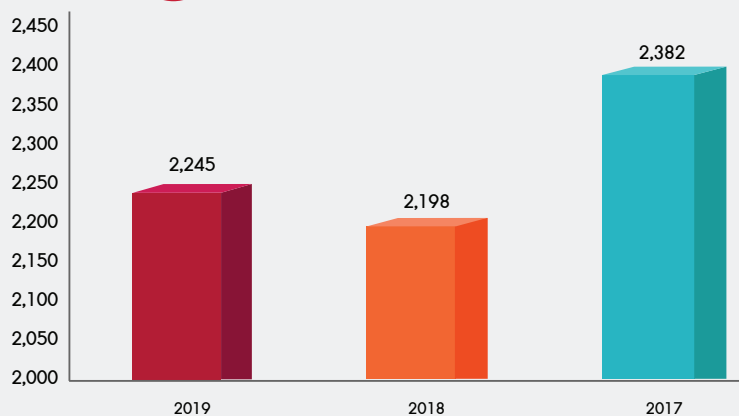


Number of Employees last 3 years			
Details	2019	2018	2017
<b>Classified by Gender</b>			
Male	450	449	441
Female	1,795	1,749	1,941
<b>Classified by Position</b>			
Executive level	11	8	9
Manager level	44	39	42
Supervisory level	63	69	69
Operational level	2,127	2,082	2,262
<b>Classified by Ageing</b>			
18-35 years	1,044	1,058	1,119
36-50 years	943	852	942
Over 50 years	258	288	321
<b>Classified by Location of work</b>			
Bangkok	1,071	1,013	1,008
Bangplee	14	13	31
Lamphun	534	524	656
Kabinburi	436	463	492
Mae Sod	190	185	195

Year	2019	2018	2017
Total of Employees (as of year end)	2,245	2,198	2,382



Total of Employees as of year end



#### Number of Turnovers last 3 years

2019	2018	2017
692	736	854

#### Number of Female Employees on Maternity leave last 3 years

Details	2019	2018	2017
Number of maternity leave (person)	40	49	80
Number of return after on maternity leave (person)	28	32	61

## Human Right

Business operations are in compliance with laws and human rights principles. There is no discrimination on the basis of gender, race, religion, political rights or other factors. Employees are also educated on human rights principles, which would be applied to operations. The Company gives the right to employees to file objections and prove one's innocence in the face of an allegation or corrupt practice. The policy concerning human right management includes:

#### Non-Discrimination Policy

1. Respect to the employees with the human dignity and fundamental rights. The Company will not transmit any personal information of the employees to the third party and unrelated one.
2. The Company has a policy of paying wages and remuneration, improving and training, considering promotion, punishing, laying off and retiring to employees on the basis of fairness and suitability to knowledge, duties, responsibilities and performances.





3. Treat the employees under the law and regulation regarding the operation of the company.

4. The company will not restrain, interfere or take any action that might affect the rights of employees who have no damages towards the company to exercise any activities include nationality belief, religion, gender, disability, ancestor or membership of political parties, sexual orientation, illness, or people living with HIV and others.

5. The company will communicates non-discrimination policy by include hiring and preserving several privileges to all employee. Hence, employees will have knowledge, good conscious and be able to behave aligned with its policies and practices since their first working day and so on.

### Guidelines

1) The company gives the equality to employment, training, promotion, laying off or retiring. There is no any discrimination related to, nationality, class, religion, disability, gender, race, sexuality and membership of political parties.

2) The company recruits and remunerates employees with transparent and fair process based on knowledge, ability, skill and position. There is no any discrimination in race, religion, ethnic, class, color, gender, age, nationality, sexual orientation, military status, marital status, HIV or even disability which not related directly to the position and operation.

3) The company supports the employees' learning beside the knowledge learnt from work. The Company provides the employees training relevant to work in order to enhance working skill, prepare for promotion, support employees' self-development and also for advancement of career path. Regarding promotion, the Company mainly considers from individual knowledge and ability. But the employee must be knowledgeable and able to manage staffs in the unit.

4) The company provides the equal remuneration to employees which considered by the scope of work similarity.

5) The company treats employees both men and women equally except some kinds of job that is unfavorable.

6) The company does not interfere with employees' personal right even though it's in the same line with the belief or the necessity in terms of nationality, religion, disability, gender or membership of political parties. It must have no effects on working, colleagues or the company.

7) The company does not allow employees to express behaviors such as wording and body touching including actions similar to oppression, force, sexual harassment, rape or sexual exploitation.

8) The company has no Pregnancy Discrimination Act policy to eliminate the pregnant women out of the company. In case of being pregnant that person is treated according to the laws and regulations.



## Threat and Harassment Policy

1. The company creates the surrounding with the senses of respect and personal dignity, not allowing any treat, sexual harassment no matter what.
2. The company does not allow executives and employees use the authority threatening or violating others in both physical and mental way. This includes wording express, action and body touching.
3. The company has the complaint procedure to examine sexual harassment actions that might be occurred in the company.

## Guidelines

The company has the direction to treat employees respectfully and emphasize the dignity of each person in order to create the happiness of living together. The company has determined guidelines as follows:

- 1) The punishment such as flogging, beating or rough and sarcastic wording including physically and mentally threatening benefit depriving to employees is not allowed.
- 2) The company has disciplinary penalties punishing the employees who violate rules. Punishment is considered by the level of offence, intention and total of punishment of employees.

Punishment consideration is the Company's policy applied every time before punishing the employee. The Company will assign Human Resources and heads of department to investigate the employee thoroughly. To be fair with the employee, that person will be informed about the recent fault so that the employee will have the chance to clarify the issue.

- 3) In case of receiving a disciplinary punishment, the Company has no payroll deduction of employment. The employee suspended from breaching the discipline, that person will not be paid on that suspended day, excepting suspending from job because of investigating process.
- 4) The Company does not encourage any action related to physical touching which leads to sexual interaction for example kissing, embracing or some part of the body.
- 5) The Company does not support any wording which leads to sexual issues such as physical criticizing and teasing or impolite talking
- 6) The Company does not support any action leading to sexual harassment.
- 7) The Company does not support any expression or communication leading to sexual issues such as porn display, letter, text and other kinds of communication.
- 8) The Company does not support any behavior leading to sexual issues that make other one in trouble.



## Fair Labor Treatment

### Remuneration and Welfare Policy

1. The company remunerates employees with no less than the minimum wage standard conforming to Thai labour legislation and Thai industrial standard. The remuneration is paid on the basis of righteousness and individual responsibility with no discrimination towards nationality, religion or gender.
2. The company fairly determines a raise of employees based on potential and performance with the criteria in accordance with evaluation and promotion regulation.
3. All the company's information is recorded with transparency in the system and can be audited.
4. The company informs Remuneration and Welfare Benefits system to all employee.

The company has a policy of paying wages and remuneration to employees not only on the basis of fairness and suitability to knowledge, duty, responsibility and performance but also by means of comparing with the current labour market and the other companies in the same industry. Additionally, the Company awards an annual raise, an incentive, and a special annual raise exclusively for employees with high potential and remarkable performance.

**Welfare benefits** The Company provides welfare benefits together with the other benefits to ensure employees' good quality of life as well as health and mental wellness. In addition to the general welfare benefits required by law, the Company provides other benefits as follows:

1. Financial assistance to subsidize living expense to employees and their family such as a shop selling healthy food at welfare prices, a uniform, a travel allowance, scholarship, financial support in case of sickness, natural disaster or death.
2. Welfare benefits for future stability such as provident funds at 3-15% of salary, saving cooperatives, housing loans from government Housing Bank, etc.

In 2019, the cooperatives had 1,068 members and the capital stock valued 42,649,750 Baht, which was constantly increasing.

3. Financial assistance for recreation such as sport outfit, a sport event, and entertainment in various forms.
4. Welfare benefits for health wellness including a clinic with a doctor stationing every week and at least 2 nurses on duty daily to ensure that the services are sufficiently provided. Furthermore, employees are educated of health knowledge, such as maternity care, nutrition and contagious disease prevention. Also, there is an annual health check covering lung x-ray, diabetes, cholesterol, blood pressure, as well as cervical cancer test.
5. Welfare benefits for honoring loyalty including cash reward as appreciation for service to the employees who serve the company for 10, 20, and 30 years



## Employment and Labour Management Principle

The Company has operated adhere to the law, regulation and will protect the rights of employees equally.

1. The Company has employment system with the lawful contract and precise employment agreement.
2. The Company encourages the participation of employees in the business operation through welfare council system and others.
3. The Company supports the complaint system used as a channel to communicate messages including building good relationship between people in the organization and equal employment.

## Guidelines

- 1) The company complies with the employment law without any labor force and avoidance of employer duties covering in parts of contractor, subcontractor and trainee employment.
- 2) The company encourages the equality off employment, treating all employees fairly and equally regardless of their gender, color, race, age, disability or other issues not related to the operation.
- 3) The company prepares an annual man power plan to avoid part-time employment.
- 4) In case of job vacancy, the company opens the opportunity and considers qualifications of employees who are working at the company first but if there is no qualified person for the required position, recruiting other candidates is proceeded.
- 5) The company makes the fair employment contract categorized by duration of contracts which are fixed and non-fixed working duration such as permanent employee, consultant, and manufacturer employment contract.
- 6) The company provides the reasonable employment covering wages, working hours, weekly holidays, annual holidays, public holidays, health and safety and labor and pregnancy protection.
- 7) The company has a policy of paying wages and remuneration to employees on the basis of fairness and suitability to knowledge, duties, responsibilities and performances along with the performance assessment for annual wage raising.
- 8) The company arranges the training session and provides suitable suggestions in operation for new employees.
- 9) The company supports all levels of employees to be trained and exchange knowledge in order to improve their knowledge and potential in all areas which help them build their career stabilities and provide the advancement opportunities based on each potential.
- 10) The Company informs employees about working disciplines and regulations including legal right on the notice board.







11) The Company provides an opportunity for employees to suggest or complaint about working through the suggestion box. Managements, human resources staffs, welfare committees or executive committees will consider the issue within 30 days then will inform the complainant within 7 days about solutions which are beneficial to everyone and build good relationship for co-working. The complaint processes are follows;

11.1) The complainant submit the complaint book clarifying about the complaint issue with the exact date of writing the issue to Managements, human resources staffs, welfare committees or executive committees.

11.2) The complainant submit the complaint book clarifying about the complaint issue with the exact date of writing the issue to the suggestion/complaint box.

11.3) E-mail: anticorruption@thanulux.com

11.4) P.O. Box27 SATHUPRADIT POST OFFICE Rama3 Rd., Bangpongpang Yannawa Bangkok, Thailand 10124

12) The Company has the process according to the disciplinary which employees not be discharged, laid off and fired without any regulation or unfair treat.

13) The Company suitable provides welfare benefits and privileges to employees.

14) The company is provided necessary facilities to perform their duties including the work environment. The main concern is to promote the safety, health and quality of life of employees.

15) The Company does not expose or send employment database including confidential information of employees to third party. All confidential information including personal data is kept in the system under the charge of human resources department which has the authority to specify the right of responsible man and set the limitation of data access.

16) The Company set the Risk Management Committee to arrange the meeting, follow-up and plan to prevent and handle the effect caused from domestically and globally economic situations resulted in business operation and employment.

The Company has carried out the recruitment transparently and fairly under a standard selection process. Applications are open both internally and externally to increase the career opportunities of existing employees whilst also to find suitable potential. Guiding principles give due regard to competencies, equality, and non-discrimination. The Company has policy of recruiting disabled persons who are capable of performing work unhindered. These disabled persons would be assigned to perform basic tasks and be given care and company accommodation in order to facilitate their travel to work. Besides, The Company has an annual manpower plan in order to prevent temporary employment. The Company does not have 1 year employment contract except for those retired employees who request to continue working with The Company. The Company will consider individually and extend the contract on yearly basis.

### Working Hours Policy

1. The Company prescribes both regular and overtime working hours in accordance with Thai labour law.
2. Overtime working is subject to be employees' willingness.
3. The Company determines a recess period on working days, a weekly day-off, and an annual leave.



## Guideline

### 1) Working days and hours:

1.1) Back Office	Monday to Friday	08.00 - 17:30
1.2) Factory	Monday to Saturday	07:30 - 16:30

### 2) Recess period includes an hour after no more than consecutive 5 hours of working:

2.1) Back Office	12:00 - 13:00
2.2) Factory	11:00 - 12:00 and 11:30 - 12:30

### 3) Weekly Day-off:

3.1) Back Office	Saturday and Sunday
3.2) Factory	Sunday

4) In case of necessity, the Company is capable of changing the weekly day-off upon suitability with employees informed beforehand.

5) The Company does not support working on a day-off unless it involves a necessary issue such as the delayed manufacturing that does not meet the due delivery date or some tasks that could not be performed during normal working days, e.g. engine check, boiler maintenance, and electric conduit cleaning. This requires a supervisor to get a written approval first and then to notify human resources department.

6) The Company encourages employees to achieve the duty within scheduled working hours (8 hours and 8.5 hours per a day). In case of compulsory such as some cases that will inflict damages to the Company, employees are, upon their consent, allowed to work overtime as necessary. The overtime hours must not exceed 12 hours per week, except some inevitable cases.

7) Employees are required to consent and get an approval from their supervisor by signing an overtime working approval form. The supervisor is obliged to submit the form to human resources department prior to the overtime working date.

8) In case of working overtime for more than 2 hours, the Company will let employees have a minimum 20 minute recess before overtime working.

## Forced Labor Policy

1. The company does not employ forced labor in any form.

2. The company does not require guarantee money, asset or any document for employment unless required by Thai labor law.

3. The company has regulations regarding employment, overtime working, complaint, resignation, etc. which conform to the law and related Thai standard prescriptions. The Company strictly maintains the implementation of these regulations as a guiding principle for the employees.

4. The company educates employees the anti-forced labor policy including employment and protection of labor right, etc. since the first day of work so that they have awareness and follow the policy and regulations.

5. The company does not support a customer, a forwarder, or a contractor who abuses forced labor.





## Guideline

- 1) The Company does not encourage employing the labor that is forced, especially labor of prisoners
- 2) The Company does not encourage employing the labor that is forced, threatened, punished or work against the employee's will since commencement until termination of employment as follow:
  - 2.1) Recruitment – the candidate applying for a position at the Company is required to submit the following documents:
    - 2.1.1) Copy of an identification card
    - 2.1.2) Copy of a household registration certificate
    - 2.1.3) Copy of a transcript
    - 2.1.4) Other documents such as a copy of military service certificate and a copy of employment verification letter.
  - 2.2) Guarantee – employees are not required to give the Company a guarantee in any form: money, asset, or document. For example, the Company does not hold employees' identification card, bank book and any confidential documents as a proof of employment or the Company doesn't offer a binding contract to employees
  - 2.3) Outsider Visit – the Company allows employees to see their relatives and friends that come visiting only during recess. In case of urgency, the Company will immediately inform employees and allow them to see the visitors as appropriate.
  - 2.4) Personal Errand – if employees request to do a personal errand during working time, they are required to submit a permission letter including the reasons to their supervisor and get the approval beforehand.
  - 2.5) Resignation – employees who want to resign are required to submit a resignation form to their supervisor at least 30 days prior to the effective date so that that the Company can recruit a new replacement to carry on the pending works, unless employees can give specific reasons why they could not inform the Company in advance.

## Child Labour Policy

The Company does not have a policy to employ the children under the age of 15 years old.

## Freedom of Association Policy

1. The company respects employees' right and liberty to freely aggregate without inflicting any harm to other employees, the company and communities.
2. The company respects employees' right to assemble, to join or to organize a group or a corporate committee. The company is willing to open a negotiation, to select and to nominate a representative without doing anything against the law or to intervene the employee's exercise of right.
3. The company certifies that the representative nominated by employees will be accommodated and treated equivalently as the other employees. The Company does not persecute him by any means such as transferring, discharging or any action that is unfair.



## Guideline

1) The company respects employees' right and liberty to freely aggregate with the purpose to benefit the communities and without inflicting any harm to other employees and the company.

2) The company encourages the election of a representative for employee welfare committee. The election procedure is according to Thai Labour Protection Act B.E. 2541. The committee is responsible for employees welfare benefit. They are also in charge of acquiring employees' complaint and working with the representatives from the executive committee to peacefully and legally cope the problems as well as to meliorate the communities without any engagement of the company. The judgment of the welfare committee is communicated to employees via their supervisor, notice board and broadcasting.

## Human Resource Development

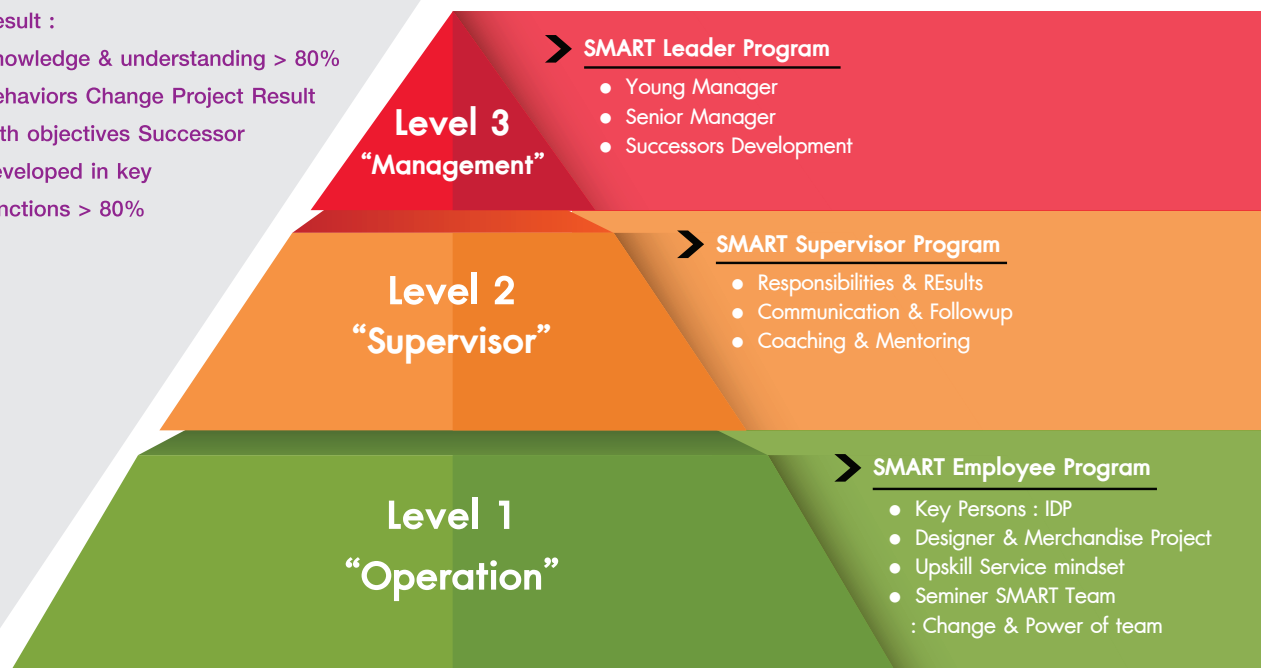
Thanulux Public Company Limited realizes the importance of human resource development. Therefore, the Company has capacity building program to train personnel to become adaptive to any changes of business. The Company has ensured the personnel preparation to conform to strategy and direction of business operation. They are categorized into

- Operation Level for SMART Employee Program
- Supervisor Level for SMART Supervisor Program
- Management Level for SMART Leader Program

To become a "SMART Organization", the Company's working system has been modernized. Smart Work is applied to enable employees to Work Smart and truly respond to the customer's need. The concept of human resource development program is elaborated as follows.

### Result :

Knowledge & understanding > 80%  
Behaviors Change Project Result  
with objectives Successor  
developed in key  
functions > 80%



SMART Organization (Profit, People, Planet)

TNL Development Framework 2019

## 1. The Management and Successor Development Program

Considering the Management as a key person leading the Company to the established goal, the Company has HRD program for the Management focusing on enhancing knowledge and skills in modern management and practices regarding working strategy with its aim to broaden the Management's vision. The program composes of the following courses: (i) Update Digital Marketing & Tools; (ii) Strong, Prosper, Profit: How to quick win; (iii) Smart Leader: Leader as a Coach; (iv) Leader as a Communicator; (v) Strategic Planning & Management; and (vi) Anti-corruption (CAC). The specialists in specific fields are invited to give lecture to enhance the essential required skills for the Management. In addition, the Company has implemented a program on Succession Plan for the Directors and other key posts. The competency evaluation and selection of the suitable successor will be made by the Board of Directors. The Individual Development Plan (IDP) has also been performed focusing on strengthening competencies, management and administration skills to prepare for a qualified successor in a timely manner.



Update Digital Marketing & Tools



How to quick win



Smart Leader: Leader as a Coach



Leader as a Communicator



Strategic Planning & Management



Anti-corruption (CAC)



## 2. Key Persons Development Program

This capacity building program is designed for Key Persons of the Company. Suitable and competent personnel will be selected to this program with its aim to enhance both hard and soft skills. The personnel will be trained to be expert and skillful at work to accomplish the professional goals set.

In 2019, there are **55 Key Persons** (15 from Business group, 22 from Production group and 18 from Supporting group). IDP and development tools are applied to meet individual characters. At the same time, the working performance is evaluated by the supervisor and stakeholders and will be continuously followed up to ensure they are prepared for the good career path.

## 3. Merchandiser & Designer Development Program

The Company has developed the program for merchandiser and designer to meet customers' needs. The development program includes specific functional program, training, seminar, workshop and exercise, for example, the course on trend of fashion, basic knowledge of fabric, updates of innovative fabric, interpretation of fabric testing. Internal and external experts are invited to give lecture and share experiences in the field. In addition, the follow-up and evaluation after the program are performed to ensure that the customers' needs are met.



Trend Fashion



Basic knowledge of fabric



Interpretation of fabric testing

## 4. Operation and Supervisor Development Program

### Administrative guidelines

Training is a tool for human resource development. It aims to develop personnel competency and to enable employees to become adaptive to any changes occurred. Training is a forum to provide knowledge, skills and good attitude. Moreover, training is an integration between new information and experiences, making changes of practices which will lead to the utmost benefit of the Company. Training itself is not an activity that is effective in a short period of time, but it has to be implemented continuously for the true outcomes. Especially, in the current situation where things rapidly change, people need to be fed with new information all the time.



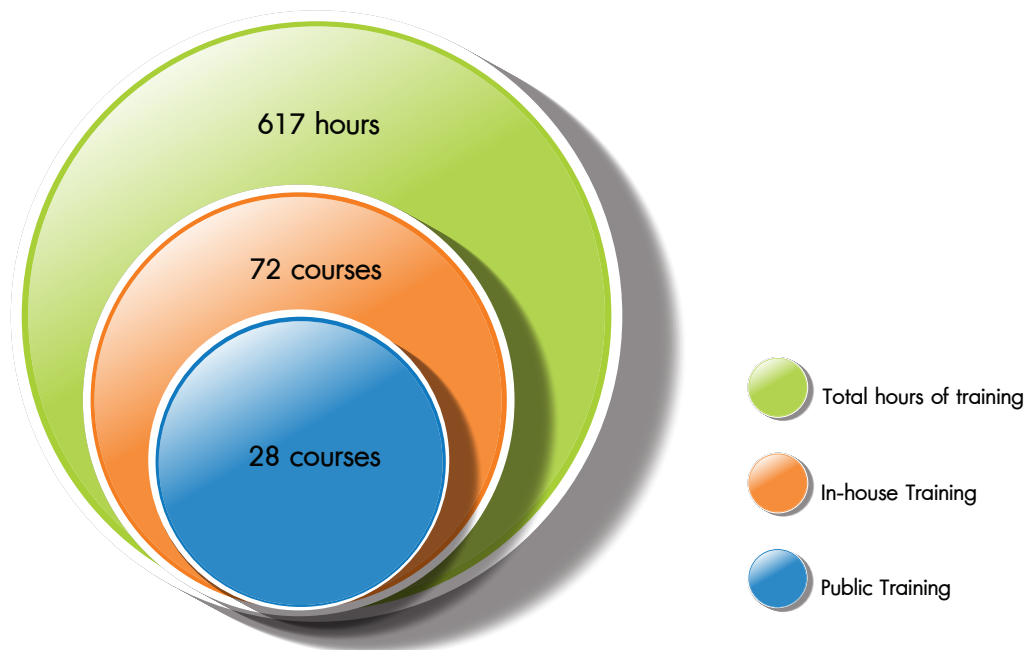
## Performance in 2019

In 2019, 1,698 personnel from the total of 2,231 from Headquarter and branch offices were trained. The number of trained personnel was approximately 76% and can be categorized by their functions as follows.

- 185 personnel from Business group
- 1,361 personnel from Production group
- 152 personnel from Supporting group

No.	Function	Management level	Operational level	% of Total Employees
1.	Business group	31	154	78%
2	Production group	9	1,352	74%
3	Supporting group	20	132	96%

## The Proportion of each Training class in 2019



There were 28 courses of public training and 72 courses of in-house training. In summary 617 hours of total training, as the budget of training Baht 681,798.





## 5. Grant for Bachelor's degree scholarship on the Chemical Engineering and Textile Engineering of the Faculty of Textile Industry at Rajamangala University of Technology Krungthep

In 2019, Thanulux Public Company Limited has implemented collaborative project with a textile company of Sahapat Group (Corporate University: COU) regarding capacity building on textile for future. The first batch of 7 scholarship students has graduated in 2019 and been recruited as employees in the textile development and garment business. This group of young generation will become significant resources of the Company in the future.

The second and third batch of 10 scholarship students are still under co-operative education and internship programs in summer. They are assigned for the practical project with mentors. The project is followed up and will be presented to the Scholarship Committee, the Management, mentors from the internship program and professors from Rajamangala University of Technology Krungthep.



The Management congratulating the first batch scholarship



Scholarship Committee and second batch scholarship student

## Work-life Balance

The Company supports the balance between work and life to ensure employees' wellness, which in turn would have an impact on their success, security and advancement. Works are assigned based on value, interests, knowledge and abilities of employees, and remunerations and other forms of compensation are given to create incentives, in view of career advancement. Employee participation in decision-making processes is encouraged. Mutual recognition and assistance are promoted. Furthermore, the Company has provided an environment which promotes and facilitates the performance of work, as well as to support employees volunteering in social projects in order to maintain a work-life balance when working for the Company. The Company applies Happy 8 Workplace as a guideline for any activities. Staff of Happy Workplace and Welfare Committee co-host the activities to make employees happier. The activities are listed as follows.

1. **Happy Body** Promotion of employee health by health check based on risk factor assessment including exposure to chemicals, light, noise or any other hazardous factors, facilities for employees who need to stand or sit for a long period according to ergonomics, organizes training on Office Syndrome with doctor and specialist as speakers





2. **Happy Heart** Promotion of employees' generosity as well as volunteer work spirit such as blood donation activity to the Thai Red Cross Society, Lamphun hospital and Kabinburi hospital was held in every quarter. In 2019, employees made blood donation for more than 262,000 cc which can help 2,245 human beings. 16 pairs of eyes, 14 organs and 3 bodies were also donated.

3. **Happy Relax** is a relaxing activity for employees, for instance, traditional recreation in festivals and Sport's days inside and outside the Company

4. **Happy Brain** In addition to internal and public training, the Company supports self-learning via web board which publicizes various knowledge and information through intranet system. Furthermore, the Company held an innovation contest within the Thanulux Group (Thanulux Innovation Awards) for the 12<sup>nd</sup> consecutive year. The vision was to enhance employees' knowledge, to encourage the creativity, and to improve the work efficiency.



5. **Happy Soul** Cultivation of morals in employees' lives and preservation of good traditions. The Company organized several activities in this regard including, monthly offering to Buddhist monk, water offering for paying respect to elders on the Thai New Year, praying and meditating.

#### Project on Dharma lecture

To enable the Management and employees discover true happiness at work, the Company has organized a Dharma lecture in the topic "Working with honesty, morale and ethic" and "Think good, do good, live good" delivered by Permanent Provost Suwat thanawachirakun (Buddhist Monk Weeraphon Weerayano) the Assistant Abbot of Yannawa Temple, President of Happy Dharma Network on March 14, 2019 at 30<sup>th</sup> year conference room at the Headquarter of Thanulux Public Company Limited



#### Making merit and stuff donation at Phrabat Nam Phu Temple

The Company has organized a special Dharma lecture in the topic "Successful work, happy people" delivered by Prarat Wisutthiprachanart (venerable monk Alongkot), Abbot of Phrabat Nam Phu Temple, Lop Buri Province on September 9, 2019. Moreover, the Company has given offering dedicated to the monks and donated stuff to the patients under the project sharing kindness year 8 in the occasion of 44<sup>th</sup> year anniversary operation of the Company.





On top of the Dharma lecture, the Company has activity of giving alms to the monks in every first Monday of the month in order to sustain Buddhism by inviting monks in the area to the Company, enabling employees to have spiritual anchor. This also gives good lesson of being a provider.



6. **Happy Money** is an activity educating employees on saving for retirement through provident fund. In the present, employees can save money for 3-15% and freely choose suitable investment plan under the concept “saving, planning, having enough money”. In 2019, the Company was awarded “Company for happy retirement” from Securities and Exchange Commission (SEC), The Stock Exchange of Thailand, Association of Provident Fund as well as Association of Investment Management Companies. It reflects the Company’s determination to build financial security for employees when retirement. In addition, employees are encouraged to

be members of credit union for Sahapat Group which will give them a number of benefits, for example, dividend, loans with low rate of interest. Apparently, membership is increasing every year.

7. **Happy Family** will be held, as a birthday event, in birthday month with its aim to build good relationships and warmth among The Management and employees. Also, the area for milk breast is set up to support for breastfeeding and for other family-related activities.

#### Happy Birth Day For You Activity

Ensuring that employees are mentally happy, the Company has organized birthday activity “Happy Birth Day For You” by giving birthday presents to employees in the month on which their birthdays fall. This helps create good bond and relationship between employees and the Company.



8. **Happy Society** is to foster employees to have conscious and to be responsible for society and community, for example, to cooperate with Non-si Subdistrict Administrative Organization and Kabin Buri District of Prachin Buri Province in launching a campaign regarding the reduction of PM 2.5, donating money and items for victims of flooding in the Northern East region and donating money to Phrabatnampu Temple for 8 years in a row.

On top of the activities, Happy Workplace staff conducts satisfaction survey on working atmosphere. The results are then prioritized for further improvement. For instance, the environment of working and canteen, etc. are developed.

# Community Relation Performance

## Policy on responsibility to the society

Having policy on operating business with corporate social responsibility, the Company has realized the importance of management system that must be stick with ethics, morale, honest and transparency and can be detectable. Moreover, management has been performed with respect to the human's right and benefits to stakeholders focusing on good relationship, attitude as well as organizational culture to ensure the employees are committed to the shared communities.

For the operation regarding environment, the Company has a clear policy and strict practice to sustain and preserve ecosystem and environment of the community.

With strong commitment to the community development, the Company has considered community's need in improving living quality. Additionally, the Company has built attitude and organizational culture to ensure the employees contribute to make benefits to the community.

### State-civil unity by Sahapat Group: Training Project on sewing building career for the society



Training Project on sewing building career for the society is a cooperative project with Phra Dabos Foundation under the project Luk Phra Dabos aiming to build career for the community and society. Being skillful and expert in sewing, Thanulux Public Company Limited has developed a 5-day practical training course in that area. Participants will receive certificates for joining the course and more importantly they gain knowledge which in the future enables them to make a living leading a way to sustainability of the society. Having been implemented since the beginning of 2016 up to now, the course has 199 graduated participants in 18 batches.

### Having fun with creativity project in 2019 (Pariwas School)



School is an important institution in the community, especially kindergarten, which is a source for learning and education contributing to children development. Considering environment in class has strong impact towards the education, the Company has renovated classroom and environment at Pariwas School in May 30, 2019 under this project. The Management and employees have created imaginative world by doing wall painting at kindergarten classroom to make it become a creative, attractive, livable classroom conducive to learning. In addition, teaching materials have been invented contributing to knowledge obtain, skill development, good mental and emotional health and self-studying.



### Project on granting scholarship and proving gifts to children

This year, the national Children's day fell on January 12, 2019. Realizing the importance of children who become adults in the future, the Company has organized an activity to grant scholarship and provide gifts to the children at Wat Khlong Phum School, Wat Khlong Mai School, Wat Chong Nonsi School, Yannawa district and at Bualuang Community.



### Volunteer Program on doing good

Employees are strongly encouraged to be volunteers in many aspects by joining programs that are established by the government. Their participation and volunteer in the following programs enabled them to be helpful and sacrificed.



1. Removal of PM 2.5 pollution with Nonsi Sub district Administration Organization and other 500 volunteers

2. Demonstration for the campaign on solving and preventing drug issue



3. Corporate Social Responsibility activity on the Company's birthday to clean bathroom and paint playthings for the school

4. Provision toy gifts to school children at School for the deaf in order to enhance their learning skills outside classroom

Ms. Wanitwipha Akkarachan or "P'Fong", our employee in 54 years old has participated in volunteer project on doing good by heart. She has first been inspired by being a volunteer at Thai royal cremation ceremony and has continually joined other volunteer programs since then, for instance, basic CPR course and traffic for disasters. Recognized an adorable employee with volunteering mind, she regularly joins volunteer programs on holidays.



# Environmental Performance

Thanulux Public Company Limited prescribed a policy on environment, energy management, water, electricity and waste management as well as occupational hygiene and safety.

## Energy Management

### Objective

Objective

In addition to the policies concerning giving utmost satisfaction to all the stakeholders, being a happy organization, having responsibility towards society and self-sustainability according to sufficiency economy philosophy, the Company also encouraged eco-friendly conscious and environmental volunteer.

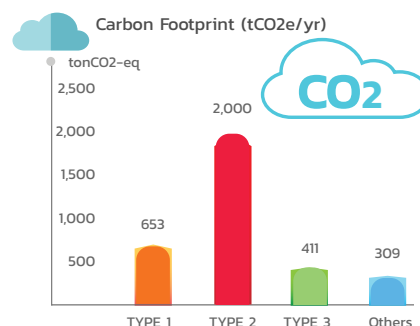
### Outcome

To align with the corporate intention to be responsible towards society and environment, the environmentally friendly idea was integrated to business operation in every process starting from supplier selection, to manufacturing, and giving information to customers while considering all the stakeholders, conserving environment, aiding and developing communities.

## 1. Climate change with greenhouse gas

Investigating sources that release greenhouse gas from the Company's activities implemented, the Company has changed the light to be LED and solar cell lamp in order to reduce the release of greenhouse gas according to energy saving measure. This is considered a main activity (type 2) causing greenhouse gas. With all employees' cooperation, the Company sets the goal to reduce 5% of carbon release from last year following to energy saving measure.

Scope	Carbon Footprint (tCO2e/yr)	% Carbon Footprint
TYPE 1	653	21
TYPE 2	2,000	65
TYPE 3	411	13
<b>Scope 1 &amp; 2</b>	<b>2,653</b>	



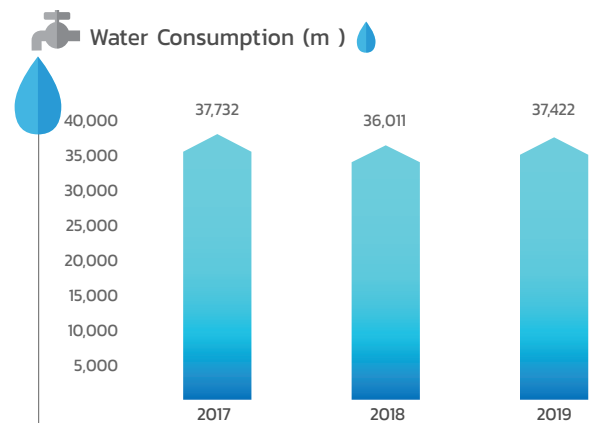
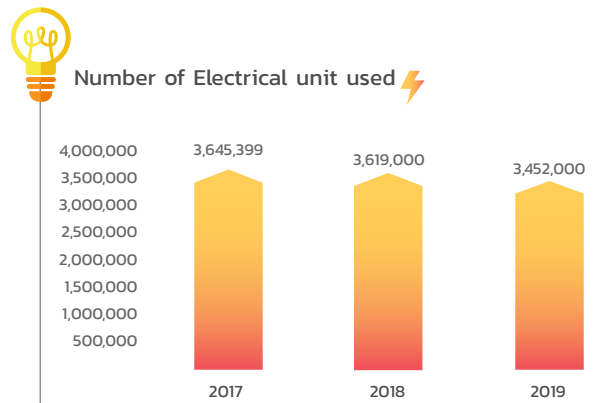
## 2. Energy Consumption

The Company appreciated the importance and value of energy, and had thus consistently undertaken energy management activities within the Company. It was the duty of all employees to cooperate in the management of energy and most productive utilization of energy. Every year, the company had a goal to consume less energy than preceding year. In 2019, the target was set at least 5% lesser than 2018 per production unit.

The Company also engendered an organizational culture and built a conscience in all levels of employees to promote cooperation and mutual responsibility in the sustainable utilization of resources including electricity, fuel, water, paper and disposable equipment. Moreover, there was a development program constantly sending operational staffs for training about how to modify energy consumption of boilers.

## 3. Water Resource Management

According to the use of water in the past 3 years, it is learned that in 2019 the use of water was more than the use in 2018 owing to the leak of underground clarifier, which was found in June, making the volume of water consumption beyond average. Being aware of the cause, the Company rapidly handles the issue to make the use of water under control.



## Safety, Occupational Health and Working Environment

Thanulux Public Company Limited stipulated Occupational Health and Safety Policy as guideline for employees, customers and visitors in order to prevent accidents, to ensure safety of life and property and to preserve the environment. Manager in each working unit was responsible for constant and effective compliance of this policy.

Employees, customers and visitors were obligated to practice in the same manner, in accordance with regulations concerning safety and promulgated by relevant official and standards determined by the Company as follows:



## Safety, Occupational Health and Working Environment Policy

1. The Company complies with the applicable laws and regulations concerning occupational hygiene and safety as well as monitors risk factors.
2. The Company promotes safety ambience, safety practice, and personal protective equipment usage in order to ensure all employees occupational hygiene and safety.
3. The employees' participation is encouraged by the appointment of safety committee and business matching, to improve occupational hygiene and safety environment at work place.
4. The Company monitors and assesses the outcomes of occupational hygiene and safety policy and imposes it in the annual action plan for effective implementation and utmost efficiency.

In 2019, the Company promoted and conducted the following activities:

### Safety

1. **Fire prevention and basic firefighting course** allows for at least 40% of employees able to promptly use fire extinguisher to prevent any loss of living and belongings from fire. Moreover, it is a platform to provide knowledge and better understanding about fire and its protective ways. In addition, the Company has held fire evacuation drill twice a year



2. **Emergency drill for preparedness of emergency cases** i.e. fire drill, chemical leakage drill, gas leakage in canteen drill and boiler leakage drill which could occur anytime. All drills were conducted 1 time a year, except twice per year for fire drill.

**3. Training to provide knowledge on safety at work** will be organized for all new employees before working has been started. It allows employees to have more knowledge and better their comprehension regarding safety at work. Furthermore, awareness on how to work without accident has been promoted.

#### Occupational Hygiene



**1. Personal protective equipment (PPE)** was supplied to all relevant employees for using during working hours i.e. ear cover, iron gloves or face mask, etc.

**2. Health check based on risk factors** was provided i.e. liver function test, urine examination for Ketone, Toluene and Acetone, lead detection in blood, audiometry and lung function test, to seek for illness resulting from risk factors in the workplace.

**3. Health check-up following to risk factors** factors will be held in a yearly basis for new employees in 30 days in order to monitor and protect any diseases from work. The check-up has been done by occupational physician.

#### Accident Statistics

##### Statistics of work accidents in the past 5 years

Violence / Damage	Time / Year				
	2019	2018	2017	2016	2015
Property Damage	-	-	-	-	-
Slightly injured (Non-stop work)	4	4	5	5	3
Serious injured (Absence)	-	-	-	1	-
Total number of work accident	4	4	5	5	3
Total number of day off	-	-	-	1	-
Illness from work (Absence)	-	-	-	-	-

## Work Environment

**Working environment monitoring** is performed by inspecting light, noise, heat, dust, drain water and chemical substance. Information received from this annual inspection is used as a reference to monitor and specify protective way and solution on employees' health that might be affected from light, noise, hear, dust as well as chemical substance to ensure that employees work under the safe environment which will not lead to any working diseases.



Analyze Noise loudness level in workplace  
76 dBA – Pass the standard



Analyze Heat stress in workplace  
30°C – Pass the standard

Analyze Chemical agents in airborne  
Pass the standard



Analyze wastewater quality  
Pass the standard



Analyze water quality in-out Boiler  
Pass the standard



Analyze opacity out from Boiler chimney  
Opacity 3%



In 2019, the Company has promoted the organization of the following activities.

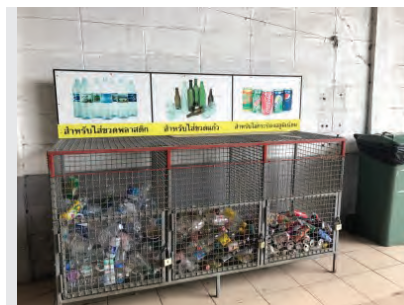
### The Activity of 5Ss and Big Cleaning Day

The Company has organized activity of 5Ss (SEIRI, SEITON, SEISO, SEIKETSU, SHITSUKE) meaning clearing up, organizing, cleaning, standardizing, training and discipline and Big Cleaning Day from 8 to 9 August 2019, aiming to arrange things in the Company in the well-organized manner leading to a safe and tidy working condition. Additionally, the activity brings about and creates the participation, unity and good relationship among the Management and employees in the Company including neighboring area.



### Waste Separation Project

Thanulux Public Company Limited has conducted public relation activity as a platform to educate employees on waste management and created the sign giving information on waste types. Furthermore, a waste separation campaign has been conducted to encourage all employees to be aware of how to correctly separate the waste. The Company has identified area for locating garbage can in the building. This enables employees to be aware of waste separation contributing not to cause air pollution. Moreover, it helps create self-discipline and reduce government cost spent for waste management and contributes to make the world a more livable place.



# Innovation for the Development

## 1. The development of eco-friendly innovation

### 1.1 Upcycling by GC clothes innovation by Arrow Brand

Saha Pathana Inter-Holding Public Co. Ltd. (SPI), a company of Sahapat Group and PTT Global Chemical Public Company Limited (PTTGC), signed Memorandum of Understanding on cooperation in developing textile from plastic waste implemented under the project “Upcycling The Ocean Thailand” with its aim to reduce plastic waste issues considered crises on environmental pollution in many countries. Biodegradation of plastic waste can take up to 450 years. Moreover, the consequence from degradation can cause micro-plastic issues affecting sea creatures which are one of food chain.

According to the MoU, Erawan Textile Company Limited, a textile manufacturer, and Thanulux Public Company Limited, a garment manufacturer, have collaboration in developing innovation for recycling textile from plastic bottles to a newly valued product. This not only innovates a fabric which is durable, easy-ironing, soft, comfortable, not irritant to the skin, sweat-absorbing and fast drying, but also provides contribution to reduce plastic waste. It greatly enhances Thai textiles by Arrow Brand to the international standard.



Shirt from “Arrow Shirt Upcycling by GC” collection is a first product using fiber recycled from plastic bottles. One shirt is made from 12 plastic bottles with 600 ml size.

### 1.2 Cool Mode Innovation

Cool Mode innovative fabric is a standard label certified by Thailand Greenhouse Gas Management Organization (Public Organization) with its aim to enhance the development of global-warming clothes. To meet the requirements, the following quality of fabric must be tested and approved by Thailand Textile Institute (TTI).

1. Quality and duration of fabric are comparable to the international standard.
2. Safety-Dyeing colors free from carcinogens and heavy metals are used to ensure safety.
3. Heat reducing—Fabric is fast cooling and drying from sweat. It helps reduce body temperature so that the customers can stay cool. Also, it saves energy from air conditioner.

In 2019, the Company has developed two more licensed products of knitted textiles labelled Cool Mode which are Code: TRI 005 (Cotton 40% Polyester 60%) and Code: TRI006 (100% Polyester).



### 1.3 Label No. 5 Electricity saving shirt

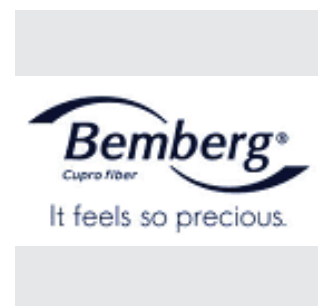
Label No. 5 Electricity saving shirt is a standard label from participating in the Label No.5 apparel project with Electricity Generating Authority of Thailand (EGAT). Fabric that will be manufactured as finished garments has to be prior certified with Cool Mode. Furthermore, the smoothness of fabric and sewing seams after washing must be tested by Thailand Textile Institute to ensure that they meet the customers' satisfaction. That the clothes can be worn without ironing is the highlighted attribute of Label No.5 Electricity saving shirt. In 2018, the Company's shirt product has been certified. Due to the great feedbacks from customers, the Company has been continuously conducting research and development on fabric No.5. In 2019, the Company has manufactured two more clothes from knitted fabric No.5--Code: TRI 005 (Cotton 40% Polyester 60%) and Code: TRI006 (100% Polyester)



## 2. The innovation development of product

### 2.1 Bemberg fabric of Daks Brand

Fabric made from Cupro fiber, which are extracted from fiber especially covering cotton seed, are chemically processed to improve a fabric quality. The fabric is comfortable, soft and smooth to the skin as the touch of silk. Moreover, the micro pores in fiber help absorb moisture and fast cool giving the sense of comfort in every weather.





## 2.2 Bamboo Extra Soft fabric of Absorba Brand

Baby clothes of Absorba Brand are made from cotton fiber combining with natural bamboo fiber. Being manufactured with double gauze approach, the fabric is soft to the baby skin, smooth, light, comfortable, breathable and not rancid. When wearing the product, baby will feel comfortable even in hot weather. In addition, bamboo fiber with a special attribute of anti-bacteria can protect baby skin throughout functional lifetime, without using any chemical substance, and does not cause skin irritation.



## 3. The organizations of “CHAIRMAN AWARDS” by Sahapat Group and “THANULUX INNOVATION AWARDS (TIA)” by Thanulux Group in 2019

**3.1 “CHAIRMAN AWARDS”** was held in May 27, 2019 by Sahapat Group. The Company selected some candidates of innovations for the competition. The following innovative works in four categories were awarded.

Product Category: Healthy Life by Nano Zinc

System and Process Category: Smart 3 P and four-colored hot pot

Energy Saving & Global Warming & Environment Category: Green Heart of Life

Petty awards Category: Extra perfect shirt collar and Finding Helper

**3.2 “THANULUX INNOVATION AWARDS (TIA)”** by Thanulux Group was taken place in December 2, 2019. The Company has held the forum for 13 years, since 1997, with the purpose to inspire all staff to take part in conducting research and development, including doing innovative work in order to enhance the effectiveness of working performance and outputs, focusing on making benefit to the Company and society.





## About This Sustainability Report

Thanulux Public Company Limited prepared this Sustainability Report as a separate report to reflect the company's commitment to building a sustainable society community and environment in like manner maintaining a high level of ethics and morality in conducting business.

### Reporting Direction

The 2019 Sustainability Report is prepared according to the G4 Sustainability Reporting Guidelines developed by the Global Reporting Initiatives (GRI) G4, a guideline recognized worldwide. The contents of this report includes performance reports on several aspects: economic social and environmental with focus on strategy and sustainability risk management

### Reporting Scope

This report covers every operations carried out by the Company from the 1 January to the 31 December 2019. However it does not cover the operations conducted by the company's subsidiaries and other relevant companies.

### Further Information

For comments or suggestion, please contact

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# GRI Sustainability Reporting Standards (GRI Standards)

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