



ANNUAL REPORT 2020

Sawang Export Public Company Limited

รายงานประจำปี 2 5 6 3
บริษัท สว่างเอ็กซ์พอร์ต จำกัด (มหาชน)



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The Board of Directors Report

Board of Directors Report

In 2020, Thai gem and jewelry export, excluding gold exports, have declined from the previous year. Due to the impact of the COVID-19 epidemic situation, which is severe in many countries that are Thailand's key trading partners, as a result, the economic recovery is further delays and Thai Baht remained depreciate against US Dollar. However, Thai gems and jewelry export will grow in the future after the success of COVID - 19 vaccines and the economy recovering.

For the company performance in 2020, the total revenue from sales of goods and service was 97.9 million Baht, increase from 2019 by 10.5 million Baht. This was mainly due to the higher local sale.

In order to handle with such risks incoming in 2021, the Company has adopted and applied IT system and new technology into production to improve our competitiveness and reduce our manufacturing cost. Observing the increasing popularity of online shopping, we have increased our online distribution channels. At the same time, we implement social media marketing to popularize our brands, build relationship with customers, drive conversion and gain customer insights from our target market which will be crucial to the business growth and survival.

On behalf of the company board of directors, I truly thank those who have supported the company throughout the year. We also thank the government measures in enhancing competitive capability and in bringing Thailand to become the world's trading hub for gem and jewelry. We promise to manage the company with transparency to the shareholders and business and society.

Mr. Morakot Maneepairoj
President



The Board of Directors and The Management Team

The Board of Directors and The Management Team As At December 31, 2020

Name / Position / Age	Family Relationship	Education	Work Experience	Company Shareholder's		
				2019	2020	Change
1. Mr. Morakot Maneepairoj (Age 68) (Authorized director) President Appointed on Dec 24, 1999	Relative 2nd, 3rd	Commerce, Assumption Commercial College	Has Been Working From 1975	4,908,600 20.45%	4,908,600 20.45%	-
2. Mr. Paetai Maneepairoj (Age 65) (Authorized director) Managing Director Appointed on Dec 24, 1999	Relative 1st, 3rd	MBA, The University Of Chicago	Has Been Working From 1989	5,317,100 22.15%	5,317,100 22.15%	-
3. Mrs. Pommanee Maneepairoj (Age 62) (Authorized director) Director, Personal Manager Appointed on Dec 24, 1999	Relative 1st, 2nd	Gemological Institute Of America. Bachelor's Degree In Humanities Ramkhamhaeng University	Has Been Working From 1987	1,578,000 6.58%	1,578,000 6.58%	-
4. Dr. Apirapom Vasavakul (Age 54) Audit Committee, Independent Director Appointed on Mar 16, 2000	-	MBA, Assumption University PH.D-EIL, Chulalongkorn University	Assistant To The General Manager, K.V.S.international Co., Ltd. Special Lecpurer Chulalongkorn University	-	-	-
5. Mr. Tongchai Saengrattanaej (Age 56) Audit Committee, Independent Director Appointed on Mar 16, 2000	-	Bachelor's Degree In Civil Engineering King Mongkut's University Of Technology Thonburi	Indipendent Structural Engineer	-	-	-
6. Mrs. Ratanaporn Chunharas (Age 64) Chairman Of The Audit Committee, Independent Director Appointed on Mar 16, 2000	-	Master Of Science Thammasat University	Independent Certified Public Account/vithan and Associates 1999	-	-	-



The Board of Directors and The Management Team (Continued)

The Board of Directors and The Management Team As At December 31, 2020

Name / Position / Age	Family Relationship	Education	Work Experience	Company Shareholder's		
				2019	2020	Change
7. Mr. Manit Pongsakomkullachat (Age 65) Product Development Manager Appointed on Mar 21, 2003	-	Secondary Amnuaysilp School	Has Begun In 1973, 1993-present Product Development Manager	-	-	-
8. Mr. Unnop Trachutumcharoen (Age 66) Precious Stones Processing Manager Appointed on Oct 27, 1993	-	Wat Chao Moon School	Has Begun In 1973, 1993-present Precious Stones Processing Manager	73,000 0.30%	73,000 0.30%	-
9. Mrs. Saowapa Chevavibulphan (Age 60) Accounting And Financial Manager/Company Secretary Appointed on Oct 27, 1993	-	B.B.A Ramkhamhaeng University	Has Begun In 1985, 1993-present Account And Financial Manager/ Company Secretary	-	-	-
10. Mrs. Porntipa Eiamprapapom (Age 60) Information System Manager Appointed on Oct 27, 1993	-	Master Of Science UCLA	Has Begun In 1989, 1993-present Information System Manager	-	-	-
11. Mr. Vorachai Adisaisakuldej (Age 59) Production Manager Appointed on Oct 27, 1993	-	Commerce, Thep Business & Accounting School	Has Begun In 1982, 1987-present Production Manager	-	-	-
12. Miss. Paichit Choopanich (Age 54) Accounting Controller Appointed on Jan 1, 2007	-	B.B.A. (Accounting) Ramkhamhaeng University	Has Begun In 1991, 2007-present Accounting Controller In 2019 had training 12 hours	-	-	-



Business Operations

1. Policies and business overview

1.1. Policies

Sawang Export Public Co., Ltd. operates on principles of standard, social responsibility, and the interests of stakeholders under which its value, vision and mission as follows

Values

The company manufactures high quality products with innovative technologies that have been researched, designed, and developed in order to manufacture products according to the orders of the customers.

Vision

The company aims to continue operating with sustainability, to produce approval product's value, and to deliver great satisfaction to customers in all countries.

Mission

- Generate shared benefit between shareholders, employees, customers and stakeholders
- Develop product's quality and manufacturing technology in order to bring products with high international standard in the market
- Promote high-performance human resources and increase quality of life
- Advance Thai jewelry industry with good image in global market
- Operate with high standard and responsibility for community and the environment

The company's main priority is to establish a company's own brand "Beawelry", "Silver Star 7" for the domestic market, which covers the trade within ASEAN (AEC)

1.2 Business overview

Sawang Export Public Company Limited established in 1972 by Maneepairoj group for export precious stone such as Rubies, Sapphires. In 1988 the company is the manufacturer and export fine gold jewelry for U S A , Germany and Australia.

The Operations of the company are a manufacturer and distributor of jewelry and precious stones with no branches or affiliates. The address is 307-307/1-4, 56, 305 Surawongse Road, Bangrak, Bangkok 10500.

The company authorized share capital 252.0 million Baht. The Issue and paid up share capital 240.0 million Baht which 24,000,000 Ordinary shares of 10 Baht each, fully paid. The major shareholders is the Maneepairoj Group, has held 77.39 % of paid up shares.



Nature of Business Operation

2. Nature of Business Operation

Revenue Structure From Business Operation

Revenue Structure	2018 Million Baht %		2019 Million Baht %		2020 Million Baht %	
DOMESTIC SALES						
JEWELRY	27.8	25.6	34.5	39.4	44.1	45.1
PRECIOUS STONES	8.0	7.4	1.9	2.2	2.1	2.2
DOMESTIC TOTAL REVENUES	35.8	33.0	36.4	41.6	46.2	47.3
FOREIGN SALES						
JEWELRY	38.3	35.3	35.8	40.9	27.1	27.6
PRECIOUS STONES	34.5	31.7	15.3	17.5	24.6	25.1
FOREIGN TOTAL REVENUES	72.8	67.0	51.1	58.4	51.7	52.7
DOMESTIC AND FOREIGN SALES						
JEWELRY	66.1	60.9	70.3	80.4	71.2	72.7
PRECIOUS STONES	42.5	39.1	17.2	19.6	26.7	27.3
TOTAL REVENUES	108.6	100.0	87.5	100.0	97.9	100.0
INCREASE (DECREASE) OF SALES (%)		(9.1)		(19.4)		(12.0)

2.1 Nature of Products

Two kinds of Product are

1.) Jewelry accessories such as rings, pendants, earrings, necklaces made with 8k, 9k, 10k, 14k, 18k gold or silver including diamond and color stones. The Designer and Development Product Team of the company will design and created product for customer branding. The company will manufacture according to the orders of the customers.

In 2014, the company has launched a new jewellery and accessory brand named “Beawelry” and “Silver Star 7” which sell through the company’s shop in department store. At the end of last year, the Company launched a Beawelry online store websites, www.beawelry.co.th for the Thailand customers, and www.beawelry.com for international customers.

Marketing Method

The company product has to design, developing products, following up fashion trend, tastes of customers, offering of innovation to meet the customer needs in each festival.

The company customer are saler in the foreign countries. The company has to select the valuable customers in compliance with the company production capacity to create trustworthy. The company policy is to emphasize the long good continuous relationship with customers. The local customer of the company was employee the company to make product from their design.

For Beawelry and Silver Star 7 customers, the company targets tourists and people of working age. Beawelry’s products are sold by the brand’s shop in department store and online stores. The Company utilized social media marketing on Facebook and Instagram to promote the brand and the products. The Company also uses Facebook Messenger as the main platform to provide customer with additional product information and facilitate online purchases.

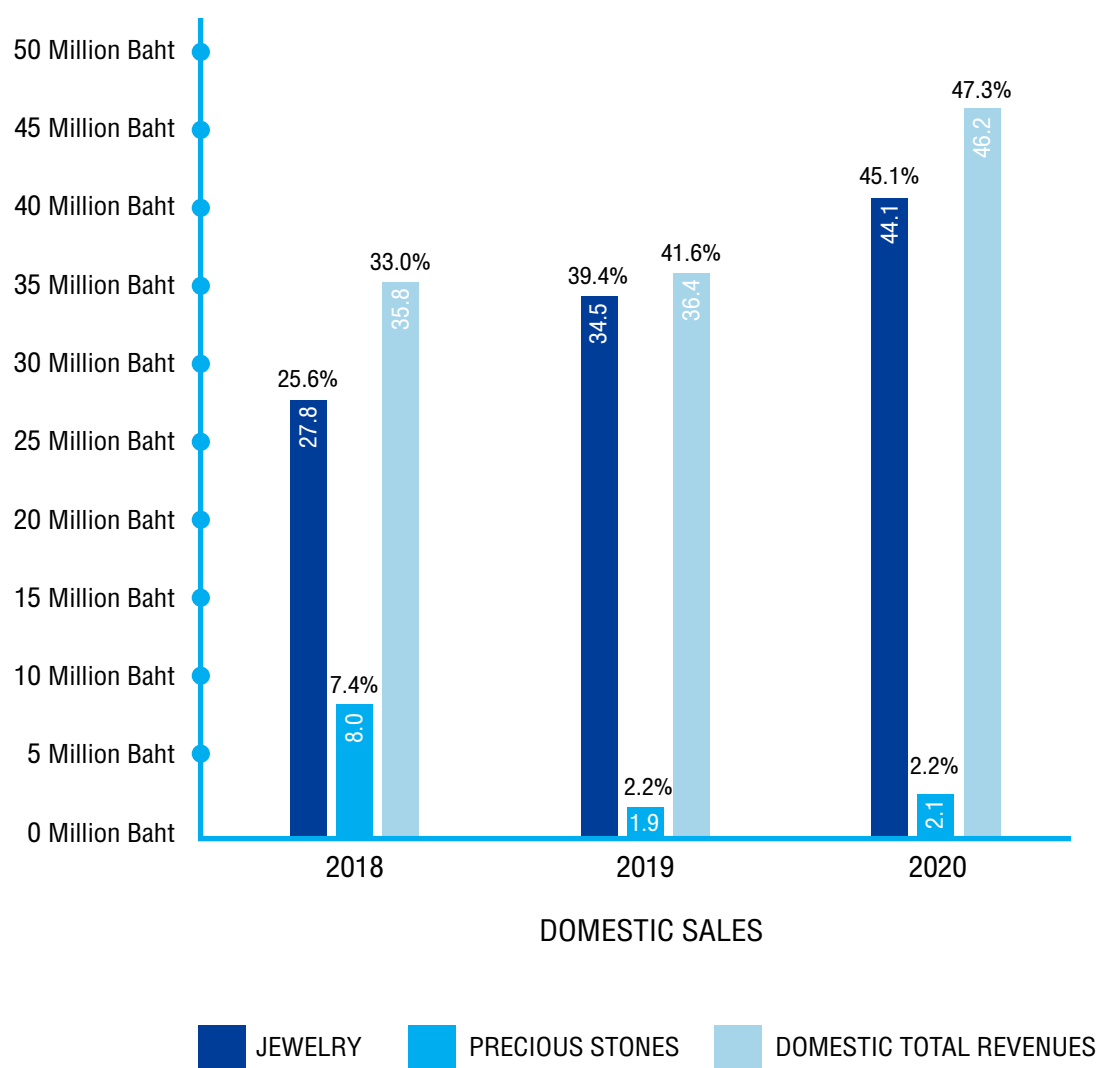


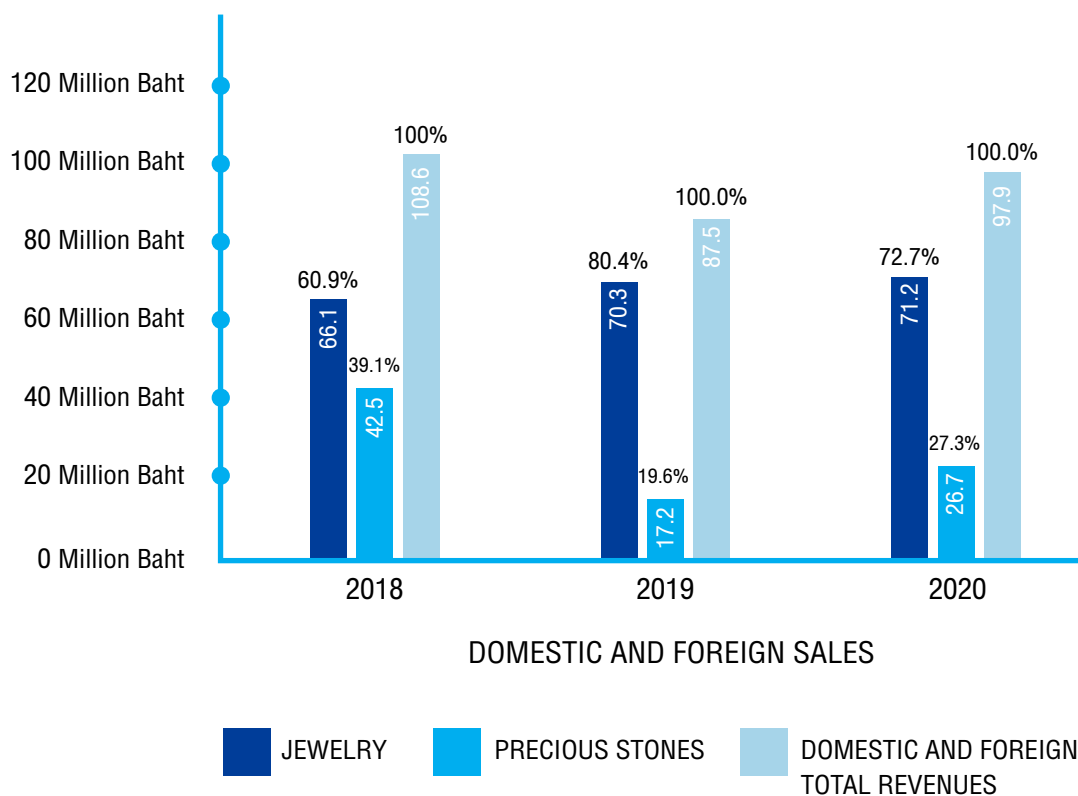
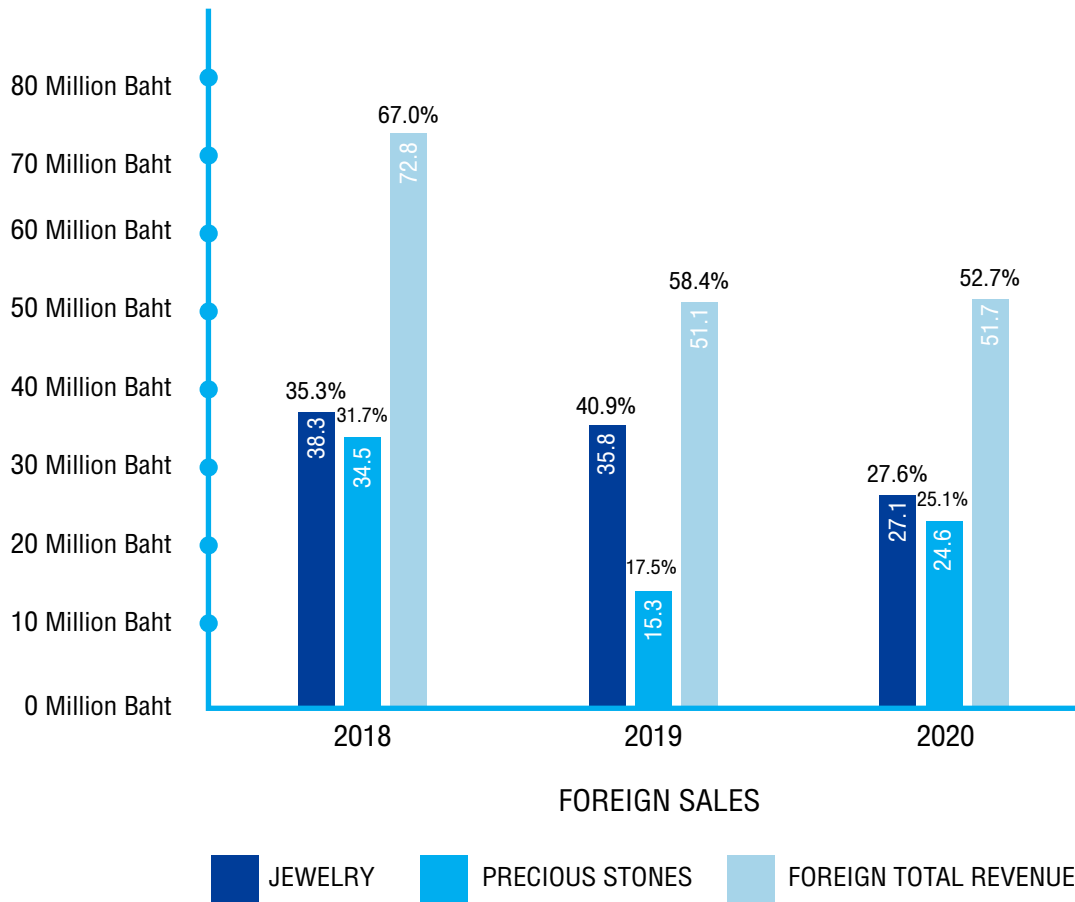
Nature of Business Operation (Continued)

Separate Jewelry Customers by Continent

Amount : mil'Bt.

	2019	2020
North of America	0.03	0.01
Europe	11.39	10.58
Australia	24.36	16.56
Thailand	34.48	44.14
Other	0.03	0.00
Total	70.29	71.29



**Nature of Business Operation (Continued)**



Nature of Business Operation (Continued)

Competition Situation

Precious stone and jeweled ornament industry in Thailand have many competitor such as China, India, Italy. However they could still in the world market, because of the quality, design, professional skill.

To prevent capacity in worldwide competition the company give precedence to adapted fluctuation as follows:

- As state of world economy especially export market such as United State of America and Europe, haven't restored so expand to market as the trend which are Australia ASEAN and to improvement product by using own brand.

- Regarding to price increasing of precious metal in the world market, affecting price of golden jewelry per piece, which is influenced, to customer. The company has been adapted product design using less precious metal or another metal to make various and get more value to the product as reasonable price.

Product seeking

The company jewelry production use professional skill with integration of technology. Design and detail of product are determined quantity of production.

Production quantity

	2018	2019	2020
Quantity (pieces)	86,906	67,675	90,956
Production employees (person)	122	120	114
Average price per unit (Bt)	758	1,038	783
Average income per person (Bt)	541,619	585,800	625,366

Raw Materials and Suppliers

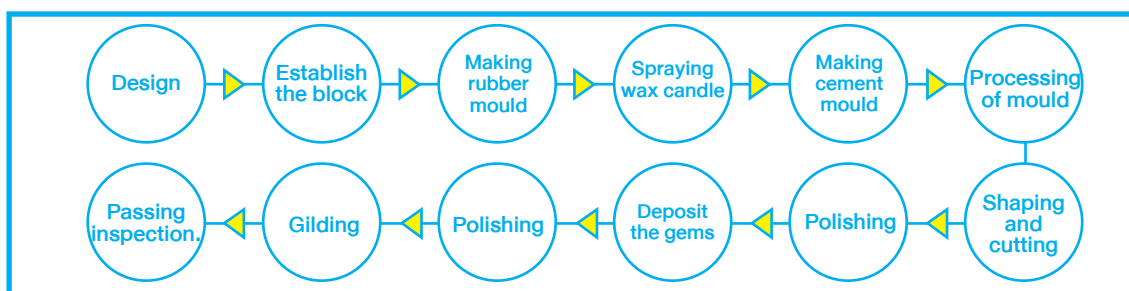
Amount : mil'Bt.

Type	Source of Purchase	2019	2020
Gold	Thailand	24.9	19.4
Alloy, other	Thailand	0.6	0.2
Diamond	Thailand, Kong Kong	1.5	0.3
Color Stones	Thailand	2.0	1.3

The original sources of these materials can be found in the country or abroad. We purchase most of them from local agents who are faster and more convenient for searching the quality and the purchasing of gems. We make orders and purchases by selecting from several suppliers in order to get the quality and prices we needed. There will not be monopoly or favourable relationship with any special suppliers.

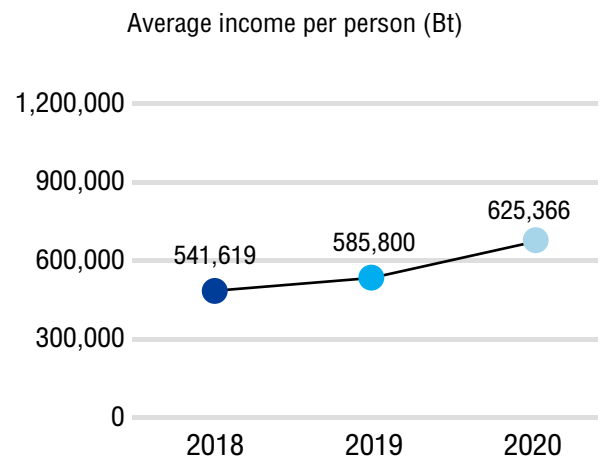
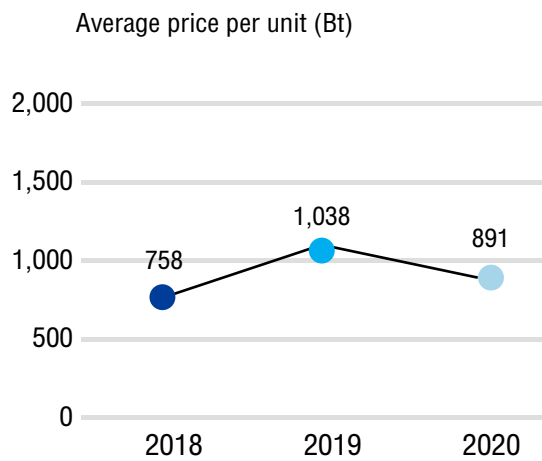
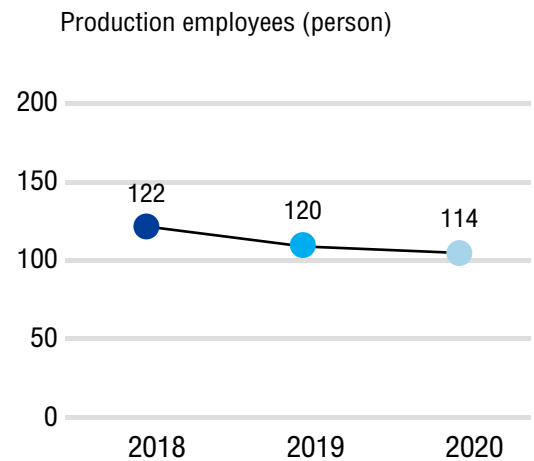
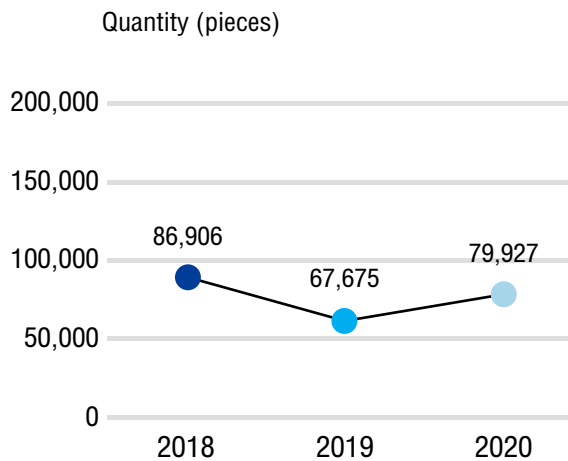
For gold bars, which we used more than 50% of raw materials in making jewelry. The change of gold price will not be effected with the risk since the orders of jewelry from customers are based on the good price at the day we agrees for the item prices and this is the cost of goods sold. We will not keep gold as inventory but buy it according to the purchase orders.

Direction of production Steps





Nature of Business Operation (Continued)



PRODUCTION QUANTITY



Nature of Business Operation (Continued)

Environmental Effect

The processing of making jewelry will not have much effect to the environment because the process is the mix of skilled labor work and the technology. The manufactures had also installed air conditionings and air purifiers to prevent the air pollution. In order to prevent the water pollution, we will make the water form the sediment and use the filter before releasing water. The controlling system had already been passed the inspection from The Ministry of Industry.

Non-Submitted Work

The company had work in process amount 2.77 million Baht.

2.) Gemstones such as rubies, sapphires and other precious stones are bought as polished gems from domestic manufacturers and are selected by size and shape. Then, the gems are separated according to colour grading and purity, or are modified and reshaped in accordance to the needs of customers who are the major jewelry traders in each country.

Marketing and Competition situation

As gemstones occur naturally, its characteristic, colour, purity, and cutting quality is different in each stone. According to the distinct characteristic, the company defines a standard classification for screening and grading, responding to the needs of customers which are going to produce jewelry accessories for distribution. Emphasis on quality grading is an attractive feature of the company which provides a variety of products to choose from with a reasonable price.

However, the demand for rubies and sapphires has been reduced since consumers are interested in buying semi precious stones, which have a wide range of colour and also have a cheaper price. Thus, the number of customers was decreased.

Separate Gemstones Customers by Continent

Amount : mil'Bt.

	2019	2020
North of America	0.07	-
Europe	13.55	24.56
Asia	1.65	-
Thailand	1.88	2.14
Total	17.15	26.70

Raw Material and Supplier

Amount : mil'Bt.

Type	Source of Purchase	2019	2020
Rubies	Thailand	5.5	18.9
Sapphires	Thailand	3.0	2.3

Non-Submitted Work

-None-



Risk Factors

3. Risk factors

Risk in export business

The company manufactures and sells jewelry accessories for export as a main source of income which depending on the customers from Europe and Australia. However, as the global economy has not recovered yet and due to the effect of COVID – 19 situation, the jewelry industrial growth has impeded its progress.

The company had to adjust the marketing orientation to another region that still has good potential, especially target group in Australia. Also, the company has adapted the product's pattern so as to support trade within ASEAN and to decline the consumption of gold since the gold price is prone to increase and dramatically fluctuating. Moreover, the company has expanded production line with silver jewelry as the company's brand, which respond to customer need for jewellery accessory with a reasonable price that suitable for current economic.

Risk from rely on only one major customer

Since 2007, the company has lost a major customer from the U.S. which had sales order worth approximately 500 million Baht per year. However, this customer experienced a financial problem and transferred an assignment of sale to Indian company which is a company's competitor. Therefore, this situation affects company revenue which is decreasing 500 million Baht annually.

Financial risk

The company's major income is the U.S. Dollar. Fluctuations in exchange rates impact the company's income and performance. The company has a risk management policy for the fluctuations in exchange rates by signing on a forward contract.

For the risk of customer payment, the company manages the risk by examining the financial condition of customers, set limits with customers, provide a cash discount for customers to stimulate payments. For new customers, the company requires the deposits when there is an order.

Risk of a major shareholder

July 9, 2020 Maneepairoj group held 18,519,300 shares which accounted for 77.16 percent of the total number of paid up shares. According to proportion of shareholders, these numbers are more than 3 out of 4, which result in Maneepairoj group has a control over the company and has an influence on all decisions within the company that need a permission from shareholders. Therefore, the other shareholders are at risk from inability to gather the votes in order to check and balance the issues this major shareholder presents to the shareholder meeting.

Retail Business Risk:

1) Property Risk

Since the Beawelry products are expensive and easy-to-transport jewelry products, the Company bares the property risk, whereby the products can become lost due to robberies, natural disaster, and fraudulent acts by sales employees. The Company is aware of such risks and manages by using policy and rules practiced by the sales employees and managers. The products at the shop are kept in the safe at the end of the work day and the rest are kept in the safe room in the company headquarter. As daily rules, the sales employees are required to count the shop inventory at the end of shift and end of day. Any inflow or outflow of shop inventory from either sales or replenishment is recorded. The manager counts the shop inventory at every month end and is the only authorized person to approve and manage the transportation of products.



Risk Factors (Continued)

2) Pricing and Discounting Risk

For the pricing risk, the Company's Managing Director provides policy and approved product pricing proposed by the brand manager. The pricing policy categorizes products based on the design, type of costs, including type and the price of raw material used. Then, the product prices are set with the aim that they are consistent with the marketing strategy.

For discounting risk, the discount can be authorized only by the brand manager, who is in charge of planning seasonal sales promotion at the physical and online stores. Moreover, to ensure that the sales employees correctly report income from sales, the sales employees are required to issue tax invoice and sales receipt whenever a sale takes place.



Assets for Operation

4. Assets for Operation

Land, Buildings and Machinery

1. Land, 70 square wah, together with 7-storey commercial building at 307-307/1-4 Surawong Road, Suriyawong Subdistrict, Bangrak district, Bangkok, as the office of the Company and jewelry producing plant, of which the book value is Bt 6,129,568.-

2. Land, 61 square wah, together with 3-storey building at 56 Surawong Road, Suriyawong Sub-district, Bangrak District, Bangkok, as an office of the company, which is connected with the building referred to in No.1. The book value of the land and constructed structure in No.2 is Bt. 1,627,921.-

3. Land, 46.23 square wah, together with 4-storey building at 305 Surawong Road, Suriyawong Sub-district, Bangrak District, Bangkok, as an office of the Company, which is connected with the building referred to in No.2. The book value of the land and constructed structure in No.2 is Bt. 6,900,001.-

4. Land, 42 rai - 3 ngan - 22 square wah, in 6 title deeds, at 171 st - 172 nd km., Phetkasem Road, Samorplue Subdistrict, Ban Lad District, Phetburi Province, which is used for the Company's gem and diamond jewelry plant expansion, of which the book value is Bt 52,793,073.-

5. Machinery and operation equipment and tools less by accumulated depreciation as at end date of 2020 of which the total value is Bt 8.21 million.

New Assets Value

The Company is not holding any liabilities that might arise from guarantees, mortgages or guarantees for other persons

Net Assets Value: Bt 363,595,358

Net Assets Value per Share: Bt 15.15



Legal Conflicts

5. Legal Conflicts

On November 2006, the company and the Export - Import Bank of Thailand (The insurance against the risk of the receivable) authorized KAZLOW & KAZLOW as attorney to operate in Bankruptcy case of the Fabrikant Leer International Ltd. at New York City, United States of America.

The above receiveable has indebted to the company in the sum of 232.3 million Baht which the company has faced to the financial problems and found into Bankruptcy Legal of New York City, United States of America. The Bankruptcy Court appointed Trustee to operate liquidity and share allocation returning to creditor by following Chapter 11 plan which ending as 22 May 2016.

Subsequently, the Company received a letter from Export-Import Bank of Thailand, who is the guarantor of export risk on May 8th, 2017 notifying that the Company will not get any share, the trial of the Bankruptcy Court of the United States of America with other debtors has not ended, and the remaining time of the trial is uncertain

On November 14th, 2018, the Board of Director meeting No. 6/2018 approved a resolution to write off the debtor due from the foreign entity and to write off balance payable from the same foreign entity



Industry and Competing Conditions

Thailand's Gem and Jewelry Import-Export Performance 2020

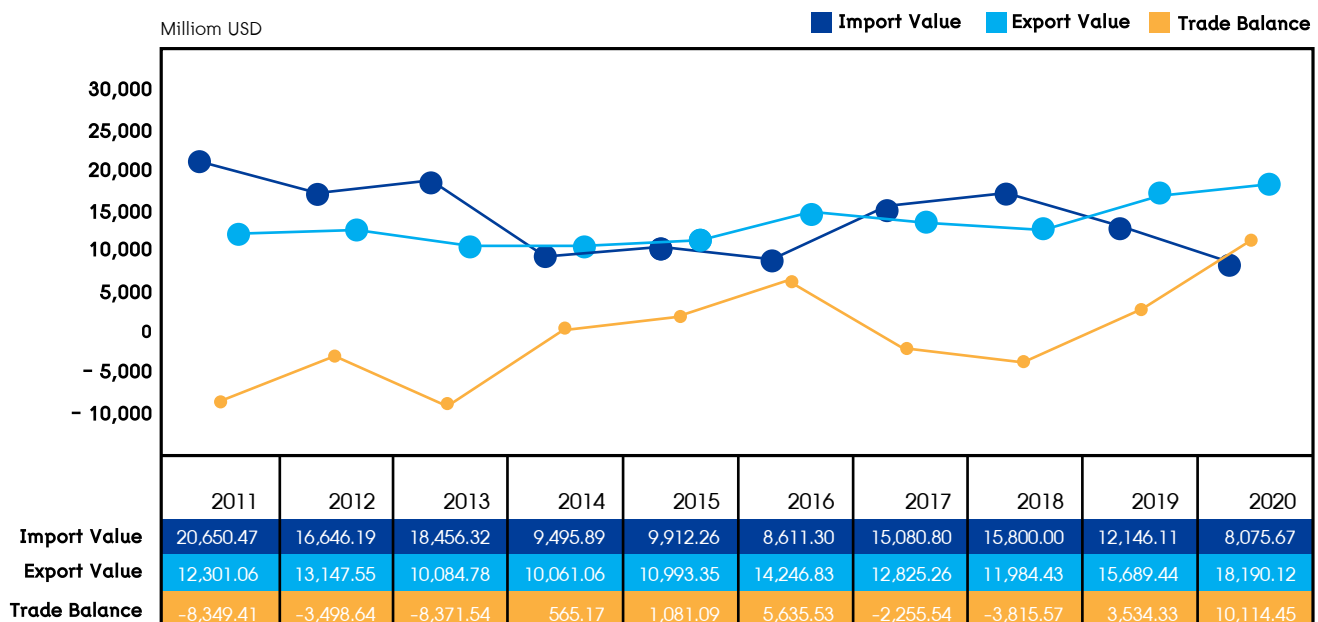
In general, Thai gem and jewelry export value of 2020 increased 15.94 percent whereas import value dropped 33.51 percent. Unwrought or semi-manufactured gold remained the dominant product in import and export. Thailand's gem and jewelry export value excluding unwrought or semi-manufactured gold slid 40.09 percent from the previous year. However, the country's export value in 2021 is likely to grow from that of 2020 because of COVID-19 vaccine progress. Moreover, people in general have become more adapted to the new normal. In addition, economic stimulus of many countries will improve economic situation.

Thailand's exports of gem and jewelry products in 2020 of Harmonized Tariff Schedule went up 15.94 percent (16.52 percent in Thai baht) from USD 15,689.44 million (THB 486,157.73 million) in 2019 to USD 18,190.12 million (THB 566,463.71 million). It was the third largest export product with a 7.87 percent share of Thailand's gross export value. However, with an exclusion of unwrought or semi-manufactured gold, the export value of gem and jewelry products totaled at USD 4,850.20 million (THB 149,607.18 million), a 40.09 percent drop from the same period of the previous year (a 40.30 percent in Thai baht).

Gem and jewelry import value slipped 33.51 percent (33.69 percent in Thai baht) from USD 12,146.11 million (THB 381,075.11 million) to USD 8,075.67 million (THB 252,680.91 million)

In 2020, Thailand earned USD 10,114.45 million surplus as its exports of unwrought or semi-manufactured gold, which accounted for over 70 percent of the gross exports, jumped 75.67 percent compared to the exports 2019 to USD 13,339.92 million.

Thailand Gem and Jewelry Import and Export Value 2010–2020





Industry and Competing Conditions (Continued)

Export Performance

The product with the highest export value in 2020 was

1. unwrought or semi-manufactured gold with a 73.34 percent share of the nation's gem and jewelry export value, a 75.67 percent growth. The rise was a result of the export to make a profit from differences in prices as the global gold price continually rose throughout the year, especially during the third quarter of the year when it reached new high in August. The average gold price of 2020 was at USD 1,769.64 per ounce (<http://www.kitco.com>). COVID-19 outbreak was the factor of gold price jump. Thus, investors increasingly turned to safe haven speculation. Furthermore, many countries' economy was affected from lockdowns. The US Fed's financial measure easing pushed the US dollar to its lowest rate in over 2 years. Despite, vaccine production progress during the late 2020, circumstances remained highly uncertain. In addition, the SPDR Gold Trust and investors consistently bought gold throughout the year. The top three gold export markets for Thailand were Switzerland, Singapore, and Australia, respectively. The export value to the markets soared 58.55 percent, 2.34 folds, and 42.02 percent, respectively.

2. Fine Jewelry was the second most important export product with a 14.41 percent share of the country's gem and jewelry gross export value. The export value decreased by 29.01 percent.

3. Diamond were at the third place with a 5.20 percent share of Thailand's gross export value of gem and jewelry products. However, the export value slid 37.87 percent. Polished diamonds, the dominant product, shrank 35.81 percent. It was partly a result of the pandemic, which impaired consumers' purchasing power. Meanwhile, there was a growing popularity of synthetic diamonds, which can replace natural diamonds with prices cheaper than the natural counterparts around 45-50 percent. Furthermore, number of wedding couples in many countries decreased due to lockdowns and fear of pandemic. Consequently, Thailand's export to Hong Kong, India, Belgium, the US, and the UAE, the top five markets, went down 33.74, 17.09, 47.48, 34.34, and 47.94 percent, respectively.

4. Colored Stone were the fourth most important exports with a 3.02 percent share of the country's gross export value of gem and jewelry products. Their export value slumped 61.84 percent.

5. Costume Jewelry was the fifth most important export product with a 1.34 percent share. Its export value dropped 41.80 percent because the export value to Lichtenstein, the US, Singapore, and France, the market at the top, second, fourth, and fifth place, slid 67.28, 16.22, 67.85, and 12.93 percent, respectively. Meanwhile, the exports to Hong Kong, the third most important market, grew 11.21 percent.



Industry and Competing Conditions (Continued)

Thailand's Gem and Jewelry Export Value from January–December 2019 and 2020

Category	Value (Million USD)		Share (Percent)		Change (Percent)
	Jan–Dec 19	Jan–Dec 20	Jan–Dec 19	Jan–Dec 20	
1. Unwrought or Semi-Manufactured Gold	7,593.53	13,339.92	48.40	73.34	75.67
2. Jewelry	3,693.16	2,621.98	23.54	14.41	-29.01
2.1 Silver Jewelry	1,556.30	1,410.05	9.92	7.75	-9.40
2.2 Gold Jewelry	1,896.49	1,084.70	12.09	5.96	-42.81
2.3 Platinum Jewelry	74.98	63.29	0.48	0.35	-15.59
2.4 Others	165.39	63.94	1.05	0.35	-61.35
3. Dimond	1,523.67	946.72	9.71	5.20	-37.87
3.1 Rough Dimond	83.09	21.66	0.53	0.11	-73.94
3.2 Polished Dimond	1,439.43	924.02	9.17	5.08	-35.81
3.3 Others	1.15	1.04	0.01	0.01	-8.97
4. Colored Stone	1,439.44	549.36	9.17	3.02	-61.84
4.1 Rough Stone	160.43	48.98	1.02	0.27	-69.47
4.2 Polished Precious Stone	886.73	338.68	5.65	1.86	-61.81
4.3 Polished Semi-Precious Stone	392.28	161.70	2.50	0.89	-58.78
5. Costume Jewelry	418.04	243.32	2.66	1.34	-41.80
6. Waste and Scrap of article of precious metal and scrap of precious metal	772.74	197.02	4.93	1.08	-74.50
7. Others	248.60	291.80	1.59	1.61	17.37
Total (1+2+3+4+5+6+7)	15,689.44	18,190.12	100.00	100.0	15.94

Thailand's Gem and Jewelry Export Markets in 2020

Thailand's export market of gem and jewelry (inclusive of gold) with the highest value in 2020 was

1. Switzerland accounting for a 38.69 percent share. The export value to the market climbed 48.82 percent compared to the same period of the previous year because the export value of unwrought or semi-manufactured gold, the dominant product with an approximately 99 percent share, surged around 58 percent.

2. Singapore was the second most important gem and jewelry export market with a 21.94 percent share. The export value to the market surged over 1.38 folds from the export value of the major products, unwrought or semi-manufactured gold, gold jewelry, and silver jewelry increased more than 2.34 folds, 1.54, and 12.92 percent, respectively. However, Thailand's export value of waste or scarp of articles of precious metals and costume jewelry plunged 85.53 and 67.85 percent, respectively.

3. Hongkong was the third most significant export market, accounting for a 9.85 percent share. The export to the market fell 23.58 percent. The drop was because the export value of unwrought or semi-manufactured gold, the key export product with an around 69 percent share, soared more than 1.75 folds. The export value of other products polished diamonds, gold jewelry, polished precious stones, and polished semiprecious stones dropped 33.74, 64.27, 78.44, and 78.40 percent, respectively.

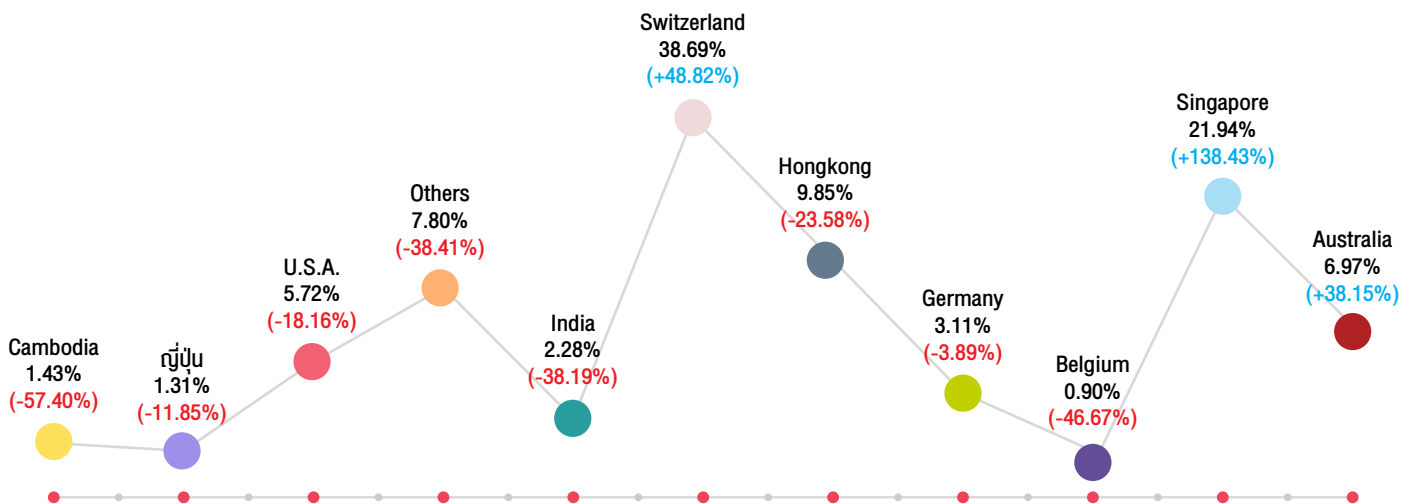


Industry and Competing Conditions (Continued)

4. Australia was the fourth most important export market, accounting for a 6.97 percent share. The export value to the market escalated 38.15 percent after the export value of gold, the dominant product with an over 86 percent share, and silver jewelry jumped 42.02 and 18.79 percent, respectively. The export value of gold jewelry, a leading product, shrank 12.14 percent.

5. The US was the fifth most important export market, accounting for a 5.72 percent share. The export value to the market decreased 18.16 percent as the export of silver jewelry, gold jewelry, polished precious stones, and polished semiprecious stones slid 2.96, 25.27, 34.73, 16.78, and 34.34 percent, respectively.

Thailand's Gem and Jewelry Export Markets in 2020



Thailand's gem and jewelry (exclusive of gold) export value in US dollar to markets/regions in 2020 slumped 40.09 percent. It was because economic activities in key trade partner countries were halted several times throughout last year due to the pandemic. Consequently, people had to allocate more money for consumer goods and sanitation products; hence Thailand's gem and jewelry exports to major markets the EU, the US, Hong Kong, India, Middle East countries, ASEAN countries, Japan, and China slid.

Trend and Situation in 2020

Thailand's gem and jewelry export value in US dollar in 2020 increased 15.94 percent (16.52 percent in Thai baht). However, Thailand's export value of gem and jewelry products excluding unwrought or semi-manufactured gold slid 40.09 percent (40.30 percent in Thai baht). In addition, the export value of Thai gem and jewelry deducted of the export value of unwrought or semi-manufactured gold and the import value of items re-imported after being displayed in trade fairs showed that the net export value of gem and jewelry products fell 38.92 percent (39.11 percent in Thai baht) as the details indicated.

In 2020, Thailand's actual gem and jewelry export value in US dollar (exclusive of gold) slumped 40.09 percent. It was because the exports to the EU, the US, Hong Kong, India, the Middle East countries, ASEAN countries, Japan, and China declined due to the pandemic.



Industry and Competing Conditions (Continued)

In 2021, Thailand's gem and jewelry export outlooks depends on President Joe Biden's policies as they will influence global trade and economic recovery. The COVID-19 containment as the pandemic's second wave during the late 2020 in many countries was worse than the first one. Businesses' reopening were delayed. Analysts have predicted that the global economy in 2021 is likely to recover slowly due to continual influences such as the pandemic, rising public debts, unemployment rates, international traveling restriction, and the UK instability after leaving the EU. These factors have changed trade regulations, which may affect international trade.

In 2021, Thai baht will remain fluctuated due to many factors, particularly changes of key currencies such as US dollar. Thai baht is likely to become stronger than other currencies. Thus, currency risk management is necessary to reduce unexpected risks.

Amid the mentioned risks, Thai entrepreneurs need to follow news closely and cautiously to adjust strategies in order to be ready for different situations. They should produce goods meeting consumers' behaviors, which focus on transparent, environmental-friendly, and ethical business operation. Moreover, they have to emphasize on using technologies to reach more consumer demographics as the pandemic has boosted digital usage in daily life. Therefore, combining IT technologies and online media with marketing strategies cannot be ignored. Instead, they are needed for raising competitiveness. They also help reduce production costs. Furthermore, collaborating with alliances in trending business such as sanitation business may help in drawing interest and market expansion. The most important thing is incorporating creativity in production and service providing to exceed customers' expectation. This will be the key to businesses' present and future success.



General Information

6. General Information

Company :	Sawang Export Public Company Limited
Company Code :	SAWANG
Type of Business :	Export Jewelry And Precious Stones
Office Address :	307-307/1-4, 56, 305 Surawongse Road, Bangrak, Bangkok 10500
Registration No :	0107536001290
Telephone :	0-2266-5571
Fax :	0-2236-5271
The Capital of The Company	Is 252 Million Baht
The Paid-up Capital Of The Company	Is 240 Million Baht
e-mail :	sawang@sawangexport.com accounting@sawangexport.com
Other References	
Official Registrar :	Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel : (662)009-9000 Fax : (662)009-9991 e-mail : SETcontracCenter@est.or.th
Auditors :	Mr. Pornchai Kittipanya-ngam Authorized Auditor No.2778 Mrs. Suwanee Kittipanya-ngam Authorized Auditor No.2899 Mr. Thanakorn Fakfaipol Authorized Auditor No.4879 Bunchikij Co., Ltd. 87/102-103 Modern Town Tower 9 Th Floor, Soi Eakmai 3 Sukhumvit 63, Vadhana, Bangkok 10110 Tel : 0-2382-0414 Fax : 0-2381-5849
Law Consultants :	Pow & Associates Law Office Limited 19 th Fl., ITF BLDG. No.140/40 A, Silom Road Bangrak, Bangkok 10500, Thailand Tel : 0-2634-4995-7 Fax : 0-2238-2574



Capital and Shareholders

7. Capital and Shareholders

7.1 Authorized Capital and Paid up Share Capital

1.) The company have authorized capital in amount 252,000,000 Baht.

The company have paid up share capital in amount 240,000,000 Baht which 24,000,000 ordinary shares of 10 Baht each and fully paid.

2.) The other shares : -none

7.2 Shareholders

LIST OF MAJOR SHAREHOLDERS (AS AT December 31, 2020)

	Name	No. of Shares	% of No. of Shares
1	*Mr. Paetai Maneepairoj	5,317,100	22.15
2	*Mr. Morakot Maneepairoj	4,908,600	20.45
3	*Mr. Paitoon Maneepairoj	1,887,800	7.87
4	*Mr. Nuttapol Maneepairoj	1,582,400	6.59
5	*Mrs. Pommanee Maneepairoj	1,578,000	6.58
6	*Mr. Thanapon Maneepairoj	1,100,000	4.58
7	Mr. Somchet Jairanaisilp	1,090,000	4.54
8	*Mr. Kanin Maneepairoj	1,000,000	4.17
9	*Mrs. Mintra Maneepairoj	1,000,000	4.17
10	Mrs. Siriwan Suriyaprapadilok	1,000,000	4.17
Total		20,463,900	85.27
*The major shareholders is the Maneepairoj Group, it's the 1st - 6th, 8th, 9th of shareholders.		18,519,300	77.16

7.3 The other Security issuer : -none-

7.4 Dividend Policy

The company dividend payment policy not less than 50 percent of net profit.

Data of dividend payment

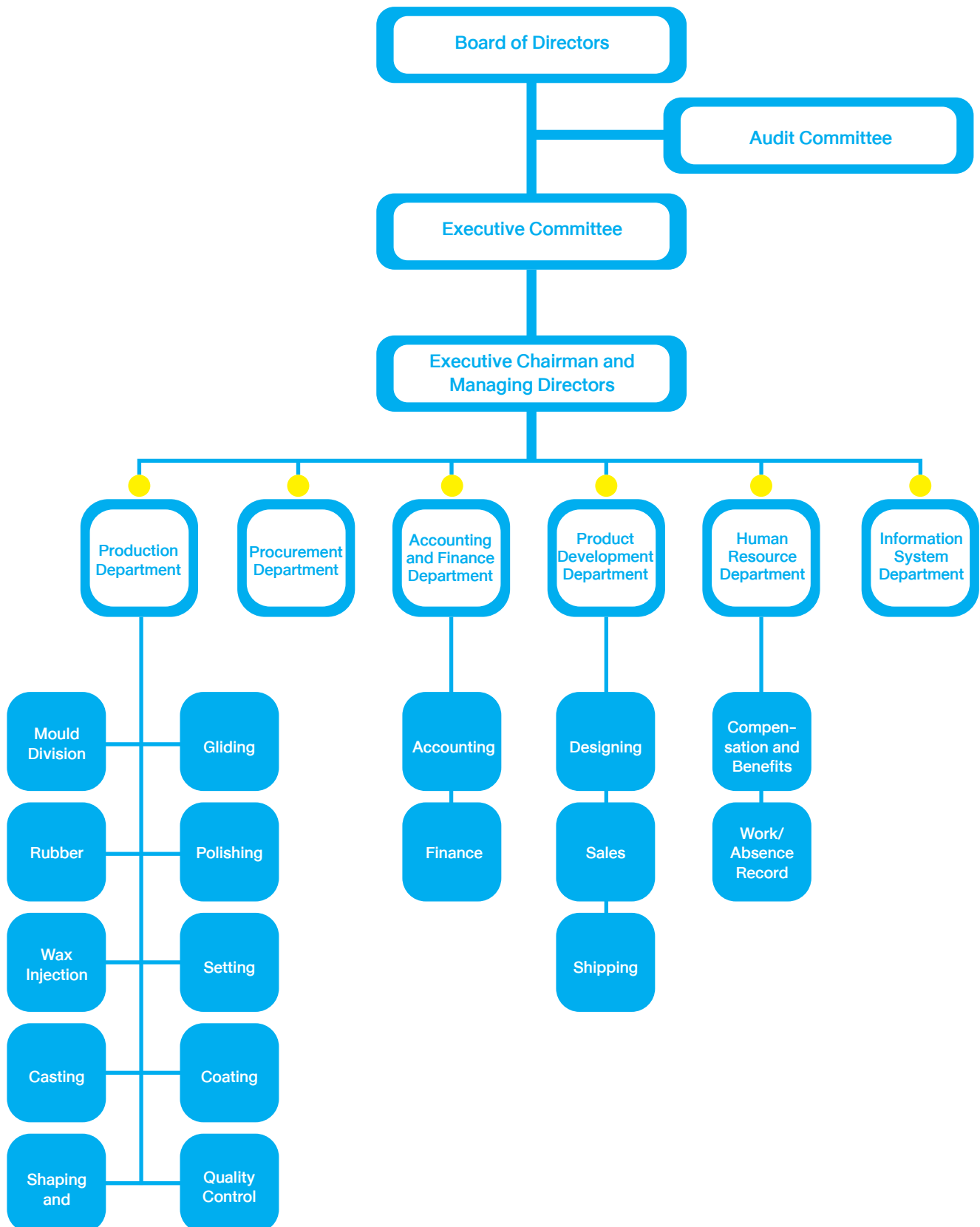
Amount : Baht

YEAR	2016	2017	2018	2019	2020
Net profit (loss) per share	-0.81	-1.33	-1.00	-1.52	-1.43
Dividend per share	0	0	0	0	0
Percent of dividend payment per net profit	0	0	0	0	0



Management Structure

8. Management Structure





Management Structure (Continued)

8. Management Structure

8.1 The Board of Directors

The board of directors consists of 7 persons, which are 3 independent directors and 4 executive directors. These directors have the duty to elect one of them as the Chairman of the Board of Directors.

Independent Directors : assumes dual role as the Board and Audit Committee, holding 2 years incumbency, and may be reelected when the term is due. The Board of Director shall elect and appoint a Managing Director.

The Board : assumes the responsibility for setting the policy, business plan and strategy, as well as overseeing the company's business operation. The managing director, as a head of management team, shall be responsible to the Board for the supervision of business operation in line with the policy as determined by the Board.

The Board of Directors is responsible for the company's financial statement and information so presented in the annual report. The financial statement shall be prepared in accordance with the generally accepted accounting standard in Thailand by adopting the applicable and practical accounting policy into regular practice as well as using the careful discretion in preparing the financial statement and disclosing sufficient material information in the Notes to the financial statement.

The authorized directors signing on behalf of the company are Mr. Morakot Maneepairoj, Mr. Paetai Maneepairoj, Mrs. Pommanee Maneepairoj. Two of the three directors are required with the company's seal affixation.

In order that the authorized directors signing on behalf of the company are only one set, they have full authority to act on behalf of the company.

The Board of directors regular holds the ordinary board meeting in every three months, including the extraordinary meeting in which shall be held upon necessary. The agendas shall be clearly set and the notice of the board meetings together with collateral document shall be sent in advance. In the course of the year 2020 the Board held 9 board meetings altogether.

Name	Position	Board Meeting Altogether
1. Mr. Morakot Maneepairoj	President	9/9
2. Mr. Paetai Maneepairoj	Managing Director	9/9
3. Mrs. Pommanee Maneepairoj	Director, Personal Manager	9/9
4. Mr. Manit Pongsakornkullachatt	Product Development Manager Director	9/9
5. Mrs. Ratanaporn Chunharas	Chairman Of The Audit Committee, Independent Director	9/9
6. Dr. Apiraporn Vasavakul	Audit Committee, Independent Director	8/9
7. Mr. Tongchai Saengrattanadej	Audit Committee, Independent Director	8/9

8.2 Management Team

Name	Position
1. Mr. Paetai Maneepairoj	Managing Director
2. Mr. Manit Pongsakornkullachatt	Director, Product Development Manager
3. Mrs. Pommanee Maneepairoj	Director, Personal Manager
4. Mr. Vorachai Adisaisakuldej	Production Manager
5. Mr. Unnop Trachutumcharoen	Precious Stones Processing Manager
6. Mrs. Pornipa Eiamprapaporn	Information System Manager
7. Mrs. Saowapa Chevavibulphan	Account And Financial Manager



Management Structure (Continued)

8.3 The company secretary

The Board of Directors has appointed : Mrs. Saowapa Chevavibulphan by the company secretary.
: Miss. Paichit Chooanich by the company Accounting Controller.

Duties and responsibilities of the company secretary

1. Prepare and maintain the documents as follows
 - a. Director register
 - b. An invitation to the Board's meeting, minutes of the Board's meeting, and annual report.
 - c. An invitation to the meeting and minutes of the shareholders' meeting.
2. Store the report of the interests that states by committee or executive.
3. Perform other duties according to the prescribe from the Capital Market Commission.
4. Provide advice about legal and regulatory for conducting the activities of the Board.
5. Responsible for arranging the Board's meeting and the shareholders' meeting.
6. Coordinate with other departments within the company to comply with the resolution from the Board of Directors and from the shareholders' meeting.
7. Coordinate, manage disclosure, and report precise information to the regulatory agencies and the public.
8. Other duties as assigned by the Board

8.4 remuneration for Director and Management team of the year 2020

1. Remuneration for Director

Amount : mil'Bt.

Name	Salary	Superannuation
1. Mr. Morakot Maneepairoj	0.55	-
2. Mr. Paetai Maneepairoj	-	-
3. Mrs. Pommanee Maneepairoj	-	-
4. Mr. Manit Pongsakornkullachat	-	-
5. Mrs. Ratanaporn Chunharas	-	0.12
6. Dr. Apiraporn Vasavakul	-	0.06
7. Mr. Tongchai Saengrattanadej	-	0.06
Total	0.55	0.24

The director No.2-4, They have remuneration from their management only.

2. Remuneration for management team

Management team have 7 persons, total their remuneration amount 5.49 million Baht.

8.5 Staff

Staff and remuneration (not include director and management team in 8.4)

	Persons	Amount : mil'Bt.
Production employees	114	25.32
Admin & Sale employees	40	9.17
Total	154	34.49

Employee development policies

The company encourages the development of knowledge and skills of employees. Employees are provided an opportunity to attain a seminar and a scholarship for employees wanted to further on their studies.



The Corporate Governance

9. The Corporate Governance

9.1 Policy on Corporate Governance

The Board of Directors has realized the importance of good corporate governance as a key factor in improving the efficiency of organizational management to be the strong base of sustainable growth. The Board of Directors is willingly determined to observe and follow the above principle. The guidelines and procedures have been set focusing on internal audit and control to ensure that the management will implement the plans efficiently according to the policy for the benefit of the shareholders in the long run subject to law requirement and business ethics.

9.2 Committees

The Board of Directors has emphasized the importance of good corporate governance; an audit committee was therefore elected and appointed as a key tool of the board to oversee the business operation as well as to establish an efficient internal control.

The audit committee was formed on 16th March 2002, holding 2 years incumbency for each term, consisting of 3 independent directors, who are:

- | | |
|---------------------------------|---|
| 1. Mrs. Ratanaporn Chunharas | Chairman, have knowledge and experience about accountancy and finance |
| 2. Dr. Apiraporn Vasavakul | Independent Director |
| 3. Mr. Tongchai Saengrattanadej | Independent Director |

The audit committee of the company has the scope of duties and responsibilities to the Board of Director on the following matters:

(1) to review the Company's financial reporting process to ensure that it is accurate and adequate:

(2) to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit:

(3) to review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business:

(4) to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year:

(5) to review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company:

(6) prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:

- (a) an opinion on the accuracy, completeness and creditability of the Company's financial report:
- (b) an opinion on the adequacy of the Company's internal control system:
- (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business:
- (d) an opinion on the suitability of an auditor:
- (e) an opinion on the transactions that may lead to conflicts of interests:
- (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member:
- (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
- (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;



The Corporate Governance (Continued)

- (7) to report on the audit committee's operations to the Company's Board of Directors at least twice a year;
- (8) to review any investments or transactions that may be/ detrimental to the Company's financial status and stability, according to the recommendations of the Company's auditor; and
- (9) to perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

Risk Management Committee : the company has not appointed a risk management committee yet, though the company has formed a team comprising 4 delegates from various departments to assume the responsibility for establishing the efficient risk management & control systems; conducting analyses to identify the cause of risk; keeping on the alert for any exposure that may affect the company's business operation such as exchange risk, performance risk, marketing risk and etc.

9.3 Nomination of Directors and Executives

The Board nominates Directors and Executives according to their qualification which should not lower than the qualification under Section 68 of the Companies Act 2535, as announced by the Securities and Exchange Commission and as the Articles of Association as follows

1. The Board consist of at least 5 directors who must be qualified and not disqualified by law.
2. Election of directors by the shareholders' meeting uses a majority vote and shall be in accordance with the following rules and procedures.
 - a. The shareholder has one vote per one share.
 - b. The shareholders vote for the person who has been nominated as directors individually. In the voting, each nominee who is voted by shareholders will receive a vote of shareholders up to the amount of shares that the shareholder has in (a.). Such shareholders could not share more or less vote to any person. The nominees who receive the highest votes sequentially down shall be elected as directors up to the total defined number of directors. In the case of a person who has been elected in descending order has an equal number of votes and the number of directors is exceeding the limit, the chairman gives a casting vote.
3. At each Annual General Meeting, one-third of the directors has to retire. If the number of directors could not be divided into 3 equal groups, the number of retires shall be the nearest to one-third.

9.4 The operation of the company's subsidiaries and associates

-None-

9.5 Control of inside information

The company has the policy prohibiting directors and executives use information within the essence of a company which has not been made public for the benefit of themselves or others, including the stock of the company. The company uses the following method to manage the Board's uses of the company's internal data for their own or others.

1. Notifying the executives about the obligation to report securities holding in the company of themselves, their spouse, and underage children. Also, the executives have to report changes in their securities holding under Section 59 and penalty provisions under Section 275 of the Securities and Exchange Act of 2535.
2. In case of a change in securities holding, directors and senior executives are required to report to the Board of Directors in agenda subject securities.
3. The internal data or documents that contain the important information about the company are retained for recognition only for senior executives as necessary. In case of employees disclose the company confidential information to third parties, it is considered as a serious breach of discipline.

9.6 Auditor Fee

The company paid auditor fee for the year 2020 in amount 980,000 Baht only.



The Corporate Governance (Continued)

9.7 Policy on good Corporate Governance

The company attaches importance to the rights of the shareholders and interested persons of all the parties and has a review process to ensure that the Company's corporate governance code is appropriate for business operation.

- Shareholders : the company gives importance to the rights of the shareholders of gaining access to the company's information. The company shall send the notice of the shareholders meeting together with collateral documents to the shareholders before the date of meeting. In the meeting the shareholders have the rights to examine, question, express opinion and provide recommendation on the company's business operation, and all of the transacted businesses will be recorded in the minutes of the meeting.

- Staff : the company treats the staff fairly with reasonable pay, as well as providing PERK and training for career advancement. The safety and health of staff including environmental protection are of the company's great concern.

- Business Partners and Trade Creditors : the company carries out the performance or obligation according to the agreed terms and conditions.

- Customers : the company provides great care and responsibility for the quality of product and punctual delivery, as well as keeping the trade secrets of the customers, and conducting the constant research and development to satisfy the demand of customers.

- Competitors : no scam is exploited to destroy the competitors, the company plays by the rule of trade competition with morality.

- INFORMATION DISCLOSURE AND INVESTOR RELATIONS

The Board of Directors is well aware that the company's information both financially and non-financially has an impact on the decision making of the investors and interested persons in the company. The company has repeated the management team in charge to fully and punctually disclose the reliable and factual information on which the company's executives always stress the importance to and abide by. As for the relations with institutional investors, the company has not formed a team in charge yet, though has delegated the financial and accounting manager to keep communicating with the institutional investors as well as the analysts and relevant authorities. As the activities are not too many to form a specific team in this regard, the interested investors are welcome to check and ask for the company's information at Tel. 0-2266-5571 Ext. 211 or e-mail : accounting@sawangexport.com



Social Responsibility

10. Social responsibility

Sawang Export Public Co., Ltd. operates under a socially responsible business policy with the principles of transparency and ethical business practices that respect the rights and interests of all stakeholders, including shareholders, employees, customers, partners, government agencies, and communities in which the company operates, by complying with laws applicable to the following.

1. Organizational governance : creating a jewelry industry for a sustainable growth company with good management, adds value to investors and stakeholders that benefit the society.

2. Anti-corruption : the company has arranged a written guideline called “Anti - Corruption Policy” in order to prudently make a decision on any course of action that could possibly lead to corruption and to serve as an apparent guideline in performing business and effectively developing to sustainability organization. This Anti - Corruption Policy is effective as of December 14th, 2015. The Anti - Corruption Policy will be circulated to all the Employees of the company for acknowledgement. The training will be organized to all management and staff of the company to raise awareness of this policy in February 2019.

Provision in implementation with the Anti-corruption Policy

The directors, management and employees of the Company and its business lines are prohibited from performing, accepting or supporting corruption in any form, whether directly or indirectly. This shall be applicable to all companies in the consumer products business line, including all related contractors and sub-contractors. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, laws and business changes as follows ;

1. This Anti - corruption Policy covers to Human Resource Management process starting from recruitment, promotion, training, evaluation, and benefits provided to staff. Every supervisor in every level must communicate to staff in order to apply in business transaction under their responsibility and to monitor such implementation to be the most effective.

2. Implementation on Anti - corruption Policy should be followed by guidelines in the Sawang Export Public Company Limited Code of Conduct, Corporate Governance guidelines, Stakeholders’ Guidelines, standard, every Sawang Export Public Company Limited related operation manual, and additional guidelines which will be formulated afterward.

3. To stress the attention on processes which incur a high risk in corruption, the Board of Directors the Management Team, and the Sawang Export Public Company Limited staff must conform carefully in the following course of action.

3.1 Gifts, Hospitality and Expenses : giving or accepting gifts, entertainment and hospitality activities must be complied with the Sawang Export Public Company Limited Code of Conduct.

3.2 Charitable Contribution or Aid Granting contribution or receiving the aid must be transparent and in accordance with stipulated laws by confirming that such transaction shall not be claimed as a bribery act.

3.3 Business Relation and Procurement Process with the Public Sector All types of bribery or illegal payments are prohibited in all business transactions, Sawang Export Public Company Limited operation, and connection to the government. Such implementation must be proceeded transparently and in alignment with related laws and regulations.

3.4 Intermediaries This Policy prohibits the use of intermediaries to facilitate prohibited payments to any person, including Public Officials. The Company may be held liable for actions of third parties whether authorized or not. See “Guidelines for Dealing with Potential Agents and Joint Venture Partners and Investing in Foreign Businesses” below for steps that should be taken before engaging an agent or consultant, entering into a business relationship with a joint venture partner or investing in an entity.



Social Responsibility (Continued)

4. Donation Guideline : In regard to monetary donations for charitable purposes, such contributions must be made on behalf of Sawang Export Public Company Limited to trust worthy and certified organizations, which aim to benefit society. The donation must be performed in a transparent and lawful manner through the specified procedures of the Company. In addition, it must also be traced and monitored to ensure that such donations will not be used as excuses for bribery.

5. To offer support : either in the forms of money, items or assets, to any activity or project, the name of Sawang Export Public Company Limited must be specified. Such offering must be conducted with the purpose to promote the businesses as well as maintain the good image of the Company. Furthermore, this must be carried out in a transparent and lawful manner through the specified procedures of the Company.

6. The Company Limited strives to create and sustain organization's culture representing that corruption is unacceptable in every business transaction dealing with both public and private sectors.

7. The Company does not offer or support bribery in any form in all activities under its supervision, including supervision of charitable contributions, political contributions, and the offer of gifts in business transactions, and supports various activities with transparency and without the intention of convincing officials of the government or private sector to undertake in appropriate actions.

8. The Company has appropriate internal control with regular reviews in order to prevent improper practices by employees, especially in sales, marketing and procurement.

9. The Company provides knowledge on anti-corruption to its directors, management and employees to promote integrity, honesty and sense of responsibility in fulfilling their duties, to show the Company's commitment.

10. The Company has in place mechanisms for transparent and accurate financial reporting.

11. The Company has provided a variety of communication channels for employees and stakeholders to raise concerns and report suspicious circumstances with confidence of being protected from punishment, unfair transfer or harassment in anyway, as well as appoint person(s) to investigate and monitor the complaints.

3. Respect human rights : the company focus on the basic human rights by not practicing with discrimination, not sexist and racist, not employing child and illegal labor, and against all forms of corruption.

4. Treat workers fairly : the company considers the appropriate level of remuneration with the similar industry, and provide benefits to employees such as medical bills with insurance, scholarship, focusing on the safety in the workplace.

5. Environmental care : the company complies with laws and environmental standards.

6. Fairly business practices : the company operates in a fair and ethical manner. Employees perform their duties with integrity under the framework of the law and within the scope of responsibility. Employees refrain from any action that would cause damage to an organization and stakeholder groups.

7. Relationship with customers and partners : the company focuses on manufacturing quality products and is conscious of consumers. The company has research and development to meet customer satisfaction with an expectation that partners will serve the company in the same manner in order to maintain lasting relationships between customers and suppliers.



Internal control and risk management

11. Internal control and risk management

The company recognises the importance of internal control system by monitoring system operations in every department of the company. This system check bases on audit plans received from management with the Audit Committee of the company and the company's internal audit system that is appropriate and effective.

In the Board's meeting no. 1/2017 on February 28, 2017, 3 members of audit committee considered and evaluated the adequacy of the internal control system by examining the evidence from management as well as the assessment form of the adequacy of the internal control system, which the Board of Directors and audited management prepared from the internal control system's assessment in areas such as risk management, the practice of management, organizational information systems and environments, and information and communication. From the assessment of the internal controls of the company, the Board is of the opinion that the company has adequate and appropriate internal control system that is sufficient for managing and conducting the company's transaction to be transparent and efficient.

From the Audit Committee meeting no. 3/2017 on 15 August 2017, the audit committee came to agreement to hire Outsourcing Plus Co., Ltd. which is an internal audit outsourcing company, to evaluate and improve the Company's risk management and internal control systems in order to meet international standard and good corporate governance.

The Company received the internal audit report consisting of the audit results and recommendation to improve work procedures across the organization that suits the nature and size of the business and complies with regulation.



Transactions

12. Transactions

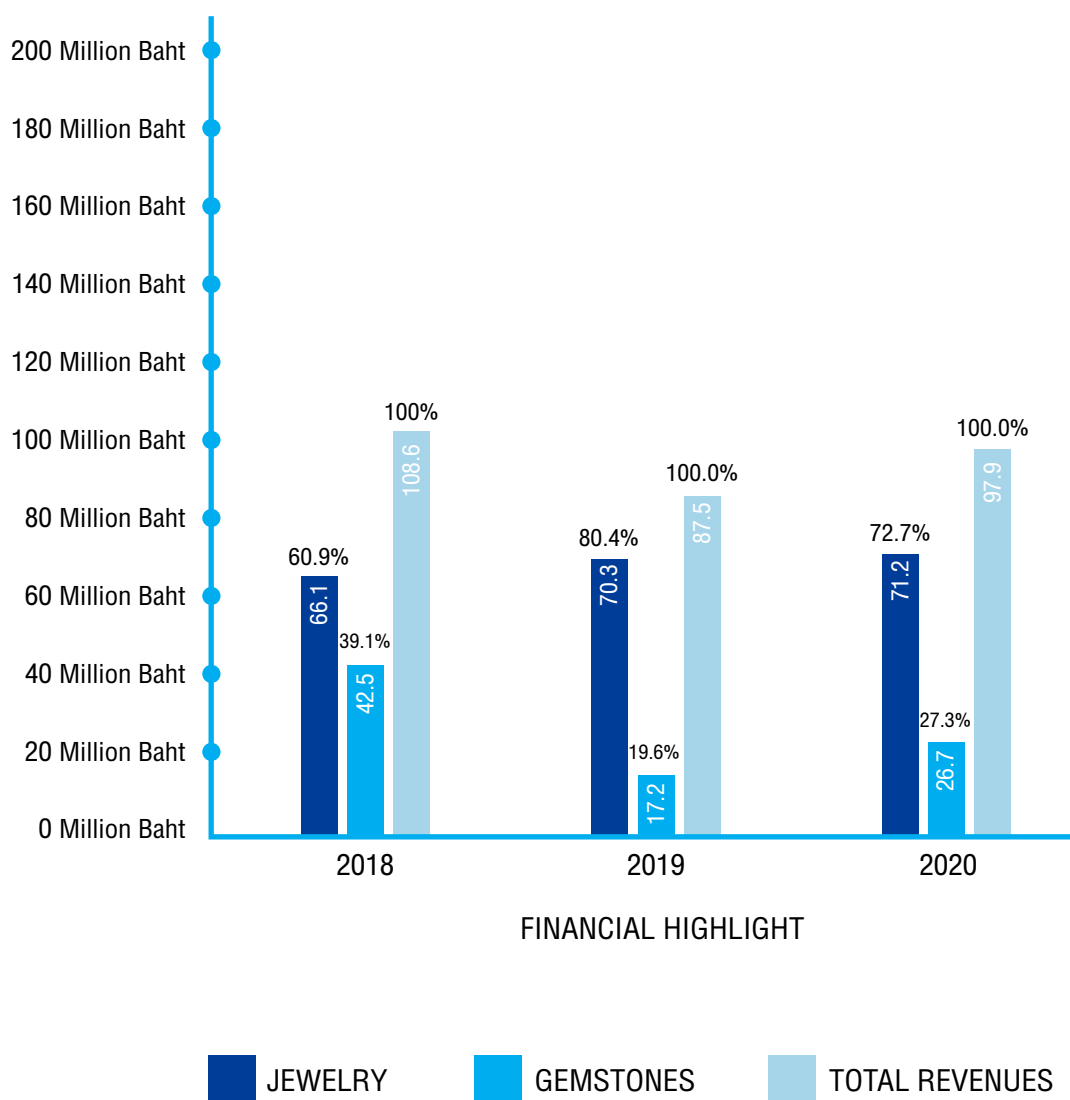
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Financial Position and Operation Result

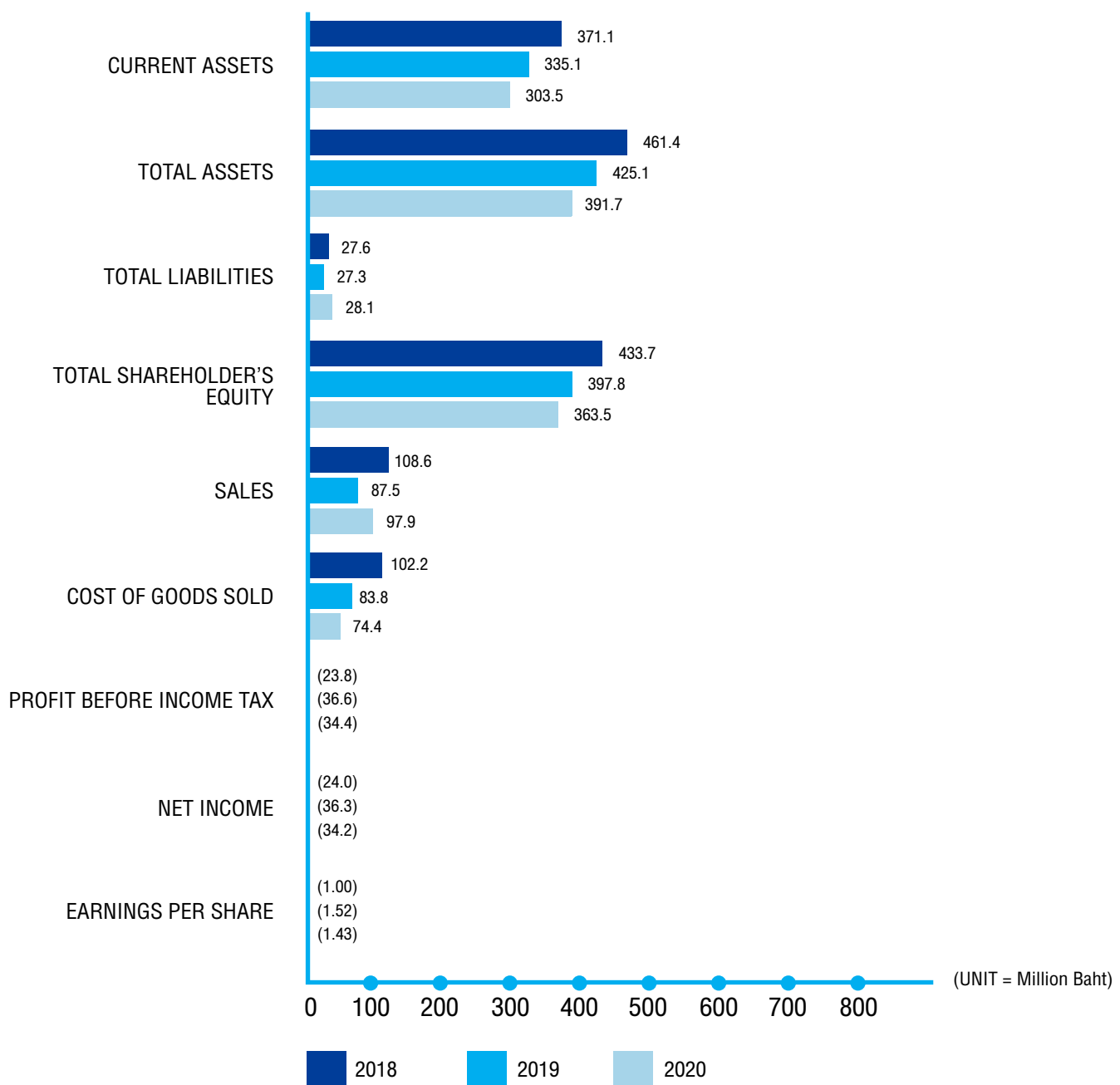
13. Financial Highlight

Income	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Jewelry	66.1	60.9	70.3	80.4	71.2	72.7
Gemstones	42.5	39.1	17.2	19.6	26.7	27.3
Total	108.6	100.0	87.5	100.0	97.9	100.0



**Financial Position and Operation Result (Continued)**

	2018	2019	2020
FINANCIAL POSITION			
Current Assets	371.1	335.1	303.5
Total Assets	461.4	425.1	391.7
Total Liabilities	27.6	27.3	28.1
Total Shareholder's Equity	433.7	397.8	363.5
FINANCIAL PERFORMANCE			
Sales	108.6	87.5	97.9
Cost of goods sold	102.2	83.8	74.4
Profit before income tax	-23.8	-36.6	-34.4
Net income	-24.0	-36.3	-34.2
Earnings Per Share	-1.00	-1.52	-1.43





Explanation and analysis of management division

14. Management Division's explanation and analysis (MD&A)

Overview of the business

In 2020, Thailand's total export value of gem and jewelry product excluding the value of unwrought and unfinished manufactured gold jewelry, earned an increase due to the effect of COVID - 19 situation and Thai Baht remained depreciate against US Dollar in this year.

Thailand gem and jewelry was depend on growth of the global economic and the economics of trading partners because gem and jewelry products are luxury goods, easily influenced by economic condition. The company has to keep up with changes closely to adjust their strategies. The company has adopted and applied IT system and new technology into production to improve our competitiveness. Observing the increasing popularity of online shopping, Facebook, YouTube, Instagram, build relationship with customers, drive conversation and gain customer insights from our target market which will are crucial to the business growth and survival.

Statement of comprehensive income

The company operation for the year 2020 ending on December 31, 2020, the revenues was 97.9 million Baht. Comparing to the previous year, there was increase of 10.5 million Baht or 12.0 percent. The increase was from the increase in sales of jewelry to the local market. Due to the effect of COVID - 19 situation on international purchase orders slowdown.

The company has gross profit of 23.5 million Baht. Comparing to the previous year, there was increase of 19.9 million Baht or 546.9 percent, due to gross profit margin of revenue from sales of local market is higher than gross profit margin of export sales.

In 2020, the company has loss from decline in value of precious stones in the amount of 20.6 million Baht with increase from previous year by 100.0 percent. The experts appraised the price from the price traded at the cutting factory in Chanthaburi province to the cost of purchasing precious stones. Please refer to Note to financial number 6 for retail.

The company has loss of 34.25 million Baht with decrease from the previous year by 2.13 million Baht or 5.8 percent.

Statement of Financial Position

Total assets on December 31, 2020, was recorded 391.7 million Baht, decreasing by 33.4 million Baht from the previous year. The decrease was contributed by decrease in cash and cash equivalents, by 5.2 million Baht and decrease in inventories by 28.8 million Baht.

Trade and other receivables Increased by 2.2 million Baht to 12.5 million Baht from the previous year, Detail provided in Notes 3.2 and 5.

Inventories decreased by 28.2 million Baht to 287.7 million Baht given by the reduction in raw materials that had been used for sale and in production of finished goods by 7.4 million Baht and from decline in value of precious stones in amount of 20.6 million Baht. Detail provided in Notes 3.3 and 6.

Investment property, consisting of unutilized land, remained the same from 2019 at 52.7 million Baht. According to Notes to Financial Statement 3.5 and 7, the Company estimated the fair value of the investment property using the market approach performed by an external independent appraiser in 2019, which is reported to be 201.0 million Baht.

Property, plant, and equipment decreased by 1.7 million Baht to 29.0 million Baht. Detail provided in Notes 3.6 and 8.

Total Liabilities increased by 0.8 million Baht to 28.1 million Baht, as a result of the Increase in trade payable by 0.2 million Baht and decrease in employee benefit obligations by 0.8 million Baht.

With the comprehensive loss of 34.3 million Baht in 2020, total shareholder's equity decreased by 34.2 million Baht to 363.5 million Baht.



Explanation and analysis of management division (Continued)

Statement of Cash Flow

As of 31 December 2020, cash and cash equivalent was 2.2 million Baht, a 5.2 million Baht decrease from the previous year, due to the following:

1. Cash used in operating activities of 4.5 million Baht. Based from the income statement, the loss before income tax in 2020 was 34.4 million Baht. When adjusted for depreciation and amortization, decline in value of inventories, employee benefit expenses, and change in operating activities including increase or decrease in assets, hence the cash used in operating activities was 4.5 million Baht.

2. Cash used in investing activities of 0.5 million Baht. The amount came from the purchase of fixed and intangible assets of 0.6 million Baht, and the interest received from short-term cash deposit of 0.1 million Baht.

3. The effect from the exchange rate in cash and cash equivalents of (0.00) Baht.



Report of The Audit Committee

To the Shareholders of Sawang Export Public Company Limited

The Audit committee performed the assigned duties by the Board of Directors and according to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

- Reviewing the quarterly financial statements and the yearly financial statements together with the external auditors and management to ensure that the Company's financial statements are correct in conformity with Thai Financial Reporting Standards and with adequate disclosure.
- Reviewing the efficiency and appropriateness of the internal control systems.
- Reviewing the Company's operations in conformity with relevant laws and regulations.

The Audit Committee has the opinion that the Company's financial statements are fairly presented in accordance with Thai Financial Reporting Standards and regulatory requirements, with adequate disclosure of information and appropriate internal control, also in compliance with significant and relevant laws and regulatory requirements.

For the financial year 2021, the Audit Committee has recommended to the Board of Directors that Bunchikij Co.,Ltd. be re-appointed as the Company's auditors. The appointment of the audit firm would be further proposed to the shareholders for approval at the annual general meeting of shareholders to be held in April 2021.

(Mrs. Ratanaporn Chunharas)
Chairman of the Audit Committee



FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
2020

Sawang Export Public Company Limited



Independent Auditor's Report

To the Shareholders and the Board of Directors of Sawang Export Public Company Limited

Opinion

I have audited the financial statements of Sawang Export Public Company Limited (the Company), which comprise the financial position as at December 31, 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sawang Export Public Company Limited as at December 31, 2020, and the related financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How the matter was addressed
Valuation of inventories As disclosed in Note 6 to the financial statements, the Company has inventories - precious stones as at December 31, 2020 at the total cost value of Baht 298.48 million. The Company has set up an allowance for decline in value of Baht 120.51 million. The net value of precious stones is Baht 177.97 million which is material to the financial statements.	My audit is including, but not limited to, the following procedures: <ul style="list-style-type: none">• Gain understandings and test internal control on procedures, including purchases, stock handling, sales and stock balance.• Observe stocktaking and test of physical count of inventories including assess the value of precious stones by specialist hired by our firm and participated in this process.• Compare the value of precious stones in inventory report with the selling price after the end of financial year, to determine the appropriate level of allowance for decline in value of precious stones.



Independent Auditor's Report (Continued)

Other Information

Management is responsible for the other information included in annual report but does not include the financial statements and my auditor's report thereon. The annual report 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 as referred to above and I will 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 as referred to above when it becomes available and, in doing so, consider whether such the other information is materially inconsistent with the audited financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read annual report, if I conclude that there is any material misstatement in those other information, I am required to communicate the matter to the management and those charged with governance to correct such information.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Independent Auditor's Report (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report:

(Pornchai Kittipanya-ngam)
Certified Public Accountant No. 2778
Bunchikij Co., Ltd.

Bangkok
March 1, 2021

**Statement of Financial Position**

As at December 31, 2020

Unit : Baht

	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	3.1 and 4	2,297,730	7,479,037
Trade and other receivables	3.2 and 5	12,575,446	10,346,137
Inventories	3.3 and 6	287,755,444	315,906,520
Deposit for service		-	1,000,000
Other current assets		887,532	396,017
Total current assets		303,516,152	335,127,711
Non-current assets			
Investment property	3.5 and 7	52,793,073	52,793,073
Property, plant and equipment	3.6 and 8	29,077,107	30,780,549
Intangible assets	3.8 and 9	120,686	140,896
Deferred tax asset	3.14 and 13	5,305,773	5,159,578
Other non-current assets		926,427	1,164,785
Total non-current assets		88,223,066	90,038,881
Total assets		391,739,218	425,166,592

Notes to financial statements are an integral part of these statements.

**Statement of Financial Position (Continued)**

As at December 31, 2020

Unit : Baht

	Note	2020	2019
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	10	1,256,608	1,009,873
Other current liabilities		358,386	541,238
Total current liabilities		1,614,994	1,551,111
Non-current liabilities			
Employee benefit obligations	3.12 and 11	26,528,864	25,797,891
Total non-current liabilities		26,528,864	25,797,891
Total liabilities		28,143,858	27,349,002
Shareholders' equity			
Share capital			
Authorized share capital			
25,200,000 Ordinary shares of Baht 10 each		252,000,000	252,000,000
Issued and fully paid-up share capital			
24,000,000 Ordinary shares of Baht 10 each		240,000,000	240,000,000
Premium on ordinary shares		62,050,000	62,050,000
Retained earnings			
Appropriated for legal reserve	12.1	26,659,535	26,659,535
Unappropriated		34,885,825	69,108,055
Total shareholders' equity		363,595,360	397,817,590
Total liabilities and shareholders' equity		391,739,218	425,166,592

Notes to financial statements are an integral part of these statements.

**Statement of comprehensive income**

For the year ended December 31, 2020

Unit : Baht

	Note	2020	2019
Revenues from the sales of goods and rendering of services	3.11	97,994,928	87,455,491
Costs of goods sold and rendering of services		(74,444,031)	(83,807,795)
Gross profit		23,550,897	3,647,696
Other income		506,987	97,982
Profit before expenses		24,057,884	3,745,678
Selling expenses		(11,222,023)	(11,695,692)
Administrative expenses		(26,608,892)	(28,666,525)
Loss on decline in value of inventories	6	(20,630,306)	-
Loss before finance cost and income tax		(34,403,337)	(36,616,539)
Finance costs		(3,968)	(608)
Loss before income tax		(34,407,305)	(36,617,147)
Tax income	3.14 and 13	153,971	234,370
Loss for the years		(34,253,334)	(36,382,777)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain	11	38,880	510,498
Income tax effect	13	(7,776)	(102,100)
Other comprehensive income for the years, net of income tax		31,104	408,398
Total comprehensive income for the years		(34,222,230)	(35,974,379)
Loss per share	3.15 and 14	(1.43)	(1.52)

Notes to financial statements are an integral part of these statements.



Statement of changes in shareholders' equity

For the year ended December 31, 2020

Unit : Baht

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2019		240,000,000	62,050,000	26,659,535	105,082,434	433,791,969
Total comprehensive income for the year 2019		-	-	-	(35,974,379)	(35,974,379)
Balance as at December 31, 2019		240,000,000	62,050,000	26,659,535	69,108,055	397,817,590
Total comprehensive income for the year 2020		-	-	-	(34,222,230)	(34,222,230)
Balance as at December 31, 2020		240,000,000	62,050,000	26,659,535	34,885,825	363,595,360

Notes to financial statements are an integral part of these statements.

**Statement of cash flows**

For the year ended December 31, 2020

Unit : Baht

	Note	2020	2019
Cash flows from operating activities			
Loss before income tax		(34,407,305)	(36,617,147)
Adjustments to reconcile net profit for the years to net cash provided by operating activities			
Depreciation and amortization	8 and 9	2,325,605	2,663,319
Loss on decline in value of inventories	6	20,630,306	-
Unrealized loss on exchange rate		118,434	79,354
Loss on sale of assets		6	40,017
Prepaid income tax written-off		4,740	5,271
Employee benefit expenses	11	2,065,853	2,332,648
Interest income		(13,230)	(97,964)
Interest expenses		3,968	608.00
		(9,271,623)	(31,593,894)
Changes in operating activities			
(Increase) decrease in assets			
Trade and other receivables		(2,347,377)	(5,651,055)
Inventories		7,520,770	16,610,108
Deposit for services		1,000,000	(1,000,000)
Other current assets		(496,122)	(91,521)
Other non-current assets		238,358	(117,692)
Increase (decrease) in liabilities			
Trade and other payables		246,735	(372,372)
Advance payment from customer		-	(687,234)
Other current liabilities		(182,852)	57,259
Employee benefit obligations	11	(1,296,000)	(1,160,800)
Cash generated used in operations		(4,588,111)	(24,007,201)
Interest paid		(3,968)	(608)
Income tax paid		(133)	(980)
Net cash used in operating activities		(4,592,212)	(24,008,789)
Cash flows from investing activities			
Purchases of fixed assets and intangible assets		(601,959)	(2,196,021)
Interest received		13,258	97,973
Net cash used in investing activities		(588,701)	(2,098,048)
Effect from exchange rate in cash and cash equivalents		(394)	(43,815)
Decrease in cash and cash equivalents, net		(5,181,307)	(26,150,652)
Cash and cash equivalents as at January 1,		7,479,037	33,629,689
Cash and cash equivalents as at December 31,	3.1 and 4	2,297,730	7,479,037

Notes to financial statements are an integral part of these statements.



Note of Financial Statement

1. General information

1.1 Sawang Export Public Company Limited ("the Company") was incorporated in Thailand in the year 1972, and has been listed in the Stock Exchange of Thailand since 1993. The address is 307 – 307/1 – 4, 56, 305 Surawongse Road, Bangrak, Bangkok 10500.

1.2 The operations of the Company are manufacture and distribution of precious stones and jewelry.

1.3 The Company's major shareholders is Maneepairoj family.

1.4 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is impacting most businesses and industries, resulting in an economic slowdown. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management continuously monitored the ongoing development and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

2. Basis of preparation and presentation of the financial statements

2.1. The financial statements have been prepared in accordance with Thai Financial Reporting Standards which are issued under the Accounting Professions Act B.E.2547, and have been presented under the Accounting Act. B.E.2543, and applicable rules and regulations of the Securities and Exchange Commission under the Securities and Exchange Act.

2.2. Historical cost is used as measurement basis in preparing these financial statements except for some items as indicated in the accounting policy.

2.3. The financial statements are prepared and presented from the statutory financial statement that are in Thai language and Thai currency. The English version has been prepared from Thai financial statement.

2.4. New and Revised Thai Financial Reporting Standards

2.4.1. The Financial Reporting Standards that have been effective in the current accounting period. The Company has adopted the new and revised Thai Financial Reporting Standards, Thai Accounting Standards, Thai Financial Reporting Standard Interpretations, Thai Accounting Standard Interpretations, and Guidelines promulgated by the Federation of Accounting Professions that have been effective for accounting periods beginning on or after January 1, 2020. The new standards which involve changes to key principles are summarized as follows:

Thai Financial reporting standards and Interpretations relating to financial instruments comprise:

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standard Interpretations

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments require the classification of financial instruments and their measurement at the fair value through profit or loss (FVPL) and at the fair value through comprehensive income (FVOCI) and amortized cost, which will be depended on the characteristics of the contractual cash flow and the entity's business model, impairment of financial instruments for the expected credit loss, and hedge accounting. These include requirement regarding the presentation and disclosure of financial instruments.

The adoption of this Thai Financial reporting standards does not have any material effect on the Company's financial statements.



Note of Financial Statement (Continued)

Thai Financial Reporting Standards No 16: Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires a lessee to recognize assets and liabilities for all leases except for short-term-leases and leases of low value assets.

Accounting by lessors is substantially unchanged to lease accounting. Lessors will continue to classify leases as either operating or finance leases.

The adoption of this Thai Financial reporting standards does not have any material effect on the Company's financial statements.

2.4.2. Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation"

The Federation of Accounting Professions announced Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation", which the Accounting Treatment Guidance was announced in the Royal Gazette on April 22, 2020 and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 to December 31, 2020.

The Company has selected to apply this temporary relief measures on accounting alternatives based on the below TFRSs as follows:

Thai Financial Reporting Standards No 9: Financial Instrument

- Not to take into forward-looking information using in measurement of expected credit loss for a simplified approach.

2.4.3. The Financial Reporting Standards that have not yet been effective in the current accounting period.

The Federation of Accounting Professions has promulgated several new and revised Thai Financial Reporting Standards, Thai Accounting Standards, Thai Financial Reporting Standard Interpretations, which will be effective for accounting periods beginning on or after January 1, 2021, which the Company has not adopted the above standards before the effective date.

The Company's management is in the process of assessing the impact on the financial statements in the year that the above standards are applied.

2.5. Use of judgements and estimates

In the preparation of financial statements in conformity with Thai Financial Reporting Standards, management applied make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions will be reviewed on an ongoing basis. Changes in accounting estimates are accounted for prospectively.

Information about the keys judgements, estimates and assumption made in applying accounting policies that have the most significant effects on the value recognized in the financial statements is as follows:

Allowance for expected credit losses of trade receivables

- In determining an allowance for expected credit losses of trade receivables the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic.

- The Company's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will default in the future.

Allowance for decline in the value of inventory

- In determining an allowance for decline in the value of inventory, the management needs to make judgement and estimates for slow-moving and obsolete inventory based upon, among other things, the product life cycle, the competitive environment, economic circumstances and the situation within the industry.

Note of Financial Statement (Continued)

Employee benefits

- Measurement of defined employee benefit obligations which related to actuarial assumptions

Income tax

- Recognition of deferred tax assets, availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

3. Summary of significant accounting policies

3.1. Cash and cash equivalents

Cash represents cash on hand and demand deposits with bank or financial institutions.

Cash equivalents comprises fixed deposit and short-term highly liquid investments which are not restricted in their uses, that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value, such as deposit expiring not over 3 months from the date of deposit or investments.

3.2. Trade receivables

Accounting policies adopted before January 1, 2020

Trade receivables are stated at net realizable values which are the amount of invoices net of allowance for doubtful accounts. Allowance for doubtful account is based on the estimated uncollectible amount by considering from the financial status of each customer and the management's estimates.

Accounting policies adopted as from January 1, 2020

Trade receivables are presented at amount to be collected from customers for sales and services.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

The Company measure expected credit losses by using a simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

3.3. Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The costs of purchase inventories comprise the purchase price and other costs directly attributed to the acquisition of goods. The cost of finished goods and work in process comprises from raw materials, labor and manufacturing overhead. The costs of inventories are calculated as follows :

- Finished goods, Work in process and Raw materials - Average method.

- Supplies - FIFO method.

3.4. Financial assets and financial liabilities

Classification and measurement

The Company classifies the financial asset depended on the characteristics of the contractual cash flows and the entity's business model, as follows:

Financial assets - Debt instruments

- Amortized cost: A financial assets will be measured at amortized cost when the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

- Fair value through other comprehensive income (FVOCI): A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Movement in the carrying amount are taken through other comprehensive income.



Note of Financial Statement (Continued)

- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The changes in fair value recognized in profit or loss.

3.5. Investment property

Investment property represents investment in land are stated at cost less allowance for impairment (if any).

3.6. Property, plant and equipment

Land is stated at cost less allowance for impairment of assets (if any).

Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any). Depreciation is calculated by the straight-line method, based on the estimated useful lives of assets as follows :

Buildings and improvement	10 – 20	years
Machinery and equipment	5 and 10	years
Tools and equipment	5 and 10	years
Furniture and office equipment	5	years
Vehicles	5	years

An initial estimation of costs for dismantling and removing the items and restoring the site on which the self-constructed assets are located, if the Company has its obligation to do so, have been included in cost of property, plant and equipment.

Cost of addition, improvement, repair or extension of lease agreement that enable the Company to increase the future economic benefit are recognized as assets.

Depreciation is separately calculated on each component of asset, when the cost of each component is significant in relation to the total cost of the asset item.

Depreciation method, useful life and residual values of assets, and depreciation method are reviewed at least at each financial year-end.

Depreciation is recognized as expense for each accounting period.

3.7. Leases

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognized as expenses on a straight-line basis over the lease term.

3.8. Intangible assets

Computer software is stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is charged by the straight-line method over the period of economic benefit will flow to the Company for 5 and 10 years.

The Company recorded the amortization as expenses for each accounting period.

3.9. Impairment of assets

The Company assess the impairment of assets i.e. Investment properties, plant and equipment and intangible assets whenever there is indication that an asset may be impaired, the impairment will be assessed by estimating the recoverable amount of asset, if it is below the carrying amount of asset, it signs an asset is impairment. The Company will recognize the impairment loss in profit or loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



Note of Financial Statement (Continued)

3.10. Provisions

The Company recognized provisions in the financial statements when it has legal obligation or possible obligation arising from past events, the settlement of which is expected to be made in the amount that can be estimated with sufficient reliability.

3.11. Revenue recognition

Revenue from sale of goods is recognized at point in time when the goods are delivered and control of goods is transferred to the customer based on the value after deducting estimates of goods return and discount.

Revenue from rendering of services is recognized at point in time based on at the services are provided. The related costs are recognized in profit or loss when they are incurred.

3.12. Employee benefits

Short-term employee benefits

Short-term employee benefits, which fall due wholly within 12 months after the end of period in which the employees render the related service, are recognized as expenses when incurred.

Post-employment benefits

The provision in respect of post-employment benefits that provide compensation under the labor law, is calculated on the basis of the Actuarial Valuation Methods by using the projected unit credit method.

The Company recognizes the actuarial gain or loss on remeasurements of defined benefit plan arising from the provision for employee benefits in other comprehensive income while all expenses related to provision for employment benefits plans are recognized in profit or loss.

3.13. Translation of foreign currency transactions

Foreign currency transactions are translated into Thai Baht at the exchange rate on the transaction date.

The remaining balance of monetary assets and liabilities denominated in foreign currency at the end of reporting period are translated into Thai Baht at the exchange rate ruling at that date. Exchange differences are recorded in profit or loss.

The remaining balance of non-monetary assets and liabilities at the end of reporting period are translated into Thai Baht at the exchange rate on the transaction date.

3.14. Income tax

Income tax represents the aggregate of current income tax expense and deferred tax.

Current income tax and deferred tax are recognized in profit or loss except for the related items which recognized directly in equity or in other comprehensive income.

Current income tax represents the amount of expected income tax payable or recoverable on the taxable profit or loss for the period, using tax rate in accordance with the Revenue Code.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the consequences that the Company expects, at the end of the reporting period, to recover or settle the carrying amount.

Deferred tax liabilities are recognized for all income tax payable in the future periods in respect of taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the amount that the related tax benefit will be realized.

3.15. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders by the number of weighted average ordinary shares outstanding during the year.

**Note of Financial Statement (Continued)****4. Cash and cash equivalents**

	2020	Unit : Baht 2019
Cash on hand	314,814	300,676
Demand deposits		
- Current accounts	255,936	228,129
- Savings accounts	1,726,933	6,871,428
Cash equivalents-Fixed deposits at bank	47	78,804
Total	2,297,730	7,479,037

5. Trade and other receivables

	2020	Unit : Baht 2019
Trade receivables		
- Domestic	2,306,816	4,493,807
- Foreign	10,223,381	5,788,656
Total trade receivables	12,530,197	10,282,463
Accrued revenues	45,249	63,647
Accrued interest income	-	27
Total	12,575,446	10,346,137

Aging analysis of trade receivables is as follows :

Unit : Baht

	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Not yet due	2,306,816	8,470,466	10,777,282	4,493,807	3,538,497	8,032,304
Overdue not over 30 days	-	1,752,915	1,752,915	-	2,250,159	2,250,159
Total	2,306,816	10,223,381	12,530,197	4,493,807	5,788,656	10,282,463

**Note of Financial Statement (Continued)****6. Inventories**

Unit : Baht

	2020			2019		
	Cost	Allowance for decline in value	Cost, net	Cost	Allowance for decline in value	Cost, net
Finished goods	22,029,312	-	22,029,312	22,875,047	-	22,875,047
Work in process	2,772,187	-	2,772,187	1,614,789	-	1,614,789
Raw materials						
- Precious stones	298,481,324	120,506,753	177,974,571	298,885,721	99,876,447	199,009,274
- Others	87,801,001	3,006,939	84,794,062	95,155,931	3,006,939	92,148,992
Supplies	185,312	-	185,312	258,418	-	258,418
Total	<u>411,269,136</u>	<u>123,513,692</u>	<u>287,755,444</u>	<u>418,789,906</u>	<u>102,883,386</u>	<u>315,906,520</u>

In 2020, The Company has a loss from decline in value of inventories in the amount of Baht 20,630,306

The Company has a risk on the damage of inventories because the value of the inventories is high and the insurance for the risk has not been provided.

7. Investment property

The fair value of unutilized land at Petchburi in the amount of Baht 201 million was appraised on December 20, 2019 by an independent appraiser by using the market approach, which fair value at level 2.

**Note of Financial Statement (Continued)****8. Property, plant and equipment**

Unit : Baht

	2019	Increase (Decrease) during the year			2020
		Addition	Disposal	Transfer	
Cost of assets					
Land	11,850,000	-	-	-	11,850,000
Buildings and improvement	21,417,802	30,000	30,000	-	21,417,802
Machinery and equipment	10,822,921	-	-	-	10,822,921
Tools and equipment	52,395,052	525,206	9,750	-	52,910,508
Furniture and office equipment	8,994,700	9,800	10,740	-	8,993,760
Vehicles	9,659,134	-	-	-	9,659,134
Total	115,139,609	565,006	50,490	-	115,654,125
Accumulated depreciation					
Buildings and improvement	18,175,333	464,979	30,000	-	18,610,312
Machinery and equipment	8,051,261	319,233	-	-	8,370,494
Tools and equipment	45,711,552	1,440,244	9,746	-	47,142,050
Furniture and office equipment	8,960,827	19,837	10,738	-	8,969,926
Vehicles	7,590,533	24,149	-	-	7,614,682
Total	88,489,506	2,268,442	50,484	-	90,707,464
	26,650,103				24,946,661
Add Assets under installation	4,130,446	-	-	-	4,130,446
Property, plant and equipment, net	30,780,549				29,077,107
Depreciation for the years					
Production costs	1,105,212				882,198
Administrative expenses	1,496,377				1,386,244

**Note of Financial Statement (Continued)****9. Intangible assets**

Unit : Baht

	2019	Increase	Decrease	2020
Cost of assets				
Computer softwares	1,518,529	36,953	-	1,555,482
Accumulated amortization				
Computer softwares	1,377,633	57,163	-	1,434,796
Intangible assets, net	140,896			120,686
Amortization for the years	61,730			57,163

10. Trade and other payables

Unit : Baht

	2020	2019
Trade payables-Domestic	203,547	254,129
Notes payables	266,147	45,130
Total trade payables	469,694	299,259
Other payables	786,914	710,614
Trade and other payables	1,256,608	1,009,873

11. Employee benefit obligations

Movements in the present value of the employee benefit obligations are as follows:

	2020	2019
Balances at beginning of years	25,797,891	25,136,541
Current service cost	1,610,867	1,517,048
Interest cost	454,986	815,600
Benefits paid	(1,296,000)	(1,160,800)
Actuarial (gain) loss	(38,880)	(510,498)
Balances at the end of years	26,528,864	25,797,891

As at December 31, 2020, the Company estimated to pay Baht 3,203,069 for post-employment benefits next year.

**Note of Financial Statement (Continued)**

Expenses recognized in the statements of comprehensive income are as follows:

	2020	Unit : Baht 2019
Recognized in profit or loss		
Service cost	1,610,867	1,517,048
Interest cost	454,986	815,600
	<u>2,065,853</u>	<u>2,332,648</u>
Recognized in other comprehensive income		
Actuarial gain	(38,880)	(510,498)
Total	<u>2,026,973</u>	<u>1,822,150</u>

Actuarial gain recognized in other comprehensive income derived from:

	2020	Unit : Baht 2019
Population assumptions	-	(352,937)
Financial assumptions	-	2,220,372
Experience adjustment	(38,880)	(2,377,933)
Total	<u>(38,880)</u>	<u>(510,498)</u>

Principal actuarial assumptions at the reporting date are as follows

	2020	% per annual 2019
Discount rate	1.66	1.66
Future salary increase	3.00	3.00
Staff turn over rate	Scale related to Age ranging from 0% to 18%	
Mortality rate	According to Thailand TMO 2017	

Effect of changes of the assumptions to the present value of long-term employee benefit obligation as at December 31, 2020 and 2019 are as follows:

	2020		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2,412,131)	2,812,973	(2,423,479)	2,834,839
Salary increase rate	3,030,890	(2,640,319)	2,767,751	(2,417,312)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Staff turn over rate	(443,388)	458,443	(455,072)	471,08

**Note of Financial Statement (Continued)****12. Equity****12.1 Legal reserve**

Pursuant to the Public Limited Companies Act. B.E. 2535 (1992), the Company must appropriate the annual net profit to be a reserve fund which not less than five percent of the annual net profit [after deducted by the total deficit brought forward (if any)] until reserve reaches an amount of not less than ten percent of the registered share capital.

12.2 Managing capital

The Company has no requirement to maintain the debt to equity ratio with outside party. So, the Company has policy to manage the capital by maintaining the Company's ability to continue the business on the ongoing basis and providing the appropriate returns to the shareholders.

As at December 31, 2020, the debt to equity ratio are 0.08 : 1.00 (2019 : 0.07 : 1.00)

13. Income tax

Income tax expense is computed from the profit before income tax, which is in accordance with the regulation of the Revenue Code.

Income tax for the years ended December 31, 2020 and 2019 are as follows :

	Unit : Baht	
	2020	2019
Current income tax:	-	-
Deferred tax:		
Temporary differences and reversal of temporary differences	(153,971)	(234,370)
Tax income	<u>(153,971)</u>	<u>(234,370)</u>

Reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2020 and 2019 are as follows:

	Unit : Baht			
	2020		2019	
	Rate %	Amount	Rate %	Amount
Loss before income tax		(34,407,305)		(36,617,147)
Income tax at applicable tax rate	20	(6,881,461)	20	(7,323,429)
Current year tax loss, not recognized as deferred income tax		2,613,953		7,126,294
Tax effect:				
Disallowed expenses / income for tax calculation		4,324,234		252,155
Additional deductible expenses		<u>(56,726)</u>		<u>(55,020)</u>
Current income tax		-		-
Deferred tax:				
Temporary differences and reversal of temporary differences		<u>(153,971)</u>		<u>(234,370)</u>
(Tax income) Income tax		<u><u>(153,971)</u></u>		<u><u>(234,370)</u></u>

**Note of Financial Statement (Continued)**

The amount of income tax relating to each component of other comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

Unit : Baht

	2020			2019		
	Amount before tax	Income Tax	Net of tax	Amount before tax	Income Tax	Net of tax
Actuarial gain	(38,880)	7,776	(31,104)	(510,498)	102,100	(408,398)
Total	(38,880)	7,776	(31,104)	(510,498)	102,100	(408,398)

The components of deferred tax assets and deferred tax liabilities as at December 31, 2020 and 2019 are as follows:

	Unit : Baht	
	2020	2019
Deferred tax assets		
Employee benefit obligations	5,305,773	5,159,578
Deferred tax liabilities	-	-
Deferred tax assets, net	5,305,773	5,159,578

The Company has not recognized deferred tax in respect of temporary difference between the carrying amounts of current assets and current liabilities for financial reporting purposes and the amounts used for taxation purposes due to the utilization of tax benefits for such items is not probable in the foreseeable future in the amount of Baht 46.49 million (2019 : Baht 40.05 million).

14. Loss per share

Loss per share is calculated by dividing loss for each year by the weighted average number of outstanding ordinary shares issued during each year as follows:

		Unit : Baht	
		2020	2019
Loss for the years	(Baht)	(34,253,334)	(36,382,777)
Weighted average number of ordinary shares	(Shares)	24,000,000	24,000,000
Loss per share	(Baht)	(1.43)	(1.52)

**Note of Financial Statement (Continued)****15. Classification of expenses**

	Unit : Baht	
	2020	2019
Changes in finished goods and work in process	(311,663)	(1,764,985)
Raw materials and supplies used	53,576,981	58,717,414
Management benefit expenses	2,818,550	5,217,000
Employee expenses	41,379,402	46,247,703
Loss on decline in value of inventories	20,630,306	-
Depreciation and amortization	2,325,604	2,663,319
Others	12,490,040	13,090,169
Total	132,909,220	124,170,620

16. Information on operating segments

Information on operation segments requires the Company disclose the segment information based on the internal reports regularly by the Company Chief Operation Decision Maker in order to allocate resources to those segments and to assess the segments' performance.

The Company, operates in a single business segment, is a manufacturer and distributor of precious stones and jewelry which is shown by geographic segments.

The information on operating segments is shown as follows:

	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Revenues from the sale of goods and rendering of service	46,286,246	51,708,682	97,994,928	36,364,074	51,091,417	87,455,491
Gross profit	14,739,394	8,811,503	23,550,897	4,562,957	(915,261)	3,647,696
Unallocated income and expenses						
Other income			506,987			97,982
Selling and administration expenses			(58,461,221)			(40,362,217)
Financial expenses			(3,968)			(608)
Tax income			153,971			234,370
Loss for the years			(34,253,334)			(36,382,777)
Property, plant and equipment			29,077,107			30,780,549
Total assets			391,739,218			425,166,592

**Note of Financial Statement (Continued)**

The details of information on operating segment of the Company by geographic are as follows :

	Unit : Baht	
	2020	2019
Revenues from sales of goods and rendering of services		
Australia	16,562,656	24,364,504
Europe	35,142,879	24,949,283
America	3,147	86,875
Asia	-	1,690,755
Thailand	46,286,246	36,364,074
Total	<u>97,994,928</u>	<u>87,455,491</u>

For the year 2020, the Company had revenues from five major customers in the total amount of Baht 82.31 million (2019 : four major customers amounting to Baht 68.23 million).

17. Financial Instruments

The information of financial instruments of the Company are as follows:

17.1. Financial risk management policies

The Company's board of directors manages the financial risks for the establishment and oversight of the risk management. The risk reports identifies risk factors based on their level and potential impact. These risks include market risk (Foreign exchange risk, interest rate risk and price risk), liquidity risk and credit risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its agreement and conditions resulting in collection losses to the Company. The Company manages the risk by adopting the policy for credit limit and conservative in giving the credit.

Interest rate risk

Interest rate risk arises from the potential change in market interest rates which will affect to the value of the financial assets and liabilities of the Company. Most of financial assets and liabilities interest rates are not substantially independent of changes in market interest rate. Therefore, interest rate risk of the Company is not material.

The Company has the significant financial assets and liabilities which are classified by type of interest rate as follows:

	Unit : Million Baht					
	Interest rate fixed		Interest rate	Non-interest	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years	floating	bearing		
As at December 31, 2020						
Financial assets						
Cash and cash equivalents	-	-	1.73	0.57	2.30	0.05 – 0.75
Trade and other receivables	-	-	-	12.58	12.58	-
Financial liabilities						
Trade and other payables	-	-	-	1.26	1.26	-
As at December 31, 2019						
Financial assets						
Cash and cash equivalents	0.08	-	6.87	0.53	7.48	0.22 – 1.00
Trade and other receivables	-	-	-	10.35	10.35	-
Financial liabilities						
Trade and other payables	-	-	-	1.01	1.01	-

**Note of Financial Statement (Continued)****Foreign currency risk**

The Company's exposure to foreign currency risks relating to purchase and sell which are denominated in foreign currencies. The Company's management believes that foreign exchange rate risk will have no material effect to their operational results and they will use forward currency contracts to hedge such risk when necessary and appropriate.

As at December 31, 2020 and 2019, the Company's balances of financial assets denominated in foreign currency amounted to USD 350,639 and USD 211,743, respectively, which exchange rates as at December 31, 2020 and 2019 are Baht 29.7749 per USD and Baht 29.8855 per USD, respectively.

Liquidity risk

The Company manages liquidity risk by maintaining a level of cash and cash equivalents through monitoring and planning of their cash flows which deemed adequate to the Company's operations.

17.2. Fair value measurement**Fair value**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

18. Commitments

The Company has commitments as follow:

18.1. Unused credit facilities from financial institutions:

		Unit : Baht	
		2020	2019
Overdraft	Million Baht	20.00	20.00
Forward contract	USD	4,000,000.00	4,000,000.00

Credit facilities from finance institutions collateralized by some director's securities and guaranteed some director of the Company.

18.2. Commitment to short-term leases

The Company has commitment to short-term leases within one year in the amount of Baht 778,671.67.

**Note of Financial Statement (Continued)**

18.3. Other commitments

	2020	Unit : Baht 2019
Letters of guarantee	799,000	799,000

19. Approval of financial statements

These financial statements have been approved for issue by the Company's Board of Directors on March 1, 2021