

Dynasty Ceramic Public Co.,Ltd.

ANNUAL REPORT

DYNASTY TILETOP

2019

รายงานประจำปี 2562

บริษัท ไดมัสตี้ เซรามิค จำกัด (มหาชน)

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Message from Chairman

Dear Shareholders,

During the past year, the overall economy continued to decline from the previous year which cause by many factors as follows;

1. Global economy remains weak due to the trade war between the United States and China. Resulting to many countries in the world faced to slump situation. The economy still not expand, some were in recession. Thailand is one of the country that cannot be avoid. The value of trade exports declined surprisingly, even in some months. Many industrial factories were shut down and some were reduce a working time. There are a lot of unemployed workers. The population have lower income, those things cause to the overall economy not expand because of reduction of purchasing power.

2. Floods occurred in northeast and southern regions still causing to agricultural crops over ten thousands of rai. Also cause to drought, no water consumption to maintain crops. These reason was effect to the lower income of agriculture labor which some are even lose with more debt. Resulting to less purchasing power

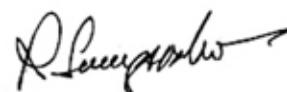
3. Politics are still not peaceful, there are always many conflicts. Politicians rarely in time to run the country because spending time to protect themselves with no stability. So that the population lack of confidence in their career and the future income.

4. Middle level workers such as office, bank and media employees beginning to gradually lose unemployment and also aggravate to worse in economy. Moreover, this is because of many SME business have experienced liquidation. The bank has set bad debt reserve with those SME business. The income of middle class people has slightly decrease.

As result, even though the economy in the previous year was not very well. The company was still able to increase sales even only a small amount but we can still maintain a level of net profit to be not less. Also continued to pay dividend to the shareholders consistently this year. In 2020, the company has a policy to save costs and try to reduce costs more to improve the operating results more than last year. In order by releasing new products, including increasing the efficiency of employees at all levels. We expect to be able to generate more profit than the previous year.

All the Board of Directors would like to express our gratitude to the shareholders for always consistently supported the company.

Yours faithfully,



Mr. Roongroj Saengsastra

Chairman

Board of Directors







Mr. Roongroj Saengsastra

Chairman / Chairman of Executive Director

Chairman of Corporate Governance Committee

Chairman of Nomination and Remuneration Committee

Age : 69 years

Citizen : Thai

Highest Education : Bachelor of Accounting, Chulalongkorn University

Appointed : 26 January 1998

Year of directors membership-Dec 31,2019 : 21 years 11 months

% of Share Holding at Dec 30, 2019 :

DCC: 1,600,000,000 shares or 22.126 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1: -0- Units (Including the share held by spouse and minor children)

Training : None

Family relationship among executives :

Mr.Monrak Saengsastra and Mr.Maruth Saengsastra's father

Miss Cattleya Saengsastra's brother

Other Current Position: Listed Company 1 Company

1. Executive of Chairman / The Royal Ceramic Industry PLC

Other Current Position: Non Listed Company 2 Companies

1.Chairman of Tile Top Industry PLC. (Construction Materials)

2.Director of Royal Asia Brick and Tile Co., Ltd.(Clay Tiles)

A director or executive positions in other businesses that might cause conflicts

Executive of Chairman / The Royal Ceramic Industry PLC.(Construction Materials)

Experience 2011-2014

Chairman of Pick and Pay Co., Ltd

Chairman of Muang Thong Ceramic Co., Ltd

Chairman of World Wide Ceramic Co., Ltd

Meeting Attendance Year 2018

- Board of Directors 8/8 meetings

- Board of the Corporate Governance Committee 2/2 meetings

- Board of the Nomination and Remuneration Committee 2/2 meetings

- AGM 2019 1/1 meeting

- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Gen.Yuthasak Sasiprapha

Independent Director and Chairman of Audit Committee

Age : 82 years

Citizen : Thai

Highest Education : – The National Defence Course for Joint State–Private sectors #33

– Army Command and General Staff College #48

– Chulachomklao Royal Military Academy

Appointed : 21 April 2015

Year of directors membership–Dec 31,2019 : 4 years 8 months

% of Share Holding at Dec 30, 2019 : None (Including the share held by spouse and minor children)

Training : – Director Accreditation Program (DAP) No.56/2006

– Leader Program Capital Market Academy Class XI 2010

Family relationship among executives : Family relationship among executives

Other Current Position: Listed Company : None

Other Current Position: Non Listed Company : None

A director or executive positions in other businesses that might cause conflicts : None

Experience :

– Jan 2012–Oct 2012 Deputy Prime Minister

– Aug 2011–Jan 2012 Minister of Defence

Meeting Attendance Year 2018

– Board of Directors 8/8 meetings

– Board of Audit Committee 4/4 meetings

– AGM 2019 1/1 meeting

– EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Miss Cattleya Saengsastra

Executive Director and Company's Secretary

Age : 71 years

Citizen : Thai

Highest Education :

- Bachelor degree Accounting (Honor), Chulalongkorn University
- Management Development Program–J.J.Kellogg North Western University

Appointed : 26 January 1998

Year of directors membership–Dec 31,2019 : 21 years 11 months

% of Share Holding at Dec 30, 2019 :

DCC: 183,000,000 shares or 2.531 percent of all voting shares. (

Including the share held by spouse and minor children)

DCC-W1: 2,500,000 Units (Including the share held by spouse and minor children)

Training : Directors Accreditation Program (DAP) No.47/2005

Training from IOD: Company Secretary Program : None

Family relationship among executives : Mr. Roongroj Saengsastra's sister

Other Current Position: Listed Company 2 Companies

1.Independent Director and Chairman of Audit Committee / S&P Syndicated PLC.

2.Company's Secretary / The Royal Ceramic Industry PLC. (Construction Materials)

Other Current Position: Non Listed Company 1 Company

1.Executive Director of Tile Top Industry PLC. (Construction Materials)

A director or executive positions in other businesses that might cause conflicts

Company's Secretary / The Royal Ceramic Industry PLC.(Construction Materials)

Experience 2011–2014

Director of Pick and Pay Co., Ltd

Director of Muang Thong Ceramic Co., Ltd

Director of World Wide Ceramic Co., Ltd

Meeting Attendance Year 2019

- Board of Directors 8/8 meetings
- Board of the Corporate Governance Committee 2/2 meetings
- AGM 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Chaivasith Viriyamettakul

Director

Age : 70 years

Citizen : Thai

Highest Education :

- Bachelor of Engineering, Chulalongkorn University
- National Defense College (NDC.4414)

Appointed : 26 January 1998

Year of directors membership-Dec 31,2019 :21 years 11 months

% of Share Holding at Dec 30, 2019 :

DCC: 411,060,000 shares or 5.694 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1: 85,000,000 Units (Including the share held by spouse and minor children)

Training : -Director Accreditation Program (DAP) No. 20/2004

- Increasing Your Corporate Value through Effective Communication Year 2003
- Risk Management
- Capital Market Academy, Class 15 (15 CMA)

Family relationship among executives : None

Other Current Position: Listed Company : 3 Companies

1. President / Vibhavadee Hospital PLC. (Health Care Services)
2. Director/ Chiang Mai Ram Medical Business PLC. (Health Care Services)
3. Director/ Sikarin PLC. (Health Care Services)

Other Current Position: Non Listed Company : 2 Companies

1. Vice Chairman of BOD / Chaophya Hospital PLC.
2. Executive Director / Vibharam Co., Ltd and its Subsidiaries

A director or executive positions in other businesses that might cause conflicts : None

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings
- AGM 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Suvit Smarnpanchai

Director

Age : 71 years

Citizen : Thai

Highest Education : High school education, Sahakulsuksa

Appointed : 26 January 1998

Year of directors membership-Dec 31,2019 : 21 years 11 months

% of Share Holding at Dec 30, 2019 :

DCC: 160,000,000 shares or 2.213 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1: -0- Units (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No.54/2006

Family relationship among executives : None

Other Current Position: Listed Company : None

Other Current Position: Non Listed Company : None

A director or executive positions in other businesses that might cause conflicts : None

Experience :

- Advisor of the Audit Committee and Monitoring

The Police Administration of Ratchaburana police Station

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings

- AGM 2019 1/1 meeting

- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Surasak Kosiyajinda

Independent Director & Audit Committee

Age : 76 years

Citizen : Thai

Highest Education : Bachelor of Law, Thammasart University

Appointed : 30 April 1998

Year of directors membership-Dec 31,2019 : 21 years 8 months

% of Share Holding at Dec 30, 2019 : None (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No. 48/2005

Family relationship among executives : None

Other Current Position: Listed Company 1 Company

1.Independent Director & Audit Committee/AJ Plast PLC.

Other Current Position: Non Listed Company : 1 Company

1. Director / United Food PLC.

A director or executive positions in other businesses that might cause conflicts : None

Experience :

2011 — Present Own office at Jutturatham Law Office

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings
- Board of Audit Committee 4/4 meetings
- AG M 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Siripong Tinnarat

Independent Director & Audit Committee

Age : 70 years

Citizen : Thai

Highest Education :

- Master of Education (Education Administration) /Sukhothai Thammathirat Open University
- Bachelor of Commerce, Chulalongkorn University

Appointed : 24 April 2017

Year of directors membership–Dec 31,2019 : 2 years 8 months

% of Share Holding at Dec 30, 2019 : None (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No.143/2017

Family relationship among executives : None

Other Current Position: Listed Company : None

Other Current Position: Non Listed Company : 3 Companies

1. Licensee School / Maneeya Kindergarten School
2. Treasurer — Thai Israeli Club Foundation Under the royal patronage of
Her Royal Highness Princess Maha Chakri Sirindhorn
3. Treasurer – Association of Private Vocational Schools, Nonthaburi

A director or executive positions in other businesses that might cause conflicts : None

Experience : Licensee School / Maneeya Kindergarten School

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings
- Board of Audit Committee 4/4 meetings
- AGM 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Totsaporn Banyongwate

Independent Director & Audit Committee

Age : 69 years

Citizen : Thai

Highest Education : Bachelor of Engineering (Mechanical Engineering) King Mongkut Technical University

Appointed : 24 April 2017

Year of directors membership-Dec 31,2019 :2 years 8 months

% of Share Holding at Dec 30, 2019 :

DCC : 1,368,080 shares or 0.015 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1 : 0 Unit (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No.143/2017

Family relationship among executives : None

Other Current Position: Listed Company : None

Other Current Position: Non Listed Company : 1 Company

1. Managing Director / CT Link Co.,Ltd.

A director or executive positions in other businesses that might cause conflicts : None

Experience :

- Technical and Government Sales Manager / Dunlop (Thailand) Co.,Ltd.
- Plant Manager / Thai Swedish Assembly Co.,Ltd.
- Process Engineer / Bangchan General Assembly Co., Ltd.

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings
- Board of Audit Committee 4/4 meetings
- AGM 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Monrak Saengsastra

Executive Director and Chief Business Development

Age : 44 years

Citizen : Thai

Highest Education :

Master of Business Administration, Kasetsart University

Master of Art in International Economics Southern Methodist University (SMU)

Bachelor of Science in Business Computer Information Systems, University of North Texas (UNT)

Appointed : 29 January 2013

Year of directors membership–Dec 31,2019 : 6 years 11 months

% of Share Holding at Dec 30, 2019 :

DCC : 610,000,000 shares or 8.435 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1: 315,000,000 Units (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No.107/2014

Family relationship among executives : Mr. Roongroj Saengsastra's son and Mr. Maruth Saengsastra's brother

Other Current Position: Listed Company : 1 Company

1. Executive Director and Chief Business Development at The Royal Ceramic Industry PLC.
(Construction Materials)

Other Current Position: Non Listed Company : 2 Companies

1. Executive Director /Tile Top Industry PLC. (Construction Materials)
2. Director of Royal Asia Brick and Tile Co., Ltd. (Clay Tiles)

A director or executive positions in other businesses that might cause conflicts :

Executive Director and Chief Business Development at The Royal Ceramic Industry PLC.
(Construction Materials)

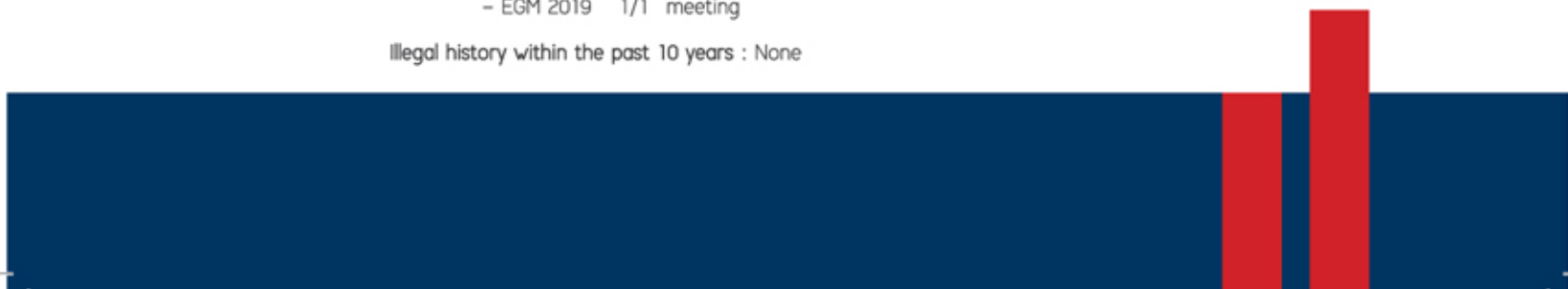
Experience :

2013 — 2017 Executive Director (Administration)/ Dynasty Ceramic PLC.(Construction Materials)
and Tile Top Industry PLC. (Construction Materials)

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings
- Board of the Corporate Governance Committee 2/2 meetings
- Board of the Nomination and Remuneration Committee 2/2 meetings
- Board of Risk Management Committee 2/2 meetings
- AGM 2019 1/1 a meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Maruth Saengsastra

Executive Director and Chief Marketing Officer

Age : 42 years

Citizen : Thai

Highest Education : M.S.Computer Science University of North Texas,USA

Appointed : 21 April 2015

Year of directors membership-Dec 31,2019 : 4 years 8 months

% of Share Holding at Dec 30, 2019 :

DCC : 610,000,000 shares or 8.435 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1: 315,000,000 Units (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No.107/2014

Family relationship among executives :

Mr. Roongroj Saengsastra's son and Mr. Monrak Saengsastra's brother

Other Current Position: Listed Company : 1 Company

1. Executive Director and Chief Marketing Officer at The Royal Ceramic Industry PLC.
(Construction Materials)

Other Current Position: Non Listed Company : 2 Companies

1. Executive Director /Tile Top Industry PLC. (Construction Materials)
2. Executive Director of Royal Asia Brick and Tile Co., Ltd. (Clay Tiles)

A director or executive positions in other businesses that might cause conflicts :

Executive Director and Chief Marketing Officer at The Royal Ceramic Industry PLC.
(Construction Materials)

Experience :

2011 — 2017 Senior Executive Vice President (Marketing) at Dynasty Ceramic PLC.
And Tile Top Industry PLC.

2011 — Present Assistant Company Secretary and Investor Relation at Dynasty Ceramic PLC.

2011 –2015 Vice President Information Officer at Dynasty Ceramic PLC. and Tile Top Industry PLC.

Meeting Attendance Year 2018 :

- Board of Directors 8/8 meetings
- Board of the Corporate Governance Committee 2/2 meetings
- Board of the Nomination and Remuneration Committee 2/2 meetings
- Board of Risk Management Committee 2/2 meetings
- AGM 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None





Mr. Jaruwat Traithavil

Executive Director / Chairman of Risk Management Committee
/ Chief Production Officer

Age : 39 years

Citizen : Thai

Highest Education :

Master of Engineering Project Management, University of Melbourne, Australia

Bachelor of Engineering (Honours), Australian National University, Australia

Bachelor of Information Technology, Australian National University, Australia

Appointed : 8 August 2017

Year of directors membership-Dec 31,2019 : 2 years 5 months

% of Share Holding at Dec 30, 2019 :

DCC : 8,000,000 shares or 0.111 percent of all voting shares.

(Including the share held by spouse and minor children)

DCC-W1:3,200,000 Units (Including the share held by spouse and minor children)

Training : Director Accreditation Program (DAP) No.143/2017

Family relationship among executives : None

Other Current Position: Listed Company : 1 Company

1. Executive Director and Chief Production Officer at The Royal Ceramic Industry PLC.
(Construction Materials)

Other Current Position: Non Listed Company : 2 Companies

1.Executive Director /Tile Top Industry PLC. (Construction Materials)

2. Executive Director of Royal Asia Brick and Tile Co., Ltd. (Clay Tiles)

A director or executive positions in other businesses that might cause conflicts :

Executive Director and Chief Production Officer at The Royal Ceramic Industry PLC.
(Construction Materials)

Experience :

2010 — 2017 Vice President Production at Dynasty Ceramic PLC.

2009 — Present Vice President Production at Tile Top Industry PLC.

Meeting Attendance Year 2019 :

- Board of Directors 8/8 meetings
- Board of the Corporate Governance Committee 2/2 meetings
- Board of the Nomination and Remuneration Committee 2/2 meetings
- Board of Risk Management Committee 2/2 meetings
- AGM 2019 1/1 meeting
- EGM 2019 1/1 meeting

Illegal history within the past 10 years : None



Vision

"The Leader of Tile Business
with Outlets throughout Thailand"

Group Values

DCCTOP

Differentiation

Cost Leadership

Continuous Improvement

Total Management System

Trustworthy Product Quality

On Time Delivery

Profit, People, and Planet



Mission

To Country

To produce tiles with creative production process that meets international standard at the lowest cost to manufacture quality products at reasonable prices.

To customers

To serve our customer with wide variety of tiles at reasonable prices, easy access through our outlets throughout Thailand, high service quality, fast delivery, and continuity of products is guaranteed.

To Shareholders

To have high dividend payout.

To employees

To create stability for employees with Encourage employee involvement and creativity Improve employee skill with continuous training Develop key capabilities Build corporate culture Strengthen employee network and relationship

To suppliers

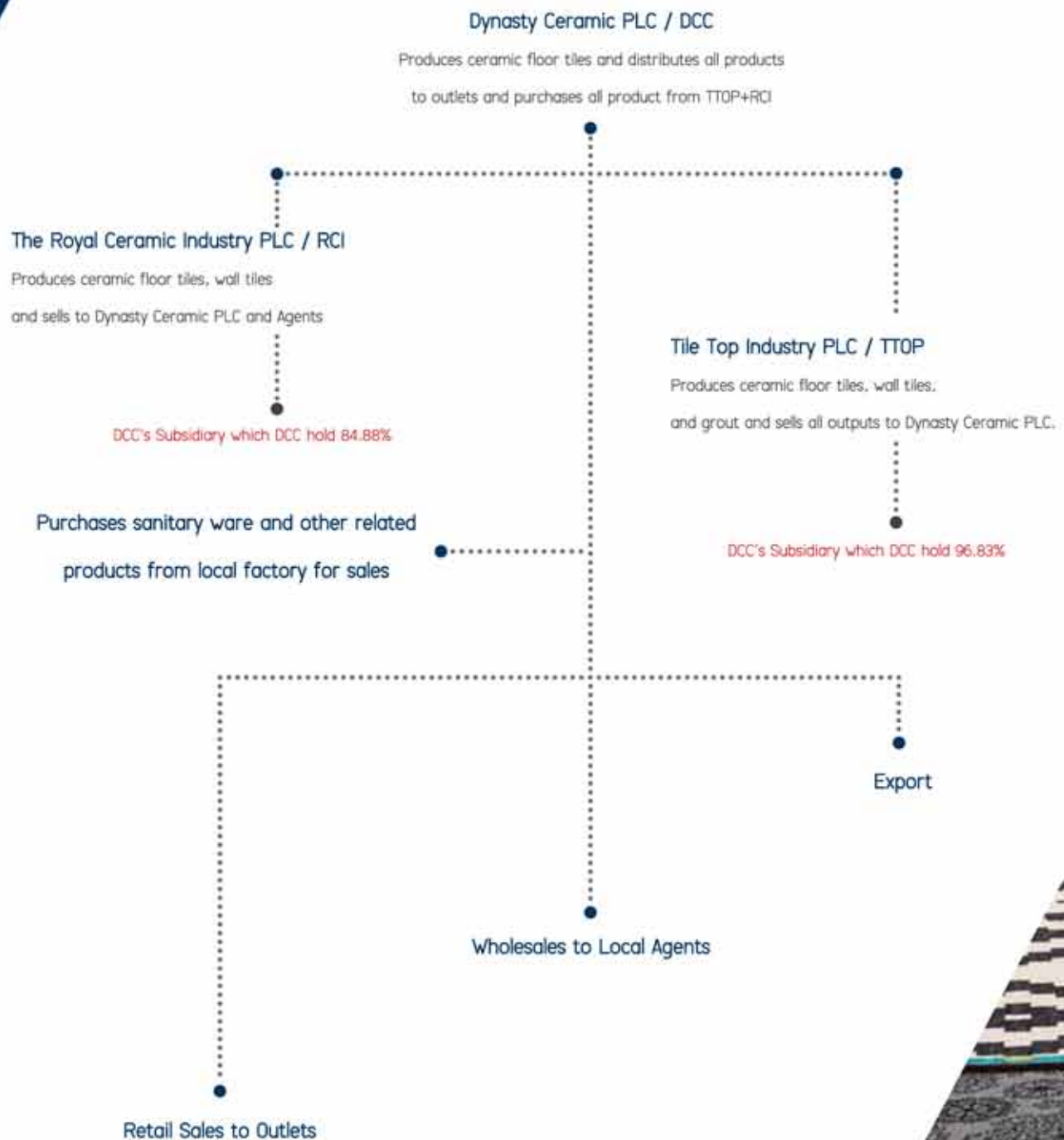
To operate business with fairness and integrity with suppliers.

To Corporate Social

To incorporate the Corporate Social Responsibility strategy directly into the business strategy



ORGANIZATION STRUCTURE



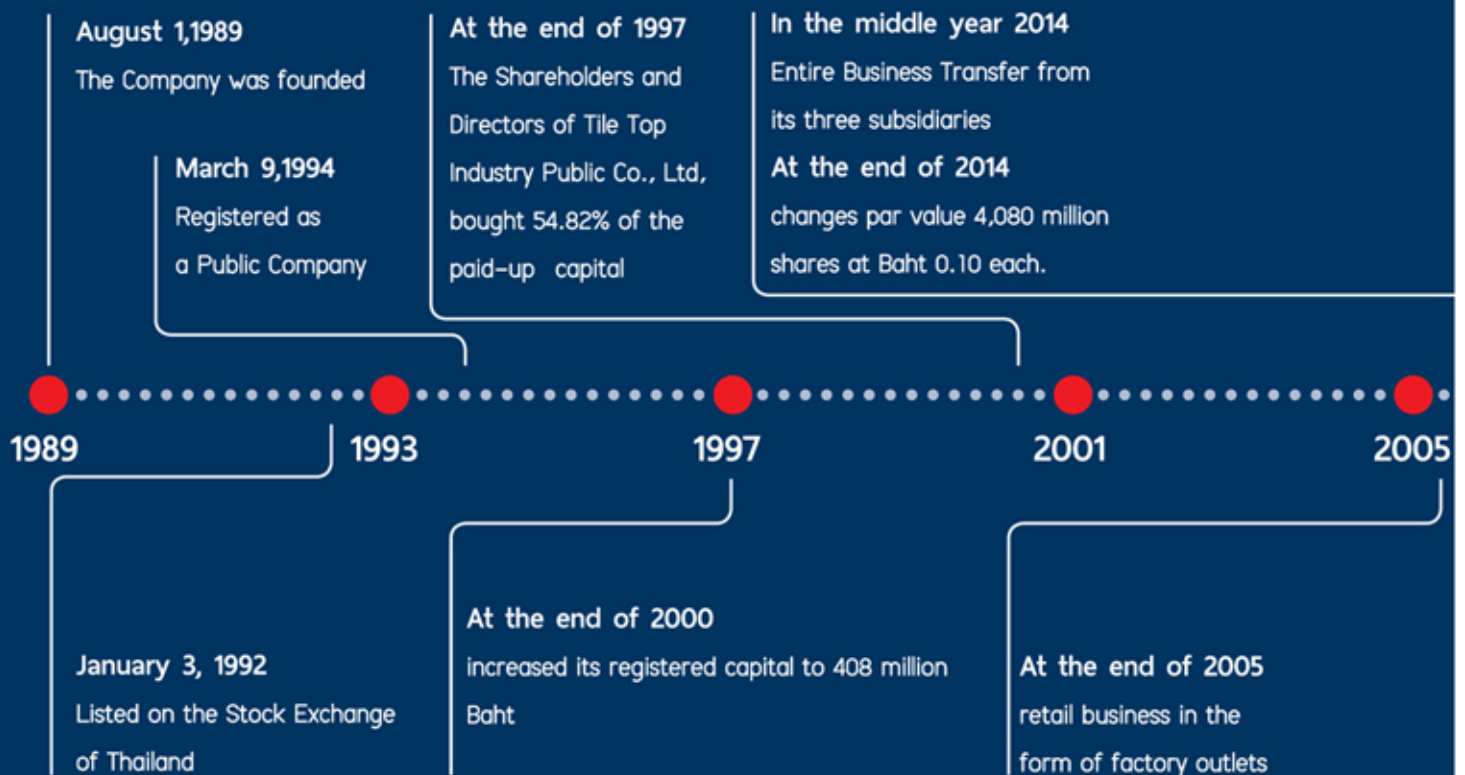


Nature of Business

Dynasty Ceramic Public Company Limited's core business is the manufacture and distribution of ceramic tiles. It buys all products produced by Tile Top Industry Public Co., Ltd. at a wholesale price for sale. The Company also purchases sanitary ware and products related to ceramic tiles such as stair components and tile grout. And buys products from The Royal Ceramic Industry Public Co., Ltd. for sale through outlets and its products are exported overseas to countries and regions including Brunei, Cambodia, Laos, Malaysia, the Maldives Indochina, Myanmar, New Zealand, Philippine etc.

The Company is held by Thai nationals 88.50% and 11.50 % by foreigners.
(Register closed 30 December, 2019)

History and Important developments



Our Brands

The ceramic tiles produced by the Company and its subsidiaries comprise under the trademark "Dynasty", "Tile Top", "Jaguar", "Value", "Mustang", "Chicken", "Birdie", "Ducky", "Swan", "M", "Cosmo", "Rover", "Monte"

Product Types and Sizes

Floor Tile (Unit: CM)

Size	60 x 60, 60 x 60 (Digital)
Size	30x60 (Rectified) , 30x60 (Digital Rectified)
Size	40x40 , 40x40 (Rectified) , 40x40 (Digital) , 40x40 (Digital Rectified)
Size	30x30 , 30x30 (Digital)
Size	20x20

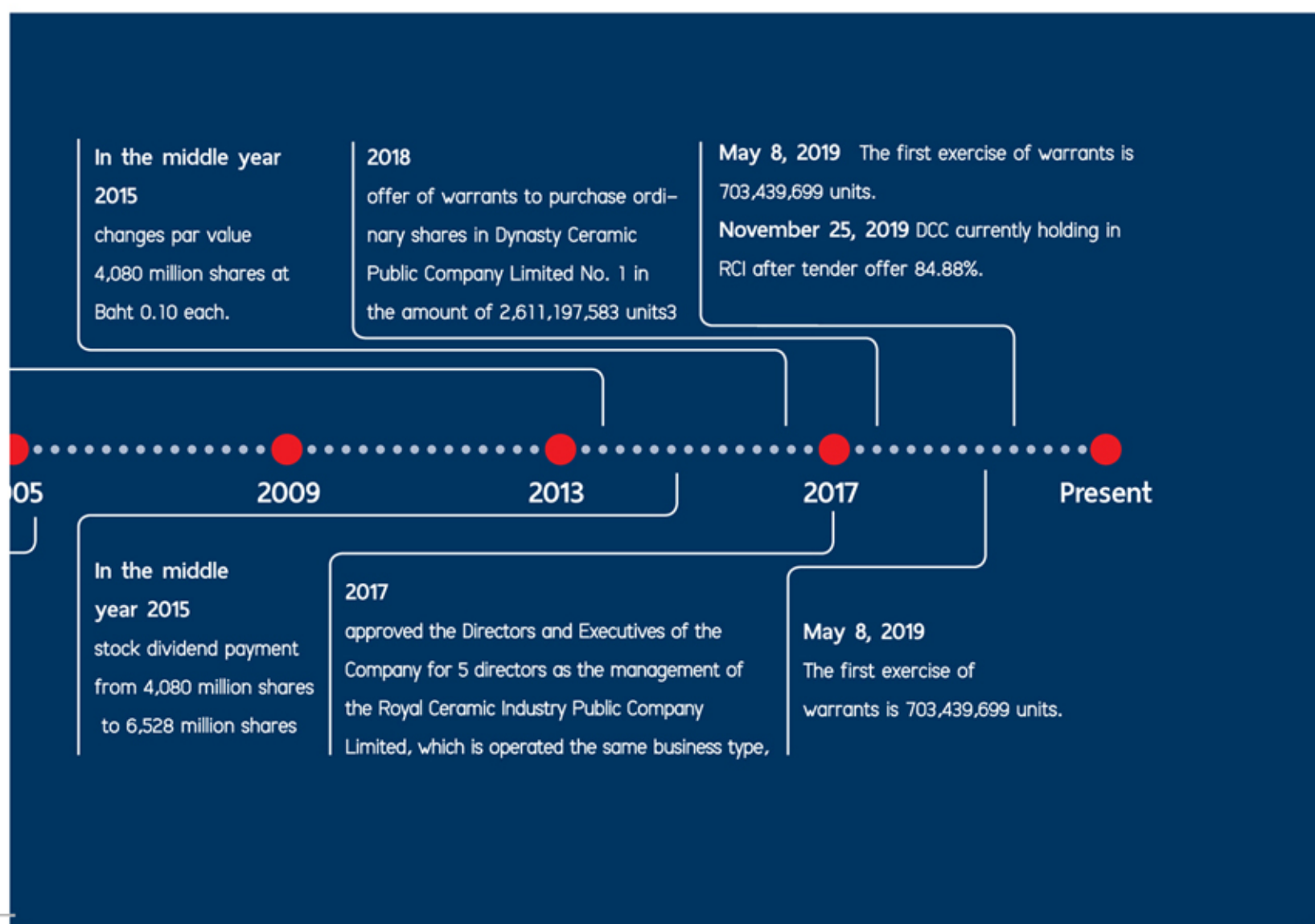
Wall Tile (Unit: CM)

Size	20x20
Size	20x25, 20x25 (Digital)
Size	20x30 , 20x30 (Digital)
Size	25x40 , 25x40 (Digital)
Size	30x50, 30x50 (Digital)

Grout (Produces by the subsidiary) under Top Stick Trademark

Brand of products (Trading goods)

Grout	under Weber Trademark
Tile Adhesive	under Top Stick Trademark and Davco Trademark)
Tile Trim	under Thai Standard Pipe Trademark and OD Trademark
Stair nose	under OD Trademark



Income Structure

- Sales from tiles produces by Dynasty Ceramic PCL
- Sales from tiles and grout purchases from Tile Top Industry PLC (TTOP) and The Royal Ceramic Industry PLC and markup margin.
- Sales from purchases sanitary ware and other related products from local factory.
- Other income such as Gain from exchange rate, Interest income, Gain from sale of fixed assets, Rental income, Gain on sales other investments , Income service system IT etc.

Total Income structure in the last 3 years (Consolidated Financial Statement)

Type of Income	by	Y2019		Y2018		Y2017 (1)	
		MB	%	MB	%	MB	%
Domestic							
Sales from tiles	DCC + Purchases from subsidiaries	7,446	91	7,428	93	6,790	92
Sales from grout and others	DCC and Outlets	370	4	326	4	285	4
Total Sales – Domestic		7,816	95	7,754	97	7,075	96
Overseas							
Sales from tiles	DCC +TTOP	302	4	273	3	288	4
Sales from grout and others	DCC	0	0	0	0	0	0
Total Sales – Overseas		302	4	273	3	288	4
Total Sales		8,118	99	8,027	100	7,363	100
Others income		73	1	26	0	30	0
Total income		8,191	100	8,053	100	7,393	100

⁽¹⁾ According to the resolution of the Annual General Meeting of Shareholders for the year 2017, held on 27 April,2017, approved the company to be hired in management contract with The Royal Ceramic Public Company Limited ("RCI") and has authorized in controlling the management through the same Directors and Executives included determining the management policy. Therefore, RCI has allocated in the consolidated financial statements since 1st April, 2017.





Major changes in 2019

Head Office

The acquisition of the business of The Royal Ceramic Industry Public Company Limited ("RCI")

By means of voluntary tender offer for all the securities of RCI in the total of 578,829,365 shares or equivalent to 93.84 percent of all the issued and paid-up shares of RCI at the offering price of 4.00 Baht per share, totaling amount of 2,315.32 Million Baht.

The acquisition of the business of RCI above-mentioned is intended to eliminate conflicts of interest as both the Company and RCI are in the business of manufacturing and distributing ceramic floor tiles and various types of wall tiles, which RCI currently sells most of the ceramic products to DCC. Nevertheless, the Company and RCI have some similar group of major shareholders and directors which causes the Company and RCI to have unclear shareholding and management structure. In which the company must request approval from the shareholders' meeting. The approval must be approved by not less than 3 in 4 of the total votes of shareholders who attend the meeting and who has right to vote. The vote does not count stakeholder including the company must have an independent financial advisor to give an opinion on the transaction are reasonable, price fairness and terms of the transaction to the shareholders of the company for consideration approval of the transaction.

In accordance with the resolution of the Extraordinary General meeting of Shareholders No.1/2019, held on October 15, 2019 approved DCC to acquire RCI by voluntary tender offer from every shareholders of RCI. The result of the tender offer for all RCI securities

from all shareholders between October 18, 2019 to November 22, 2019, totally 25 working days, totaling 485,572,024 shares in amount of 1,942.29 million baht. Including with DCC had 38,010,000 shares or 6.16% so that DCC will has 523,582,024 shares or 84.88% of total paid-up shares.

Warrant Issuance (DCC-W1)

According to the 2018 Annual General Meeting of Shareholders of the Company, held on 24 April 2018 (2018 AGM) resolving to approve the issue and offer of warrants to purchase ordinary shares in Dynasty Ceramic Public Company Limited No. 1 in the amount of 2,611,197,583 units (DCC-W1) (Warrants) to existing shareholders by way of rights issue at the offering ratio of 2.5 existing shares to 1 unit of warrants without consideration. Exercise date is once every year, on 8 May 2019, 8 May 2020, and last exercise date is 3 years from the issuing date of warrant, which will be on 7 May 2021. If the last exercise date falls on a non-business day of SET, then the exercise date of warrant shall be made on the last business day proceeding such last exercise date.

8 May 2019, The first exercise of warrants is 703,439,699 units. Buying the ordinary shares at Par Value 0.10 Baht per share, equivalent to 70,343,870 Baht. Resulting in paid-up capital of the company increased from 652,799,396 Baht to 723,143,266 Baht. Listed companies increase the issued and paid-up capital with the Ministry of Commerce on May 10, 2019.

Development of efficiency of employees and working process

The Company remained focus on efficiency and quality to ensure that the employees could work with creativity and present their ideas in order to develop their work quality in every function. The Company also arranged of training program in-house and externally throughout the year with emphasis on implementation of software and application to ensure maximum efficiency.

Outlets

Store expansion and rebranding projects

The Company proceeded with store expansion, by looking for new location to set up new additional outlets and to relocate the existing ones which contracts expire during the year. We emphasized on rebranding the appearance and ambiance of the outlets with modern designs and offering conveniences to customers. In addition, the customer service area including office room and staff zone will also be improve to ensure better workplace for our staff.

Rental space and Construction materials community mall plan

Since end of the year 2018, we also worked on our plan to rent out vacant spaces to other manufacturer and importers of construction material and equipment to make our outlets a community mall for construction materials in the future. By end of 2019, we also rented out 41 outlets as rental space.

Production

- Modify machinery to be modern and support the market changes that require larger size of tiles.
 - Increase the proportion of production by Digital Printing to meet the needs of various customers.
 - Started production of size 30x50 cm.
 - Develop and promote Wisdom Anti slip Tile product by using Digital Printing system.
 - Increase productivity in the production system.
- There is a fully automatic system in most of production lines.
- Modify procedures and production processes to meet the changes and needs of product.
 - Reducing workforce and increasing the production capacity per personnel.
 - Reducing time spend on grinding process of raw materials by 10%.

Software development

New applications have been developed continuously such as Sales and Inventory Applications for head office and outlet managers to utilize these tools to help them monitor and analyze the data more profoundly. At the same time, existing software applications have been continuously improved to reduce the working process and redundancy, as well as increase work efficiency.





Industry conditions and competition 2019

In 2019, Thailand faced the problems affecting the economy in many ways caused Thailand's GDP to fall at the low level of 2.4% and expected to decrease again in 2020 by 1.5%-2.5%. The impact on Thai economy is inescapable about trade war of the economic powers between the United States and China. The impact of political instability that makes investors lack confidence in supporting the government's economic policy and slowdown of new housing construction projects due to LTV measure which directly affect the real estate and construction materials. Also the impact from natural disasters that Thailand has suffered from both floods and droughts. It resulting in significantly less agricultural products.

For the competition in construction materials and equipment imports from China continue to increase and there are importers who bring more products from India. This is cause to the price of similar construction materials produced in country must be maintain or drop.

In the first half of year 2019 in term of sales, the company has proactive marketing with mainly focus on repair group which is suitable to the potential of the company that has selling points around country. It make the branches operation can reach all customer around country and customers more convenience to shop. The company still be able to increase market share in the first half year sales grew by 3.7% in value and 1.4% in volume. Since the company mainly sell ceramic tiles products, there are strengths in the pattern difference from imported products. It can be easily bought and have a reasonable price. Also the company has push large size of tiles that have more profit margins and have more price value, cause to the average price increase by 2.6% in terms of production. The company is able to produce more than 6.5% from last year, resulting in lower production costs by the economy of scale.

In the second half of 2019, the economic situation deteriorated because of drought in many provinces. It cause to less of agricultural products. The population in urban area lack of income for repair household. So that the company change the marketing area for all branches for more marketing in the city. Resulting the company could hold sales volumes by dropped only 0.3% from the previous year. Due to the intensify competition within country from imported products which cause to the average price decrease by 3% from the previous year.

The potential of the company's sales channels that cover over the country, combine with strategy that is in the line with market conditions. So that the company is able to maintain sales increase than previous year by 1.1%. Also management net profit margin to be stable.

Sales classify by floor and wall tiles business in the ceramic group in 3 years (million baht)

Company	Y2019		Y2018		Y2017	
	Sales (Million Baht)	%Rise (Fall) From previous year	Sales (Million Baht)	%Rise (Fall) From previous year	Sales (Million Baht)	%Rise (Fall) From previous year
DCC	8,118	1%	8,027	9%	7,363	3%
TGCI	-	-	-	-100%	1,971	-13%
RCI	1,156	18%	981	93%	507	-23%
UMI	2,275	1%	2,244	-4%	2,348	3%
COTTO	10,871	-6%	11,513	-10%	12,754	na
Total	22,420	-2%	22,765	-9%	24,943	-1%

%Market Share classify by floor and wall tiles business in the ceramic group on the past 3

Company	Y2019 (%)	Y2018 (%)	Y2017 (%)
DCC	36	32	28
TGCI	-	-	8
RCI	5	5	2
UMI	10	10	10
COTTO	49	53	na
Total	100	100	100

Source : Annual performance data from the Stock Exchange of Thailand

DCC = Dynasty Ceramic Public Co.Ltd., TGCI = Thai-German Ceramic Industry Public Co.Ltd., UMI = The Union Mosaic Industry Public Co. Ltd.,

COTTO = SCG Ceramic Public Co.Ltd. (Consists of 1.Thai Ceramic Co.Ltd. 2. Gemago Co.Ltd 3.The Siam Ceramic Group Industries Company Limited 4. Sasocho and Group (2008) Co.Ltd. and 5.Thai-German Ceramic Industry Public Limited: SCG Ceramic Public Co.Ltd. "Company" set up by a business combination through merger which is a business integration of produce and distribute ceramic tiles in Thailand under 5 company group in The Siam Cement Public Co.Ltd., to create an appropriate organization structure and increase the efficiency of cooperation in each company. As well as supporting the expansion of ceramic business both domestically and internationally. The company registered as a juristic person in Thailand and approved as a listed security in the Stock Exchange of Thailand on August 1, 2019 (date of merger).

Work plans and strategies in 2020

In the year 2020, the company has set up a 4 major operating goals as follows:

1. Increase the proportion of sales and the average selling price from the new products.

1.1 The new size of floor tile is bigger which is size 60x120 cm. This is can compete with imported tiles from China at a cheaper price.

1.2 The wall tile size 30x50 cm has introduced to the market at the end of 2019. This is the wall tile that is bigger than the currently wall tile size sell in the market, adhere to the market data analysis that has need to use larger size of tile and more popular on both in project work section and a new generation customer group.

1.3 Anti-Slip floor tiles or non-slip tiles in size 40x40 cm and 60x60 cm, a new product manufactured from the research and development for ceramic tiles with unique characteristics which has non-slip surface than general glazed tiles even in wet areas, washing areas, or living areas for elder to be safer alternative for use.

1.4 RCI GLASS MOSAIC size 30x30 cm is the newest product that emphasized the distinctive features of glass mosaic. There are both elegance and luxurious decoration types (RCI MOSAIC) and RCI POOL MOSAIC by arrange showcase to show the sample of room decorate in various styles at sales point in branches.

2 Reduce the investment budget no additional investment in creating a new branch due to the economic slowdown. Focusing on the development of branches that are currently under construction, continuing from year 2019. Increase the rental area customer to become the center of customer service. The image enhancement plan is therefore one of the important plan by improve the environment of branches. Adjust the space to be comfortable and open with broadly parking space, modern to attract customers who come to use service. Including install air conditioning in some branches to make the customer who come to use service can spend more time to shopping and more convenient.

3. Reduce cost and expense of overall organization by 10% with the cooperation of all departments to try to get a better performance.

4. Develop work efficiency of employees at all levels support learning opportunities, develop employees at all levels to be good and smart. Encourage them to be ready for continuous learning as well as building skills including learning new knowledge to keep up with changing of business trends. The company providing training for employees at all levels since the employee joined the company. Primary will receive orientation training for new employees to gain knowledge and understanding about the company, organizational culture and basic information to work. Acknowledge in regulations for coexistence so that the new employees can adjust to working conditions which are benefit to the performance of overall organization.





Risk Management

“One of organization culture is the risk management of internal and external risk of the organization.”

Doing Research and Development by Technology and Innovation

In the year 2019, the company has expenditures for research and development by technology and innovation, total amount of 795,720 baht. Expense incurred is the cost of personnel and experiment and research.

Research and development achievement result in the development of new products. It can save production costs on raw materials and reduce the energy consumption per unit of product in the past year.

The company still focuses on research and development for production innovation, to increase product value and the company is able to compete sustainably in the business.

The company will grow sustainably forward. Risk management is considered as an important part. In the past, the company had risk management to occur throughout the organization. There is compliance with the guidelines and policies to prevent and reduce various risk rates that may occur to the company, including follow-up of work operational result, Re: Continuous risk management, in management and practical levels. Furthermore, there is communication and knowledge enhancement to every department to understand about risk management through various communication channels of the company.

In the year 2019, the company evaluated and analyzed the business environment, both from external and internal factors which may affect the business operation of the company, including the economic condition of the ceramic tile business directly. Fluctuations of fuel and raw material price, change of technology and culture and other relevant aspects, etc., to determine risk factors to cover all important areas and the risk and impact of these factors are assessed, as well as managing countermeasures and prevention measures to prepare and reduce the risk from various impacts which can be summarized as follows:



Risk in production technology and innovation

Impact : Proportion of market/ production cost that may change

Management

- Monitoring and development of production processes to support production technology that may change regularly.
- Bringing new technology to be used in product development and production.
- Research and development of new products, to meet the needs of customers.
- Jointly develop and encourage trade partners to develop and adjust processes, to control the cost of raw materials and prepare for future competition

Risk in continuous supplying of raw materials

Impact : Production process stops due to lack of raw materials

Management

- The company assesses and works with partners to study and research information and fluctuation of various raw materials that are used in the ceramic tile production process.
- Research and development of alternative raw materials to prevent shortage of raw materials
- Improving production processes to reduce the use of certain raw materials. By focusing on improving the quality or maintaining the quality of the product

Risk from disaster

Impact : Production process stops/properties are damaged.

Management

- Transfer and reduce losses from disasters to trade partners.
- Design and create disaster prevention systems to reduce the risk that may occur.
- Promote employees to be aware of and realize potential risks and jointly prevent risk before the accident.

Risk in corruption

Impact : Loss of expense, fame and image of the company

Management

- To specify anti-dishonesty and corruption policies and communicate to everyone in the organization so that everyone performs duties with transparency, honesty, trust and everyone does not take any action for the benefit of himself and the relevant persons

Risk in personnel

Impact : Lack of personnel having knowledge and ability right to the requirement of the organization

Management

- Promoting cross-functional learning and everyone can change the work immediately
- Bringing new technology to use to reduce the rate of labor in the production process.
- To develop, promote and increase the potential for employees by allowing employees to participate in the analysis, reduce costs and reduce unnecessary steps and reduce the cost of the organization
- To improve, review, assign personnel rates and qualifications to be in line with current and future business strategies and operations

Economic risk

Impact : Revenue from ceramic tile business/production cost that changes

Management

- Change marketing and manufacturing plans and policies to be consistent to compete in condition of economic recession.



Company Profile

Dynasty Ceramic Public Company Limited (DCC)

Company Registration

Bor.Mor.Jor. (PCL) 321 (0107537000742)

Established

1 August 1989

Listing on the SET

3 January 1992, trading under the abbreviation "DCC"
under the construction materials group

Registered Capital

913,919,154.10 Baht, comprising of 9,139,191,541 shares
with a par value of 0.10 Baht per share

Registered Paid-up Capital

723,143,265.70 Baht, comprising of 7,231,432,657 shares
with par value of 0.10 Baht per share

Head Office

Address 37/7 Suthisarn-Vinijchal Road, Samsen-Nok Sub-district
HuayKwang District, Bangkok 10310
Tel. 0-2276-9275-81 Fax. 0-2276-0313-17
<http://www.dynastyceramic.com>

DCC Factory

Address 54/8 Moo3, Suwannasorn Road, Koke Yae Sub-District,
NongKae District, Saraburi Province 18230
Tel. 036-379023-4 Fax. 036-371024

Nature of Business

Manufacturer and distributor of ceramic floor and wall tiles. The Company purchases the ceramic floor, wall and Tile grout from Tile Top Industry Public Co., Ltd.,(subsidiary) and purchases the ceramic floor and wall from The Royal Ceramic Industry Public Co., Ltd.,(subsidiary) of the Company. In addition, DCC orders other related products such as Tile grout, Tile adhesive, Corner-trim for sale.

Subsidiaries

1. Tile Top Industry Public Co., Ltd. Manufacturer of ceramic floor and wall tiles

Head Office	37/7 DCC Building Suthisarn-Vinichai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok 10310
Factory	3/2 Moo 8, Paholyothin Road, Nong Khai Nam Sub district, Nong Khae District, Saraburi Province 18140 Tel. 036-371815 Fax. 036-371111

2. The Royal Ceramic Industry Public Co., Ltd. Manufacturer of ceramic floor and wall tiles

Head Office	37/7 DCC Building Suthisarn-Vinichai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok 10310
Factory	54/7 Moo 3, Suwannasorn Road, Kake Yae Sub-District, NongKae District, Saraburi Province 18230 Tel. 036-305249 Fax. 036-305988

Registrar

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
Tel: (66 2) 009 9000 Fax: (66 2) 009 9991
SET Contact Center: (66 2) 009 9999
Website: <http://www.set.or.th/tsd>
E-mail: SETContactCenter@set.or.th

Auditor

Karin Audit Co., Ltd
72 CAT Telecom Tower, Floor 24, Charoen Krung Road,
Bangrak, Bangkok 10500 Tel. 0-2105-4661 Fax. 0-2026-3760
<http://www.karinaudit.co.th/>
Email: audit@karinaudit.co.th

Company Secretary

Miss Cattleya Saengsastra
Tel. 0-2276-9275-81 Ext 403 Fax. 0-2276-0313-17
E-mail: Cattleya.sa@dynastyceramic.com

*Investors can learn more about the company from the Company's Annual Registration Statement (Form 56-1)
on www.sec.or.th or www.dynastyceramic.com

Report of the Audit Committee

To the Shareholders

The Board of Directors of Dynasty Ceramic Public Co., Ltd. has appointed the independent directors to be the audit committee to perform the work in accordance with the charter of the audit committee, that is, review of the financial statements, internal control system, internal audit, compliance with laws, policies, regulations, order, review of the inter-company transactions and conflict of interest, promotion of good governance and proposal on appointment and determination of remuneration of the auditor. The independent directors and audit committee in the year 2019 consisted of the followings.

Name-Surname	Title	Number of attendance to the meeting in 2019 (times)
1. Gen. Yuthasak Sasiprapa	Chairman of the audit committee	4/4
2. Mr. Surasak Kasiyachinda	Independent director /audit committee member	4/4
3. Mr. Siriphong Thinrat	Independent director /audit committee member	4/4
4. Mr. Thassaporn Banyongwes	Independent director /audit committee member	4/4

* The third directors are the person with sufficient competence and experience for the review on reliability of the financial statements

To accomplish the duties and responsibilities described above, in 2019 all Audit Committee has consistently attended the meeting four times to supervise the audit work to ensure fairness and independence from the management, the Audit Committee has conducted the joint meeting with the auditor. The auditor has made a comment that cooperation has been well provided and the accounting standards are appropriately complied. The Audit Committee has provided an opportunity to the internal auditor and auditor for discussion at all times. The summary of the meeting could be concluded as follows.

1. Review of the quarterly and annual financial statements of the individual company and the consolidated financial statements in 2019

The joint meeting among the auditor, the internal auditor, the accounting director and the related management has been arranged to review the data, evidence and accounting system, including inquiries and clarification on the key transactions to ensure that the financial statements are reliable in accordance with the accounting standards provided by the Federation of Accounting Professions of Thailand issued in pursuant to the Accounting Act and sufficient disclosure in notes to financial statements suitable to business undertaken while the auditor has expressed an unqualified opinion on the individual financial statements and consolidated financial statements of the company.

After the review has been conducted to the satisfactory level, the Audit Committee has approved the report of the auditor, the financial statements and notes to financial statements and such consolidated financial statements for submission to the Board of Directors before they were submitted for approval by the general meeting of shareholders of the company.

2. Review of the internal control system

The Audit Committee has reviewed and assessed the internal control system in accordance with the concept of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) which has been improved and ensured that the computer system employed to record the financial information and internal audit team have jointly conducted with the management related to compliance with the internal control requirements and authority and duty of the company. It is viewed that the internal control system and computer system of the company is adequate and appropriate for the work in accordance with the business environment in congruence with the assessment of the auditor which has not material comment on the internal control system of the company.

3. Review of the internal control

The Audit Committee has reviewed the audit work in accordance with the plan and it is found that the work has been accomplished

in accordance with the targets and developed in accordance with the vision, that is, creative examination to enhance value added to the organization in accordance with the good governance principles, to determine the strategy and plan completely in accordance with the target based on the quarterly summary of the audit report which has presented the issued found and joint comments with the audited units to determine the corrective measures to ensure additional efficiency of the working units.

4. Review on compliance with laws, regulations and requirements

The Audit Committee has conducted a joint review with the auditing unit and the related management and found that the working units have satisfactorily complied with the laws, regulations and requirements provided. In case of the discrepancies, the correction would be undertaken as soon as possible. In addition, the agenda was involved with changes in laws, accounting standards and other matters related to the operation of the company in each quarter to make a study and provide comments on the suitable practices of the related units in compliance with the operation and business of the company.

5. Assessment on risk management

The Audit Committee has reviewed and assessed the risk management of the risk management committee and it is found that the company has complied with the requirements on risk management with risk control, monitoring and management, particularly in reducing the major risk, to the acceptable level as evident in the performance which is more efficient, concise, rapid and could reduce the working time while the key risk factors are shown in the annual report.

6. Review of inter-company transactions and conflict of interest transactions

The Audit Committee has examined and made comments on inter-company transactions or transactions with possible conflict of interest of the company and its subsidiaries on a quarterly basis based on conservatism assumption, reasonable and consideration of the stakeholders benefits, including sufficient disclosure in accordance with the conditions provided by the Stock Exchange of Thailand while such transactions have been sufficiently disclosed in notes to financial statements.

7. Promotion of good governance

The company has determined to manage the business operation in accordance with good governance principles to ensure transparency and ethics via implementing whistle blower to accept non-compliance with laws, regulations, requirements and ethics issue, in order to enhance confidence of shareholders and stakeholders. In 2018 there were a few claims against non-compliance with regulations and fraud and the investigations have been completed in accordance with the regulation. In addition, communication activities have been arranged for the employees at all levels to ensure understanding and compliance with the ethics, in particular, in the matter of anti-corruption and increase in performance efficiency. In the beginning of 2019, the company passed the renewal membership for 3 years from Collective Action Coalition Against Corruption (CAC). As result, the internal audit work has more developed toward the prevention.

8. Proposed appointment and remuneration of the auditor for the year 2020

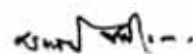
The Audit Committee has proposed the former auditor based on the qualification and experience as deemed appropriate, which is Karin Audit Co., Ltd, as the auditor of the company and its subsidiaries, and proposed to the Board of Directors for approval before it is submitted to the general meeting of shareholders for appointment and determination of remuneration of the auditor in 2020.

According to the assessment in "Self-Assessment Form of the Audit Committee" of 2019, the Audit Committee is able to completely comply with the charter provided by the audit committee.

In the past year, the Audit Committee recognized that the Company has transparent and appropriate internal control, continuous risk management, excellent management to ensure good corporate governance, and accurate and reliable accounting practices and financial statement that is compliance with relevant laws and regulations.

On behalf of the Audit Committee
Dynasty Ceramic Co., Ltd. (Public)

Gen



(Yuthasak Sasiprapa)

Chairman on the Audit Committee

18 February 2020

Report of the Executive and Corporate Governance Committee

To the Shareholders

The Board of Directors has appointed Corporate Governance Committee to be responsible for the corporate governance policy of the Company in accordance with the principles of good corporate governance of international standard, which has been applied and continuously promoted as the Company's corporate culture.

During 2019, Corporate Governance Committee conducted a total of two corporate governance meetings in accordance with the established corporate governance policy and plans. To summarize, the Company's corporate governance meeting was conducted in the following aspects:

1. Determined the strategy and operational plan of the Company and its subsidiaries. Strategies and plan are communicated to management and staff at all levels in the organization in order to implement in line with the objective set. In addition, Corporate Governance Committee monitored the performance of the Company and its subsidiaries to operate in accordance with the plan as assigned by the Board of Directors, approved to the annual budget and studied the investment of the Company prior to proposing to the Board of Directors for approval.

2. Considered and approved corporate governance procedure in order to comply with the principles of good corporate governance to promote corporate governance continuously as corporate culture such as:

- Gave rights to shareholders to propose agenda and/or to nominate qualified candidates in advance to be elected as Directors at the 2020 Annual General Meeting of Shareholder.
- Promoted the Board of Directors and Management to conduct a self-assessment according to the Corporate Governance Self-Assessment Evaluation.
- Encouraged the implementation of the defined anti-corruption policy

3. Ensured the implementation of policies and activities related to corporate social responsibility.

4. Reviewed and communicated good corporate governance and code of conduct, to be current and consistent with the guidelines of the Stock Exchange of Thailand and the regulatory agencies.

The company has given priority and recognized importance of good governance, concentrated and dedicated all attempts to comply with principles of good corporate governance constantly.



(Mr. Roongroj Saengsastra)

Chairman of the Corporate Governance Committee

Report of the Risk Management Committee

To the Shareholders

The Board of Directors of Dynasty Ceramic Public Co., Ltd. recognizes the importance of risk management that will enhance business continuity. Accordingly, the Board of Directors has appointed the Risk Management Committee with roles and duties of monitoring to ensure that significant risks is managed in every main activities, as well as establishing suitable action plan to reduce or handle the impact of the risk related to the business to ensure that the risk of the company has been undertaken effectively and continuously toward a sustainable business.

In 2019, the Risk Management Committee has had 2 meetings. , the Sub-Committee made a discussion and conclusion on the duties to be performed as follows:

- Reviewing the efficiency of the risk management system conducted by the organizations under the Group of Company to ensure that the risk management of each organization meets the same standard. Further, the review aims to examine whether all risk factors, both existing in and outside the organization, have been identified, effective risk management has been implemented and the policies of the Group of Company have been revised to follow the current situations.
- To monitor the risk management plan of various sectors. If there is additional risk or change in risk, the problem could be handled in a timely manner so that the company could manage the key risk within an acceptable level.
- To support and encourage risk management culture in the organization so employees in every level are able to participate in the risk management related to the work under their responsibility.

Risk Management Committee considers that the Company has made the risk management plan and implemented it continuously and effectively. The risk management is in compliance with good governance and the internal control has been conducted appropriately in accordance with good corporate governance policy and other related law and regulations.



(Mr. Jaruwat Traithavil)

Chairman of the Risk Management Committee

Report of the Nomination and Remuneration Committee

To the Shareholders

The Nomination and Remuneration Committee of the Company which currently consists Mr. Roongroj Saengsastra as Chairman of the Nomination and Remuneration Committee Mr. Monrak Saengsastra Mr. Maruth Saengsastra and Mr. Jaruwat Traithavil as directors. In the year 2019 had held 2 meetings, with perfect attendance, to consider related matters. The committee has continuously held the meetings and regularly suggested opinion to the board of directors to consider. The important outcomes could be summarized as follows:

- Deliberating the qualifications of candidates for the Company's directors

To replace directors who are retired by rotation

The Company has made an announcement on the company's website and on the Stock Exchange of Thailand's website to invite shareholders to propose names of qualified candidate to be elected as director during 25 October 2019 to 31 December 2019 in advance. However, during such period, no shareholder nominated any candidate for consideration.

In 2020, there are four directors who are retired by rotation consists namely are Mr. Chaiyasith Viriyamettakul Mr. Siripong Tinnarat Mr. Tatsaporn Banyongwate and Mr. Monrak Saengsastra. Therefore the Committee (excluding Mr. Roongroj Saengsastra and Mr. Jaruwat Traithavil with vested interests) has considered the list of 4 persons proposed by the Board of Directors, which is the same director who has retired by rotation. After carefully considering individual qualifications then unanimously resolved to propose to the Board of Directors meeting to consider 4 former directors which are Mr. Chaiyasith Viriyamettakul Mr. Siripong Tinnarat Mr. Tatsaporn Banyongwate and Mr. Monrak Saengsastra to be re-appointed for another term due to their expertise in management and also have experiences in various fields that is consistent with the company's business strategy.

- Setting the directors committee's remuneration and proposed to the Annual General Meeting of Shareholders for approval.

The Nomination and Remuneration Committee has considered setting the directors and sub committee's remuneration in terms of meeting allowance and annual bonus with careful consideration by taking into account for their respective duties and responsibilities and benchmarking with the remuneration of comparable leading companies of the same size in similar industry for suitability and transparency. The Committee has proposed the allocation guideline to the Board of Directors before submitting to the Annual General Meeting of Shareholders for approval.

- Determine the rate of salary increases and bonuses

The Nomination and Remuneration Committee has considered the criteria to determine the rate of annual salary increase for the year 2020 and policy of annual bonuses for the year 2019 in collaboration with human resources and the Management Committee in the proper ratio and correspond to the performance of the company.

- Performance evaluation of the Board of Directors

Provide a self-evaluation of the Board of Directors, sub-committee, and individual annually. The assessment result is reported to the Board of Directors to acknowledge and use to improve operational efficiency and achieve the objectives of the Company.

In summary, the nomination and remuneration committee has fully performed its duties. Nomination and Remuneration Committee approved by the Board of Directors by using knowledge careful knowledge and sufficient independence in giving opinions and suggestions for the overall benefits of the company.



(Mr. Roongroj Saengsastra)

Chairman of the Nomination and Remuneration Committee

Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors is responsible for the consolidated and Company-only financial statements, the financial statements and the notes to the financial statements have been prepared in accordance with Thai Financial Reporting Standards, by choosing proper accounting policies and consistently adhering to them including careful consideration, together with prudent and reasonable estimations in preparation. These reflect the actual, transparent and reasonable financial position and performance that are useful to all shareholders and investors.

The Board of Directors has also established and reviewed appropriate and effective risk management, internal control, and compliance measures, to be reasonably assured that the financial records are accurate, complete, and adequate to protect the Company's assets. These controls also serve as preventive measures against any significant operational risk of the Company.

The Board of Directors has appointed an Audit Committee comprised of independent directors responsible for the quality of the Company's financial reporting and internal control systems as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors has considered of Company's internal control system. From the year ended on December 31, 2019, the company has settled in satisfactory level and create a reasonable reliable to the reliability of consolidated financial statement of the company and its subsidiaries.



(Mr. Roongroj Soengsastra)

Chairman/ Chief Executive Director

Shareholding Structure

Shareholding structure (10 major shareholders) and shareholding changes in the last 3 years are as follows.

Ranking No.	Shareholder name	% of shareholding		
		29 Jan 2017	28 Dec 2018	30 Dec 2019
1	Mr. Roongroj Saengsastra	24.510	24.510	22.126
2	Mr. Monrak Saengsastra	7.353	7.353	8.435
3	Mr. Maruth Saengsastra	7.353	7.353	8.435
4	Mr. Chaiyasith Viriyamettakul	5.038	5.069	5.684
5	N.C.B.TRUST LIMITED-NORGES BANK 11	2.887	2.996	2.729
6	Miss Supanee Thongplengsri	2.613	2.959	2.660
7	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	na	2.821	2.559
8	Miss Cattleya Saengsastra	2.696	2.696	2.531
9	Mr. Nakin Saengsastra	na	na	2.313
10	Mr. Suvit Smarnphanchai	2.451	2.451	2.213
Total 10 major shareholders		54.901	58.208	57.685
Total number of shares (Shares)		6,528,000,000	6,527,993,958	7,231,432,657
Issued and Paid-up share capital (Baht)		652,799,395.80	652,799,395.80	723,143,265.70
Authorized Share Capital (Baht)		652,800,000	913,919,154.10	913,919,154.10
Par Value per share (Baht)		0.10	0.10	0.10

Data as of 30 December 2019

- Shareholders that are Thai legal entities 40 entities; holding 562,298,088 shares or 10.16%
- Major shareholder that is Thai legal entity is Aberdeen Standard Small Cap Fund; holding 96,322,100 shares or 1.33%
- Shareholders that are foreign legal entities 52 entities; holding 831,182,733 shares or 11.50%
- Major shareholder that is foreign legal N.C.B.TRUST LIMITED-NORGES BANK 1; holding 197,330,900 shares or 2.73%

List of warrant holders to purchase ordinary shares of Dynasty Ceramic Company Limited No.1(DCC-W1) 10 major

(Data as of 30 December 2019)

Ranking No.	Shareholder name	% of warrants
1	Mr. Monrak Saengsastra	16.512
2	Mr. Maruth Saengsastra	16.512
3	Mr. Nakin Saengsastra	8.749
4	Mr. Chaiyasith Viriyamettakul	4.456
5	Miss Ratsukon Wadcharasurang	3.089
6	Mr. Viboon Wadcharasurang	3.073
7	Mr. Kanthawat Wadcharasurang	2.933
8	Aberdeen Standard Small Cap Fund	2.930
9	Miss Supanee Thongplengsri	2.831
10	Miss Supunnika Wadcharasurang	2.464
Total		63.549

In accordance with the resolution of the Annual General Meeting of Shareholders for the year 2018, on April 24, 2018, approved the issuance and offering of warrants to purchased ordinary shares of the Company No.1 (DCC-W1) in the amount of 2,611,197,583 units for offering to the existing shareholders of the company in proportion to their shareholding in the ratio of 2.5 existing shares per unit of warrants without charge.

8 May 2019, The first exercise of warrants is 703,439,699 units. Buying the ordinary shares 703,438,699 shares at Par Value 0.10 Baht per share, equivalent to 70,343,870 Baht. Resulting in paid-up capital of the company increased from 6,527,993,958 shares at 652,799,396 Baht to 7,231,432,657 shares at 723,143,266 Baht. Listed companies increase the issued and paid-up capital with the Ministry of Commerce on May 10, 2019.

Report of changes in the holdings of shares of directors and executives in 2019 (Data as of 30 December 2019)

1. Mr. Roongroj Saengsastra Chairman / Chairman of Executive Director Chairman of Corporate Governance Committee
Chairman of Nomination and Remuneration Committee

Number of shareholding / warrants as at 28 Dec 2018 : DCC: 1,600,000,000 Shares DCC-W1: 640,000,000 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 1,600,000,000 DCC-W1 - Unit

Number of shareholding / warrants increase (decrease) in 2019 : DCC - Unit DCC-W1 (640,000,000) Units

% of shareholding and warrants : DCC 22.126 % DCC-W1 0 %

(the share held by spouse and minor children) -

2. Gen.Yuthasak Sasiprapha Independent Director and Chairman of Audit Committee

Number of shareholding / warrants as at 28 Dec 2018 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC - Units DCC-W1 - Units

% of shareholding and warrants : DCC 0 % DCC-W1 0 %

(the share held by spouse and minor children) -

3. Mr. Surasak Kosiyajinda Independent Director & Audit Committee

Number of shareholding / warrants as at 28 Dec 2018 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC - Units DCC-W1 - Units

% of shareholding and warrants : DCC 0 % DCC-W1 0 %

(the share held by spouse and minor children) -

4. Mr. Siripong Tinnarat Independent Director & Audit Committee

Number of shareholding / warrants as at 28 Dec 2018 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC - Units DCC-W1 - Units

% of shareholding and warrants : DCC 0 % DCC-W1 0 %

(the share held by spouse and minor children) -

5. Mr. Tatsaporn Banyongwate Independent Director & Audit Committee

Number of shareholding / warrants as at 28 Dec 2018 : DCC 977,200 Shares DCC-W1 390,880 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 1,368,080 Shares DCC-W1 - Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 390,880 Shares Units DCC-W1 (390,880) Units

% of shareholding and warrants : DCC 0.015 % DCC-W1 0 %

(the share held by spouse and minor children) -

6. Mr. Chaiyasith Viriyamettakul Director

Number of shareholding / warrants as at 28 Dec 2018 : DCC 330,900,000 Shares DCC-W1 160,160,000 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 411,060,000 Shares DCC-W1 85,000,000 Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 80,160,000 Shares Units DCC-W1 (75,160,000) Units

% of shareholding and warrants : DCC 5.694 % DCC-W1 4.455 %

(the share held by spouse and minor children) -

7. Mr. Suvit Smarnpanchai Director

Number of shareholding / warrants as at 28 Dec 2018 : DCC 160,000,000 Shares DCC-W1 0 Unit

Number of shareholding / warrants as at 30 Dec 2019 : DCC 160,000,000 Shares DCC-W1 0 Unit

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 0 Share Units DCC-W1 0 Unit

% of shareholding and warrants : DCC 2.213 % DCC-W1 0 %

(the share held by spouse and minor children) -

8. Miss Cattleya Saengsastra Executive Director and Company's Secretary

Number of shareholding / warrants as at 28 Dec 2018 : DCC 176,000,000 Shares DCC-W1 72,900,000 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 183,000,000 Shares DCC-W1 2,500,000 Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 7,000,000 Shares Units DCC-W1 (70,400,000) Units

% of shareholding and warrants : DCC 2.531 % DCC-W1 0.131 %

(the share held by spouse and minor children) -

9. Mr. Monrak Saengsastra Executive Director and Chief Business Development

Number of shareholding / warrants as at 28 Dec 2018 : DCC 480,000,000 Shares DCC-W1 192,000,000 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 610,000,000 Shares DCC-W1 315,000,000 Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 130,000,000 Shares Units DCC-W1 123,000,000 Units

% of shareholding and warrants : DCC 8.435 % DCC-W1 16.512 %

(the share held by spouse and minor children) -

10. Mr. Maruth Saengsastra Executive Director and Chief Marketing Officer

Number of shareholding / warrants as at 28 Dec 2018 : DCC 480,000,000 Shares DCC-W1 192,000,000 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 610,000,000 Shares DCC-W1 315,000,000 Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 130,000,000 Shares Units DCC-W1 123,000,000 Units

% of shareholding and warrants : DCC 8.435 % DCC-W1 16.512 %

(the share held by spouse and minor children) -

11. Mr. Jaruwat Traithavil Executive Director /Chairman of Risk Management Committee /Chief Production Officer

Number of shareholding / warrants as at 28 Dec 2018 : DCC 8,000,000 Shares DCC-W1 3,200,000 Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC 8,000,000 Shares DCC-W1 3,200,000 Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC 0 Share Units DCC-W1 0 Unit

% of shareholding and warrants : DCC 0.111 % DCC-W1 0.168 %

(the share held by spouse and minor children) -

12. Mr. Suthee Boonnak Senior VP Research and Technical Center

Number of shareholding / warrants as at 28 Dec 2018 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants as at 30 Dec 2019 : DCC - Units DCC-W1 - Units

Number of shareholding / warrants increase (decrease) in 2019 : : DCC - Units DCC-W1 - Units

% of shareholding and warrants : DCC 0 % DCC-W1 0 %

(the share held by spouse and minor children) -

Shareholding Structure of the Subsidiaries as of 30 December 2019

1. Tile Top Industry Public Company Limited

Company/individual shareholder name	No. of shares	% of shareholding
1.Dynasty Ceramic Public Co., Ltd.	21,495,906	96.83
2.Kiatnakin Bank Public Co., Ltd.	300,000	1.35
3.Thailand Asset Management	400,000	1.80
4.Minority shareholders	4,094	0.02
Total	22,200,000	100.00

2. The Royal Ceramic Industry Public Co.,Ltd (10 major shareholders) as of 30 December 2019

Company/individual shareholder name	% of shareholding
1.Dynasty Ceramic Public Co., Ltd	84.881
2.Mr. Chaiwit Arunnetrtong	6.160
3.Ms. Nuntapak Sirichaiprasert	1.425
4.Wall Street Finance & Securities Public Co., Ltd	0.643
Total 10 major shareholders	93.109
Total number of shares (Shares)	616,839,365
Issued and Paid-up share capital (Baht)	616,839,365
Authorized Share Capital (Baht)	616,839,365
Par Value per share (Baht)	1.00

Securities of Dynasty Ceramic Public Co., Ltd consist of:

- No debentures or warrants have been issued whatsoever.
- No obligations with regard to the issue of future securities to Thai Trust Fund
- No Major Shareholding Agreement on any company's business

the Company's investments in ordinary shares of subsidiaries are as follows: As of 31 December 2019

Company's name	Authorized Share Capital (Baht)	Issued and Paid-up share capital (Baht)	Par value per share (Baht)	Holding (%)	Cost Method (Baht)	Investment in other companies
Subsidiaries companies:						
Tile Top Industry Public Co., Ltd	300,000,000	222,000,000	10.00	96.83	109,479,530	None
The Royal Ceramic Industry Public Co.,Ltd (1)	616,839,365	616,839,365	1.00	84.88	2,100,320,984	Remark 1
World Wide Ceramic Co., Ltd (2)	1,000,000	1,000,000	100.00	99.93	1,063,937	None
Total	917,839,365	839,839,365			2,210,864,451	

(1) According to the Resolution of the Extraordinary General Meeting of Shareholder No.1/2019, held on October 15, 2019, approved DCC to acquire RCI by voluntary tender offer from all shareholders of RCI. The result of tender offer for all securities of RCI was 485,572,024 shares, in the amount of 1,942.29 million Baht or 78.72% combined with DCC currently holding 38,010,000 shares or 6.16%. Therefore, DCC held shares in RCI after tender offer in totally 523,582,024 shares or 84.88%.

(2) The subsidiary company registered its dissolution with the Ministry of Commerce on 30 September, 2014 and is in the process of liquidation.

Remark 1: Investments in other companies of The Royal Ceramic Industry Public Co.,Ltd (Subsidiary)

Company's name	Authorized Share Capital (Baht)	Issued and Paid-up share capital (Baht)	Par value per share (Baht)	Holding (%)	Cost Method (Baht)	Less Allowance for impairment (Baht)	Cost Method -net (Baht)
Subsidiaries company:							
Royal Asia Brick and tiles Co.,Ltd. (1)	80,000,000	80,000,000	10.00	100.00	139,985,000	(58,275,071)	81,709,929
Associated company:							
Bann somehavil co.,Ltd	25,000,000	25,000,000	25.00	45.00	11,250,000	(11,250,000)	-
Non-marketable equity securities:							
Cermas Co.,Ltd	21,000,000	21,000,000	100.00	1.50	314,300	-	314,300
The T.T. Ceramic PLC	600,808,896	600,808,896	1.00	8.32	50,000,000	(21,000,000)	29,000,000
Total					201,549,300	(90,525,071)	111,024,229

DIVIDEND PAYMENT POLICY

"The Company's dividend policy requires the company to distribute the dividend of not less than 70 percent of the consolidated net profit after tax

However, DCC Performance and Retained earnings should not be negative and depending on the sufficiency to the Company's Cash Flow and investment plans and other relevant factors."

The Meeting resolved that the Annual General Meeting of Shareholders for the year 2020 be proposed to consider and approve the payment of the annual dividend of the year 2019 at the rate of 0.1044 Baht per share or the dividend payout ratio of the Company shall be 75%, which is higher than the dividend payment policy specified by the company, not less than 70% of net profit after income tax according to the consolidated financial statement of company and its subsidiaries, for total number of 7,231,432,657 shares as the issued and paid-up share capital of the Company, totally 754.96 Million Baht, of which cash totally 559.71 Baht or 0.0774 Baht per share was paid as interim dividend during the year 2019. The remaining (Quarter4 Oct-Dec 2019) of 0.027 Baht would be further paid out totally 195.25 Million Baht. In case of the Meeting of Shareholders for the year 2020 approves the dividend payment as proposed.

Total dividends paid in the past 5 years (Baht / share)

Dividend Details	2019	2018	2017	2016	2015
1.Net Profit (Million Baht)	973	979	1,117	1,422	1,372
2.Number of shares (Million Shares)	7,231	6,528	6,528	6,528	6,528
3.Earning per Share (Baht)	0.139	0.150	0.171	0.218	0.210
4.Dividend paid per share (Baht)	0.1044	0.116	0.128	0.16325	0.210
5.Total Dividend Paid (Million Baht)	755	757	836	1,066	1,371
6.Dividend Payout Ratio (%)	75	77	75	75	100

Y2019	Net Profit (Million Baht)	Dividend Paid (Million Baht)	Earning per Share (Baht)	Directors approved to pay Dividend (Baht/Share)	Dividend Payout Ratio (%)
Quarter 1	306.09	234.30	0.047	0.0324	68.94
Quarter 2	207.39	166.32	0.030	0.023	76.67
Quarter 3	221.10	159.09	0.031	0.022	70.97
Quarter 4	238.21	195.25	0.031	0.027	87.10
Total	972.79	754.96	0.139	0.1044	75.11

*8 May 2019, The first exercise of warrants is 703,439,699 units. Buying the ordinary shares 703,438,699 shares at Par Value 0.10 Baht per share, equivalent to 70,343,870 Baht. Resulting in paid-up capital of the company increased from 6,527,993,958 shares at 652,799,396 Baht to 7,231,432,657 shares at 723,143,266 Baht. Listed companies increase the issued and paid-up capital with the Ministry of Commerce on May 10, 2019.

Management structure

Comprises 5 committees and 1 management team that is

- 1.The Board of Directors
2. The Audit Committee
3. The Nomination and Remuneration Committee
4. Risk Management and Business Continuity Committee (RMBC)
5. The Executive & Corporate Governance Committee

1.Board of Directors

The Board of Directors comprises 11 members

1. Mr. Roongroj	Saengsastra	Chairman/ Chief Executive officer
2. Gen. Yuthasak	Sasiprapha	Independent Director and Chairman of Audit Committee
3. Mr. Surasak	Kosiyajinda	Independent Director and Audit Committee
4. Mr. Siripong	Tinnarat	Independent Director and Audit Committee
5. Mr. Totsaporn	Banyongwate	Independent Director and Audit Committee
6. Mr. Chaiyasith	Viriyamettakul	Director
7. Mr. Suvit	Smamphanchai	Director
8. Ms. Cattleya	Saengsastra	Executive Director and Company's Secretary
9. Mr. Monrak	Saengsastra	Chief Admin and Finance Officer
10. Mr. Maruth	Saengsastra	Chief Marketing and Sales Officer/ Chief Financial Officer (Assigned on January 2, 2020)
11. Mr. Jaruwat	Traithavil	Chief Production Officer

Roles, Duties and Responsibilities of Board of Directors

1.Leadership and Visions All members of the Board of Directors possess leadership, have wide visions and are free to make a decision. In addition, the Board of Directors participates in formulating or approving of visions, strategies, targets and budgets of the Company.

2.Separation of Roles Duties and Responsibilities between the Board of Directors and the Management:

The duties of the Board of Directors and the Management are clearly separated for management counterbalancing and cross-examination. The Board of Directors will consider and approve of policies in their overall pictures, such as, visions, missions and corporate governance policies whereas the Management will have the duty to manage the Company and lay down plans and strategies in accordance with the policies formulated by the Board of Directors.

3.Policy on Conflicts of Interests To prevent a conflict of interests, the Company has formulated a policy clearly for the supervision of transactions that may lead to conflicts of interests. To this, steps of approval for connected transactions between companies or persons that may have conflicts are specified in writing. In the event a director has an interest in any item on the agenda, that director will have no right to vote on that item. In addition, policies and procedures for supervising executives and parties concerned have been formulated in order that they do not use internal information of the Company for a personal benefit.

4.Internal Control and Audit System The Board of Directors assigns all employees the roles and responsibilities to jointly determine the appropriate internal control system and strictly follow. Also clearly specify the operational power at all levels of management and operational levels in which the company use an internal audit as a tool for evaluating efficiency and effectiveness of internal control systems, review of risk assessment, corporate governance and a consultant in the working system to support departments within the company to achieve their objective and goals.

5. Risk Management System The Company is committed to the development of risk management to increase efficiency and effectiveness. In 2019, the risk management committee had 2 meetings, to identify the risk factors of all departments across the organization, risk prioritized, established the guidelines for risk management of the company, and assigned responsibility to provide the measures to control and manage the risks to an acceptable level in order to achieve the goals and strategies set forth, and build trust with shareholders and other stakeholders. The risk management committee has considered the change of risk factors and economic condition that may affect the company's operation in each quarter, evaluated major projects proposed by the executive committee to ensure the risk management and monitoring of each project is appropriate and be able to achieve its goal before propose to the Audit Committee and the Board of Directors accordingly.

6. Directors' Meetings set a regular meeting at least every quarter and to allow directors to attend the board meeting. The secretary department has set a schedule for the board in advance every year and inform all directors to acknowledge the meeting schedule before every meeting.

7. Reporting by Board of Directors Board of Directors is responsible for the consolidated financial statements of the company and its subsidiaries. And financial information system appeared in the annual report. The financial statement is prepared in accordance with Thailand accounting standard by using the appropriate accounting policies and consistently to adhere execute.

8. Performance Evaluation of the Board of Directors The Company support and facilitate directors and executives to attend training and develop knowledge related to the company's management plan. Guideline a development and increase executive status in succession of new positions.

All Directors have a number of duties and responsibilities, which include the following:

1. Directors should have sufficient access to financial and other business information to perform their duties effectively.
2. Directors should regularly attend every Board meeting, including committee meetings, raise essential questions to protect and ensure the rights and interests of DCC's shareholders and other stakeholders, and ensure that the Company complies with best practices.
3. Directors should have the ability and display the willingness to learn DCC's business and express their views independently by dedicating sufficient time and attention to all substantive issues.
4. Non-executive directors are not expected to stay in their positions beyond a certain time limit. However, the difficulties of finding appropriate replacements, the benefits of the working relationship built up over the years within the Board and their understanding of the business are taken into account. While no time limits were formally established, the policy on director terms is that non-executive directors should not be older than 70 years old and are not generally expected to hold office for more than ten years or four terms, consecutively or otherwise, unless there are justifiable reasons for their continuity, taking into consideration the responsibility of such persons, and their past, current, and anticipated contributions to DCC. As a matter of principle, DCC limits the number of active boards on which our Directors may sit to ensure that they have sufficient time to devote to DCC business affairs.

1.1 Executive Director

An executive director is a director who is involved in management on a full-time basis and receives regular monthly remuneration from DCC in the form of salary or its equivalent.

1.2 Independent Director

An independent director is a director who does not manage DCC or any of its subsidiaries, is independent from management and major shareholders, and has no business dealings with DCC, which may compromise our interests and/or the shareholders' interests. The main qualifications of an independent director include:

1. They must not hold more than 1 percent, including shares held by a related person, of the issued shares of DCC, its subsidiary, affiliate, or related company. To act as a member of the Audit Committee, the ownership restriction must not exceed 0.5 percent.
2. They must not be or have previously been directors who take part in management of DCC, an employee, a staff, a major shareholder of DCC, member or advisor who receives a regular salary, or a controlling person of DCC, its subsidiary, affiliate, related

company, or same-level subsidiary unless they have not been involved in such positions for at least two years prior to the date of appointment. Such business relationship shall not be inclusive of the independent director who has previously been an officer or a consultant in a government sector who is a major shareholder or a controlling person of DCC

3. They must be free of any direct or indirect, financial or other interests in the management and business of DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person in a way that might interfere with their independent opinions, and neither being nor having been a significant shareholder, or a controlling person having business relationship with DCC, its subsidiary, affiliate, related company, or a major shareholder of DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

4. They must not be related to any executive director, executive officer, controlling person, or major shareholder no matter by blood or registration under laws such as parents, spouse, siblings, and children, including the spouse of the children, executives, major shareholder, controlling person, or persons to be nominated as executive or controlling person of DCC or its subsidiary.

5. They must not be a director who has been appointed as a representative of DCC's director, major shareholder, or shareholders who are related to DCC's major shareholder.

6. They must not be or have previously been an auditor of DCC, its subsidiary, affiliate, related company, a major shareholder, a controlling person of DCC, and not being a significant shareholder, a controlling person or a partner of an audit firm which employs auditors of DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person having business relationship with DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

7. They must not be or have previously been persons who provided any professional advice and services, such as legal adviser or financial consultant, who receives service fees more than Baht 2 million per annum from DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person of DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

8. They must not operate any business which has the same nature as and is in competition with the business of DCC or its subsidiary, or not being a significant partner in any partnership, or not being an executive director, employee, staff, or an advisor who receives regular salary; or holding shares exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of DCC and its subsidiary.

9. They must not have any other characteristics or qualifications which might interfere with their independent opinions on DCC's business operations.

1.3 Segregation of Positions

The Board of Directors appoints one director to be the Chairman. The Chairman of the Board is responsible for overseeing the implementation of the policies and strategic guidelines as considered and determined by the Executive Board including to conduct the completion of the Board meetings. Every directors should participate in the meeting and ask important questions during each meeting.

The authority of the Director Board and Management are clearly defined and separated. The Board of Directors will meet at least 6 times a year to advise and support the management through the Executive Committee. Meanwhile The Director Board will not interfere with the routine operation or business activities under the responsibility of management. Therefore, only the Executive Director are authorized by the Board and the responsibility of the executive directors is in accordance with the management effectively.

2.Audit Committee

The Audit Committee comprised 4 members

1.Gen. Yuthasak	Sasirapha	Independent Director and Chairman of Audit Committee
2.Mr. Surasak	Kosiyajinda	Independent Director and Audit Committee
3.Mr. Siripong	Tinnarat	Independent Director and Audit Committee
4.Mr. Totsaporn	Banyongwate	Independent Director and Audit Committee

And Ms. Somruthai Boonyarit, Chief Internal Auditor as a Secretary.

Mr. Siripong Tinnarat is one of the Audit Committee who has knowledge and experience in accounting and financial background which can share experience and suggestion to the Audit Committee.

All members of Audit Committee are Independent Director. During the year that ended on 31 December 2018, the Audit Committee convened 4 meetings. There was a full attendance record.

The Audit Committee have a meeting every quarter and at least once a year will have the meeting with external Auditor or The Risk Committee together with The Internal Audit Manager separately without any management in attendance.

The AC has full-delegated authority from the Board to perform its tasks, which include systematic monitoring and obtaining assurance that the legally required standards of disclosure and executive limitations relating to financial matters are being observed. Forward agendas are set each year to allow the AC to monitor management on the financial risks identified in DCC's annual business plan. The Chairperson reports on the Audit Committee's activities to the Board meeting.

The Scope of duties and responsibilities of the Audit Committee are as follow

- 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 and to determine and internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of internal audit unit or any other unit in charge of an internal audit activity;
- 3.to review the Company's compliance with the Securities and Exchange law, the Stock Exchange's regulations, and the laws relating to the Company's business;
- 4.to consider, select , nominate or discharge 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 related transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange's regulations to ensure reasonableness and for the highest benefit of the company;
- 6.to prepare the Audit Committee Report and to disclose in the Company's Annual Report. An Audit Committee Report must be signed by the audit committee 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 Securities and Exchange law, the Stock 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; and
- 7.to review the adequacy and effectiveness of policies related to the Company's risk management,
- 8.to review management and employees to ensure that all are acknowledged of the policies and comply with the codes of conduct as well as the written anti-corruption policy of the Company,
9. to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

3.Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised 4 members

1.Mr. Roongroj	Saengsastra	Chairman of the Nomination and Remuneration Committee
2.Mr. Monrak	Saengsastra	Nomination and Remuneration Committee member
3.Mr. Maruth	Saengsastra	Nomination and Remuneration Committee member
4. Mr. Januwat	Traithavil	Nomination and Remuneration Committee member

The Nomination and Remuneration Committee's Scope of Responsibilities Includes

1. Determine the process and criteria for the selection and qualification of candidates nominated in accordance with the structure, size, and composition of the Board as the Board prescribes.
2. Review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders, or otherwise) for appointment to the Board, taking into account the candidate's track record, age, knowledge, experience, capabilities, the number of previously held board positions, and other relevant factors.
3. Identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each AGM, having regard to the Directors' contribution and performance, such as their attendance, preparedness, participation.
4. Assess annually whether or not a Director is independent or a new independent Director meets the requirements prescribed by laws or relevant regulations.
5. Ensure that, in connection with the re-election of Directors at an AGM, sufficient information is provided to the shareholders so as to enable them to make an informed decision.
6. Identify and nominate candidates for the approval of the Board to fill vacancies in the Board and sub-committees as and when they arise.
7. Review all candidates nominated for appointment as Chairman or President and Chief Executive Officer.
8. Review and make recommendations to the Board regarding the Board structure, size, composition, and core competencies, taking into account the balance between executive and non-executive Directors and between independent and non-independent Directors, and having regard at all times to the principles of corporate governance at least once every financial year.
9. Procure that at least one-third of the Board shall comprise of independent Directors or such other minimum proportion and criteria as prescribed by laws or relevant regulations.
10. The Chairman, in consultation with the NC, will act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.
11. Propose guidelines and methods of payment of remuneration, including bonus and attendance fee, to the Board of Directors and the committees appointed by the Board.
12. Support a channel for minor shareholders to propose a candidate to be a Director
13. Propose policy on management incentives, including salary and bonus, in line with the Company's operating results, and the performance of each executive. Prior to submission of the president's remuneration for the Board of Directors' approval, the Remuneration Committee shall assess the president's performance on an annual basis.
14. Prior to the submission of remuneration of each top executive for the Board of Directors' approval, the Remuneration Committee shall assess the performance of each top executive on an annual basis, based on the president's recommendations.
15. Consider, before presenting to the Board of Directors, the budget for the salary increase, change of wage/remuneration, and bonus of top executives.
16. Regularly review, study, and track the changes and trends in remuneration for the Board of Directors and top executives, and report findings to the Board for approval.
17. Consider the annual remuneration for the Board of Directors and top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that DCC retains its leadership in that industry and to motivate

them to foster the Company's continuing development.

Assess the Remuneration Committee's performance and report the results to the Board of Directors.

1. Should there be any alteration to the Charter, the Remuneration Committee shall review and recommend appropriate improvements and revisions to the Board of Directors for its resolution in keeping it up-to-date and applicable.
2. Perform other duties as assigned by the Board of Directors. To fulfill its duties under its scope of authority, from independent consultants or specialists, as deemed appropriate, at the Company's expense.
3. To evaluate each performance should be done both quantitative and qualities upon the benchmark of index of evaluation and performance.
4. Clarify the Policy of remuneration most clearly to all relative person and Shareholders.

Board of Directors of DCC, based on recommendations by the Nomination and Remuneration Committee, also sets the remuneration for senior management. These amounts take into consideration the responsibility of such executives, and their past, current, and anticipated contributions to DCC. To the extent possible, such compensation will reflect the relative compensation level for senior executives in the market.

Remuneration for the Board, the Board Committees, and Senior Executive Officers comprise of salary and bonus and long term remuneration such as Provident Fund and other intensives

4. Risk Management Committee (RMC)

The Risk Management Committee (RMC) comprised 4 members

- | | | |
|------------------|-------------|---|
| 1. Mr. Jaruwat | Traithavil | Chairman of the Risk Management Committee |
| 2. Mr. Monrak | Saengsastra | RMC's member |
| 3. Mr. Maruth | Saengsastra | RMC's member |
| 4. Ms. Somruthai | Boonyarit | RMC's member and Secretary |

The Risk Management Committee main task included:

1. Reviewing the effectiveness of the Enterprise Risk Management system within the Group and be assured that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies.
2. Evaluating the adequacy and effectiveness of administrative, operating, and accounting controls used by the Group.
3. Reviewing actual and potential material risk exposures.
4. Promoting and providing support to the execution of risk management program within the Group.
5. Monitoring the implementation of business unit and corporate risk management plans.
6. Reviewing business contingency planning processes within the Group and be assured that material risks are identified and appropriate contingency plans are in place.
7. Regularly coordinating with the Audit Committee by sharing information about risks and internal control potentially affecting the Company's business.
8. Deciding and providing recommendations on critical issues obtained from the risk management process.

5. Executive & Corporate Governance Committee

The Executive & Corporate Governance Committee comprised 5 members

- | | | |
|-----------------|-------------|--|
| 1. Mr. Roongroj | Saengsastra | Chairman of the Executive & Corporate Governance Committee |
| 2. Ms. Cattleya | Saengsastra | Executive Director and Secretary |
| 3. Mr. Monrak | Saengsastra | Executive Director |
| 4. Mr. Maruth | Saengsastra | Executive Director |

5.Mr. Jaruwat Traithavil Executive Director

Scope and Authority of Executive & Corporate Governance Committee

1. Authorize to order, plan and implement operations of the Company in accordance with the policies established by the Board.
2. Establish operational strategies for the Company's group
3. Formulate plans and directions concerning investment and fund raising in accordance with the Company's and Subsidiaries' policies before proposing them to the Board of Directors for approval.
4. Determine the salary rate, appoint, dismiss, fire, reward, and award raises as well as bonus to staff.
5. Has the authority to determine staff welfare in line with the situation, tradition and law.
6. Has the authority to approve investment, sales and purchases of fixed assets of the Company and Subsidiaries, procurement, application for loans, provision of loans, entry into contracts, and legal transactions in relation to normal business and trade and in accordance with the Company's objectives, under a budget approved by the Board of Directors and within the operating authority of the Company. In case the items represent conflicts of interest with the Company or the subsidiaries, the Executive Board must present such items to the meeting of the Board and/or the meeting of Shareholders (as applicable) for approval of the items in accordance with the Company's Articles of Association or relevant laws.

Certification of Accuracy of Information by the Executive Board

The Executive Board reviews the annual information disclosure form as Executive Directors of the Company or as Top Accounting Executive by certifying that the information disclosed is complete and accurate and does not mislead or lacks important contents that should be disclosed, as follows:

1. Financial statements and financial information presented in the annual information disclosure form comprise complete and correct data on financial status, operating results and cash flows of the Company and Subsidiaries.
2. Responsible for arranging an adequate information disclosure system for the Company to ensure that the Company discloses complete and accurate information of a significant nature of the Company and its subsidiaries, including overseeing that the system is followed.
3. Responsible for arranging an effective internal control system for the Company and overseeing that the system is followed, which includes system weaknesses and major changes as well as illegal actions that may affect the preparation of the financial reports of the Company and its subsidiaries.

Company Secretary

The Board of Directors Meeting No.3/1998 resolved to appoint Ms. Cattleya Saengsastra to be the Company's secretary from February 23, 1998 and determine following scopes of responsibilities that the secretary must perform responsibly, prudently and honestly as follow;

1. Arrange shareholders and Board of Directors' meetings to be in compliance with the Company's rules and regulations and regulations of relevant regulatory agencies.
2. Make meeting minutes of the shareholders and Board of Directors' meetings and follow up the operation result according to the shareholders and Board of Directors' resolutions.
3. Ensure that the information disclosures are in compliance with rules and regulation of the SET and the Office of the SEC.
4. Prepare and keep following documents
 - (A) Director's registration
 - (B) Board's meeting invitation and meeting minutes
 - (C) Shareholders' meeting invitation and meeting minutes
 - (D) The Company's Annual Report.
5. Store connected transaction reports that Directors and managements report to the Company.

6. Give preliminary advice to the Board of Directors concerning rules and regulations of the Company and ensure that the practices are in compliance with those regulations. The secretary must report any significant changes to the Directors.

7. Oversee Board of Directors' activities and other issues according to the laws or as assigned by the Board of Directors or by the securities exchange regulators. The secretary has prepared initial report concerning the Company's secretary and to contribute to best corporate governance practices.

The Company Secretary reports functionally to the Chairman and organizationally to the Board of Director.

Management Team At 18 February 2020, the management team comprised of 12 members

1.Mr. Roongroj	Saengsastra	Chairman / Chief Executive Officer
2.Mr. Monrak	Saengsastra	Chief Admin and Finance Officer
3.Mr. Maruth	Saengsastra	Chief Marketing and Sales Officer/ Chief Financial Officer
4.Mr. Jaruwat	Traithavil	Chief Production Officer / VP Production-TTOP
5.Mr. Suthee	Boonnak	Senior VP Research and Technical Center
6.Mr. Chauwalit	Pidthong	VP Production-DCC
7.Mr. Somnuek	Suriyagrul	VP Engineering-DCC/TTOP
8.Mrs. Pabkhun	Kaasalyanant	VP Purchasing
9.Mr. Chanin	Suppapinyapong	VP IT System
10.Ms. Nong	Klongvicha	VP Research and Technical Center
11.Mrs. Piyarat	Chiengkamolkeet	Assist. VP Accounting
12.Ms. Somruthai	Boonyarit	Chief Internal Auditor and Secretary

The management team is appointed by the Managing Director and assigned to oversee performance defers to the plans and budget approved by the Board of Directors.

Board Meeting

The Board of Directors is generally required to meet at least 6 times a year. (In the year 2019, there was a total of 8 meetings) Special meetings are convened as necessary to address specific needs. Principal meeting agendas were: consideration of DCC's strategic direction, annual business plan and budget, quarterly financial reports, and significant acquisition and disposal of assets. The Company Secretary ordinarily prepares and circulates the agenda at least seven days before each meeting and relevant documents at least seven days before each meeting to allow Board members time to consider the issues.

The Company Secretary records the minutes, which are ordinarily circulated to the Board members next meeting. The minutes are adopted at the next subsequent meeting and are kept for scrutiny by the Board members and other concerned parties. The Board of Directors requires all members to devote sufficient time to the work of the Board of Directors, to perform the duties and responsibilities of Directors, and to use their best endeavors to attend meetings.

In 2020, according to the resolution of the Board of Directors No.1/2020, on February 18, 2020. The Board has set a policy regarding the minimum quorum at the time that committee would vote at that committee not less than 2 in 3 of the total number of directors, which does not count the number of directors having stakeholder that has not right to attend the meeting and vote for resolution in this meeting. However, any resolution in this meeting in every previous board's meeting, the number of directors who attend the meeting would have more than 2 in 3 of the total number of directors in every meeting.

Details of attendance records of Dynasty Ceramic PCL are shown in the following table

Name Of Directors	Board Meeting in 2019					AGM /EGM in 2019
	Board Of Director Total 8 times	Board Of Audit Committee Total 4 times	Nomination and Remunera- tion Committee Total 2 times	Executive & Corporate Governance Committee Total 2 times	Risk Management Committee Total 2 times	
1. Mr.Roongroj Saengsastra	8/8	-	2/2	2/2	-	1/1,1/1
2. Gen. Yuthasak Sasiprapha	8/8	4/4	-	-	-	1/1,1/1
3. Mr. Surasak Kosiyajinda	8/8	4/4	-	-	-	1/1,1/1
4.Mr. ChaiyasithViriyamettakul	8/8	-	-	-	-	1/1,1/1
5. Mr. Suvit Smarnphanchai	8/8	-	-	-	-	1/1,1/1
6. Miss Cattleya Saengsastra	8/8	-	-	2/2	-	1/1,1/1
7. Mr. Monrak Saengsastra	8/8	-	2/2	2/2	2/2	1/1,1/1
8. Mr. Maruth Saengsastra	8/8	-	2/2	2/2	2/2	1/1,1/1
9. Mr. Siripong Tinnarat	8/8	4/4	-	-	-	1/1,1/1
10. Mr.Totsaporn Banyongwate	8/8	4/4	-	-	-	1/1,1/1
11. Mr. Jaruwat Traithavil	8/8	-	2/2	2/2	2/2	1/1,1/1

Details of attendance records of Tile Top Industry PLC. and The Royal Ceramic Industry PLC.(Subsidiary) in 2019 are shown in the following table

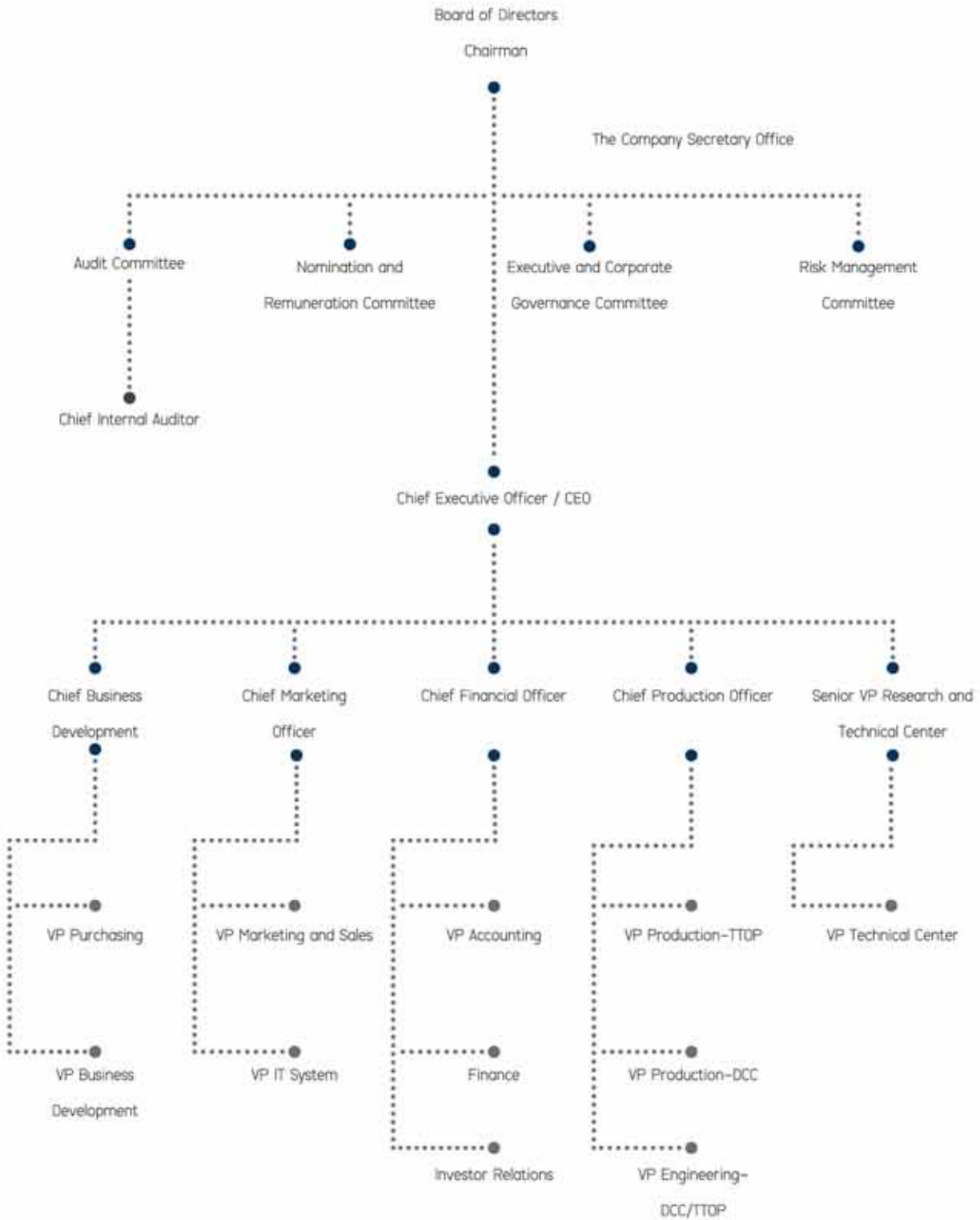
Name Of Directors	Tile Top Industry PCL.		The Royal Ceramic Industry PCL.	
	Board Of Director Total 6 times	AGM in 2019	Board Of Director Total 8 times	AGM in 2019
1. Mr.Roongroj Saengsastra	6/6	1/1	8/8	1/1
2. Miss Cattleya Saengsastra*	6/6	1/1	8/8	1/1
3. Mr. Monrak Saengsastra	6/6	1/1	8/8	1/1
4. Mr. Maruth Saengsastra	6/6	1/1	8/8	1/1
5. Mr. Jaruwat Traithavil	6/6	1/1	8/8	1/1

* Miss Cattleya Saengsastra as a secretary of The Royal Ceramic Industry PLC only

In 2019, the Boards of Directors has set the schedule for year 2020 committee in advance. (This meeting schedule is subject to changeable), excluding special meeting as follows:

No	Board Of Director	Board Of Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Executive & Corporate Governance Committee
1	18 February 2020	18 February 2020	21 January 2020	21 January 2020	21 January 2020
2	20 April 2020	5 May 2020	21 July 2020	21 July 2020	21 July 2020
3	5 May 2020	11 August 2020			
4	11 August 2020	10 November 2020			
5	10 November 2020				
6	22 December 2020				

Organization Chart



Remuneration for the Directors,

Executive Directors and Audit Fee

The Board of Directors regarded that remuneration of directors should reflect the duties and responsibilities in achieving the expectations of all stakeholders. The Board of Directors must also have experience and qualifications to undertake the tasks. Remuneration of the Board of Directors has been approved by shareholders at the Annual General Meeting of Shareholders every year.

To comply with the obligations and responsibilities of directors as imposed by law, directors have both civil and criminal liability as well as a commitment and undertake duties of directors. Board of Directors, therefore, agreed to give compensation to directors into two parts as follows:

1.Meeting allowance (Attendance Fee)

was the remuneration paid to directors according to the attendance of Board of Director meetings, and will only be paid to directors who attended the meeting.

1.1 Allowance for Chairman of the Board of Directors and Chairman of Sub-Committee.

Allowance for Chairman of the Board of Directors and Chairman of Sub-Committee should be at a higher rate than other directors or sub-committee members. Allowance should be clearly established and disclosed.

1.2 Allowance for Sub-committee member.

Sub-committee member is eligible for allowance for sub-committee meetings, which may set at a rate lower than or equal to the rate given to the Board of Director meetings as the role and responsibility of the sub-committee more limited than that of the Board of Directors.

1.3 Remuneration of directors.

The remuneration for directors should be set at an appropriate rate and sufficient for directors to limit their director position at a few companies and be able to devote time to attend and act effectively. The Company has set remuneration for the Board of Directors and Executives by comparing with other leading companies listed in the stock market and in the same industry, as well as performance of the Company.

2.Performance based compensation (Annual Bonus)

was a compensation paid to directors on an annual basis by considering the value created for shareholders including book value and dividend payment.

According to the year 2018 Annual General Meeting of Shareholders of the Company approval of the Remuneration for the Directors of the year 2019 and Meeting allowance of the year 2020 Details are as follows.

Continue on next page

Name of Board Members	Dynasty Ceramic PLC				Tile Top Industry PLC (Subsidiary)			The Royal Ceramic Industry PLC (Subsidiary)	Grand Total
	Board Meeting Attendance Fee	Audit Committee Meeting Attendance Fee	Annual bonus	Total	Board Meeting Attendance Fee	Annual bonus	Total		
1. Mr.Rongroj Saengsastra	480,000	-	600,000	1,080,000	360,000	300,000	660,000	280,000	2,020,000
2. Gen. Yuthasak Sasirapha	400,000	240,000	300,000	940,000	-	-	-	-	940,000
3. Mr.Surasak Kosiyaichada	400,000	200,000	300,000	900,000	-	-	-	-	900,000
4. Mr.Chalyosith Vinayametokul	400,000	-	300,000	700,000	-	-	-	-	700,000
5. Mr.Savit Smangpanchai	400,000	-	300,000	700,000	-	-	-	-	700,000
6. Miss Cattleya Saengsastra (1)	400,000	-	600,000	1,000,000	300,000	300,000	600,000	280,000	1,880,000
7. Mr. Manrak Saengsastra	400,000	-	600,000	1,000,000	300,000	300,000	600,000	280,000	1,880,000
8.Mr. Maruth Saengsastra	400,000	-	600,000	1,000,000	300,000	300,000	600,000	280,000	1,880,000
9. Mr. Siripong Tinnarat	400,000	200,000	300,000	900,000	-	-	-	-	900,000
10. Mr. Totsaporn Banyangwate	400,000	200,000	300,000	900,000	-	-	-	-	900,000
11. Mr. Jaruwat Traithavil	400,000	-	600,000	1,000,000	300,000	300,000	600,000	280,000	1,880,000
Total	4,480,000	840,000	4,800,000	10,120,000	1,560,000	1,500,000	3,060,000	1,400,000	14,580,000

(1) Miss Cattleya Saengsastra is the Company's Secretary at The Royal Ceramic Industry PLC (Subsidiary)

For the year 2020 the Board of Directors has considered that the directors' remuneration shall be given to the directors as follows:

Meeting Allowance	Baht / Meeting / person		%Increase (Decrease)
	Y2020	Y2019	
1. Meeting Allowance to the chairman and chairman of the audit committee	60,000	60,000	-
2. Meeting Allowance to the chairman of Nomination and Remuneration Committee and Risk management Committee (only the outside director)	40,000	40,000	-
3. Meeting Allowance to each of the director and audit committee	50,000	50,000	-
4. Meeting Allowance to sub-committee (only the outside director)	30,000	30,000	-

Annual bonus payable to all directors and all managing directors for the year 2019 as follows:

Annual bonus	(Baht/person)		%Increase (Decrease)
	Y2019	Y2018	
1. Annual bonus payable to all directors (11 persons)	300,000	300,000	-
2. Annual bonus payable to all managing directors (5 persons)	300,000	300,000	-

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as first meeting in 2020. The Annual bonus is paid in fix amount from the Company's operation account on 21 April 2020.

Executives' Remuneration

Dynasty Ceramic Public Co. Ltd. and Subsidiaries remunerate executives in the form of monthly salary, bonus determined by corporate operating results, provident fund and other benefits such as petrol allowances

Company	No. of Executives of 31 December		Monthly salary / bonus / provident fund/benefits (MB)		
	2019	2018	2019	2018	%Increase (Decrease)
Dynasty Ceramic PCL.	7	7	19.37	19.73	(1.82)
Tile Top Industry PCL.	3	3	7.26	7.71	(5.84)
The Royal Ceramic Industry PCL.*	7	5	7.86	5.36	46.64
Royal Asia Brick and Tiles Co.,Ltd.	-				
Total			34.49	32.80	5.15

The Company and its subsidiaries remunerated employees in the form of monthly salary, bonus, benefits, provident fund contribution and medical benefits approved by the Board of Directors. Employee remuneration in 2019, compared to 2018, is as follows:

Company	Total employee remuneration In 2019 (M฿)			Total employee remuneration In 2018 (M฿)			% Increase (decrease)
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	577.90	51.03	628.93	542.85	50.17	593.02	6.06
Tile Top Industry PCL.	262.93	4.69	267.62	243.67	5.89	249.56	7.24
The Royal Ceramic Industry PCL.	105.27	0.97	106.24	93.36	1.62	94.98	11.86
Royal Asia Brick and Tiles Co.,Ltd.	-						
Total	946.10	56.69	1,002.79	879.88	57.68	937.56	6.96

Number of employees for the Company and its subsidiaries as of 31 December, 2019, compared to 2018, is as follows:

Company	Number of Employees In 2019 (person)			Number of Employees In 2018 (person)			% Increase (Decrease)
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	2,184	124	2,308	2,204	121	2,325	(0.73)
Tile Top Industry PCL.	664	9	673	662	7	669	(0.60)
The Royal Ceramic Industry PCL.	353	14	367	221	7	228	60.96
Royal Asia Brick and Tiles Co.,Ltd.	-						
Total	3,201	147	3,348	3,087	135	3,222	3.91

The company and subsidiaries, there are no labor union group. In the past 3 years, there are no significant labor disputes.

Human resource strategy : The company promotes the development of personnel at all levels, to receive knowledge training both in the same field and crossing work line, by providing training in both the type of knowledge restoration, adding new skills, so employees can create effective work together. The company also focuses the importance of teamwork, giving employees the opportunity to advance in work and grow with the organization together. The company realizes that human resources are important part of driving the organization in every policy, if employees have knowledge, understanding and expertise in the job, working as a team efficiently, it will be able to drive the organization to advance with sustainable growth.

Audit Fee (Baht/Year)

(Quarterly Financial Statements and Annual Financial Statements)

Audit Fee (Baht / Year)	Proposed for Y2020*	Y2019	% Increase (Decrease)
Dynasty Ceramic PCL.	1,838,000	1,750,000	5.0%
Tile Top Industry PCL.	557,000	530,000	5.1%
The Royal Ceramic Industry PCL.	1,040,000	990,000	5.1%
Royal Asia Brick and Tiles Co.,Ltd.	31,000	30,000	3.3%
Non-audit fee	none	none	-
Total Audit Fee	3,466,000	3,300,000	5.0%

During the past year DCC and its' Subsidiaries did not paid any non-audit fee to the Audit Firm or another auditor or related person to this audit firm.

* For the year 2020, The Audit Committee proposed the formal Auditors (as the fourth year) from Karin Audit Co.,Ltd. to the Board of Director for approval from The Shareholders' Meeting for the year 2020

Audit Report Summary	Y2019	Y2018	Y2017
Auditor / Registration	Mr.Jadesada Hungsapruenk /3759	Mr.Jadesada Hungsapruenk /3759	Mr.Jadesada Hungsapruenk /3759
Auditing Office	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.
Auditor's opinion	No Conditions	No Conditions	No Conditions

* For the year 2020, The Audit Committee of The Royal Ceramic Industry Public Company Limited proposed the formal Auditors from Karin Audit Co.,Ltd. to the Board of Director for approval from The Shareholders' Meeting for the year 2020

Audit Report Summary	Y2019	Y2018	Y2017
Auditor / Registration	Mr.Jadesada Hungsapruenk /3759	Mr.Jadesada Hungsapruenk /3759	Mr.Jadesada Hungsapruenk /3759
Auditing Office	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.
Auditor's opinion	No Conditions	No Conditions	No Conditions

Subsidiaries

There are two subsidiaries

1. Tile Top Industry Public Co. Ltd. which were controlled by Parent's Company. List of Directors of whom also serve as Directors in this subsidiary which Dynasty Ceramic Public Co. Ltd. has a 96.83% equity stake.

On June 1, 2014, the Company has conducted Entire Business Transfer of its subsidiaries, consisting of Pick & Pay Co., Ltd., Muangthong Ceramic Co., Ltd. and Worldwide Ceramic Co., Ltd. which all are Company's subsidiaries with a holding of more than 95% of the stock, to the Company. Subsequently, the three subsidiaries have already registered the dissolution with the Department of Business Development Ministry of Commerce on 30 September 2014.

In 2018, Pick and Pay Company Limited and Muang Thong Ceramic Company Limited has completed the liquidation process, whereas World Wide Ceramic Company Limited is in the process of liquidation.

2. The Royal Ceramic Industry Public Co. Ltd.

According to the resolution of the Annual General Meeting of Shareholders for the year 2017 held on April 24, 2017 approved the Directors and Executives of the Company for 5 directors as the management of the Royal Ceramic Industry Public Company Limited, which is operated the same business type with control over various policies. Therefore, the company has to prepare the consolidated Financial Statements by bringing the Royal Ceramic Industry Public Company Limited and its subsidiaries since April 1, 2017 onwards. The company has not yet invested in shares of the Royal Ceramic Industry Public Company Limited.

At the end of October 2018, the company invested in common shares of the Royal Ceramic Industry Public Company Limited for totaling of 4.05 percent.

In accordance with the resolution of the Extraordinary General meeting of Shareholders No.1/2019, held on October 15, 2019 approved DCC to acquire RCI by voluntary tender offer from every shareholders of RCI. The result of the tender offer for all RCI securities from all shareholders totaling 485,572,024 shares in amount of 1,942.29 million baht or 78.72% including with DCC had 38,010,000 shares or 6.16% so that DCC will has 523,582,024 shares or 84.88% of total paid-up shares.

List of Directors of whom also serve as Directors in the Subsidiary Company as at 31 December 2019

Name Of Board Members	DCC	TTOP	RCI	RABT
1. Mr. Roongroj Soengsastra	-Chairman -Chief Executive Director -Chairman of Corporate Governance Committee -Chairman of Nomination and Remuneration Committee	-Chairman -Chief Executive Director	-Chief Executive Director	-Director
2. Gen. Yuthasak Sasiprapha	-Independent Director & Chairman of Audit Com- mittee	-	-	-
3. Mr. Surasak Kosiyajinda	-Independent Director & Audit Committee	-	-	-

Name Of Board Members	DCC	TTOP	RCI	RABT
4. Mr. Siripong Tinnarat	-Independent Director & Audit Committee	-	-	-
5. Mr. Tatsaporn Banyongwate	-Independent Director & Audit Committee	-	-	-
6. Mr. Chaiyasith Viriyamettakul	-Director	-	-	-
7. Mr. Suwit Samphanchai	-Director	-	-	-
8. Miss Cattleya Saengsastra	-Executive Director -Company's Secretary	-Executive Director	Company's Secretary	-
9. Mr. Monrak Saengsastra	-Executive Director -Chief Business Development	-Executive Director -Chief Business Development	-Executive Director -Chief Business Development	-Director
10. Mr. Maruth Saengsastra	-Executive Director -Chief Marketing Officer	-Executive Director -Chief Marketing Officer	-Executive Director -Chief Marketing Officer	-Director
11. Mr. Jaruwat Thraithavil	-Executive Director -Chairman of Risk Man- agement Committee - Chief Production Officer	-Executive Director -Chief Production Officer	-Executive Director -Chief Production Officer	-Director

Dynasty Ceramic PLC = DCC

Tile Top Industry PLC = TTOP (DCC hold 96.83%)

The Royal Ceramic PLC = RCI (DCC hold 84.88%)

Royal Asia Brick and Tile Co., Ltd = RABT (RCI hold 100%)

Principles of Corporate Governance

DCC provides Corporate Governance guidelines covering the following issues:

- Section 1. The Rights of Shareholders
- Section 2. The Equitable Treatment of Shareholders
- Section 3. The Role of Stakeholders in Corporate Governance
- Section 4. Disclosure and Transparency
- Section 5. Responsibilities of the Board of Directors and Committees

The Board of Directors recognizes the importance of corporate governance to be a basic part of its business policy and has assigned the Management Committee to take charge of corporate governance manual since 2003 and revised according to the Principles of Good Corporate Governance B.E. 2555 (Revision) by Good Governance Development & Alliance Department of the Stock Market Exchange of Thailand. The Company publishes booklets on Dynasty Ceramic Public Company Limited's corporate governance policy and distributes them to employees to ensure that employees understand these policies clearly and put them into practice effectively. DCC puts strong emphasis on principles and practices concerning business laws, company's regulations and also according to the Securities and Exchange Commission (SEC) and the regulations of Stock Exchange of Thailand (SET).

Furthermore, the Board of Directors have applied their knowledge, capability, and experience to control and follow-up with the management team to ensure that the business is operated according to the Company's vision, policies, and goal, and also to control the expenses in budget and utilized their resources effectively.

Regarding the business, the operation is conducted under the authority of the Board of Directors and the Executive Management with reference to the role and authority set by the Company's Corporate Policy. The Board of Directors and the Executive Management hold a meeting regularly to ensure that the business is operated transparently, ethically, and complies with the policies and resolution of the Board of Directors.

The Company and its subsidiaries business governance and control are monitored by the management team which was appointed by DCC be the Director of each subsidiaries. The scope of control depends on the number of Directors of each Subsidiaries and is performed according to the Company's policies.

1. The Rights of Shareholders

DCC ensures that every shareholder is entitled to all basic rights that are widely accepted according to the reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend shareholders' meetings, the right to propose the meeting agenda, the right to nominate a person to be a Director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of Directors, approval of significant transactions influencing the Company's direction, and amendment of Memorandum of Association and Articles of Association of the Company. Shareholders have the right to vote at Shareholders' meeting according to the number of shares owned by each shareholder, whereby one share entitles one vote, and no particular share allows them privilege over the rights of other shareholders.

Apart from the abovementioned rights of the shareholders, DCC has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. The Company has scheduled the general meeting of shareholders once a year, within four months after the end of each financial year. And in case there is an urgent need to propose an agenda which is a special case, which affects or involves the interests of shareholders or related applicable law that must be approved by the shareholders, the Company will call an extraordinary meeting of shareholders to be the case. Thus, in the year 2019, Meeting of shareholders have 2 times, the 2019 Annual General Shareholders' Meeting was held on Friday 19 April 2019 and EGM was held on Tuesday 15 October 2019 at the Main Meeting Room, 4th floor DCC.

Head Office Building, 37/7 Suttisarnvinichai Samsennok Huay-Kwang District Bangkok.

2. Prior to the meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for the year 2020. Shareholders were allowed to exercise this right from October 1 –December 31, 2019 so that the Board of Directors can review the issues before presenting them to shareholders for consideration. Should the proposed issue be included on the Meeting agenda, the Company shall specify in the notice of the meeting that the agenda item was proposed by a shareholder

Notify the result of the agenda items and the director nomination proposal on 14 January 2020.

3. Advance notification of the meeting to all shareholders significant and sufficiently detailed information concerning the Shareholders' Meeting date and the Meeting agenda prior to the date of the meeting. Such information will be posted on DCC's website around 30 days before the related documents are submitted to shareholders, and not less than 14 days prior to the meeting. (For the year 2019, the Company has sent invitation to the Annual General Shareholders' Meeting on 27 March 2019, which is 23 days in advance of the meeting) and publish the invitation on the newspaper for 3 consecutive days. In addition, the Company has clarified all detailed information in the meeting invitation as follows.

- The rights of shareholders entitled to attend and vote of the shareholders clearly.
- The company has stated the purpose/reason, as well as the comments of the Board of Directors clearly on each agenda.
- Regarding the dividend payment proposal, the Company has informed the dividend payment policy and dividend payment historical data of the past 5 years for consideration.
- For shareholders to consider the appropriateness of the external auditor, which has passed the approval of the Audit Committee, the Company has given details of the auditor's name from Karin Audit Company Limited, details of the independency of the auditor, and the external auditor service fees historical data of the past 2 years
- In voting of the Board of Director, the Company allows shareholders to vote for a Board of Director individually and provides name and biography of the Directors proposed.

4. Prior to the meeting, the Company has informed voting procedure and the vote counting announcement to the shareholders as well as give the opportunity for shareholders to ask questions and give opinions on each agenda.

5. In every of the minute of meeting, the Company has recorded the vote procedure and vote counting, names of Board of Directors and the management team who were present, meeting resolution and vote counting in each agenda clearly, as well as the shareholders' question or comment, if any. The Company also published the vote counting result in each agenda of the General Shareholders' Meeting and the Extraordinary General Meeting of Shareholders on the Stock Exchange of Thailand's website on the same day of the meeting.

2. The Equitable Treatment of Shareholders

DCC shall provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. For that purpose, the Company strives to find tools to ensure equality, especially for minor shareholders, which include assigning independent Directors to take care of minor shareholders. Minority shareholders can contact the independent Directors directly to give suggestions, express opinions or file complaints, via company's email address. The independent Directors are responsible for handling each matter appropriately. In case the shareholder files a complaint, the independent Directors will investigate and seek a proper solution, and on the other hand, if the matter that is considered to affect the stakeholders or the business, the independent Director will report it to a Board of Directors meetings for consideration and include it in the agenda of the Shareholders' Meeting.

The company has also performed other matters in order to promote and facilitate the use of shareholders' rights such as:

2.1 Any shareholder who is unable to attend a meeting is entitled to appoint a representative, or an independent Director, which the Company has proposed 2 Directors, or other person, to act as proxy, using the proxy form attached to the notice of the meeting. The

Company has prepared the proxy form in compliance with the specifications defined by the Ministry of Commerce whereby the shareholders can exercise their voting rights as wished. The proxy forms can also be downloaded from the Company's website.

2.2 All shareholders have equal rights to exercise their rights as shareholders. The Company has prepared the documents related to the meeting in English to facilitate foreign shareholders.

3.The Role of Stakeholders in Corporate Governance

DCC conducts business with the highest awareness of its responsibility to ensure sustainable and mutual benefits to all related parties. The Board of Directors oversees the management system to ensure that the Company acknowledges the rights of stakeholders, both as stated by law and as clearly written in the Company's Corporate Governance Policy. The Company guarantees that those rights are protected and the shareholders, employees, customers and business partners are treated equally.

Shareholders Beside the basic rights of shareholders and the rights stipulated by law and the Company's Articles of Association, such as the right to request a verification of the number of shares; the right to receive share certificates; the right to attend the shareholders' meetings; the right to vote at the meetings; the right to freely express opinions at the shareholders' meetings; and the right to receive a fair return; DCC also gives shareholders the right, as the owners of the Company, to make suggestions and comments on the Company's affairs to the independent Directors. Each comment and suggestion will be carefully considered and presented to the Board of Directors.

Employees The Company truly believes that its employees are its most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. During the previous year, the Company organized activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work overseas and to cope with the volatile economic situation. Furthermore, the Company focuses on promoting employees' health and safety, excellent working conditions, and competitive remuneration.

Customers The Company puts great importance on providing customers with maximum benefits in terms of quality and price. Likewise, the Company is determined to develop and maintain sustainable relationships with customers. It has set up a support office to provide product information, solve problems and receive complaints in order to ensure total satisfaction for customers.

Business partners The Company operates its business within a competitive context by strictly upholding its promises, and commitments to trading partners, including guarantees of product quality and on-time delivery.

Competitors The Company operates its business within a competitive context by being fair and strictly following the laws and commitment. During the year, there were no disputes with competitors.

Creditors The Company complies with the terms of loans and obligations to its creditors such as business creditors and depositors. The Company moreover, organizes various projects in order to keep good relations with creditors

Care the use of insider information

The Board of Directors of the company has set up a measure to prevent the use of the inside information for his/her own benefits (Insider Trading) by relevant persons who are directors, management, and staff working in the department related to the inside information, including their spouses and minors.

ANTI-CORRUPTION POLICY

Dynasty Ceramic Public Company Limited together with its subsidiary (referred to in this document as the "Company") are committed to conducting our business in accordance with the highest ethical standards, corporate transparency, all applicable laws, rules and regulations, and with responsible and sustainable business strategy that benefits stakeholders and society as a whole.

The Company is determined to prevent and cease any forms of corruption. In order to so, the Company has developed this Anti-Corruption Policy (the "Policy") to indicate appropriate responsibilities, guidance and codes of conduct. This policy is applicable to every employee of the Company, including senior executive and financial officers, and to members of the Board of Directors.

Definition

Corruption can take many forms including the offer, promise, or payment of cash, gifts, or even excessive entertainment, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage with the exceptions to requirements by laws and regulations.

Requirements

- 1.To promote compliance with the policy, details of the policy should be properly communicated with all personnel. In addition, the Company should inform the public of this policy.
- 2.To have regular schedules of auditing/investigating potential corruption cases and conduct reviews and amendments to the original policy, if needed.

Responsibilities

- 1.The Board of Directors is responsible for policy development and oversight of policy compliance in order to create anti-corruption mindset into corporate culture.
- 2.An audit committee is responsible for overseeing of corporate financial reporting and disclosure, and in charge of risk management.
- 3.Managements are responsible for creating corresponding work systems and environment to the policy with the main focus on communicating and raising awareness of anti-corruption policy.

Discipline

- 1.All Company personnel are strictly required to implement this policy to serve as good examples for other colleagues and promote morality and integrity as the Company's core values.
- 2.Any employee who has direct knowledge of potential violations of this policy should report such potential violations to Company management and would take part in follow-ups and an investigation of that case.
- 3.The Company will give any employee justice when he/she reports cases of corruption. Even though the case might create losses of business opportunities to the Company, the Company would not demote or punish him/her for violating the terms of the policy.
- 4.Any employee who violates this policy will be subject to disciplinary action. If the action is against laws, disciplinary action may include punishments according to the applicable law.
- 5.To promote, encourage, motivate, oversee and train all personnel to increase their capabilities and also communicate relevant information regarding prevention and eradication of corruption.

4. Disclosure and Transparency

DCC realizes the importance of information disclosure because this significantly affects decision-making by investors and stakeholders. It is therefore necessary to define and control measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Community Portal and the Company's website shall be complete, sufficient, reliable and up-to-date, written in both Thai and English. DCC is committed to obeying the law, the regulations and obligations mandated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and other relevant government organizations. Regular amendment takes place to ensure that the Company is up-to-date in its adherence to laws, regulations, and obligations, and to guarantee transparency in conducting business, for example:

1. Disclose accurate, complete and timely financial information and non-financial information.
2. Prepare a report on the Board's responsibility for financial statements and present it along with the Auditor's report in the Annual Report.
3. Require the Company's Directors and executives to report their own interests, and those of any related persons, which are related to management of the Company or its subsidiaries, via the corporate secretary, who will gather the documents and submit them to the chairman of the Board of Directors and the chairman of the Audit Committee for acknowledgement within seven days after the Company receives the documents.
4. Announced a policy requiring all Directors to disclose and/or report their securities trading and holdings to the Board of Directors' meeting.

5. Disclose procedures about the Board of Directors' selection process and performance assessment.
6. Disclose the performance and attendance record of each member of the Committee.
7. Disclose detailed information on the operations and investment structure of subsidiaries and associate companies.
8. Disclose information on the remuneration received by each Director as a member of the Committee.
9. Disclose the policy on the remuneration of the Directors and top executives, including forms, types and amount of remuneration for each committee member.
10. Disclose policy on environmental and social responsibility and related performance.
11. Report on corporate governance policies and related performance.
12. Reveal significant investment projects and relevant impacts of the projects via the SET Community Portal of the Stock Exchange of Thailand and DCC website.

Moreover, the Board of Directors is referring to the information disclosure guidelines related to DCC to establish the Company's information disclosure policy and avoid any damage caused by improper disclosure. This reassures shareholders, investors, the general public, and all stakeholders that DCC is committed to disclosing information clearly, equitably, and in compliance with the law. The Company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. Details of the guidelines are available for stakeholders and the general public on DCC's website.

Investor Relations

We are committed to delivering the highest standards of disclosure with accuracy, completeness, fairness, transparency, quality, and timeliness in all communications with our shareholders and the investment communities.

Relationship with Investors

DCC Investor Relations Website: <http://www.dynastyceramic.com/th/investor-relations/investor-news> contains essential sources of information for investors, including historical performance, financial statements, conference call replays, annual reports, SET disclosure, shareholder meeting announcements, DCC share information, dividends, corporate governance news, sustainable development information and more. DCC has also established the Compliance Department, which is responsible for the disclosure of information to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to ensure that the Company complies with all applicable laws and regulations. In addition, the Company has regularly organized investor activities, which have been attended by various Company executives.

Investor relations department of the Company has communicated with institutional investors, individual investors, shareholders, as well as analysts and government agencies involved equally and fairly.

In 2019, there are various activities summarized as follows:

1. Analyst meeting to clarify the results of the operations, financial statement, management discussion and analyst and future overview for 1 time. There are about 30 participant per time. A small group of analyst meeting for 2 times, with approximately 5 participants at a time.
2. Participation in Roadshow activities in Malaysia during September 12, 2019, organized by Maybank Kin Eng Securities for 1 time. There are approximately 30 analysts and investor attending each session in each meeting.
3. Company visit for 19 times.
4. Conference call with investors and analyst for 10 times from both domestic and international.
5. Interview with the media / publication column for 5 times.

If you have any queries or require any further information, please mail directly to

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Conflicts of Interest

(1) Some transactions, which could lead to a potential conflict of interest and/or related party transaction, must be considered very carefully in full compliance with the relevant rules and regulations of the Stock Exchange of Thailand (SET) and DCC's internal policies and guidelines. Moreover, such transactions are entered into strictly on an "arm's length" basis and are conducted in the best interests of DCC and all shareholders. The terms and conditions of such transactions always comply with generally accepted, standard commercial terms and conditions. Records of such transactions must be submitted to the Board for their review during the meeting sessions, which are attended by independent Directors and members of the AC.

DCC Directors and executives are required to submit a report that summarizes their and their related persons' interests and securities ownership in other companies. This information was filed with DCC and is used to monitor potential related party or connected transactions. New DCC Directors and senior executives shall submit this report within thirty days after being appointed.

In case of changes in related persons and close relatives, Directors and executives shall submit a revised report to DCC within fourteen days after such changes occur.

The Board of Directors also monitors compliance with the regulations regarding criteria, procedures, and disclosure of such transactions. DCC has a policy to disclose detailed information of these transactions, which includes transaction amounts, transaction parties, their underlying reasons, and necessity of the transaction in our annual reports.

DCC has a policy to prevent Directors, executives, and employees from using their status to seek personal benefit. As a result, Directors, executives, and employees must refrain from any transactions that may lead to a conflict of interest with DCC. Any interested Directors, executives, and employees are not allowed to participate in the decision-making process. In particular, Directors are prohibited from considering or casting their votes on matters in which they may have a potential conflict of interest.

The Board and management also emphasize a prudent and fair review of inter-company transactions, which are transactions between the Company and its subsidiaries.

(2) Monitoring Insider trading.

The Board prohibits Directors, executives, and employees from using an opportunity information acquired while working in their positions to seek personal benefit or to establish a competing or related business with DCC. This policy includes a complete prohibition against using material insider information to buy or sell DCC's shares and securities for their own interest and against giving insider information to other persons or entities to buy or sell DCC's shares.

Directors and executives are required to report trading transactions in DCC's shares and securities and their ownership position whenever changes occur.

Preventing Conflicts of Interest

The Board has established policies and measures regarding conflicts of interest, as follows:

- DCC has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interest or transfer of benefits from one party to another. The shareholder structure of DCC and its subsidiaries is published in the Company's annual report, as are each Board member's holdings of ordinary shares.

- There is a clear separation of duties and responsibilities between the Board of Directors, management, and shareholders, thereby ensuring no overlap of duty or responsibility. Any Directors or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must refrain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the ultimate benefit of shareholders.

- The Company has an established policy governing the use of internal information and has incorporated it into employee regulations in writing, with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.

- The Company has established additional policy for employees, preventing the use of Company's asset or finding information, contact,

or stock trading on a regular basis during work hours for his/her own benefits or in the manner that does not benefit the Company's advantage.

5. Responsibilities of the Board of Directors

The Board is committed to conduct itself in accordance with the highest standards of behavior and in compliance with all laws, rules, and regulations. The Board's primary responsibility is to supervise and direct management for DCC's benefit. Among other things, the Board, acting directly or through committees, shall have the following duties:

1. Oversee the conduct of the Company's business to evaluate whether it is being properly managed and ensure all activities are conducted according to relevant laws and ethical standards. The Company prepares and defined in Code of Conduct.
2. Manage the Company's performance in line with legal requirements, our objectives and by-laws, and resolutions adopted at the shareholders' meetings.
3. Establish and approve major financial objectives, plans, and actions.
4. Review and approve major changes in the appropriate auditing and accounting principles and practices used in the preparation of the Company's financial statements.
5. Assess major risk factors relating to the Company's performance and reviewing measures to address and mitigate such risks.
6. Evaluate its own performance and capabilities and improving its work processes as necessary according to the Self-Assessment on Corporate Governance annually.
7. Approve the compensation of employees.
8. Appoint the appropriate committees to manage the Company's business affairs as assigned by the Board of Directors.

The Board of Directors delegate to the President and Chief Executive Officer and work with other executive officers, the authority and responsibility for managing the business consistent with DCC's standards and according to any specific plans, instructions, or directions of the Board.

Additionally, DCC focuses on internal control and risk management systems and business continuity as well as establishes an Anti-Corruption Policy which is appropriate for our current business undertakings. The Board works in close consultation with management in a consistent manner with our core values, mission and vision also according to the Company's Corporate Governance Policy. In the past year, the company have reviewed the values, principles, mission and vision. There were a strategies that have been reviewed to implement such as reflection in the form of activities.

The policy has been consistently communicated to directors, executives, and employees for their awareness and to facilitate its incorporation into the Company's normal business operations. Furthermore, the Company has provided insiders/outside with a channel for reporting any illegal activities, acts of misconduct or unethical practices in the Company, while also granting protective measures for whistleblowers in accordance with the Whistleblower Policy.

Performance Evaluation of the Board of Directors

Nomination and Remuneration Committee has considered the performance evaluation forms of the Board of Directors and other committees of the Company by categorizing into the performance evaluation of each directors and the performance evaluation of a whole group of directors. Once the performance evaluation forms have been considered, it was proposed in the Board of Director Meeting.

The Board of Directors approved the performance evaluation forms mentioned above for the year 2019. The evaluation topic included the evaluation of the structure and the qualification of the directors, the role and responsibility of the directors, the meeting of the directors, the performance of the directors, the relationship with the Management, and the self-development of the directors and the Management.

The Nomination and Remuneration Meeting No.1/2020 held on 11 February 2020 has considered the summary of the performance evaluation of the directors by comparing with the past 3 years results, and proposed it to the Board of Directors Meeting No. 1/2020 held on 18 February 2020 to consider merit, demerit, and direction for improvement. The performance evaluation was aimed to obtain the result to use in improve the performance of the directors. For the year of 2019, in overall the Board of Directors agreed that the most of the operations have been done properly.

Development of Directors and Executives

•**Development of Directors' and Executives' Knowledge** The Company promotes and offers convenience for directors' and executives' training and knowledge development relating to corporate governance. The Company has made an orientation ceremony for new directors whenever a new director is appointed. To this, an overall picture will be presented regarding the Company's business and relevant information; the names of the Company's directors and managerial structure; legal documentation and handbooks; rules and regulations of working units concerned; the directors' roles, powers, duties and responsibilities; corporate governance guidelines; certificates, Memorandum and Articles of Association; the Company's rules, visions, targets, and information on the conduct of business and activities of the Company. Directors are also caused to visit businesses and attend meetings related to the setting of visions and business plans in association with high-ranking executives of the Company.

•**Work Succession Plan** The Company has prepared some personnel as replacements for high-ranking executives who are about to attain retirement age. At the same time, a guideline has been formulated for the development and enhancement of the potential of executives who would succeed to the positions. By considering from the employee at the executive level of the company and other companies in the group with outstanding performance, could be able to develop the responsibility in higher position.

Moreover, the Company encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet, and exchange opinions with, directors and top executives of different organizations. Some of these courses are organized by governmental agencies or independent organizations, such as the Thai Institute of Directors Association. The SEC requires directors of all listed companies to complete at least one of the following training courses: Directors Certification Program (DCP), Directors Accreditation Program (DAP) or Audit Committee Program (ACP). Experience gained from these courses is useful to DCC's development.

Director training

Course name	Name
1. IASB's work plan and value of the audit to the users of financial statements organized by SEC together with Federation of Accounting Professions under the Royal Patronage of His Majesty the King.	1. Miss Cattleya Saengsastra 2. Mr. Siripong Tinnarat
2. CFO's Orientation Course 4th generation, organized by the Stock Exchange of Thailand.	1. Mr. Maruth Saengsastra

Monitoring the Business Operations of Subsidiaries

1. For the purpose of monitoring each subsidiary's business operations for the best interest of shareholders.
2. The appointed directors shall have the same responsibilities as those of directors or executive directors of the parent company
3. Consider the important matters, such as strategy, business plan, capital increase or reduction of capital, the liquidation of the company, including several important policies.
4. Follow-up operations by the management, the Executive Committee, and the Board of Directors of the company.
5. And shall perform their duties in compliance with good corporate governance policy, related party transaction policy etc.
6. All subsidiary transactions which may significantly affect the business operation or financial status of the Company must be reviewed and approved by the Board of Directors of the parent company.
7. Checks by the internal audit department is to ensure that internal controls are adequate and effective.
8. In order to present the financial information and operating results of the subsidiaries, the Company has assigned the same auditing office that provides auditing services for the Company to perform audits and present the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

A close-up photograph of a pair of hands, likely belonging to a child, gently cupping a small, cracked eggshell. A small green plant with several leaves is growing out of the opening of the eggshell. The background is a soft, out-of-focus grey.

SUSTAINABLE DEVELOPMENT REPORT 2019



“Dynasty Ceramic Public Company Limited is a leader in manufacturing and distributing of products as follows: ceramic tiles for floor and wall, with over 200 branches across the country as channels for distribution. The company engages in business focusing development and improvement of work in every aspect, including manufacturing, marketing, human resources to have continuous efficiency all the time.”

The company realizes about the business operation with responsibility, in economy, society, environment under the principles of good corporate governance, resulting in development and sustainable growth of the company. The company can respond and give return that meets the expectations of employees, business partners, society, shareholders and all groups of stakeholders effectively.

Vision on sustainability: The company is a leader in manufacturing and distributing of ceramic tiles, by distributing standard quality products, managing the company with good corporate governance, as well as taking care of society and the environment to be balanced, to respond to the growth of business together.

Sustainability mission The company is a leader in ceramic tiles, by using manufacturing system, having international quality standards, to be able to meet customers' requirement in various aspects, by relying on skills, ability, creativity of employees for development of the organization together, to transfer value through quality ceramic tile manufacturing and providing service that impresses customers and responds to the requirement of every group of stakeholders.

The preparation of this report of sustainable development for the year 2019 is to disclose information in accordance with Form 56-1 of the Securities and Exchange Commission and the Stock Exchange of Thailand, by presenting information, under the framework of the report on Corporate Social Responsibility (CSR) operations, of the business, with content covering all groups of stakeholders, by collecting data from 1 January-31 December 2019.

A background image showing a person in a dark suit and white shirt, holding a pen, with a blurred office setting in the background.

Sustainable business strategy

“The company focuses on the development of quality products for continuous growth, taking care and paying attention to customers, in order to maintain existing customer base and expanding new customer base with security”

Sales strategy: The company focuses on the development of quality products for continuous growth, taking care and paying attention to customers, in order to maintain existing customer base and expanding new customer base with security, using work system and technology to collect information about product buyer groups and types of products, in order to support business development, including development of products, service, information presentation of products, price, and sales promotion activities, to meet correctly with the needs of each group of customers more and to prepare for changes of market trends quickly, including the use of wireless communication technology today, in creating opportunities to communicate with customers, to offer information directly and it is also a way to increase the opportunity to sell products.

Production strategy: The company focuses on product research and development to be uncomplicated automatic production line, in order to improve original products and to create new products which are better, along with the production line, with maximum efficiency. Having the minimum waste, having the appropriate personnel; coordinating of work skills, with machine process, in order to be able to adjust the production plan to be consistent and meet the needs of consumers according to the changing market trend, under reasonable costs, by using resources efficiently and reduce energy consumption, resulting in products that can compete sustainably in the market

Management strategy: The company uses management principles with good corporate governance, having fairness, compliance with standard, legally and meeting to regulations and methodology. The company has strong management characteristics that can change quickly, in order to be able to adjust the plan to be effective, timely with the changing market situation, in order to receive returns that can meet all stakeholder groups, including shareholders, employees, customers, business partners, competitors, communities and the environment. The company coordinates with strengthening and cultivating work ethics and develop working procedures that enhance working which are transparent and verifiable in accordance with the anti-corruption policy.

Human resource strategy: The company promotes the development of personnel at all levels, to receive knowledge training both in the same field and crossing work line, by providing training in both the type of knowledge restoration, adding new skills, so employees can create effective work together. The company also focuses the importance of teamwork, giving employees the opportunity to advance in work and grow with the organization together. The company realizes that human resources are important part of driving the organization in every policy. If employees have knowledge, understanding and expertise in the job, working as a team efficiently, it will be able to drive the organization to advance with sustainable growth.



Framework for Sustainable Development

The operation guidelines to have sustainable development of the company are concept developed from main factors having result to the operation and the sustainability of the organization is the development of production technology, work administrative development, human resource development, development of sustainable relationship with partners and customers as well as reducing long-term environmental impacts. The company focuses the purchase process of quality raw materials from partners that comply with standards and regulations. The company focuses on the development of efficient production, providing customer service through 203 branches of the company so that all groups of customers can easily access, select and buy products conveniently at branches that provide service throughout the country until delivery of products to consumers with responsibility, delivering standard quality products to customers, delivering value, helping communities, the environment, and all stakeholders, for the benefit of all stakeholder groups to the sustainability of the organization together, under the operation with ethics, as well as being responsible to the community and society. Therefore, the company has established framework for sustainable development, complying with international guidelines for balance of economy, society, community and the environment, to be guidelines to the Board management and every employee, to understand and comply with the principle and practice together, as follows:

1. In terms of products, the company has set the guidelines to start from selecting quality raw materials from standard manufacturers. The company makes research, study and develop products constantly to have products which have standard and there are new types of products, helping use and response to the need of the market, having the most efficient use of resources and creating benefit in using products the most of all.

2. In terms of customers, the company realizes access to products and increasing option of products which have variety of types, both branches that distribute, distribution of the product distribution center and creating confidence in the products, as well as improving services to meet customer satisfaction to be suitable to all groups, whether house owners, stores that regularly sells construction materials, projects or contractors.

3. Production process; the company focuses on producing products with efficiency, reduces complex steps, reduces energy consumption, promotes sustainable energy use, focuses on creating new products, meets the market demand, as well as into account the work safety of the employees

4. Research and development of technology and innovation; in order to advance the development of new products, to meet the needs of the market, new types of application, including focusing on cost saving for production on raw materials and reducing the energy consumption rate per product unit, for product production, increasing product value, in order to be able to compete sustainably in the business.

5. Care for employees, community and society; the company has the intention to improve the quality of life of communities and society, both internal employees of the company, communities surrounding factories, branches and the wider society, to build good relations with the company, through supporting local activities and product support to volunteer camps of various educational institutions, schools and governmental agencies that lack fund, for public benefit and assisting in the development of education and the quality of life of communities and society together.

6. Environmental awareness; the company is aware of the impact of doing business in the production process, power consumption and freight. Therefore, the environmental management guidelines have been laid down clearly and concisely in order to take care and create sustainability for the environment and the communities around the factory in the long term.



Operation for Sustainability

Economic aspect Goods and services

The company collects information of all groups of customers to assess and analyze product production plan to meet customers' demanding more, by using computer systems to support which is beneficial to the decision of the management in production plan and marketing plan, in pair with the introduction of modern production technology by increasing the proportion of production from digital pattern printers, with less production time, allowing the company to be able to meet the needs of customers efficiently. Products can compete in the current economic conditions, resulting in the company to meet the needs of the group of existing customer base, whether retail groups, wholesale groups, or group of contractors well.

Currently, the company has branches nationwide more than 202 branches, giving us a channel for the retail market with very high potential, as well as managing the land and buildings, developing benefits from areas in the branches, from the advantage regarding location of the branch which is located on the main route or bypass road and it is the part that the city expands to, resulting in attracting several retail customers. Therefore, potential is enhanced, so that policy on development of benefit from land and buildings can be effective, by opening a large branch area to other stores that are interested and have the potential to come to rent the space and invest which is well received by stores and several manufacturers. In the year 2019, there are entrepreneurs doing in the area already 33,918 square meters, consisting of 34 branches from the total rental area of approximately 75,000 square meters in 63 branches, representing 53% of the total number of branches which will develop the benefits of opening all areas for rent.

As the company doing offensive marketing, with heavy public relations throughout the year to cover both existing customers and new customers in almost every area, there is data collection of each customer group, such as purchase history, list of contractors, various construction work in the area, amount of use, including promotion to boost sales of the branch which has very good response, causing the branch to continue to have sales, both from local stores and customers who are users.

In the year 2019, the company has developed new products and new sizes for sales at the end of the year as follows:

Wall tiles, 30x50 cm which are wall tiles which is larger than it is currently on sales which is according to the market data analysis, with the need to use larger tiles, more popular both in the project work section and the customer group that is a new generation.



ANTI SLIP floor tiles or non-slip tiles, size 40x40 cm and size 60x60 cm, which are new products. The tiles are manufactured from research and development for ceramic tiles with unique characteristics which has a non-slip surface than general glazed tiles, in wet areas, washing areas, or residence areas for the elderly, to be a safer alternative for utilization. RCI GLASS MOSAIC, size 30x30 cm, is the newest product released that focuses the distinctive features of glass mosaic tiles; there are both luxurious and elegant decorations (RCI MOSAIC) and swimming pool coverings (RCI POOL MOSAIC). Arrangement is made for the showroom. There are 7 different branches at the point of sale in the year 2019, which are on sales at Chaeng-wattana 2 Branch, Rangsit Khlong 4 Branch, Pathum Thani Branch, Bangna-Thepharak Branch, Sattahip Branch, Kathing Lai Branch and Rayong Branch.

In the part of service, in the past year 2019, the company opened five new branches to increase sales channels so that customers can access to products thoroughly, especially in groups of urban areas, where customers have power to buy products; the newly opened branches are as follows:

1. Khukhan Branch, Si Sa Ket Province 2. Nakhon Si Thammarat Branch 3, Nakhon Si Thammarat Province
3. Mae Rim Branch 2, Chiang Mai Province 4. Chaengwatana Road Branch 2, Nonthaburi Province
5. Sakon Home Branch, Sakon Nakhon Province

At the same time, the company has also trained employees in all branches to always have standards in order to create an awareness of efficient service, to impress all customers who come to buy products and still focus on services that are ready to deliver and deliver products quickly which is the prominent service of every branch. The sales management team has meeting and training to provide knowledge about new products and guidelines for service development. On a regular basis, this makes employees to present product information including recommending products that are appropriate and complete. As a result, customers can make faster buying decisions. The company also uses public relations media to enhance the sales performance by focusing on ONLINE communication, able to reach customers in all groups, expanding new customer groups and able to send catalog data of tiles, samples of rooms, locations of nearby branches to customers for information quickly.

Due to the company emphasizes public relations with retail strategy of the 4.0 era continuously since 2018 and 2019, with emphasis on public relations in online media, including FACEBOOK, LINE so that customers can directly interact faster. Customers have the opportunity to access information and public relations news immediately with dedicated staff, to be able to answer questions, send CATALOG information or information of each promotion for customers to meet their needs and more convenient as follows:

- Increase public relations channels via LINE application so that customers can receive promotion news directly quickly, all types of customers can view tile catalogs quickly, as an additional part of purchasing decisions.
- The Dynasty Team can also give recommendations According to each customer who has inquired through various online media, in which customers can inform or initial questions. The staff will follow up and reply to the said question, whether it is calculating the area for using tiles, or advise in choosing tiles and tiling in each use, including mechanic advice services to contractors in nearby areas.
- PromptPay payment service which has been in service since the Year 2018 onwards, making customers satisfied with their purchase and make payment more convenient by scanning through bank applications which has been accepted by customers who use the service very well and also reducing the risk of keeping cash and can be easily traced back.



Environment

The company focuses on management and makes positive effect towards environment that we operate business, as the company is a manufacturer, bringing natural resources to be used as main raw materials and the company realizes about risk that may affect environment, so that business will be operated with sustainable manner on the basis of responsibility for the environment. Therefore, reducing effect that may occur towards the environment, or circumstance, occurring from our business operation is the action that the company focuses a lot. Regarding the factory, the factory focuses the production process development and creates innovation in order to use resources with cost-effectiveness and reducing using energy which is in limitation and reduce effect that may occur.

The company has preparation and measures to deal with climate change problems, or problems of shortage of resources, by promoting the management of water with high effectiveness, research for finding of raw materials, or replacement materials, including packaging product development, joining with manufacturers to reduce the use of natural materials, but the company still maintains the same efficiency for the efficient use of resources.

In addition, the company continues to operate business. In the matter of bringing the remaining heat energy from the production process to circulate again, reducing energy consumption and reducing waste from the production process; including closed water management system by bringing water from the production process, to treat and reuse to reduce the use of some part of water resources, also not affecting the communities around the factory

As for the branch, the company joins the global warming reduction policy by campaigning to stop using plastic bags for putting equipment used with the tiles, such as Tile Spacer glue, in order to reduce plastic waste, helping protect the environment.



Society and communities

The company and its subsidiaries have organizational culture that: in order for the organization to grow sustainably, it requires internal development from employee level, in order to have a thorough understanding of the job characteristics with expertise, enhancing potential to employees and promoting employees to participate in job analysis, making suggestions and listening to opinions of employees at all levels, on the basis of fair management: employees are equal to achieve long-term development: both as society in the organization: from taking care of every employee so that employee will have safe working condition for both the factories, branches and headquarters, with knowledge development, having the opportunity to advance in the career and having better quality of life and society outside of the organization, including partners, communities, societies, and including all groups of stakeholders, for the sustainability of the society as a whole.

Respect for human rights

The company complies with labor standards that support and respect human rights, by abiding by the labor laws of Thailand. This matter is defined in personnel management policy, focusing on sustainable business operations within the scope of the company and will not engage in acts contrary to human rights principles.

- The company treats stakeholders with mutual respect, respect for communication and understanding for all parties involved.
- The company operates in accordance with labor laws, not using child labor, treat labor equally, not limited to gender differences, or differences in religion.
- The company looks after benefits, provide health and welfare and safety at work according to legal principles, focusing on safe operation and having proper hygiene in the workplace, both in factories and branches, with both male employees and female employees receiving equal benefits.
- Support the training of employees at all levels, to enhance knowledge and upgrade the quality of work to be more efficient.
- Support the employment of the disabled in the organization, in the year 2019, the company hired the disabled, increasing from the previous year for 3 persons. The number of disabled persons employed under Section 33 in the year 2019, numbering 11 persons. The company remitted the contribution in proportion specified by the law. Employment information for disabled persons as of October 2019 is as follows:

Information on 1 October 2019	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
Number of employees (persons) not disabled						
DCC	1,945	1,912	2,005	2,056	2,258	2,314
TTOP	802	758	749	690	675	680
Total	2,747	2,670	2,754	2,746	2,933	2,994
Number of disabled to be employed, ratio 100 : 1 (persons)						
DCC	19	19	20	21	23	23
TTOP	8	8	7	7	7	7
Total	27	27	27	28	30	30
Number of disabled employed, under Section 33 (persons)						
DCC	10	8	5	5	5	6
TTOP	3	3	3	3	3	5
Total	13	11	8	8	8	11
Number of disabled with career promotion, under Section 35 (persons)						
	0	0	0	0	0	0
Giving contribution to the Fund, under Section 34 (Baht)						
DCC	985,500	1,204,500	1,642,500	1,752,000	2,023,560	1,911,140
TTOP	547,500	547,500	438,000	438,000	449,680	224,840
Total	1,533,000	1,752,000	2,080,500	2,190,000	2,473,240	2,135,980



Safety, health, and promoting fair working conditions for employees

The company has a policy on safety, sanitation and working environment that considers welfare of employees is the key by procuring equipment for work safety, helping to maintain a suitable working environment for good hygiene of the employees in the long term and in accordance with legal requirements and to develop, encourage staff to have knowledge and understanding about safety in order to prevent, reduce risks and facilitate work. The company has clear policy regarding safety, occupational health and working environment. Accident reports are recorded, to be developed to find a way to prevent accident and provide better surveillance measures.

In the factory in the year 2019, there were 14 accidents, one injury which stopped more than 3 days and 13 injured persons but not taking leave from work, which decreased from the year 2018 with a total of 18 injured persons. In the year 2019, it was found that the most injury causes were the danger from objects or objects clamping / pulling / cutting / cutting / piercing, and the most injured organs were the eyes / eyebrows and hands and fingers.

The company recognizes the importance of safety and continuously promotes safe working conditions having a safety committee to prepare work plans for occupational safety, health and environment annually, to have a plan for data collection, evaluation, including development of plans and safety activities in sustainable work. The work plans and activities include:

- Provide employees with training on knowledge of safety, occupational health and safe working environment throughout the year.
- Organizing training courses for skill development both the operation level and the supervisor level for safety, to develop plans and activities to be more in line with the nature of work.
- There is inspection and installation of equipment for safety to comply with standards and according to the laws of the Department of Industrial Works always throughout the year.
- There is a campaign to use equipment, providing knowledge and news about safety promotion activities regularly.
- Organizing a safety committee meeting on monthly basis, to analyze and assess the risk, to be able to develop better safety plans.
- Conducting inspections of work environment and measurement working environment including noise, light, heat, chemical, dust and ponds in the 3rd quarter, consisting of physical environment, chemical environment, biological environment and the ergonomic environment, improvement of working conditions and the work environment which is appropriate in relation to the job which will directly affect the operator, this is to know the sources of pollution and the amount of pollution to evaluate the design of control of environment, in order to be in safe working condition and the information will be the data for following the effectiveness in the design and installation of pollution control systems.
- Organizing an annual physical examination for employees, as well as basic information on disease surveillance or sickness from work, to assess potential trends, to prioritize health risks and find suitable and appropriate preventive measures.
- Providing safe working environment improvement, including health care such as resting places, 5S (Separate, Convenient, Clean, Hygienic and Habit) activities, environmental inspections.
- Promoting various safety activities; they will help stimulate the consciousness of employees through public relations training such as 365 day zero accident activities, organizing boards using danger preventing equipment.
- Organizing training on safety, occupational health and working environment as required by law, such as annual fire fighting and fire escape training.
- Continuously implementing safety management systems using SHE (Safety, Healthy, Environment) principles. Safety regulations are issued for both employees and contractors, having regular safety training.
- Promoting activities for safety in work, for example, arranging Work Safety Week, Field Work Safety Campaign, Seminars of security officers, chiefs of all sections, exhibitions on safety, enhancing knowledge to officers at several spots.
- Checking annually electric devices and transformers every year at factories and head office.
- Checking emergency disaster signals and mobile water pumps in every quarter.
- For branches, the company arranges electric forklift and training of application to branches continuously, to reduce risk from handling products with hands, to reduce employees' health problems in the long run.
- Having fire extinguishers at every branch, calculation is made according to the law, to increase safety for work and customers who use service and determining work in emergency to branches.



Personnel development

The company promotes learning opportunity and developing of every level of employees, to be good citizens and smart persons, encouraging employees to have preparation for learning continuously, enhancing skills, learning new knowledge to meet with trend of changing business. The company provides training to every level of employees since employees come to work with the company, starting from orientation for new employees, to have knowledge, understanding about the company, culture, organization and primary information for work, to know the regulations to work together, so that new employees can adapt with work conditions, to have work effectiveness of the organization in the whole.

Furthermore, the company focuses the problems of lack of labor in the future, then it emphasizes development of existing personnel potential, in pair with promoting employees to have responsibility to duty and work, with correct ethics, learning jobs across work line, to enhance knowledge, create binding and good relationship between relevant work section, making advance in work line, having security in career. Employees will grow together with the organization sustainability.

Factories

-The factories will provide training, enhance knowledge and skill in working with 26 courses, 162 hours and participant number of 1,065 persons.

Serial No.	Courses	Number of hours	persons
1	Job Instruction, internal training	6	482
2	Publicizing and summarizing of project result under the Energy Conservation Promotion Act, BE 2535 (Amendment BE 2550)	6	3
3	Emis-DIW Bringing industry to far distance, with the same heart to love environment	6	1
4	Accounting for industrial factories in era 4.0	6	3
5	Observation tour at Faculty of Fine and Applied Arts and Architecture, Rajamangala University, Chiang Mai Province	2	19
6	Important accounting transactions in financial statement which accountant shall be careful	6	2
7	Accounting Workshop in Excel : Excel, Practice of Accounting By Pass	6	1
8	Lean Overview	6	5
9	Participating in activities of World Anti-Drug Day for the Year 2019	2	1
10	Observation tour at Faculty of Science, Prince of Songkhla University, Songkhla Province	2	18
11	Project of Prototype Development of Suitable Production System by Innovation and IoT	6	6
12	Driving and Maintenance of Electric Forklift of the Year 2019	6	3
13	Project of Campaign to have Awareness of Protective Measure in Safety, Occupational Health and Environment and work environment	12	1
14	Project of Explanation and Knowledge Meeting of Social Security of the Year 2019	6	1
15	Energy Innovation and Technology	12	1
16	Guidelines of Health Check and Work Risk Check in Work Place	6	2
17	Work Coaching	6	505
18	EMS-DIW Bringing industry to far distance, with the same heart to love environment	6	1
19	Publicizing and summarizing of project result under the Energy Conservation Promotion Act, BE 2535	6	3
20	In-depth Advice to Work Place to Obtain Certificate of Green Industry	12	1
21	Project of Reducing Food Styrofoam Container	6	1
22	Warning Signal in Thai Mega Project and Construction Material Problems	6	1
23	Land and Building Tax Act	6	1
24	Meeting of brain storming for managing of industrial raw materials	6	1
25	Management of industrial raw materials in era 4.0	6	1
26	Guidelines of Health Check and Work Risk Check in Work Place	6	1
Total		162	1065

Branches

- Training of driving and Maintenance of Electric Forklift, numbering 6 hours, participants: 130 persons
- Training of Dynasty Top Salesman, numbering 6 hours participants: 1,154 persons

Serial No.	Courses	Number of hours	Persons
1	Correct and Safe Driving and Maintenance of Electric Forklift of the Year 2019	6	130
2	Dynasty Top Salesman	6	1,154
Total			1,284

Head office

- Information of fire drill of head office staff, of the Year 2019, total 6 hours, participants: 60 persons
- Information of fire drill to outsiders of head office staff, of the Year 2019, total 402 hours, participants: 101 persons

	Courses	Institute	Number of hours	Persons
1	Knowledge on Labor Law for Human Resource Section	H R Center Co., Ltd.	6	1
2	Update of the Labor Protection Act Re: Employment Contract, Termination of Employment and Retirement (Digital Era)	RSB SEMINAR Co.,LTD	6	1
3	Advanced ASP.NET Core API and MVC	Great Friend Business Development Co., Ltd.	30	2
4	CFO's ORIENTATION COURSE FOR NEW IPOs	Stock Exchange of Thailand	12	1
5	Administration Work Management and Development	Dharmniti Seminar and Training Co., Ltd.	6	1
6	VAT 0% Tax problems that exporters shall be careful	Dharmniti Seminar and Training Co., Ltd.	6	2
7	69 Issues of tax and income-expense account record, problems found by accountant and solutions	Dharmniti Seminar and Training Co., Ltd.	6	4
8	Natural person income tax and corporate income tax	Thammasat University	12	2
9	155 issues of value added tax	Dharmniti Seminar and Training Co., Ltd.	6	3
10	Preparation to be work chief	Dharmniti Seminar and Training Co., Ltd.	6	1
11	Work safety employee, in level of work chief	Safety and Occupational Health Promotion Association	12	3
12	Excel use technique, for effective work	Dharmniti Seminar and Training Co., Ltd.	6	1
13	Accounting for industrial factories in era 4.0	Dharmniti Seminar and Training Co., Ltd.	6	7
14	Study on issues of deducting of withholding tax	Dharmniti Seminar and Training Co., Ltd.	6	3
15	Accounting technique of inventory, product checking and count, product and raw material report making and correct accounting procedures	Dharmniti Seminar and Training Co., Ltd.	6	4
16	Accounting Workshop in Excel, practice in accounting by pass formula	Dharmniti Seminar and Training Co., Ltd.	6	5
17	Draft TFRS 16, lease contract and recognition of transactions under financial report standard	Dharmniti Seminar and Training Co., Ltd.	6	3
18	Effective communication and coordination technique	Dharmniti Seminar and Training Co., Ltd.	6	1
19	Study about Law; Transfer Pricing 2019	Dharmniti Seminar and Training Co., Ltd.	6	2
20	Work result measurement method and report making in purchasing	Dharmniti Seminar and Training Co., Ltd.	6	1
21	Mobile App Development with Google's Flutter and Firebase	Warisoft Co., Ltd.	12	1
22	Income tax waiting for amortization	Federation of Accounting Professions under the Royal Patronage	6	2
23	Intro to Android Development	Schooldio Co., Ltd.	12	2
24	Self development technique for work development effectively	Dharmniti Seminar and Training Co., Ltd.	6	1

25	Important accounting transactions in financial statement that accountant shall be careful	Dharmniti Seminar and Training Co., Ltd.	6	3
26	MTDNA , MTCRE , MTCWE	Package Hunter Co., Ltd.	42	3
27	Analysis of the new act, the Labor Protection Act. effect on management of human resources	H R Center Co., Ltd.	6	1
28	Wireshark Essential skill for system and network engineer	American Information System Co., Ltd.	12	1
29	Problems and Challenge in Making Financial Statement to Know Irregular Transactions	Dharmniti Seminar and Training Co., Ltd.	6	2
30	Fundament SQL for Data science	Mr. Sathit Thanakunpaisan	12	2
31	3Q for Self Development	Thailand Productivity Institute	6	1
32	Increasing of Work Potential with Positive Thinking	Thailand Productivity Institute	6	1
33	TFRS 15 Income from Contract made with Customers and TFRS 16 Lease Contract	Dharmniti Seminar and Training Co., Ltd.	6	3
34	Essential Angular and Typescript	GreatFriend Business Development Co., Ltd.	24	3
35	Study about Issues of Prohibited Expense and Prohibited Purchase Tax	Dharmniti Seminar and Training Co., Ltd.	6	3
36	Time management and Importance Arrangement	Thailand Productivity Institute	6	2
37	TFRS 16 Lease contract and recognition of transactions under financial report standard	Dharmniti Seminar and Training Co., Ltd.	6	2
38	Professional wireless Network design and Installation	American Information System Co., Ltd.	18	3
39	Practice of TFRS 16 Lease Contract	Dharmniti Seminar and Training Co., Ltd.	6	3
40	Total in-depth study on integrated tax that accountants never miss (169 issues)	Dharmniti Seminar and Training Co., Ltd.	6	4
41	In-depth study on problems and procedures regarding property account and deducting of wear and tear and depreciation under accounting standard	Dharmniti Seminar and Training Co., Ltd.	6	2
42	TFRS of the year 2020	N Y C Management Co., Ltd.	6	2
43	Criteria and method of deducting withholding tax under the business agreement and contracts in whole system	Dharmniti Seminar and Training Co., Ltd.	6	2
44	Problems of expense that should be careful, prohibited expense, prohibited purchase tax and issues of deducting of relevant withholding tax	Dharmniti Seminar and Training Co., Ltd.	6	3
45	Accountant and process of making and placing of accounting system of the business	Dharmniti Seminar and Training Co., Ltd.	6	1
Total			402	101



Social and the environment activities

- Project of Dynasty Joining Volunteers for Rural Development

The company provided floor and wall tiles to volunteer clubs of students from various educational institutions continuously since the year 2013 under the project name: "Dynasty Joining Volunteers for Rural Development" by being a part in cultivating the new generation to have consciousness of helping other people, loving doing good deeds and volunteering in the form of development camps, building school buildings, multi-purpose buildings, cafeteria for lacking local schools for students to learn making benefits for other people in society. The company's total operations over the past 7 years supported tiles for 55 volunteer camps.

- Year 2013 (Year 1) the company supports 9 camps with tiles: 995 sq.m.
- Year 2014 (Year 2) the company supports 10 camps with tiles: 1,343 sq.m.
- Year 2015 (Year 3) the company supports 11 camps with tiles: 1,566 sq.m.
- Year 2016 (Year 4) the company supports 13 camps with tiles: 1,717 sq.m.
- Year 2017 (Year 5) the company supports 2 camps with tiles: 237 sq.m.
- Year 2018 (Year 6) the company supports 3 camps with tiles: 380 sq.m.
- Year 2019 (Year 7) the company supports 7 camps with tiles: 995 sq.m.



No.	Education Institutes	Participating schools	Address	Area	Number of tiles (sq. m)	Branch participating in the project
49	Suan Sunandha Rajabhat University	Wat Ban Nongkok School	Nakhon Ratchasima Province	Library	120	Sida Branch
50	Chulalongkorn University	Ban Sai Moon School	Roi Et Province	Multi purpose building	132	Roi Et Bypass Branch
51	Mahidol University	Ban Nong Khamin School	Phitsanulok Province	Library	50	Phitsanulok Branch, Ban
52	Srinakharinwirot University	Wat Bang Phue School	Trat Province	Library	108	Trat Branch
53	King Mongkut University of Technology	Sor Sor Chor Ban San Poo Loey	Chiang Mai Province	Multi purpose building	55	Jom Thong Branch
54	Mahidol University	Ban Ommeng School	Chiang Mai Province	Multi purpose building, facial basin, teeth brushing	400	Jom Thong Branch
55	Thammasat	Wat Wangtakhop School	Phichit Province	Library	130	Phichit Branch

In addition, the company still sees the importance of establishing good relations with communities, government agencies and schools, in the vicinity of the company's branches, to have public benefit area for the public to use together, in the small school section, highway service centers, temples, monasteries, multipurpose pavilions of communities and prisons. The company, therefore, supported by giving floor and wall tiles for various departments and communities that have continuously lacked funds since 2009 with the principle of considering the objectives of using public spaces for the public as appropriate. The company gives direct support at various locations through direct branch operations to be able to assess the needs of nearby communities and better access to the community. In the past year, there were 39 branches supported working units in the year, with a total of 14,746 square meters of tiles given to working units, according to the list of branches as in the table:

No.	Branch	Square meters	No.	Branch	Square meters
1	Kabinburi	511	21	Phayakkhaphumphisai	180
2	Klaeng	45	22	Phang Nga	1281
3	Khon Kaen	537	23	Phan	18
4	Khu Khan	97	24	Mae Rim	110
5	Khao Khiew	12	25	Mae Sot	360
6	Chanthaburi	1,228	26	Chokkarat Intersection	35
7	Chaengwatana	2,616	27	Ranong	1310
8	Chumphae	230	28	Rayong	390
9	Chiangkham	18	29	Rajana Wangnoi	200
10	Chokchai	100	30	Lampang	225
11	Danchang	25	31	Warin Banko	312
12	Phanatnikhom-Chonburi Road	50	32	Si Sa Ket - Uthom-phomphisai	250
13	Tha Wang Pha	10	33	Sikhoraphum	270
14	Nakhon Thai	400	34	Satuk	475
15	Nang Rong	322	35	Satun	115
16	Bo Win	625	36	Sawankhalok	130
17	Ban Phai	585	37	Saraphi	249
18	Buriram	261	38	Si Chan	160
19	Pa Phayom	60	39	Si Khew	144
20	Phanom Sarakham	800	Total		14,746 sqm.

- [Ethics promotion activities](#)

In early January 2019, the southern branches were affected by tropical storm named: Pabuk which resulted in the houses and residences of employees in the area with storm damage. Employees of Dynasty across the country have donated to help and support the employees who suffered from the Pabuk storm and have already delivered assistance to the employees in order to alleviate the suffering at the beginning of the year.

The company allows employees to give food and dry food to 5 monks in the New Year's tradition in the courtyard of the head office building which is organized annually as for auspice and carry on the good traditions of Thailand and promote the maintenance of Buddhism. A lot of employees participated in the merit offering to monks as every year.

Fair business operation

The company is committed to operations to be the leading organization of the country that operates business with good management system, having efficiency, transparency, fairness and the operation can be checked. The company respects the rights of all groups of stakeholders. The Board of Directors focuses importance of good corporate governance as corporate governance and conduct business fairly to all stakeholder groups. The company realizes that conducting a fair business will be a tool to prevent conflicts that may occur, also giving the company confidence, trust and acceptance by all stakeholder groups, by instilling in all employees at all levels to perform duties with responsibility fairly, according to the operational plan and procedures of the supervising agency, so that employees have consistent guidelines throughout the organization. The company uses the principles of respect for the law and human rights principles, to be consistent with culture, customs and traditions of each locality, including working, under actual data and accurate report. The company will have everybody to jointly find solution on basis of business relationships constantly, whether its business partners, customers, employees, community and society.

For business partners, the company operates business equitably and fairly, with all groups of partners, whether the raw material group, various equipment in the production process, transporting group, contractor group, or various financial institution groups. As the company engages in business fairly, continuously, the trading partners are confident in doing business with the company, in compliance with the contract and trade terms that the company adheres to equality, honesty in business and the mutual benefits of all business partners, to enable the business to receive support from business partners continuously and can survive for a long time.

For business competitors, the company opens opportunity to compete freely in accordance with the fair market mechanism, not using monopoly power to sell products. The company does not seek or disclose information, or acting improperly in competition in which the company mainly considers the interests of customers to choose quality products, receive impressive services and meet the needs of the market the best of all.

Anti-Corruption

Since the year 2013 onwards, the company and affiliates announce to use the Anti-Corruption Policy which is clearly written. The company disseminates to all employees, business partners and stakeholders through contact channels, both documents for employees in the company and the electronic systems through the company's website for business partners to do business together and all groups of stakeholders to be informed, as well as explaining to new employees to be aware of the policy every time in orientation for employees at factories, branches and headquarter and continue to carry on the policy throughout to be guideline for operations. The company does not accept all forms of fraud.

Policy on anti-corruption

"The company and affiliated companies commit to fight against corruption in all forms and require that the company and affiliated companies that are involved in business operations implement the anti-corruption policy which covers all relevant departments and have re-examining and review the guidelines for implementing this policy regularly to be in line with business changes, regulations and laws. "

In addition, the company still has a policy to provide protection and fairness for employees who report clues regarding corruption and/or regarding persons who do not follow the law, rules, regulations and ethics of the company (Whistle Blower Policy). The complainant and the whistleblower can notify via the channels provided by the company as follows:

1. Send documents at the 3 complaint boxes at the two Saraburi factories and at the head office.
2. Send the letter by post to Internal Audit Office at the head office of the company.
3. Via the company's email at wecare@dynastyceramic.com
4. Via the company's hotline, call 084-7514747 (during business hours, Mon-Fri 8.30 am-16.30 pm) and 081-8250526 (outside business hours).

In short, the company and affiliated companies have operating principles and business goals operating under the sustainability strategy that can meet the needs of stakeholders, including issues of economy, society and environment, having been in the main process of conducting business continuously, with the goal of creating sustainable organization development, in pair with the joint business success.



Internal Control and Risk Management

The Board of Directors and Executives of the company concern about the importance of internal control by realizing that the system of internal controls is an important mechanism to build confidence in the management to reduce business risk, enables efficient, and effective business operations, by allocating resources appropriately, and fulfill the business goals as well as an evaluation of the internal control at least once a year.

The Board of Directors has determined that the Audit Committee is responsible for supervising the internal control system, risk management system and the corporate governance system of the company to have an appropriate and efficient operation, including the company's compliance with the terms and applicable laws. The internal control also supervise to control any conflict of interest in related transaction and use of property, to prevent fraud or misconduct. The company has the consistency checks and balances mechanism by an internal audit department which is independent in business monitoring, assess the effectiveness and adequacy of the internal control system, in risk management system and in corporate governance system as well. The internal audit checks and balances all department performance of the company and its subsidiaries by bringing the framework guidelines of the internal control system in accordance with the International Standards of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), the risk management framework enterprise-wide (Enterprise Risk Management), and corporate governance guidelines, the guidelines of the Stock Exchange of Thailand and the Institute of Directors Association (IOD), the Thailand Economic Co-operation and Organization for Development (OECD). All mentioned frameworks and guidelines conduce the internal control to conduct risk management and all supervision, result in more integrity for the most efficient and effective in company performance.

The Company applies the Internal Control — Integrated Framework of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) comprising 5 components and 17 principles to the Company's operation, management, and internal control system. In the Board of Directors meeting no. 1/2020 on 18 February 2020, the directors have assessed the adequateness of the Company's internal control system in accordance with the Securities and Exchange Commission Thailand (SEC) and concluded that the overall internal control system is adequate and effective.

Thus, the Company focuses on five key elements relating to internal control as follows.

1. Organization and Commitment

1. The company demonstrates commitment to integrity and ethical values. The Code of Conduct has been formally established in relation to the fair and transparent business operations responsible to every stakeholder including society and the environment. There are stipulations prohibiting actions which may have conflict of interests or damage the Company.

2. The Board of Directors oversees system of internal control independently. The board consists of more than one-third independent directors. Its members are experts, skilled, and qualified to oversee the development and performance of internal control which includes the control environment, the risk assessment, the control activities, the information and communication, and the monitoring activities. The authorities and responsibilities of the board and each committee are clearly defined and segregated from the management.

3. The company establishes clear structures, reporting lines, authorities, and responsibilities aligning with business model and legal environment to maximize efficiency and effectiveness of operations and internal controls. Crucial segregation of duties among structures provides checks and balances. Authority in management and operating levels are clearly defined, assigned, and limited.

4. The company demonstrates commitment to attract, develop, and retain competent personnel. Relating policies and procedures have been clearly established and periodically assessed for their implementation effectiveness. The Company established mentoring process allowing supervisors to give consults to their subordinates on improvement. Succession plans for personnel in essential positions are defined and in place.

5. The company enforces each personnel's accountability for achievement of their assigned internal control responsibility through reporting lines directives, and communication of clear policies and procedures to enable strict conformance. Supervisors are also required to, by themselves, assess and assure the effectiveness of internal controls under their supervision (Control Self-Assessment; CSA).

The Board of Directors and the management establish and communicate clear performance evaluation procedures and performance measures to motivate and reward performing personnel, and to manage any non-performances. The performance measures include adherence to the Code of Business Ethics, achievement of short-term and long-term objectives, and achievement of internal controls. Process is in place to adjust performance pressures of the management and personnel in case that they are excessive and possibly re-

sulting in frauds or internal control's cutting corners.

2. Risk Assessment

6. The company specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. For example, objectives are categorized as follows:

- Goals are clearly stated and practical. They support and align with the Company's missions and strategies.
- The Company's resources are managed and utilized efficiently and economically to achieve established objectives.
- The Company's assets, information, reputation, and personnel are safeguarded.
- Process, policies, and procedures are continuously improved and updated benchmarking relevant international standards.
- Financial and non-financial reporting are accurate, reliable, and timely. Financial reporting accurately and completely complies with the generally accepted accounting principles, represents the Company's financial position and rights and obligations, and has full disclosures, reflecting activities and performances of the Company.
- Internal and external regulations, policies, and laws relating to the Company's business are being adhered to.
- CSA is properly implemented in crucial processes.

7. The company identifies and analyzes all types of risk in both corporate and operational levels which may affect achievement of the objectives. Internal and external factors are considered to identify and analyze strategic risk, operational risk, reporting risk, compliance risk, and information technology risk. The Company assesses the significance of risks based on impact and likelihood of risk occurring. The management and personnel are involved in the risk management process and consideration of risk.

8. The company assesses fraud risk and establishes measures to prevent and detect frauds especially in high-fraud-risk processes such as processes relating to cash, inventory, procurement, financial reporting etc. The Company performs an analysis to identify irregular financial ratios, continuously monitors for irregular business transactions, implements various assets safeguarding measures, and launches the whistle blower program.

In addition, the Audit Committee scrutinizes information and questions the management on likelihood of fraud occurring and measures implemented to prevent, detect, or remedy frauds.

9. The company identifies and analyzes significant changes in the external environment, the business model, and leadership which may affect the business, internal controls, and financial reporting. Appropriate responding measures to those changes have been prepared and established.

3. Control Activities

10. The company selects and develops control activities aligned with the Company's risks and specific characteristics such as the business environment, complexity, nature, and scopes of operations, covering all relevant business processes and levels of activities. There are considerations on a proper mix of control activity types, a balance of manual and automated controls, and an integration of preventive and detective controls. Conflicted duties such as transaction recording, authorizing, approving, and assets handling are also segregated to provide proper checks and balances.

11. The company selects and develops general controls over technology to help ensure that the Company's IT systems are always available, protected from unauthorized access, and supporting achievement of management's objectives. Examples of the controls are:

- Technology infrastructure controls: centralized technical infrastructure operations, IT system change management, business continuity management program etc.
- Security management controls: access rights controls, security controls, system and network irregularity monitoring, information security management system's external assessment etc.
- Technology acquisition, development, and maintenance controls: strict system procurement process, internal and outsourced system developer management and competency program, revision of system development manual, system source code control etc.

12. The company deploys control activities through clear policies and procedures to let personnel understand what the management expects and how to implement the controls correctly. Competent personnel who are responsible, steps and timing of implementation, and corrective actions on matters identified as a result of the controls are established. The policies and procedures are periodically reassessed for continued relevance and effectiveness. The Company has established policies to ensure that all business decisions are approved based on the Company's interest, and on an equitable agreement with independent parties and subsidiaries are subjected to the equivalent policies and are mon-

itored by their directors or management appointed by the Company.

4. Information & Communication

13. The company uses relevant and quality information to support internal control. Data is gathered from internal and external considering costs and benefits. The data are gathered and processed by information systems into information supporting the functioning of internal control.

The Board of Directors receives sufficient information for the decision making in the meetings in a timely manner 7 or 14 days before the meetings as stipulated by laws and regulations. The information includes relevant details, backgrounds, options, and effects to the Company. In the meetings, each director's opinions, recommendations, observations, inquiries, disagreements, and reasoning are recorded for subsequent board assessment.

14. The company has an internal communication system to relay internal control's objectives, policies, procedures, and accountabilities to every level of personnel in every department nationwide. Various communication channels are selected appropriately for the communication efficiency and effectiveness. For examples, there are communications via the intranet and confidential Whistle Blower hotline.

The Company reports material information to the Board of Directors. The board members have access to and can request reviews of any information needed to exercise their oversight responsibilities. They can freely communicate with the external auditors, internal auditors, and other established contact persons other than the senior management. Extraordinary formal or informal meetings with the management can also be arranged.

15. The company has an efficient communication system with external stakeholders using proper channels to support internal control. For examples, there are

- communications via the internet, social media,
- investor relations,
- service quality complaint centers, and Whistle Blower hotline to the Audit Committee.

5. Monitoring Activities

16. The company instructs managers and supervisors

in every department to continuously monitor for deficiencies of the internal control to ascertain the continued effectiveness of 5 components and 17 principles of the internal control. There are also separate evaluations from independent parties such as internal auditors or external quality assessors. The frequency of the evaluations varies on rate of changes occurring.

17. When the internal control deficiencies are identified, the company evaluates their significances and communicate them to responsible parties for timely corrective actions. Material deficiencies and their correction progress are reported to the Board of Directors and the senior management as appropriate. Fraud incidents or clues, violation of law, or any other irregularities which may materially affect the Company's reputation or financial position will be immediately informed to the Board of Directors.

With the current information system, which provides reliable and timely information, the management and the Board of Directors can control and monitor the operations with reference to financial reporting effectively. And at the same time, the Management can review, assess, and make recommendations to improve business processes through the supervision of the Office of Internal Audit to carry out audit throughout the year.

Internal Audit

The Internal Audit Office performs its duties independently from the management. It reports functionally to the Audit Committee and administratively to the Chief Executive Officer. Supporting the Company's achievement of objectives and goal, the office evaluates the efficiency and effectiveness of the internal control, risk management, governance system, and also provides consultation.

The Chief Audit Executive acts as the secretary to the Audit Committee supporting their oversight responsibilities and accountability which are assigned by the Board of Directors to the Audit Committee. Additionally, the Chief Audit Executive gives advices relating to the internal control, risk management, business ethics, information security etc.

The internal audit was conducted to examine the system of internal control on a regular basis and report the result to the Audit Committee. Until now, Audit Committee has not found any significant flaws; however, minor comments on how to improve internal control. Office of Internal Audit is responsible for auditing to ensure that the operation and financial activities of the Company are implemented effectively and in accordance with the law under the guidelines.



Related Transaction

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), with the following measures.

1. The Audit Committee must consider and give their comments before transaction occurs.
2. In case the Audit Committee is not able to give any comment on any transaction, the Company must provide independent specialist to provide comments for the Audit Committee to form their comments before proposing to the Board of Directors and/or Shareholders' Meeting for further consideration.
3. The persons who have potential conflict of interest cannot vote on the transaction that is related to them.
4. The Company will disclose the related transaction in the notes attached to financial statements. The Audit Committee will give comments concerning the necessity and rationale of the related transaction that has been audited by external accounting auditor.

Dynasty Ceramic Public Co. Ltd. has related transactions with its subsidiaries as follows:

1.Tile Top Industry PLC (Subsidiary)

- The Company is a sole distributor of all made products purchased from Tile Top Industry Public Co. Ltd., which manufactures floor tiles and wall ties, at wholesale prices. The Company is the sole distributor, Tile Top Industry Public Co. Ltd. contracted Dynasty Ceramic Public Co. Ltd. to manage its operations, inventory (including raw materials and spare part), purchasing and sales, financial and accounting systems with an online computer system, with an annual budget of 12 million Baht, resulting in related transactions.
- Moreover, Dynasty Ceramic Public Co. Ltd. rented warehouse facilities located at Tile Top factory for storage of products purchased from Tile Top Industry PLC and contracted Tile Top Industry PLC to manage the Company's warehouses, with a yearly budget of 3.6 million Baht.
- Since Dynasty Ceramic is in charge of controlling its own and its subsidiaries' financial policies, payments were made in advance on some items produced and distributed to Dynasty Ceramic Public Co. Ltd. This is a means of providing financial support to its subsidiary, with the borrowers issuing a promissory note to the loan provider. Interest is calculated according to prevailing market rates on the date the borrowing was made.

2.The Royal Ceramic Industry PLC (Subsidiary)

- Purchase the finished goods from Royal Ceramic Industry PLC, a manufacturer of floor and wall ceramic tiles in wholesale price.
- Contracting for the Royal Ceramic Industry Public Company Limited for warehouse management and product distribution for 1 year (1 April 2017 to 31 March, 2018) with 0.15 million baht per month, the total value of the contract is 1.8 million baht and not renewed on the contract.
- Renewed the contract for the Royal Ceramic Industry Public Company Limited to lease the office building space for 3 years (1 April 2018 to 31 March 2021), monthly rental fee of 0.06 million baht, total contract value of 2.16 million baht.
- Renewed the contract for the Royal Asia Brick and Tile Company Limited to lease the office building space for 3 years (1 May 2018 to 30 April 2021), monthly rental fee of 0.012 million baht, total contract value of 0.432 million baht.
- Arrange the contract for the rental of machinery for using in production for 3 years (1 April 2018 to 31 March 2021).

The monthly rent is 0.20 million baht. The total value of the contract is 7.2 million baht and canceled the lease on May 1, 2019 due to the purchase of such machinery from DCC.

Dynasty Ceramic Public Company Limited has connected transactions with the connected persons as follows:

1. Mr. Monrak Soengsastra : Executive Director

Year 2018

- Land lease agreement to build LamSak branch, Petchabun province, the contract period is 16 years (1 February 2018 to 31 January 2034). The total value of the contract is 18.44 million baht, with an average of 1.15 million baht per year.
- Land lease agreement to build Nakornpathom branch, Nakornpathom province, the contract period is 12 years (1 November 2018 to 31 October 2030). The total value of the contract is 14.70 million baht, with an average of 1.23 million baht per year.
- Land lease agreement to build Nakornsirathamrat branch, Nakornsirathamrat province, the contract period is 12 year. (1 September 2018 to 31 August 2030). The total value of the contract is 23.60 million baht, with an average of 1.97 million baht per year.
- Renewal of the land lease contract, Katinglai branch, Chonburi province, with a 12 year contract (1 January 2019 to 31 December 2030), total contract value of 10.40 million baht, an average of 0.86 million baht per year.

Year 2019

- Land lease agreement to build Mae Rim branch, Chiang Mai province, the contract period is 3 years (15 January 2019 to 14 January 2022). The total value of the contract is 5.8 million baht, with an average of 1.93 million baht per year.
- Land lease agreement to build Nakornpathom branch, Nakornpathom province, the contract period is 3 years (1 May 2019 to 30 April 2022). The total value of the contract is 9.09 million baht, with an average of 3.03 million baht per year.

2. Mr. Maruth Soengsastra : Executive Director

Year 2018

- Land lease agreement to build Nakornpathom branch, Nakornpathom province, the contract period is 12 years (1 November 2018 to 31 October 2030). The total value of the contract is 14.70 million baht, with an average of 1.23 million baht per year.
- Renewal of the land lease contract, Katinglai branch, Chonburi province, with a 12 year contract (1 January 2019 to 31 December 2030), total contract value of 10.40 million baht, an average of 0.86 million baht per year.

Year 2019

- Land lease agreement to build Nakornpathom branch, Nakornpathom province, the contract period is 3 years (1 May 2019 to 30 April 2022). The total value of the contract is 10.50 million baht, with an average of 3.50 million baht per year.

Reason and necessity Due to the land procurement policy for the construction of the branch location must be located on the main road, convenient transportation, wide open land width for easily loading products. The business development team has surveyed, mostly is the large land plot for sale the whole land which requires high investment, where as compared to rent, it is considered more worthy. For investment policy to purchase land, the company consider in working capital as well.

Every contract that is a connected transaction has been carefully reviewed by the Audit Committee prior proposing to the Board of Directors for approval. By considering the benefits of the company as a whole in which the persons involved are not participating and voting in that agenda and disclose information in accordance with relevant regulations every transaction.

Transaction

1. The Company has transactions with Tile Top Industry PLC (Subsidiary), which is the majority shareholder. More than 95 percent and the Board of Directors of the Company and its subsidiaries. The transaction has no impact on the consolidated.
2. Royal Ceramic Industry PLC (Subsidiary / RCI), the company is not a shareholder but there are common directors. It was consold in the financial statement since April 1, 2017 and the company has invested in the purchase of ordinary shares of the Royal Ceramic Industry Public Company Limited at 4.05 percent during October– November 2018 and In October 2019, the company acquired RCI by voluntary tender offer from all shareholders of RCI. After making a tender offer, the company holds 84.88 percent in RCI stake of share.

Procedures for approving related transactions.

The company will adhere to the same practice as other general transactions. With the authority of the person entitled to approve according to the specified limit. In addition, The Audit committee is responsible for reviewing the related transactions between the company and its subsidiaries and connected persons on quarterly basis. To carefully eliminate conflicts of interest by adhering to the benefits of the company as a major concern.

For approval process, the related transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit of budget according to their respective rank and position. The Audit Committee of the Company and its subsidiaries is responsible for reviewing the related transactions every quarter to ensure that no conflict of interest will be occurred in order to maximize the overall company's benefits.

For the fiscal year ended 31 December 2017-2019, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business.

TRANSACTIONS WITH RELATED PARTIES

The financial statements include transactions with related parties and the financial statements reflect the effects of these transactions on the basis determined by the companies concerned.

1. Revenue and Expense between the Company , Subsidiaries and Related parties

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)		
			2019	2018	2017
Tile Top Industry PCL.	Subsidiaries Company	Revenue from Raw Material / Supplies	3.6	2.4	1.7
		Rental income from office	0.7	0.7	0.7
		Management Fee income	12.0	12.0	12.0
		Purchases –Finished goods	2,251.2	2,267.4	2,068.4
		Purchases – Raw Materials / Supplies	2.4	3.1	4.5
		Warehouse Management Fee	3.6	3.6	3.6
The Royal Ceramic Industry PCL.	Subsidiaries Company	Revenue from Raw Material / Supplies	17.9	14.9	2.5
		Sales — finished goods	-	-	3.9
		Rental income from office	0.7	0.7	0.5
		Management Fee income	-	-	5.0
		Rental machine income	0.8	1.8	-
		Freight Income	50.8	50.7	22.9
		Purchases –Finished goods	1,156.2	974.3	390.0
		Purchases – Raw Materials / Supplies	4.6	1.2	0.3
		Warehouse Management Fee	-	0.5	1.4
The Royal Asia Brick and Tile Company Limited	RCI's subsidiary	Rental income from office	0.1	0.1	0.1
Mr. Monrak Saengsastra and Mr. Maruth Saengsastra	Director of the Company	Rental Land Expenses	13.5	7.3	3.1

2. Assets and Liabilities between the Company , Subsidiaries and Related parties

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)		
			2019	2018	2017
TileTop Industry PCL.	Subsidiaries Company	Trade Account Payable	991.6	896.1	818.3
The Royal Ceramic Industry PCL.	Subsidiaries Company	Trade Account Payable	43.7	98.1	43.6

FINANCIAL HIGHLIGHTS

	(Million Baht)		
FINANCIAL RATIO	Y2019	Y2018	Y2017
Total Revenues	8,190	8,053	7,393
Net Sales	8,118	8,027	7,363
Gross Profit	3,126	3,102	2,848
%Gross Profit	38.5	38.6	38.7
Selling & Admin. Expenses	(1,769)	(1,749)	(1,549)
Net Profit Before Interest & Depreciation	1,964	1,901	1,780
Net Profit	973	979	1,117
CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION	Y2019	Y2018	Y2017
Total Assets	8,722	8,003	7,097
Total Liabilities	5,203	3,681	3,316
Total Shareholders' Equity	3,519	4,322	3,781
Total Shareholders' equity of the Company	3,367	3,694	3,525
FINANCIAL RATIO	Y2019	Y2018	Y2017
Earning Per Share – Baht	0.139	0.150	0.171
Net Profit / Total Revenues – %	11.88	12.16	15.11
Debt Equity Ratio	1.48	0.85	0.88
Return on Total Assets – %	11.16	12.23	15.74
Return on Equity –%	27.65	22.65	29.54
Booked Value – Baht	0.487	0.662	0.579
Dividend Per Share – Baht	0.1044	0.116	0.128
Dividend Yield – %	75	77	75
Authorized Share Capital – Baht	913,919,154.10	913,919,154.10	652,799,395.80
Total number of shares —Shares	9,139,191,541	9,139,191,541	6,527,993,958
Issued and Paid-up share—Shares	7,231,432,657	6,527,993,958	6,527,993,958

Summary of Operating Results and Financial Analysis

CONSOLIDATED

Operating results of the consolidated financial statements

Statement of Comprehensive Income	Y2019	%	Y2018	%	% Increase/ (Decrease)
Revenue from sales	8,117.6	100.0%	8,026.6	100.0%	1%
Cost of sales	(4,991.2)	-61.5%	(4,924.3)	-61.3%	1%
Gross profit	3,126.4	38.5%	3,102.3	38.7%	1%
Other income	72.9	0.9%	25.6	0.3%	185%
Distribution costs	(842.0)	-10.4%	(869.4)	-10.8%	-3%
Administrative expenses	(927.5)	-11.4%	(879.5)	-11.0%	5%
Finance costs	(41.8)	-0.5%	(40.7)	-0.5%	3%
Profit (loss) before income tax	1,388.0	17.1%	1,338.2	16.7%	4%
Income tax	(275.1)	-3.4%	(201.7)	-2.5%	36%
Total profit (loss) income for the period	1,112.9	13.7%	1,136.5	14.2%	-2%
Other profit (loss) comprehensive income for the period, net of tax	11.5	0.1%	-	0.0%	0%
Total profit (loss) comprehensive income for the period	1,124.4	13.9%	1,136.5	14.2%	-1%

Profit(loss) attributable to :

Owner of the Company	972.8	12.0%	978.8	12.2%	-1%
Non-controlling interests	140.1	1.7%	157.8	2.0%	-11%

The Company has included the Royal Ceramic Industry Public Company Limited ("RCI") financial statements to prepare the consolidated financial statements of the Company since April 1, 2017, according to the resolution of the Annual General Meeting of Shareholders for the year 2017, held on April 24, 2017. In 2017, the Company did not hold shares in RCI but the Company has power of control through key directors and executives and control over the operating policies in the management. Subsequently, around end of October until November 2018, the Company entered into share purchase transaction and acquired 25 million shares, or 4.05% of RCI's issued and paid up shares and increased to 38.01 million shares or 6.16% of paid up shares in 1Q19.

The resolution from Annual General Meeting 1/2019 on 15 October 2019 approved to buy all of the RCI's shares by making Voluntary Tender Offer from all RCI's shareholders. The result of this offering from RCI's shareholder during 18 October 2019 until 22 November 2019 or 25 working days concluded at 485.57 million shares or 78.72% added to 38.01 million shares or 6.26% of which the company is holding; therefore, at the end of November 2019, the company has invested in 523.58 million of RCI's shares or 84.88% of paid up shares.

2019 Operating Result ending 31 December 2019 comparing with the previous year.

- Total income 8,117.6 million Baht increased 91.0 million Baht or 1% YoY. The volume of sales and its ASP unchanged. Gross Profit of 38.5% decreased slightly from the previous year. The production volume increased 2% from the new kiln from its subsidiary at the beginning of the year. The natural gas price which is the main cost of production decreased 6%.
- Other income increased 47.3 million Baht or 185% YoY mostly due to rental income of 29.0 million Baht increased 24.9 million Baht or 607% YoY other services income and portfolio insurance forfeit of 10.4 million Baht other income from subsidiary 10.3 million Baht
- Cost of selling decreased 27 million Baht or 3% YoY due to the decreased 7% in diesel price which reduce transportation cost along with increased efficiency in promotion cost.
- Administrative cost increased 48 million Baht or 5% YoY mainly from the increased in employee benefit obligation due to the change in national labor policy which stated that the calculated days for compensation of the resigning employee is 400 days instead of 300 days which totaled in 42 million Baht
- The financial cost increased 1.1 million Baht or 3% YoY part of which increased from short term loan increased 65% at the end of the year for investing in RCI's share which totaled 2,000 million Baht
- Income tax increased 73 million Baht or 36% YoY of which belongs to RCI group of 42.0 million Baht because last year, RCI group, has loss carry forward and is booked in income tax of 47.7 million Baht and booked in spending in income tax from RCI's profit since the beginning of 2019.
- Resulting in net profit of shareholders of 972.8 million Baht or 0.139 Baht per share decreased from the previous year of 6 million Baht or 1% YoY

Financial Position

Statement of Financial Position	As of 31 Dec 2019	%	As of 31 Dec 2018	%	% Increase/ (Decrease)
Total Assets	8,721.9	100%	8,002.8	100%	9%
Total Current Assets	2,620.8	30%	2,382.0	30%	10%
Total Non-Current Assets	6,101.1	70%	5,620.8	70%	9%
Total Liabilities	5,203.0	60%	3,681.0	46%	41%
Total Current Liabilities	4,927.1	95%	3,435.7	93%	43%
Total Non-Current Liabilities	275.9	5%	245.3	7%	12%
Total Shareholders' Equity	3,518.9	40%	4,321.8	54%	-19%

Total assets of the Company and its subsidiaries as of 31 December 2019 amounted 8,721.9 million Baht, an increase of 719.1 million Baht or 9% YoY.

Current assets increased 238.8 million Baht or 10% YoY with change of transaction from:

- Cash and cash equivalents decreased 7.9 million Baht or 6%
- Trade accounts receivable and other current receivables increased 17.6 million Baht or 6% YoY
- Inventories increased 200.2 million Baht or 10% YoY from the increased in production.
- Non-current asset for sell of 29 million Baht belong to RCI which will sell its investment from subsidiary in the beginning of 2020.

Non-current assets increased 480.3 million Baht or 9% YoY due to:

- Long term loan decreased 29 million Baht which belongs to TT Ceramic Public Company limited booked in current asset.
- Land, building and equipment (net) increased 549.5 million Baht or 10% YoY mainly from renovations of the Company's outlets and increase production capacity of both subsidiary namely Tile Top Industry Company Limited and The Royal Ceramic Industry Public Company Limited.
- Intangible assets decreased 9.5 million Baht or 35% YoY taken off from unused RCI's software of 6.5 million Baht.

- Deferred income tax decreased 31.8 million Baht or 47% YoY booked in income tax from RCI's profit since the beginning of 2019 of 40.0 million Baht along with increased in employee benefit obligation and decreased in retirement at the end of the year.

Total liabilities of the Company and its subsidiaries as of 31 December 2019 amounted 5,203.0 million Baht, increased by 1,521.9 million Baht or 41% YoY.

Current liabilities increased 1,491.4 million Baht or 43% YoY. Debt to equity decreased from 0.69 times as of December 31, 2018 to 0.53 times as of December 31, 2019 with change of transaction from;

- Bank overdrafts and short - term loans increased 1,560.7 million Baht or 65% YoY and at the end of the year the company using short term loan of 2 billion Baht to invest in RCI's shares.
- Account payable and others account payable decreased 58.8 million Baht or 6% YoY.
- Accrued income tax decreased 7.5 million Baht or 7% YoY. The company's part decreased 13.5 million baht and its subsidiaries increase 6 million Baht.

Non-current liabilities increased 30.6 million Baht or 12% YoY due to

- Projected employee benefit obligation increased 30.8 million Baht or 19% YoY due to the change in national labor policy which stated that the calculated days for compensation of the resigning employee is 400 days instead of 300 days which totaled in 27.3 million Baht projected obligation during the year of 16.4 million Baht and decreased from retirement of 12.9 million Baht
- Lower deferred income tax liabilities by 2.1 million Baht or 7% YoY
- Others Non-current liabilities increased 3.7 million Baht or 0.2% YoY

Total shareholders' equity of the Company and its subsidiaries as of 31 December 2019 amounted to 3,518.9 million Baht decreased 802.9 million Baht or 19% YoY from

- Legal reserve increased 7.0 million Baht fully 10% of the paid up shares.
- Unappropriated retained earnings increased 241.4 million Baht or 9% YoY from net profit attributed to owner of the Company amount 972.8 million Baht and increased from net profit from projected employee benefit obligation of 11.6 million Baht. Interim dividend payment during 1st, 2nd, and 3rd quarter of 2019 amount 736.0 million Baht. And decrease from legal reserve of 7.0 million Baht
- Other components of equity was lower by 1,384.6 million Baht as the Company entered into share purchase transaction and acquired 84.88% in RCI end of November 2019.
- Non-controlling interests decreased 475.7 million Baht or 76% from the controllable part.

Independent Auditor's Report

To the shareholders of Dynasty Ceramic Public Company Limited

Opinion

I have audited the financial statements of Dynasty Ceramic Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position as at December 31, 2019 and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that is 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.

Revenue

Risk description

Revenue is the significant transactions to the financial statements which the Company has income both from sales directly to the customers and sales through branches which spread over Thailand. I have focused on the completeness and the occurrence of the revenue transactions especially the sales through branches that the Company has to rely on the Information Technology system, together with reconciliation of daily cash sales including the existence of the outstanding inventory in each branch.

Key audit procedures

Our audit work on the risk are as follows;

- Understood revenue process and revenue recognition.
- Evaluated and tested of internal control for revenue cycle.
- Substantive tested of revenue from branches by reconciliation daily sales reports with cash received and tested the existence of the quantities of outstanding inventories as at period ended.
- Analysed and compared actual sales transactions with budgeted revenue prepared by the management and business trend in the same industry.

Inventory

Risk description

According to, there has stock locations spread by branches around the country and proportion amount are moreover than inventory at factory. I have focused on inventory existence at branches.

Key audit procedure

My audit procedures are understanding and test for the overall of information technology system, Inventory's internal control system evaluation, sampling to test the completeness and existence both of at factory and branches. Moreover, I have reviewed the work of external inventory checking auditor which the Company outsource for inventory counting by every month, to ensure that internal control of inventory is efficient.

Allowance for declining in value of inventory

Risk description

As at December 31, 2019, as describe in note to financial statement no.8, the Group Companies have inventory valuation by the lower of cost or net realizable value. The management have to make subjective judgment in consideration of allowance for slow moving and declining value of inventory in accordance to physical damage of each items and the net realizable value consideration from market price at ended date.

Key audit procedure

I got a confidence of appropriate management's assumption of allowance for inventory calculation. I observed the inventory counting at the factory and branches, sampling invoice to check cost of material recording, and also cost allocation related to such inventory. I compared cost of inventory with net realizable value (subsequent sales invoice to check sales price), analyst quantity and movement to find out a slow turn-over and damage.

Other Information

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

My opinion on the financial statements does not cover the other information and I 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, 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 Group's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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



Ms. Jadesada Hungsapruerk

Certified Public Accountant Registration No. 3759

Karin Audit Company Limited

Bangkok

February 18, 2020

**DYNASTY CERAMIC PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
AND
AUDITOR'S REPORT

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		"AUDITED"	"AUDITED"	"AUDITED"	"AUDITED"
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	117,925,477	125,850,292	92,318,194	115,072,564
Trade account and other current receivables – net	7	308,527,927	290,973,221	302,397,640	272,928,757
Inventories – net	8	2,164,324,713	1,964,104,158	1,972,947,721	1,787,263,036
Other investments	9	1,063,937	1,063,937	1,063,937	1,063,937
Non – current assets classified as held for sale		29,000,000	–	–	–
TOTAL CURRENT ASSETS		2,620,842,054	2,381,991,608	2,368,727,492	2,176,328,294
NON – CURRENT ASSETS					
Investment in subsidiary	10	–	–	2,209,800,514	209,533,711
Other long – term investments		314,300	29,314,300	–	–
Property, plant and equipment – net	11	6,028,873,927	5,479,423,192	4,463,478,475	3,975,112,373
Intangible asset – net	12	17,687,774	27,230,639	17,686,118	20,412,659
Deferred income tax asset	21	35,727,451	67,547,453	–	–
Other non – current assets	13	18,453,069	17,339,125	16,772,458	16,184,270
TOTAL NON– CURRENT ASSETS		6,101,056,521	5,620,854,709	6,707,737,565	4,221,243,013
TOTAL ASSETS		8,721,898,575	8,002,846,317	9,076,465,057	6,397,571,307

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

(Unit : Baht)

Notes	Consolidated		Separate	
	December 31, 2019 "AUDITED"	December 31, 2018 "AUDITED"	December 31, 2019 "AUDITED"	December 31, 2018 "AUDITED"
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short - term loans from financial institutions 14	3,966,546,836	2,405,871,576	3,885,084,367	2,290,000,000
Trade account and other current payables	857,144,279	918,924,697	530,594,173	528,025,828
Trade account payables - subsidiary company 6	-	-	1,035,286,705	994,220,014
Accrued income tax	103,398,744	110,946,590	95,256,510	108,752,449
TOTAL CURRENT LIABILITIES	4,927,089,859	3,435,742,863	5,546,221,755	3,920,998,291
NON - CURRENT LIABILITIES				
Unfunded provident fund - non contributory 16	49,278,480	50,980,356	-	-
Long-term loans 15	-	-	-	-
Employee benefits obligation 18	190,997,839	160,243,824	81,439,135	78,113,931
Deferred income tax liability 21	30,147,344	32,283,153	30,147,344	32,283,153
Other non-current liabilities	5,465,148	1,812,980	5,465,148	1,812,980
TOTAL NON-CURRENT LIABILITIES	275,888,811	245,320,313	117,051,627	112,210,064
TOTAL LIABILITIES	5,202,978,670	3,681,063,176	5,663,273,382	4,033,208,355
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht 0.1 par value Registered - 9,139,191,541 shares 19	913,919,154	913,919,154	913,919,154	913,919,154
Issued and paid - up 7,231,432,657 ordinary shares as at December 31, 2019 and 6,527,993,958 ordinary shares as at December 31, 2018	723,143,266	652,799,396	723,143,266	652,799,396
Premium on share capital	1,244,610,634	506,000,000	1,244,610,634	506,000,000
Retained earnings				
Appropriated for legal reserve 20	72,314,326	65,280,000	72,314,326	65,280,000
Unappropriated	2,790,247,827	2,548,833,458	1,373,123,449	1,140,283,556
Other components of equity	(1,463,689,220)	(79,131,865)	-	-
Total Shareholders' equity of the Company	3,366,626,833	3,693,780,989	3,413,191,675	2,364,362,952
Non-controlling interests	152,293,072	628,002,152	-	-
TOTAL SHAREHOLDERS' EQUITY	3,518,919,905	4,321,783,141	3,413,191,675	2,364,362,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,721,898,575	8,002,846,317	9,076,465,057	6,397,571,307

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
Revenues from sales and services					
Revenue from sales	25	8,117,588,347	8,026,552,658	8,117,427,525	8,019,930,023
Costs of sales	25,27	(4,991,199,424)	(4,924,268,286)	(5,343,818,928)	(5,217,887,147)
Gross profit		3,126,388,923	3,102,284,372	2,773,608,597	2,802,042,876
Other income	26	72,881,623	25,605,881	68,432,030	38,240,083
Distribution costs	27	(842,002,104)	(869,423,205)	(739,237,312)	(774,665,697)
Administrative expenses	27	(927,493,643)	(879,511,424)	(872,372,048)	(836,032,319)
Finance costs		(41,807,253)	(40,731,593)	(37,307,536)	(33,142,530)
Profit (loss) before income tax		1,387,967,546	1,338,224,031	1,193,123,731	1,196,442,413
Income tax	22	(275,118,714)	(201,674,829)	(230,671,129)	(230,826,375)
Profit (loss) for the years		1,112,848,832	1,136,549,202	962,452,602	965,616,038
Other comprehensive income:					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain on remeasurement of defined benefit plans		11,568,955	–	13,390,341	–
Other profit (loss) comprehensive income for the period, net of tax		11,568,955	–	13,390,341	–
Total profit (loss) and comprehensive income for the year		1,124,417,787	1,136,549,202	975,842,943	965,616,038
Profit (loss) attributable to:					
Owner of the Company		972,790,726	978,754,540	962,452,602	965,616,038
Non-controlling interests		140,058,106	157,794,662	–	–
		1,112,848,832	1,136,549,202	962,452,602	965,616,038
Total profit (loss) and comprehensive income attributable to:					
Owner of the Company		984,417,419	978,754,540	975,842,943	965,616,038
Non-controlling interests		140,000,368	157,794,662	–	–
		1,124,417,787	1,136,549,202	975,842,943	965,616,038
Earnings per Share	24.1				
Profit (loss) for the period from continuing operations		0.139	0.150	0.138	0.148
The number of ordinary shares weighted average (Unit : shares)		6,982,820,076	6,527,993,958	6,982,820,076	6,527,993,958
Diluted earnings per share					
Profit (loss) for the period from continuing operations	24.2	0.125	0.150	0.124	0.148
The number of ordinary shares weighted average (Unit : shares)		7,788,100,624	6,527,993,958	7,788,100,624	6,527,993,958

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

Consolidated							
Shareholders' equity of the Company							
	Notes	Share capital issued and paid-up	Premium on Share capital	Retained earnings		Other components of equity	Total
				Legdl Reserve	Unappropriated		
Balance as at January 1, 2019		652,799,396	506,000,000	65,280,000	2,548,833,458	(79,131,865)	4,321,783,141
Change in parent's ownership interests in subsidiaries		-	-	-	-	(1,384,557,355)	(615,709,448)
Increase in share capital		70,343,870	738,610,634	-	-	-	808,954,504
Total profit (loss) and comprehensive income for the year		-	-	-	-	984,417,419	140,000,368
1,124,417,787							
Dividend payment	23	-	-	-	(735,968,724)	-	(735,968,724)
Legal reserve	20	-	-	7,034,326	(7,034,326)	-	-
Balance as at December 31, 2019		723,143,266	1,244,610,634	72,314,326	2,790,247,827	(1,463,689,220)	3,518,919,905
Balance as at January 1, 2018		652,799,396	506,000,000	65,280,000	2,301,214,241	-	3,780,842,054
Gain remeasurements of employment benefit obligations		-	-	-	-	-	4,266,625
Change in parent's ownership interests in subsidiaries		-	-	-	-	(79,131,865)	(20,922,311)
Increase in share capital		-	-	-	-	-	231,314,759
Total profit (loss) and comprehensive income for the year		-	-	-	978,754,540	-	1,136,549,202
Dividend payment	23	-	-	-	(731,135,323)	-	(731,135,323)
Balance as at December 31, 2018		652,799,396	506,000,000	65,280,000	2,548,833,458	(79,131,865)	4,321,783,141

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

Separate					
	Notes	Share capital issued and paid-up	Premium on Share capital	Retained earnings	
				Legal Reserve	Unappropriated
Balance as at January 1, 2019		652,799,396	506,000,000	65,280,000	1,140,283,556
Total profit (loss) and comprehensive income for the year		-	-	-	975,842,943
Increase in share capital		70,343,870	738,610,634	-	-
Dividend payment	23	-	-	-	(735,968,724)
Legal reserve	20	-	-	7,034,326	(7,034,326)
Balance as at December 31, 2019		723,143,266	1,244,610,634	72,314,326	1,373,123,449
Balance as at January 1, 2018		652,799,396	506,000,000	65,280,000	905,802,841
Total profit (loss) and comprehensive income for the year		-	-	-	965,616,038
Dividend payment	23	-	-	-	(731,135,323)
Balance as at December 31, 2018		652,799,396	506,000,000	65,280,000	1,140,283,556
					2,364,362,952
					975,842,943
					808,954,504
					(735,968,724)
					-
					3,413,191,675
					2,129,882,237
					965,616,038
					(731,135,323)
					2,364,362,952

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Cash Flows From Operating Activities				
Profit (loss) before income tax	1,387,967,546	1,338,224,031	1,193,123,731	1,196,442,413
Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:				
Decrease (increase) in trade account and other current receivables	(17,585,660)	(20,097,664)	(29,652,173)	(32,260,950)
Decrease (increase) in inventories	(199,372,930)	(165,808,903)	(185,684,685)	(160,287,033)
Decrease (increase) in other non – current assets	(2,506,400)	557,446	(1,956,500)	557,446
Increase (decrease) in trade account and other current payables	(75,034,607)	46,232,733	(2,886,576)	(29,753,959)
Increase (decrease) in trade account payables – subsidiary company	–	–	41,066,692	132,345,362
Increase (decrease) in unfunded provident fund – non contributory	(4,247,564)	(1,415,821)	–	–
Increase (decrease) in other non-current liabilities	3,652,167	1,812,980	3,652,168	1,812,980
Depreciation and amortization	533,932,653	521,880,898	380,639,254	387,271,576
Allowance for doubtful accounts (Reversal of)	30,955	419,515	183,290	400,000
Reversal of allowance for decline value	(847,626)	(1,295,015)	–	–
Allowance for impairment of investments from other (Reversal of)	–	3,500,000	–	–
Loss (gain) from disposal of fixed assets	1,025,303	4,277,497	(3,602,199)	4,029,324
Unrealized loss (gain) on exchange rate	36,640	(1,111,120)	(4,915)	(32,936)
Gain on sales other investments	–	(6,637,255)	–	(6,637,255)
Dividends income	(31,430)	(31,430)	–	–
Interest income	(511,790)	(478,947)	(424,623)	(361,902)
Interest expense	41,807,253	40,731,593	37,307,536	33,142,529
Provision for unfunded provident fund	2,545,687	2,433,841	–	–
Provision for employee benefits obligation	54,261,793	7,596,751	23,592,296	4,775,588
Adjusted written off withholding tax	24,144	2,248,018	–	–
Total adjustments to reconcile profit(loss) before income tax	337,178,588	434,815,117	262,229,565	335,000,770
Net Cash Flows Provided from Operations	1,725,146,134	1,773,039,148	1,455,353,296	1,531,443,183
Income tax paid	(255,874,606)	(225,027,761)	(249,650,463)	(213,441,247)
Cash paid for employee benefits	(1,288,267)	(977,520)	(806,133)	–
Net Cash Flows Provided from Operating Activities	1,467,983,261	1,547,033,867	1,204,896,700	1,318,001,936

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2019

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Cash Flows from Investing Activities				
Acquisitions of assets	(1,115,757,274)	(1,190,391,227)	(881,204,951)	(839,888,158)
Acquisitions of intangible assets	(4,227,879)	(9,802,097)	(4,227,879)	(9,802,097)
Proceed from disposal of fixed assets	45,733,004	1,387,052	23,369,888	1,002,759
Cash received from insurance reimbursement	754,637	-	754,637	-
Cash received from interest income	511,790	478,947	424,623	361,903
Dividends income	31,430	31,430	-	-
Cash received from decreasing in other investments	-	23,947,575	-	23,947,575
Payments of investments in subsidiaries	(2,000,266,803)	(100,054,181)	(2,000,266,803)	(100,054,181)
Net Cash Flows Used in Investing Activities	(3,073,221,095)	(1,274,402,501)	(2,861,150,485)	(924,432,199)
Cash Flows from Financing Activities				
Increase in short - term loans from financial institutions	13,669,546,836	8,955,840,608	13,058,084,367	7,540,000,000
Repayment for short - term loans from financial institutions	(12,108,871,576)	(8,660,621,232)	(11,463,000,000)	(7,140,000,000)
Increase in long - term loans from financial institutions	-	79,823,019	-	-
Repayment for long - term loans from financial institutions	-	(79,823,019)	-	-
Interest payment	(36,348,021)	(36,746,061)	(34,570,732)	(31,089,777)
Dividend paid	(735,968,724)	(731,135,323)	(735,968,724)	(731,135,323)
Cash received from increase in share capital of subsidiaries	808,954,504	231,314,761	808,954,504	-
Net Cash Flows Provided from (Used in) Financing Activities	1,597,313,019	(241,347,247)	1,633,499,415	(362,225,100)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,924,815)	31,284,119	(22,754,370)	31,344,637
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	125,850,292	94,566,173	115,072,564	83,727,927
CASH AND CASH EQUIVALENTS AT END OF YEAR	117,925,477	125,850,292	92,318,194	115,072,564

**DYNASTY CERAMIC PUBLIC COMPANY LIMITED
AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. CORPORATE INFORMATION

Dynasty Ceramic Public Company Limited ("the Company") was registered as a public company in the year 1992. The Company is principally engaged in the manufacturing and selling of ceramic wall and floor tiles. Its registered office address is 37/7 Suthisarnwinijchai Rd., Samseannok, Huaykwang, Bangkok. The major shareholder of the Company is Saengsastra family.

The Company's factory is located at 54/8 Moo. 3 Suwannasorn Rd., Khokyaе, Nong Khae, Saraburi and the subsidiaries's factory is located at 3/2 Moo. 8 Paholythin Rd., Nong Khai Nam, Nong Khae, Saraburi and 54/7 Moo. 3 Suwannasorn Rd., Khokyaе, Nong Khae, Saraburi.

2. BASIS FOR FINANCIAL STATEMENTS PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Principles of consolidation

- a) The consolidated financial statements include the financial statements of Dynasty Ceramic Public Company Limited and its subsidiary which are under its control with more than 50 percent of voting rights as follow:

Company Name	Nature of business	Percentage of holding (%)	
		2019	2018
Tile Top Industry Public Co., Ltd.	Manufacturing and distribution of ceramic wall and floor tiles	96.83	96.83
The Royal Ceramic Industry Public Co., Ltd. ("RCI")	Manufacturing and distribution of ceramic wall and floor tiles	84.88	4.05
The Royal Asia Brick and Tile Co., Ltd. ("RABT")	Not operate	-	-

During October 25, 2018 to November 13, 2018, the Company acquisition of ordinary shares of The Royal Ceramic Industry Public Co., Ltd at a price not exceeding Baht 4 per share, 25 million shares, totalling Baht 99.97 million.

Subsequently, On January 1, 2019 to November 25, 2019, the Company acquisition of ordinary shares of The Royal Ceramic Industry Public Co., Ltd at a price not exceeding Baht 4 per share, 498.58 million shares, totalling Baht 1,993.99 million.

- b) Significant transactions with subsidiary have been eliminated in the consolidated financial statements.
- c) The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.
- d) The total assets of subsidiary as at December 31, 2019 and 2018 and total revenues for the years ended December 31, 2019 and 2018 as included in the consolidated financial statements presented in term of percentages as follow :

	Percentage of subsidiary's total assets to consolidated total assets		Percentage of subsidiary's total revenues to consolidated total revenues	
	2019	2018	2019	2018
Subsidiary company				
Tile Top Industry Public Co., Ltd.	23	24	28	28
Group The Royal Ceramic Industry Public Co., Ltd.	12	12	14	12

3. SIGNIFICANT ACCOUNTING POLICIE

Revised accounting standards and financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company and its subsidiaries adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at January 1, 2019, and the comparative information was not restated. The Company and its subsidiaries elect to apply the practical expedients by not restate completed contracts as at January 1, 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

TFRS 16 Leases

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

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

The Company and its subsidiaries plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated.

The management of the Company and its subsidiaries expects the effect of the adoption of this accounting standard to the statement of financial position as at January 1, 2020 to be to increase the Company and its subsidiaries assets by approximately Baht 689 million and the Company only approximately Baht 673 million, and the Group's liabilities by approximately Baht 689 million and the Company only approximately Baht 673 million.

3.3 Revenues and expenses recognition

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

Other income and expenses are recognized on an accrual basis.

Dividend income is recognized when the right to receive the dividends is established.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

3.5 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. The Company and its subsidiary provided allowances for doubtful accounts for the estimated losses that may incur in collection of receivables. The allowances are generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on specific accounts.

3.6 Inventories

The Company and its subsidiary value their inventories at standard costs or net realizable values, whichever is the lower. Standard costs approximate actual average costs (moving average method). Net realizable values are based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made when necessary for slow – moving and defective inventories based on past experiences.

3.7 Non — Current assets classified as held for sale

The Company classifies as non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.8 Investments

- (a) Investments in subsidiary in separate financial statements are presented by the cost method. The Company recognizes gain or loss on sale in the statement of profit or loss and other comprehensive income in the period which investments are sold. When there is an indication of impairment on investment, the Company will recognize loss from impairment as expense out-right in the statement of profit or loss and other comprehensive income. The Company recognizes dividends income when the subsidiary declares the payment of its dividends.
- (b) Investment in non – marketable equity securities, which the Company classified as other investments, are presented at cost net of allowance for impairment (if any).

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset to bring it to the location and condition necessary for its intended use. Plant and equipment in the statements of financial position are stated at costs less accumulated depreciation and allowance for impairment of assets (if any).

The Company and its subsidiary depreciate buildings and structures and equipment by the straight – line method over the estimated useful lives of assets based on the segregation of components, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

Buildings and structures	20 – 52 years
Machinery and equipment	5 – 20 years
Furniture, fixtures and office equipment	5 – 20 years
Vehicles	5 years

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as an expense when incurred.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.11 Intangible assets

Intangible assets (computer program) are stated at cost less accumulated amortization. Amortization of intangible assets is calculated by reference to their costs on a straight–line basis over the estimated useful lives of 5 years.

3.12 Leasehold rights cost

Cost of obtaining the leasehold rights is presented at cost less accumulated amortization and allowance for impairment (if any). Amortization is charged to the statement of profit or loss and other comprehensive income on a straight–line basis over the estimated useful lives of the leases between 3 to 16 years.

3.13 Property foreclosed and assets not used in operations

Property foreclosed – land possessed from debtors is stated at the net realizable values.

Asset not used in operations – machinery is stated at cost less allowance for impairment (if any). The Company and its subsidiary recognize impairment loss on the assets in the statement of profit or loss and other comprehensive income for the period in which they incurred.

3.14 Impairment of assets

The Company and its subsidiary assess whether there is an indication that any asset may be impaired. If any such indication exists, the Company and its subsidiary make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. An asset recoverable amount is the higher of fair value less costs to sell and value in use.

3.15 Foreign currencies transactions

Transactions in foreign currencies are translated into Baht at the foreign exchange rate ruling at the date of transaction. Balances of monetary assets and liabilities, denominated in foreign currencies, at the reporting date are translated into Thai Baht at the foreign exchange rates ruling at that date. Gain or loss arising from translation is recognized in the statement of profit or loss and other comprehensive income.

3.16 Employee benefits

Employee benefits

Current employment benefits

Salaries, wages, bonuses, contribution to the social security and provident fund, are recognised as expenses when incurred on the accrual basis.

Unfunded provident fund

A subsidiary has established a non-contributory provident fund for its employees whereby the subsidiary solely accrues its contribution to the self-managed provident fund at the rate of 5.5% of basic salary per annum in accordance with the subsidiary's regulations. The employees will receive the provident fund plus benefits upon their resignation.

Post-employment benefits (Defined contribution plan)

The Company and its subsidiary, and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company and subsidiary. The fund's assets are held under a trustee fund separately from the Company's and subsidiary's assets. The Company's and subsidiary's contribution to the fund are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company and subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under the labor law. The Company and its subsidiary set up provision for the obligation under the defined benefit plan based on the amounts determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses occurred from the change in the salaries and wages and other factors used for the computation of post-employee benefits are presented under shareholders' equity.

3.17 Income tax

The income tax expense recognized in profit or loss for the year comprises deferred income taxes and current income tax not recognized in other comprehensive income or directly in equity.

Current income tax

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, which is different from profit or loss in the financial statements, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years.

Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred income taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they are reversed, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the Revenue Department on a net basis or when tax assets and liabilities will be realized simultaneously.

3.18 Related parties

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

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

3.19 Financial instruments

The Company and its subsidiary have no policy to speculate in or be engaged in the trading of any financial derivative instruments.

Financial instruments carried in the statement of financial position include cash and cash equivalents, trade accounts receivable, trade accounts payable and loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

- Level 1 – Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 – Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 – Use of unobservable inputs such as estimates of future cash flows

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

3.21 Operating lease

Lease of asset which all risks and rewards of ownership are effectively retained by the lessor is classified as operating lease. Lease payment under an operating lease is recognized as expense on a systematic basis over the lease period.

3.22 Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

3.23 Earnings per share

Basic earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year.

3.24 Segment reporting

Segment results that are reported to the Company's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.25 Use of accounting estimates

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

3.26 Provisions for liabilities and expenses, and contingent assets

Provisions are recognized in the financial statements when the Company and its subsidiary have legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent asset will be recognized as separate asset only when the realization is virtually certain.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

4.1.1 Impairment of receivables

The Company and subsidiary set allowance for doubtful accounts equal to the estimated collection losses that may incur should they cannot collect the payments from debtors. The estimated losses are based on uncertainty in the collection and the judgement of management.

4.1.2 Allowance for slow – moving and defective inventories

The Company and subsidiary estimate allowance for slow – moving and defective inventories to reflect impairment of inventories. The allowance is based on the management's consideration of inventory turnovers and deterioration of each category of inventories.

4.1.3 Impairment of investments

The company treats investments as impaired when there has been a significant or prolonged decline in their fair value below costs or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

4.1.4 Property, plant and equipment and intangible assets

Management regularly determines the estimated useful lives and residual values of the Company's and its subsidiary's plant and equipment and intangible assets, and will revise the depreciation where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if they are no longer in used.

4.1.5 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment as to whether significant risk and rewards of ownership of the leased assets have been transferred to the Company and its subsidiary, taking into consideration the terms and conditions of the arrangement.

4.1.6 Impairment of assets

The Company and its subsidiary treat assets as impaired when there is significant or prolonged decline in their fair value below costs or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

4.1.7 Post-employment benefits (defined benefit plans)

The obligation under defined benefit plan is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality table for the country. Actual post-retirement costs may ultimately differ from these estimates.

4.1.8 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.2 Capital risk management

The Company objective in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

5. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Cash on hand	5,576,704	6,633,627	5,347,719	6,478,627
Cash at banks				
Current accounts	35,668,545	27,597,215	28,032,098	22,028,419
Saving accounts	76,680,228	91,619,450	58,938,377	86,565,518
Total	117,925,477	125,850,292	92,318,194	115,072,564

Cash at bank — saving accounts bear interest at the floating rate of depository banks.

6. TRANSACTIONS WITH RELATED PARTIES

The Company has significant transactions with its related parties stated below. Those transactions are executed based on agreed upon bases which might be different from the bases used for transactions with unrelated parties.

Name	Type of Business	Relationship
Tile Top Industry Public Co., Ltd.	Manufacturing and distribution of ceramic wall and floor tiles	Subsidiary Company
World Wide Ceramic Co., Ltd.*	Distribution of ceramic wall and floor tiles	Subsidiary Company
The Royal Ceramic Industry Public Co., Ltd. ("RCI")	Manufacturing and distribution of ceramic wall and floor tiles	Subsidiary Company
The Royal Asia Brick and Tile Co., Ltd. ("RABT")	Not operate	Subsidiary Company Held by RCI
Mr. Monrak Saengsastra	Owner of the property leased to the Company	Director of the Company and Subsidiaries
Mr. Marut Saengsastra	Owner of the property leased to the Company	Director of the Company and Subsidiaries

* Subsidiary has registered for the liquidation with the Department of Business Development on September 30, 2014 and are still in the process of dissolution and the settlement of share capital to the Company, classified the investment in Subsidiary as other investments under current assets.

During October 25, 2018 to November 13, 2018, the Company acquisition of ordinary shares of The Royal Ceramic Industry Public Co., Ltd at a price not exceeding Baht 4 per share, 25 million shares, totalling Baht 99.97 million.

During January 1, 2019 to November 25, 2019, the Company acquisition of ordinary shares of The Royal Ceramic Industry Public Co., Ltd at a price not exceeding Baht 4 per share, 498.58 million shares, totalling Baht 1,993.99 million.

At the Annual General Meeting of Shareholders for 2019 of the subsidiary ("The Royal Ceramic Industry Public Co., Ltd.") on April 22, 2019, the meeting resolved to approve as follows:

- The subsidiary ("The Royal Asia Brick and Tile Co., Ltd") sell of land with the area of 43 rai 2 ngan 97 square wah to the Company totalling price Baht 20 million to expand the factory of the Company
- The subsidiary ("The Royal Ceramic Industry Public Co., Ltd.") purchase 2 sets of machinery from the Company and the subsidiary ("Tile Top Industry Public Co.,Ltd.") totalling price Baht 32 million for continuous production.

The significant transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

		Consolidated		Separate	
		For the years ended December 31,			
		2019	2018	2019	2018
	Pricing Policy				
<u>Sales — raw materials and supplies</u>	At cost				
Tile Top Industry Public Co., Ltd.	At cost	–	–	3,609,647	2,437,407
The Royal Ceramic Industry Public Co., Ltd.	At cost	–	–	17,932,728	14,886,997
Total		–	–	21,542,375	17,324,404
<u>Office and branches rental income</u>					
Tile Top Industry Public Co., Ltd.	Contract price	–	–	720,000	720,000
The Royal Ceramic Industry Public Co., Ltd.	Contract price	–	–	720,000	720,000
The Royal Asia Brick and Tile Co., Ltd.	Contract price	–	–	144,000	144,000
Total		–	–	1,584,000	1,584,000
<u>Management income</u>					
Tile Top Industry Public Co., Ltd.	Baht 1,000,000 per month	–	–	12,000,000	12,000,00
<u>Rental machine income</u>					
The Royal Ceramic Industry Public Co., Ltd.	Contract price	–	–	800,000	1,800,000

(Unit : Baht)

		Consolidated		Separate	
		For the years ended December 31,			
	Pricing Policy	2019	2018	2019	2018
<u>Freight Income</u>					
The Royal Ceramic Industry Public Co., Ltd.	At cost	50,768,672	50,653,968	50,768,672	50,653,968
<u>Purchases — finished goods</u>					
Tile Top Industry Public Co., Ltd.	At competitive market price but more than cost	-	-	2,251,228,257	2,267,439,649
The Royal Ceramic Industry Public Co., Ltd.	1. January, 2018, be resale price. 2. From February, 2018 onwards, is competitive market price but more than cost.	-	-	1,156,156,262	974,261,191
Total		-	-	3,407,384,519	3,241,700,840
<u>Purchases — raw materials and supplies</u>					
Tile Top Industry Public Co., Ltd.	At cost	-	-	2,428,339	3,068,692
The Royal Ceramic Industry Public Co., Ltd.	At cost	-	-	4,624,176	1,155,418
Total		-	-	7,052,515	4,224,110
<u>Management fee</u>					
Tile Top Industry Public Co., Ltd.	Baht 300,000 per month	-	-	3,600,000	3,600,000
The Royal Ceramic Industry Public Co., Ltd.	Baht 150,000 per month	-	-	-	450,000
Total		-	-	3,600,000	4,050,000
<u>Land rental expenses</u>					
Mr. Monrak Saengsastra and Mr. Marut Saengsastra	Baht 600,000 per year	600,000	600,000	600,000	600,000
	Baht 1,200,000 per year	1,200,000	1,200,000	1,200,000	1,200,000
	Baht 1,100,000 per year	1,100,000	1,100,000	1,100,000	1,100,000
	Baht 2,000,000 per year	2,000,000	1,333,334	2,000,000	1,333,334
	Baht 960,000 per year	80,000	880,000	80,000	880,000
	Baht 1,700,000 per year	1,700,000	566,666	1,700,000	566,666
	Baht 1,500,000 per year	1,500,000	-	1,500,000	-
	Baht 1,056,000 per year	968,000	-	968,000	-
	Baht 3,030,000 per year	2,020,000	757,500	2,020,000	757,500
	Baht 3,500,000 per year	2,333,333	875,000	2,333,333	875,000
Total		13,501,333	7,312,500	13,501,333	7,312,500

(Unit : Baht)

		Consolidated		Separate		
		For the years ended December 31,				
		Pricing Policy	2019	2018	2019	2018
<u>Management expense</u>						
Current employment benefits			51,007,762	48,132,891	29,533,531	29,274,312
Post-employment benefits			160,531	152,750	130,032	123,668
Total			51,168,293	48,285,641	29,663,563	29,397,980

The significant balances with related company as at December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
<u>Trade accounts payables — subsidiary company</u>				
Tile Top Industry Public Co., Ltd.	-	-	991,618,041	896,076,500
The Royal Ceramic Industry Public Co., Ltd.	-	-	43,668,664	98,143,514
Total	-	-	1,035,286,705	994,220,014
<u>Employee benefits obligation</u>				
<u>Executive</u>				
Post — employment benefits	1,642,987	1,482,456	1,366,875	1,236,843

7. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLE – NET

Consist of:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
<u>Trade accounts receivable</u>				
Trade accounts receivable	216,156,260	213,175,739	216,156,260	213,084,074
<u>Less Allowance doubtful accounts</u>	(1,781,988)	(1,683,613)	(1,781,988)	(1,598,698)
Trade accounts receivable – net	214,374,272	211,492,126	214,374,272	211,485,376
<u>Other accounts receivable</u>				
Other current receivable	94,478,433	79,873,294	88,023,368	61,443,381
<u>Less Allowance doubtful accounts</u>	(324,778)	(392,199)	-	-
Other accounts receivable – net	94,153,655	79,481,095	88,023,368	61,443,381
Trade accounts and other current receivable – net	308,527,927	290,973,221	302,397,640	272,928,757

Outstanding balances of receivable as at December 31, 2019 and 2018 classified by ages are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
<u>Trade accounts receivable</u>				
Not over 90 days	212,094,824	205,151,906	212,094,824	205,145,156
Over 90 days to 120 days	211,032	940,776	211,032	940,776
Over 120 days to 180 days	377,369	894,755	377,369	894,755
Over 180 days to 365 days	484,469	2,939,947	484,469	2,855,032
Over 365 days	2,988,566	3,248,355	3,248,355	
Total	216,156,260	213,175,739	216,156,260	213,084,074
<u>Less Allowance doubtful accounts</u>	(1,781,988)	(1,683,613)	(1,781,988)	(1,598,698)
Net	214,374,272	211,492,126	214,374,272	211,485,376

The Company grants credit terms to its general customers for 7 — 75 days.

The subsidiary grants credit terms to its general customers for 7 — 60 days.

During the year, the movements in allowance for doubtful accounts receivable are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Beginning balance	(2,075,812)	(1,656,297)	(1,598,698)	(1,198,698)
Increase	(343,290)	(2,982,881)	(343,290)	(400,000)
Decrease	312,336	2,563,366	160,000	—
Ending balance	(2,106,766)	(2,075,812)	(1,781,988)	(1,598,698)

8. INVENTORIES – NET

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Finished goods	1,920,750,890	1,691,809,348	1,889,681,072	1,690,869,971
Work in process	39,160,168	38,318,091	15,859,732	15,626,228
Raw materials	97,407,674	113,945,608	25,966,588	35,171,963
Supplies	113,921,705	119,417,226	39,780,237	42,573,766
Goods in transit	5,019,889	13,397,124	1,660,092	3,021,108
Total	2,176,260,326	1,976,887,397	1,972,947,721	1,787,263,036
<u>Less Allowance for decline values</u>	(11,935,613)	(12,783,239)	—	—
Net	2,164,324,713	1,964,104,158	1,972,947,721	1,787,263,036

During the year, the movements of allowances for decline value are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Beginning balance	12,783,239	14,078,254	-	-
Increase	-	3,609,698	-	-
Decrease	(847,626)	(4,904,713)	-	-
Ending balance	11,935,613	12,783,239	-	-

During the year 2019, the subsidiary reversed allowances for decline value of Baht 0.85 million because the management considered that the inventory has not deteriorated and the Company was used for production Those were reversed in the statement of profit or loss and other comprehensive income. (2018: Baht 4.90 million)

Costs of inventories which were recognized as expenses for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Cost of goods sold	4,992,047,050	4,929,172,999	5,343,818,928	5,217,887,147
Reversal of allowance for decline value	(847,626)	(4,904,713)	-	-
Cost of sales	4,991,199,424	4,924,268,286	5,343,818,928	5,217,887,147

9. OTHER INVESTMENTS

As described in Note 6 to the financial statements, other investments in the consolidated and separate financial statements as at December 31, 2019 and 2018 are as follow:

(Unit : Thousand Baht)

	Consolidated and Separate					
	Paid-up capital		Percentage of shareholding		Amount	
	2019	2018	2019	2018	2019	2018
World Wide Ceramic Co., Ltd.	1,000	1,000	99.93	99.93	1,064	1,064

10. INVESTMENT IN SUBSIDIARY

10.1 Investment in subsidiary in the separate financial statement as at December 31, 2019 and 2018 which are stated at cost are as follow:

(Unit : Thousand Baht)

Company's name	Paid-up capital		Percentage of shareholding		Amount		Dividend Income	
	2019	2018	2019	2018	2019	2018	2019	2018
Tile Top Industry Public Co., Ltd.	222,000	222,000	96.83	96.83	109,480	109,480	-	-
The Royal Ceramic Industry Public Co., Ltd. (The Company has control over this company's operations)	616,839	616,839	84.88	4.05	2,100,321	100,054	-	-
Total					2,209,801	209,534	-	-

Change in investments in subsidiaries held by the Company

- a) At the Board of Directors Meeting No.6/2018 held on October 24, 2018, the board of directors pass a resolution to approved the Company purchase of ordinary shares of the Royal Ceramic Industry Public Company Limited ("RCI") through the Stock Exchange of Thailand, representing not more than 4% of RCI's total issued shares at a price not exceeding Baht 4 per share. The total purchase value is not more than Baht 100 million.

The purchase of shares transaction, the Company will purchase RCI's shares form general investors, who is not be the connected persons of the Company, through the trading system of the Stock Exchange of Thailand.

During October 25, 2018 to November 13, 2018, the Company entered into share purchase transaction at a price not exceeding Baht 4 per share, 25 million shares, totalling Baht 99.97 million.

- b) At the Board of Directors Meeting No.1/2019 held on January 15, 2019, the board of directors pass a resolution to approved the Company purchase of ordinary shares of the Royal Ceramic Industry Public Company Limited ("RCI") through the Stock Exchange of Thailand, representing not more than 20% of RCI's total issued shares at a price not exceeding Baht 4 per share. The total purchase value is not more than Baht 493.5 million. The Company complete such transactions within June 2019.

During January 1, 2019 to March 22, 2019, the Company entered into share purchase transaction at a price not exceeding Baht 4 per share, 13.01 million shares, totalling Baht 51.71 million.

- c) At the General Meeting of Shareholders No. 1/2019 held on October 15, 2019, the General Meeting of Shareholders pass a resolution to approved the Company acquisition of the Royal Ceramic Industry Public Company Limited ("RCI") through the voluntary tender offer for all the securities from RCI Shareholders, including connected persons for the acquisition of up to 93.84 of the issued and paid-up ordinary shares in the Company (amounting to 578,829,365 shares) at a price of Baht 4 per share. The total value Baht 2,315.32 million.

On October 18, 2019 to November 25, 2019, the Company acquires additional shares of Royal Ceramic Industry Public Company Limited for 485,512,024 shares at a proportion of 78.72%, totalling Baht 1,942,288,096 At the end of the tender offer period, the Company holds the subsidiary's shares at a proportion of 84.88%.

10.2 Details of non-wholly owned subsidiaries which have material non-controlling interests as at December 31, 2019 and 2018, are as follows

(Unit : Million Baht)

Company	Proportion of equity interest held by on-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2019 (%)	2018 (%)	2019	2018	2019	2018	2019	2018
Tile Top Industry Public Co., Ltd.	3.17	3.17	52.73	52.18	0.55	2.95	-	-
The Royal Ceramic Industry Public Co., Ltd. and subsidiary (The Company has control over this company's operations)	15.12	95.95	99.56	575.82	139.45	154.85	-	-

10.3 The summarized financial information before intragroup eliminations of each non-wholly owned subsidiary which has material non-controlling interests for the years ended December 31, 2019 and 2018, are as follows;

(Unit : Thousand Baht)

	Tile Top Industry Public Co., Ltd.		The Royal Ceramic Industry Public Co., Ltd. and subsidiary	
	2019	2018	2019	2018
Condensed statement of financial position				
As at December 31,				
Current assets	1,094,519	1,001,467	320,220	284,683
Non-current assets	891,758	948,800	697,456	637,651
Current liabilities	(217,463)	(227,960)	(205,136)	(283,808)
Non-current liabilities	(111,433)	(97,714)	(47,404)	(38,397)
Equity attributable to owners of the Company	(1,604,652)	(1,575,998)	(665,571)	(24,305)
Non-controlling interests	(52,729)	(51,595)	(99,564)	(575,824)

(Unit : Thousand Baht)

	Tile Top Industry Public Co., Ltd.		The Royal Ceramic Industry Public Co., Ltd. and subsidiary	
	2562	2561	2562	2561
Condensed statement of profit or loss and other comprehensive income				
For the years ended December 31,				
Revenues	2,261,072	2,272,716	1,181,766	983,082
Expenses	(2,229,463)	(2,220,245)	(1,016,761)	(824,850)
Profit (loss) for the year	31,609	52,471	165,005	158,232
Profit attributable to:				
Owner of the Parent	30,607	50,808	25,556	3,383
Non-controlling interests	1,002	1,663	139,449	154,849
Total comprehensive income for the year				
Owner of the Parent	(1,763)	-	-	-
Non-controlling interests	(58)	-	-	4,267
Total comprehensive income attributable to:				
Owner of the Parent	28,844	50,808	25,556	3,383
Non-controlling interests	944	1,663	139,449	159,116
Condensed statement of cash flows				
Net cash inflow (outflow) from operating activities	45,054	90,295	218,033	138,737
Net cash inflow (outflow) from investing activities	(38,588)	(91,195)	(173,483)	(258,820)
Net cash inflow (outflow) from financing activities	(19)	21	(36,168)	120,902
Net cash inflow (outflow)	6,447	(879)	8,382	819

11. PROPERTY, PLANT AND EQUIPMENT – NET

During the current year, there are significant changes in property, plant and equipment as follows:

(Unit : Baht)

	Consolidated						
	Land	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress and machinery during installation	Total
Cost							
As at December 31, 2018	1,307,172,035	3,273,838,980	6,102,495,235	1,132,107,033	22,910,200	636,637,311	12,475,160,794
Purchase	262,150,236	11,711,334	47,027,683	30,556,764	8,213,491	756,097,766	1,115,757,274
Disposals / Amortized	(9,908,740)	(13,575,385)	(476,061,260)	(18,138,153)	(5,859,000)	-	(523,542,538)
Transfer in (out)	42,463,181	263,516,170	391,586,178	43,287,294	(17,500)	(740,835,323)	-
As at December 31, 2019	1,601,876,712	3,535,491,099	6,065,047,836	1,187,812,938	25,247,191	651,899,754	13,067,375,530
Accumulated Depreciation							
As at December 31, 2018	-	(1,448,057,451)	(4,777,445,319)	(755,381,404)	(14,853,428)	-	(6,995,737,602)
Depreciation for the year	-	(165,612,690)	(232,554,453)	(123,630,857)	(3,448,757)	-	(525,246,757)
Disposal / Amortized	-	13,553,909	445,943,387	17,126,462	5,858,998	-	482,482,756
Transfer in (out)	-	29,240,461	(29,257,960)	-	17,499	-	-
As at December 31, 2019	-	(1,570,875,771)	(4,593,314,345)	(861,885,799)	(12,425,688)	-	(7,038,501,603)
Net Book Value							
As at December 31, 2018	1,307,172,035	1,825,781,529	1,325,049,916	376,725,629	8,056,772	636,637,311	5,479,423,192
As at December 31, 2019	1,601,876,712	1,964,615,328	1,471,733,491	325,927,139	12,821,503	651,899,754	6,028,873,927
Depreciation in the statement of comprehensive income							
December 31, 2018	-	174,329,979	207,087,994	128,716,822	2,509,469	-	512,644,264
December 31, 2019	-	165,612,690	232,554,453	123,630,857	3,448,757	-	525,246,757

(Unit : Baht)

Separate						
	Land	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress and machinery during installation
Cost						Total
As at December 31, 2018	1,095,709,371	2,432,594,621	2,237,863,956	956,549,798	12,860,207	7,098,823,607
Purchase	265,027,425	11,217,330	5,595,336	25,436,389	-	881,204,951
Disposals / Amortized	-	(13,575,386)	(43,729,855)	(11,668,762)	(1,359,000)	(70,333,003)
Transfer in (out)	19,861,427	254,872,973	86,387,799	40,352,026	-	-
As at December 31, 2019	1,380,598,223	2,685,099,538	2,286,117,236	1,010,669,451	11,501,207	7,909,695,555
Accumulated Depreciation						
As at December 31, 2018	-	(843,043,454)	(1,658,284,081)	(614,949,838)	(7,433,861)	(3,123,711,234)
Depreciation for the year	-	(163,367,282)	(92,097,731)	(115,375,672)	(1,475,838)	(372,316,523)
Disposal / Amortized	-	13,553,910	24,163,493	10,734,275	1,358,999	49,810,677
Transfer in (out)	-	-	-	-	-	-
As at December 31, 2019	-	(992,856,826)	(1,726,218,319)	(719,591,235)	(7,550,700)	(3,446,217,080)

(Unit : Baht)

Separate							
	Land	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress and machinery during installation	Total
Net Book Value							
As at December 31, 2018	1,095,709,371	1,589,541,167	579,579,875	341,599,960	5,426,346	363,255,654	3,975,112,373
As at December 31, 2019	1,380,598,223	1,692,242,712	559,898,917	291,078,216	3,950,507	535,709,900	4,463,478,475
Depreciation in the statement of comprehensive income							
December 31, 2018	-	161,844,374	94,972,582	120,726,531	1,799,858	-	379,343,345
December 31, 2019	-	163,367,282	92,097,731	115,375,672	1,475,838	-	372,316,523

Part of the land where the Company's head office building is situated with the value of Baht 73 million (2.7% of total space) has been registered as the servitudes.

The subsidiary Company have mortgaged property, plant and equipment with a net book value as at December 31, 2019 totally approximate Baht 554 million, as collateral to secure loans and credit facilities granted by a financial institution.

As at December 31, 2019 and 2018 a portion of the Company's and its subsidiary's buildings and equipment had been fully depreciated but are remained in active use. The gross carrying amounts of such assets before accumulated depreciation are totalling Baht 3,800 million and Baht 3,984 million, respectively. (The Company's portions: Baht 1,672 million and Baht 1,443 million, respectively).

12. INTANGIBLE ASSETS – NET

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
At cost				
Computer software	81,214,911	85,565,942	78,915,435	74,687,556
Less Accumulated amortization	(63,527,137)	(58,335,303)	(61,229,317)	(54,274,897)
Net	17,687,774	27,230,639	17,686,118	20,412,659

13. OTHER NON - CURRENT ASSETS – NET

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Property foreclosed – net of accumulated depreciation	3,548,720	3,548,719	2,548,719	2,548,719
Less Allowance for impairment	(2,292,119)	(2,292,119)	(1,307,119)	(1,307,119)
Property foreclosed – net	1,256,601	1,256,600	1,241,600	1,241,600
Deposits and guarantee	11,784,394	9,277,994	10,118,784	8,162,284
Lease right – land – net	5,412,074	6,780,386	5,412,074	6,780,386
Other	–	24,145	–	–
Total	18,453,069	17,339,125	16,772,458	16,184,270

The Company has amortization for land lease right in the statements of profit or loss and other comprehensive income for the year ended December 31, 2019 of Baht 1.37 million. (2018: Baht 1.45 million)

The property foreclosed comprises land which the Company and a subsidiary take possession from debtors.

14. SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Interest rate per annum	Consolidated		Separate	
		2019	2018	2019	2018
Bank overdraft	2019 : MOR	1,084,367	–	1,084,367	–
Promissory notes	2019 : 1.62 – 2.80 2018 : 1.77 – 3.87	3,314,000,000	2,390,000,000	3,234,000,000	2,290,000,000
Trust receipts	2019 : 1.50 2018 : 3.80 – 3.97	1,462,469	15,871,576	–	–
Short-term loans	2019 : 2.21	650,000,00	–	650,000,000	–
Total		3,966,546,836	2,405,871,576	3,885,084,367	2,290,000,000

Group Company has 6 promissory notes will be matured at call after promissory note issuance date.

As at December 31, 2019 and 2018 the Company and its subsidiary have credit facilities with the financial institutions as follow :

	Credit line (Million Baht)		Interest rate	Maturity Date
	2019	2018		
<u>Bank overdraft</u>				
The Company	40	40	At the floating rate at MOR per annum	Within one year
The subsidiary	45	40	At the floating rate at MOR per annum to MOR – 0.5% per annum	Within one year
<u>Short – term loans</u>				
The Company	3,967	2,667	At the floating rate at MLR – 1.5% or MRR per annum, whichever is the lower Average floating rate In 2019 : 1.97 per annum In 2018 : 1.91 per annum In 2019 : THBFIX3M+1%	Due at call
The subsidiary	1,000 520 200	– 620 240	At the floating rate at MRR per annum According to the reference commercial bank	Due at call Maturity on agreement

The subsidiary has credit facilities of Baht 520 million of which Baht 520 million can be jointly used by the Company.

	Credit line (Million Baht)		Interest rate	Maturity Date
	2019	2018		
<u>Liabilities under trust receipts</u>				
The Company	60	20	At the floating rate at MLR – 1.5% per annum	Maturity on agreement
The subsidiary	–	20	At the floating rate at MOR per annum	Maturity on agreement
	–	235	At the floating rate at MLR — 2.0% per annum	Maturity on agreement

The Company and subsidiary have to comply with the covenants as specified in bank overdraft and short – term loan agreements with financial institutions, such as not default the payment of loan, not transfer right or entitlement, not change type of business unless with prior approval from the lender, not change the management structure and have to assign beneficiary of the asset insurance of the Company and subsidiary to the lender, etc. Such credit facilities have no guarantee.

On August 20, 2019, the Company entered into the amendment revolving credit facility agreement with a local financial institution for additional credit facility of Baht 300 million.

On August 20, 2019, the subsidiary entered into a credit facilities agreement with a local financial institution to obtain bank overdrafts credit facilities amounting to Baht 5 million, revolving credit facilities amounting to Baht 100 million and hedging facilities amounting to Baht 5 million used for working capital of the Company.

On October 22, 2019, the Company entered into 4 credit facilities agreement with a local financial institution to obtain credit facilities as follows:

- Short-term loan facilities totaling of Baht 1,000 million used for the voluntary tender offer for all the securities of the Royal Ceramic Industry Public Company Limited.
- Short-term loan facilities under promissory notes totaling of Baht 1,000 million used for working capital of the Company.
- Letter of credit and trust receipts facilities totaling of Baht 60 million which credit facilities can be jointly used by two subsidiaries.
- Forward foreign exchange contract facilities totaling of Baht 8.25 million which credit facilities can be jointly used by two subsidiaries.

Short-term loan facilities and Short-term loan facilities under promissory notes agreements contain covenants relating to various matters, such as the maintenance of financial ratio and not using land and buildings to create negative pledge.

15. LONG-TERM LOANS

(Unit : Baht)

	Consolidated	
	2019	2018
Beginning balance	-	-
Addition	-	79,823,019
Repayment	-	(79,823,019)
Ending balance	-	-

As at May 16, 2017 a subsidiary have loan agreement with bank. The monthly repayment are Baht 3.15 million. These loan bear interest at rate of MLR — 2% per annum for year. These loan are guaranteed by director, mortgage of land and construction of subsidiary.

Subsequently, During the year 2018, a subsidiary fully repaid the outstanding long-term loans to its bank.

16. UNFUNDED PROVIDENT FUND – NON CONTRIBUTORY

(Unit : Baht)

	Consolidated	
	2019	2018
Beginning balance	50,980,356	49,962,336
Increase during the year — interest	2,545,688	2,433,841
Payment during the year	(4,247,564)	(1,415,821)
Ending balance	49,278,480	50,980,356

The subsidiary had established a non-contributory provident fund covering all of its employees who has joined the Company before the year 1997, which the fund is a self-managed by the subsidiary (not in accordance with the Provident Fund Act B.E. 2530). The subsidiary set up accruals for the fund at the amount equivalent to 5.5% of employee salary per annum based on the number of years employed at the specified rate. Employees will receive such benefits when resign. The accrual under this fund is made up to the year 2003. The subsidiary stopped accruing the fund under this fund when it established a funded provident fund in the year 2003.

17. PROVIDENT FUND

The Company and subsidiary had established a provident fund covering all of its employees in accordance with the provident Fund Act B.E. 2530. The employees contribute to the fund at the amount equivalent to 5% of the basic salaries and the Company and its subsidiary contribute to the fund for each employee at amount based on the number of years employed at the specified rate. The Company and its subsidiary appointed fund managers to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act B.E.2530.

The Company's and its subsidiary's contribution for the years ended December 31, 2019 and 2018 amounted to Baht 44.29 million and Baht 45.01 million, respectively. (Separate F/S: Baht 24.62 million and Baht 24.17 million, respectively)

18. EMPLOYEE BENEFITS OBLIGATION

- Movements in employee benefits obligation for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Defined benefit obligation at January 1,	160,243,824	153,890,503	78,113,931	71,262,735
Current service cost	11,579,041	7,596,751	5,659,787	4,775,588
Past service cost	41,775,358	–	17,523,112	–
Interest expense	4,802,196	4,000,715	2,094,014	2,075,608
Re-measurement — actuarial (gains) loss	(14,461,194)	(4,266,625)	(16,737,926)	–
Benefits paid	(12,941,386)	(977,520)	(5,213,783)	–
Defined benefit obligation at December 31,	190,997,839	160,243,824	81,439,135	78,113,931
Wholly unfunded	190,997,839	160,243,824	81,439,135	78,113,931

Actuarial gains or losses occurred from the changes in the salaries and wages and other factors for the computation of post-employee benefits are presented under shareholders' equity.

- Principal actuarial assumptions at the reporting date for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Percent)

	Consolidated		Separate	
	2019	2018	2019	2018
Discount rates	2.40 — 2.71	2.40 – 2.71	2.71	2.71
Salary growth rate	5.00	5.00	5.00	5.00
Staff Turnover rate**	1.91 — 34.38	1.91 – 34.38	2.87 — 34.38	2.87 – 34.38

**Upon the length service

The present value of the defined benefit obligation was measured using the projected unit credit method.

- Defined benefit plan expenses

Amounts recognised in profit or loss related to the Company's and subsidiary's defined benefit plans are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Current service cost	11,579,041	7,596,751	5,659,787	4,775,588
Net interest expense	4,802,196	4,000,715	2,094,014	2,075,608
Total expenses recognized in profit or loss	16,381,237	11,597,466	7,753,801	6,851,196

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

- Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Changes in the significant actuarial assumptions

(Unit : Baht)

	Consolidated		Separate	
	2019		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate				
Increase (decrease) in the defined benefit liability	(13,898,607)	15,726,458	(6,006,411)	6,815,383

(Unit : Baht)

	Consolidated		Separate	
	2019		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary growth rate				
Increase (decrease) in the defined benefit liability	19,187,484	(17,131,537)	8,303,596	(7,395,914)

(Unit : Baht)

	Consolidated		Separate	
	2019		2019	
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff Turnover rate				
Increase (decrease) in the defined benefit liability	(16,071,916)	19,205,595	(8,628,575)	10,732,383

As at December 31, 2019 expected maturity of employee benefits obligation before discount are as follow :

(Unit : Baht)

	Consolidated	Separate
Within one year	9,895,582	4,647,150
Between 2 — 5 years	60,701,109	25,432,168
Between 6 — 10 years	68,495,089	28,905,248
Total	139,091,780	58,984,566

On April 5, 2019 the Labor Protection Act (Issue 7) 2019, which stipulates additional compensation rates in the case of employers terminating employment. For employees who have worked for 20 consecutive years or more, they are entitled to compensation of not less than the final rate of 400 days that has already been announced in the Government Gazette. The said law will be effective from May 5, 2019 onwards, which will be considered as a revision of the project for post-employment benefits. The Company and its subsidiaries will record the effect of such change by recognizing the past service cost as an immediate expense in the income statement.

19. WARRANTS

The warrants are detailed as follows:

Name of warrants	Date of issue and offer of warrants	Exercise price (Baht Per Share)	Exercise right (warrant per ordinary share)	Number of allotted shares (million units)	First exercise date of warrants	Last exercise date of warrants
DCC-W1	April 24 ,2018	1.15	1 : 1	1,907.75	May 8 ,2019	May 7 ,2021

At the Annual General Meeting of Shareholders held on April 24, 2018 approved date of issuance of the warrants to purchase the ordinary shares of the Company No.1 ("the Warrants DCC-W1") would like to announce that the Company has issued 2,611,197,583 units of warrants to the existing shareholders in a ratio of 1 warrant for every 2.5 existing ordinary shares, without specifying the offer price. (The fraction of the warrants shall be discarded in whole amount.)

Subsequently, On May 8, 2019, the holders of 703,438,699 warrants exercised options to purchase 703,438,699 ordinary shares at an exercise price of Baht 0.1 each, resulting in an increase in the issued and paid-up share capital from Baht 652,799,396 to Baht 723,143,266. The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on May 10, 2019.

20. LEGAL RESERVE

Under the Public Companies Act B.E. 2535, the Company and a subsidiary are required to set aside as a statutory reserve at least 5 percent of its net income, after deduction of deficit (if any), until the reserve reaches 10 percent of the registered capital. The reserve is not distributable for dividends.

21. DEFERRED INCOME TAX

Deferred income tax asset and liability are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Deferred income tax asset	52,015,278	83,170,239	16,287,827	15,662,786
Deferred income tax liability	(46,435,171)	(47,905,939)	(46,435,171)	(47,905,939)
Deferred income tax – net	5,580,107	35,264,300	(30,147,344)	(32,243,153)

The movements in deferred income tax asset and liability are as follows:

(Unit : Baht)

	Consolidated			
	Recognized as income (expense)			
	January 1, 2019	Statement of income	Shareholders' equity	December 31, 2019
Deferred income tax asset :				
Inventories From profit in inventories	860,675	3,099,339	–	3,960,014
Loss carry forward	40,064,728	(40,064,728)	–	–
Employee benefits obligation				
From employee benefits obligation	32,048,765	9,043,042	(2,892,239)	38,199,568
From unfunded provident fund	10,196,071	(340,375)	–	9,855,696
	83,170,239	(28,262,722)	(2,892,239)	52,015,278
Deferred income tax liability :				
From difference of depreciation between accounting and tax bases	(47,905,939)	1,470,768	–	(46,435,171)

(Unit : Baht)

	Consolidated			
	Recognized as income (expense)			
	January 1, 2018	Statement of income	Shareholders' equity	December 31, 2018
Deferred income tax asset :				
Inventories From profit in inventories	10,970,765	(10,110,090)	–	860,675
Loss carry forward	–	40,064,728	–	40,064,728
Employee benefits obligation				
From employee benefits obligation	22,359,162	9,689,603	–	32,048,765
From unfunded provident fund	9,992,467	203,604	–	10,196,071
	43,322,394	39,847,845	–	83,170,239
Deferred income tax liability :				
From difference of depreciation between accounting and tax bases	(49,198,129)	1,292,190	–	(47,905,939)

(Unit : Baht)

	Separate			
	Recognized as income (expense)			
	January 1, 2019	Statement of income	Shareholders' equity	December 31, 2019
Deferred income tax asset :				
From employee benefits obligation	15,622,786	4,012,626	(3,347,585)	16,287,827
Deferred income tax liability :				
From difference of depreciation between accounting and tax	(47,905,939)	1,470,768	–	(46,435,171)

(Unit : Baht)

	Separate			
	Recognized as income (expense)			
	January 1, 2018	Statement of income	Shareholders' equity	December 31, 2018
Deferred income tax asset :				
From employee benefits obligation	14,252,547	1,370,239	–	15,622,786
Deferred income tax liability :				
From difference of depreciation between accounting and tax	(49,198,129)	1,292,190	–	(47,905,939)

Deferred tax asset and deferred tax liability presented by considering net position of each taxable unit as at December 31, 2019 and 2018 comprises the following:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Deferred income tax asset	35,727,451	67,547,453	-	-
Deferred income tax liability	(30,147,344)	(32,283,153)	(30,147,344)	(32,283,153)
Deferred income tax – net	5,580,107	35,264,300	(30,147,344)	(32,283,153)

22. INCOME TAX

Income tax expenses for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Current income tax expense	248,326,761	242,814,864	236,154,523	233,488,803
The amount of deferred income tax expense relating to the initial and reversal of temporary differences	26,791,953	(41,140,035)	(5,483,394)	(2,662,429)
Income tax expense	275,118,714	201,674,829	230,671,129	230,826,374

Income tax recognized directly equity

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Accounting profit before tax	1,387,967,546	1,338,224,031	1,193,123,731	1,196,442,413
Tax at the applicable tax rate of 20%	277,593,509	267,644,806	238,624,746	239,288,483
Tax effect :				
Exemption of income and additional expenses	(13,199,332)	(15,412,478)	(10,109,206)	(11,284,846)
Non — deductible expenses	51,490,274	12,987,279	2,155,589	2,822,737
Loss carry forward, from five years	(40,765,737)	(64,245,787)	-	-
Tax losses for which no deferred income tax assets was recognised	-	701,009	-	-
Income tax expense	275,118,714	201,674,829	230,671,129	230,826,374
Effective tax rate (Percentage)	19.82	15.07	19.33	19.29

23. DIVIDEND PAYMENTS

Description	Date of Board Approval	Date Payment of dividend	Declaration of dividend		Dividend paid
			Per share (Baht)	Amount (Million Baht)	Amount paid (Million Baht)
The board of directors meeting passed the resolution to approve :					
- payment of final dividend for year 2019*	On February 18, 2020	On April 30, 2020	0.027	195.25	-
- payment of interim dividend 3/2019	On November 12, 2019	On December 11, 2019	0.022	159.09	159.09
- payment of interim dividend 2/2019	On August 6, 2019	On September 4, 2019	0.023	166.32	166.32
- payment of interim dividend 1/2019	On May 3, 2019	On May 31, 2019	0.0324	234.30	234.30
- payment of final dividend for year 2018*	On February 18, 2019	On May 3, 2019	0.027	176.30	176.30
Total					736.01
- payment of interim dividend 3/2018	On November 13, 2018	On December 7, 2018	0.027	176.30	176.30
- payment of interim dividend 2/2018	On August 14, 2018	On September 7, 2018	0.029	189.30	189.30
- payment of interim dividend 1/2018	On May 15, 2018	On June 8, 2018	0.033	215.40	215.40
- payment of final dividend for year 2017***	On February 20, 2018	On May 9, 2018	0.023	150.14	150.14
Total					731.14

* The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2020.

** The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2019, held on April 19, 2019.

*** The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2018, held on April 24, 2018.

24. EARNINGS (LOSS) PER SHARE

24.1 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years December 31, 2019 and 2018 were based on the profit (loss) for the period attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

	Consolidated		Separate	
	For the years ended December 31,			
	2019	2018	2019	2018
Profit (loss) attributable to ordinary shareholders of the Company (basic) (Thousand Baht)	972,791	978,755	962,453	965,616
Weighted average number of ordinary shares outstanding (basic) (Thousand Shares)	6,982,820	6,527,994	6,982,820	6,527,994
Basic earnings (loss) per share (Baht)	0.139	0.150	0.138	0.148

24.2 Diluted earnings (loss) per share

The calculations of diluted earnings (loss) per share for the years December 31, 2019 and 2018 were based on the profit (loss) for the period attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated		Separate	
	For the years ended December 31,			
	2019	2018	2019	2018
Profit (Loss) attributable to ordinary shareholders of the Company (Diluted) (Thousand Baht)	972,791	978,755	962,453	965,616
Weighted average number of ordinary shares outstanding (basic) (Thousand Shares)	6,982,820	6,527,994	6,982,820	6,527,994
Effect exercise of warrant to purchase ordinary shares (Thousand Shares)	805,281	–	805,281	–
Weighted average number of ordinary shares outstanding (Diluted) (Thousand Shares)	7,788,101	6,527,994	7,788,101	6,527,994
Diluted earning (loss) per share (Baht)	0.125	0.150	0.124	0.148

25. SEGMENT REPORTING

The segment reporting of the Company and its subsidiary for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Thousand Baht)

	Consolidated					
	Domestic		Overseas		Total	
	2019	2018	2019	2018	2019	2018
Revenue from sale to external customers – net	7,816,023	7,753,400	301,565	273,153	8,117,588	8,026,553
Cost of sales	(4,779,434)	(4,729,472)	(211,765)	(194,796)	(4,991,199)	(4,924,268)
Gross income	3,036,589	3,023,928	89,800	78,357	3,126,389	3,102,285
Other income					72,882	25,606
Interest expense					(41,807)	(40,732)
Depreciation and amortization					(533,933)	(521,881)
Income before income tax					1,387,968	1,338,224
Property, plant and equipment – net					6,028,874	5,479,423
Other assets					2,693,025	2,523,423
Total assets					8,721,899	8,002,846

Gross margin on sales of each geographical segment is derived from the deduction of total costs of sales from the total sales amounts proportionately based on sales of the Company and its subsidiary.

Other assets mainly consist of cash and cash equivalents, trade accounts receivable, inventories and others.

Major Customer

The Company does not have major customer from external sales.

26. OTHER INCOME

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Rental machine and office and branches	-	-	2,384,000	3,384,000
Management income	-	-	12,000,000	12,000,000
Interest Income	511,790	478,947	424,623	361,902
Gain on sales other investments	-	6,637,255	-	6,637,255
Gain on exchange rate	2,525,074	1,790,228	696,411	422,691
Gain from disposal of fixed assets	5,417,263	251,472	3,602,199	-
Rental income	27,415,555	4,160,478	27,415,555	4,124,478
Income service system IT	3,765,051	1,470,234	3,765,051	1,470,234
Other	33,246,889	10,817,267	18,144,191	9,839,523
Total	72,881,623	25,605,881	68,432,030	38,240,083

27. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Changes in finished goods and work in process	229,783,619	164,902,251	199,044,605	164,468,780
Raw materials and supplies used	2,400,319,676	2,362,152,123	906,084,378	929,084,000
Salaries, wages and other employee compensation	1,092,954,842	1,010,520,182	639,068,846	602,751,276
Depreciation and amortization	533,932,653	521,880,898	380,639,254	387,271,576
Transportation expense	638,709,283	616,506,782	536,005,817	572,784,216
Electricity and fuel expenses	1,639,696,567	1,643,887,426	646,244,870	667,623,315

28. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2019 the Company and its subsidiary have:

28.1 Outstanding letters of guarantees issued by bank for electricity usage and importation of machineries approximately Baht 20.92 million for the Company and Baht 27.24 million for the subsidiary.

28.2 Commitment to pay under the agreement for construction of building of the Company amounting to Baht 122.55 million and commitment to pay under the agreement for purchase of machinery from aboard of the subsidiary amounting to USD 2,420 million

28.3 Commitments under operating lease agreements

The Company and subsidiary have commitments to pay for the vehicles lease payments and land lease agreements as follows:

	(Unit :Million Baht)	
	Consolidated	Separate
<u>Vehicle lease agreements</u>		
Within		
1 year	51.16	41.93
2 – 5 years	29.25	20.40
<u>Land lease agreements</u>		
Within		
1 year	98.87	98.87
2 – 5 years	272.70	272.70
after 5 years	239.91	239.91

28.4 Unused credit facilities from bank in consolidated and separate financial statements amounted to Baht 1,439 million and Baht 1,204 million, respectively.

29. CAPITAL MANAGEMENT

The primary objectives of the Company's and its subsidiaries' capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2019 and 2018, debt to equity ratio in the consolidated financial statement is 1.48:1.00 and is 0.85 : 1.00, respectively (the separate financial statements as at December 31, 2018 and 2017, debt to equity ratio is 1.66 :1.00 and 1.75:1.00, respectively).

30. FINANCIAL INSTRUMENTS

A) Accounting policies

Details of the significant accounting policies are disclosed in Note 3.

B) Financial risk management

The Company and its subsidiary manage financial risk exposures on financial assets and financial liabilities in normal business by the internal management and control system. The Company and its subsidiary do not held or issue any derivative instruments.

C) Credit risk

The Company has exposures to credit risk primarily with respect to trade accounts receivable. The Company has a prudent credit policy and maintain a well – diversified customer base and believe that the maximum credit risk exposure is lower than the book value of accounts receivable in the statement of financial position.

D) Interest rate risk

Interest rate risk arises from the potential change in interest rate that will have an adverse effect on the Company and its subsidiary in the current reporting period and in future periods. The Company and its subsidiary do not expect to incur significant incremental effect on its interest expense.

E) Foreign currency risk

The Company and its subsidiary have exposure to foreign currency risk relating to their monetary assets and liabilities in US and EURO currencies. However, the Company and its subsidiary do not expect to incur significant risk from the exchange rates.

The Company and its subsidiary have foreign currency assets and liabilities as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
Assets	-	-	-	-
Liabilities — USD	32,811	12,800	32,811	12,800
Liabilities — EURO	242,725	1,067,528	89,250	131,555

F) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities – available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized by the Company's authorized directors on February 18, 2020.



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