

modernform



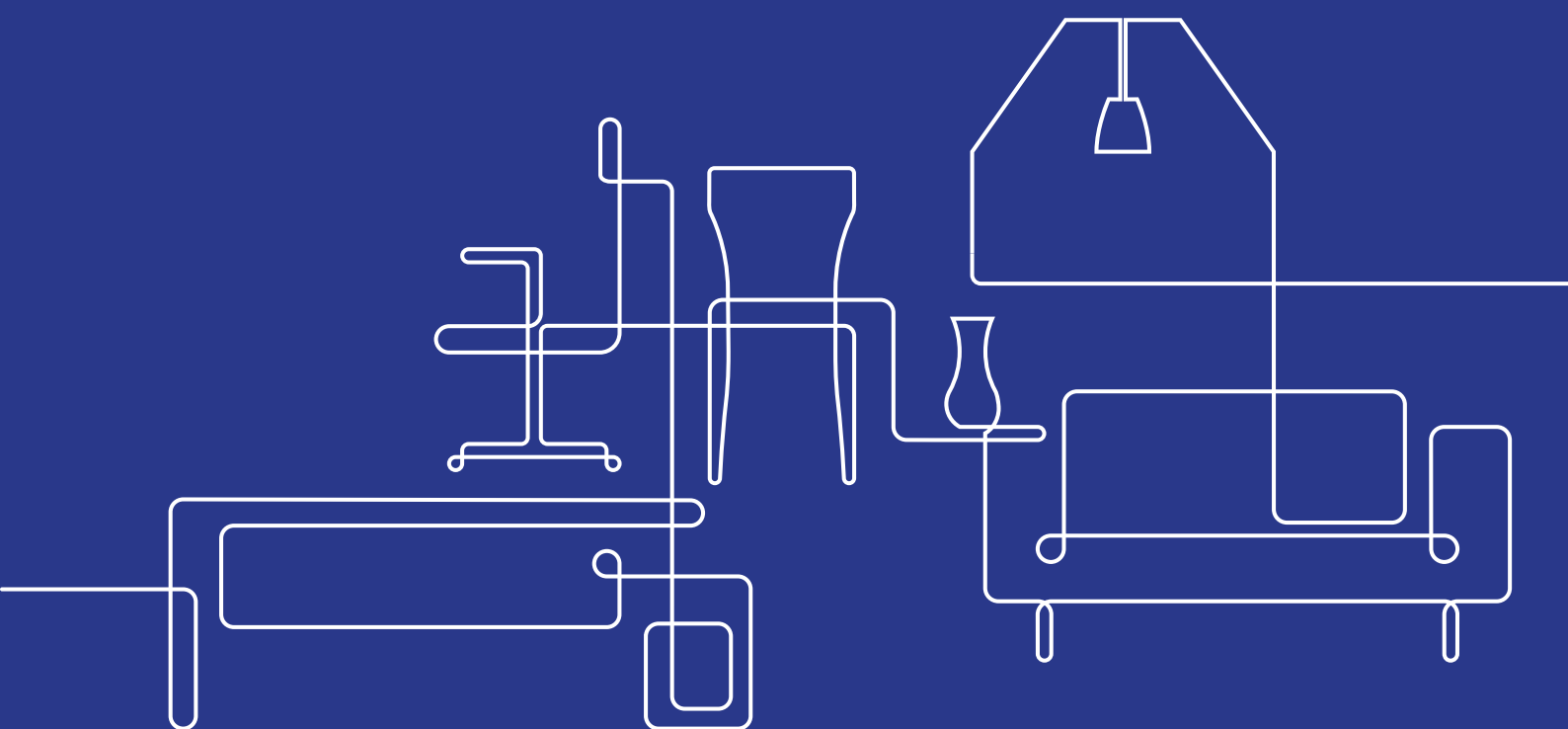
Annual Report 2020

MODERNFORM GROUP PUBLIC COMPANY LIMITED

รายงานประจำปี 2563

บริษัท โมเดิร์นฟอร์มกรุ๊ป จำกัด (มหาชน)





Modernform Group

Vision

ผู้นำในการนำเสนอนวัตกรรมที่ตอบโจทย์ทุกความต้องการของลูกค้า ทั้งยังใส่ใจในสังคมและสิ่งแวดล้อมอย่างควบคู่กัน
To be a leader in providing innovative solutions that enhance quality of life.

Modernform Furniture

Vision

แบรนด์เฟอร์นิเจอร์ไทยที่นักออกแบบ เจ้าของบ้าน และเจ้าของกิจการ ชื่นชอบมากที่สุด
The most preferred Thai furniture brand for designers and owners alike

Mission

Modernform จะนำเสนอสินค้าที่มีนวัตกรรม ในคุณภาพระดับสากลและราคาที่สมเหตุสมผล เราจะก้าวขึ้นสู่การเป็นแบรนด์ที่ทุกคนนึกถึงเป็นแบรนด์แรกอยู่เสมอ ด้วยกิจกรรมทางการตลาดที่โดดเด่น และการสร้างความสัมพันธ์กับทุกภาคส่วนให้แข็งแรง และยั่งยืน เราจะทำธุรกิจด้วยความเป็นทีมและพร้อมปรับตัวเพื่อผลลัพธ์ที่ดีที่สุด อีกทั้งยังใส่ใจและห่วงใยสังคมและสิ่งแวดล้อมอย่างควบคู่กัน

Modernform will offer innovative product at international quality and sensible price, while becoming the top of mind brand with winning marketing campaign and best-in-class relationship program. We will do business with flexibility and team spirit, while caring for the communities & environment.

Our Core Values

- **Consumer-centric**

(ขับเคลื่อนด้วยความสำเร็จของลูกค้า)

เข้าใจความต้องการลูกค้าอย่างแท้จริง ด้วยการนำเสนอประสบการณ์ที่ดีในทุกแง่มุม พร้อมตอบโจทย์ทุกการบริการด้วยความเชี่ยวชาญ

- **Creativity**

(คิดแก้ปัญหาด้วยมุมมองที่สร้างสรรค์)

คิดและทำงานด้วยความสร้างสรรค์ พร้อมนำเสนอสินค้าและบริการนวัตกรรมเหนือคู่แข่ง



• Achievement

(มุ่งมั่นสู่ความเป็นเลิศ)

มุ่งมั่นสู่ความสำเร็จ พิชิตทุกภารกิจ
อย่างไม่หวั่นไหว พร้อมก้าวข้ามผ่าน
ทุกอุปสรรค เพื่อผลลัพธ์ที่ดีที่สุด

• Teamwork

(เชื่อมั่นในพลังของทีม)

ร่วมกันทำงานเป็นทีม ยอมรับ
ความคิดเห็นที่แตกต่าง เพื่อมุ่งสู่
เป้าหมายที่เป็นหนึ่งเดียว

• Sustainability

(ดูแลสิ่งแวดล้อมและสังคมอย่างจริงจัง)

ใส่ใจชุมชนและสิ่งแวดล้อม เพื่อเป็นส่วนหนึ่ง
ในการพัฒนาสังคมที่ยั่งยืน







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Our Pride

Modernform

and eight international furniture design and production awards 2020



reddot award 2020
winner



2020 was the year of pride for us here at Modernform as a manufacturer of quality furniture for more than 40 years. This year, we were awarded eight international awards, an occasion that underlines our leadership in the furniture sector. It confirms our belief to continue developing, learning and accumulating both furniture design and production experiences while embracing new lifestyles in order to deliver quality products and make our users happy and contented.

The eight global awards were bestowed to us by four international institutes for our three products. Details are as follows.

The Red Dot Design Award 2020 from Germany: The Red Dot Award: Design Concept (Ready to Launch/Office and Commercial Furniture) went to “Chain,” our desk, at one of the most renowned and well-recognized international design competition event, which focuses on design concepts, creativity and visions. The Red Dot Awards are given to the world-class quality designs to honor creativity and innovation leadership and to add value to the brands.

The European Product Design Award from Hungary: “Chain” was once again declared the winner in Design for Society/Design for Society and the winner in Office Equipment/Furnishings/Modules. In addition, “Motion,” a multi-purpose chair/seat was awarded the winner in Design for Society/Design for Sustainability. The European Product Design Awards usually laud products and industrial designers who aspire to enhance quality living through functional products designed with creative thinking while embracing innovations and initiatives.

The DNA Paris Design Award 2020 from France: “More,” a chair, was recognized under the production design: furniture and lighting category, while Motion, a multi-purpose seat, was awarded the winner under Product Design: Furniture and Lighting category. The DNA Paris Design Awards celebrate product designs of international designers and architects who help lifting up the public’s wellbeing through their aesthetic and innovative designs that are truly functional.

The Design Excellence Award (DEmark) 2020 from Department of International Trade Promotion, Ministry of Commerce, Thailand: “More” was awarded the design excellence award under the furniture (industrial product/industrial craft) category. The awards, which go to Thai products that command refined designs, function as a marketing tool and mechanism to add values to the Thai products, open up opportunities to Thai designers and businesses to showcase their products to the world.

The Sky Design (Industrial design) Award : This international awards are given to the quality works in many design categories that innovate and improve the quality human life and respect the social responsibility. The awards will be presented to interior projects, architect works and as well as industrial products designs. The awards encourage the sharing experience and collaboration of all diverse cultures in order promote to International markets.



Chain



More



Motion

Financial Highlights for the Year 2020

	2020	2019	2018
TOTAL REVENUES (Baht)	2,986,903,156	3,177,536,577	3,389,972,573
REVENUES FROM SALES, RENTAL,SERVICES (**EXCLUDED OTHER SERVICES),DESIGN SERVICES AND CONSTRUCTION(Baht)	2,923,464,996	3,101,499,911	3,298,832,955
COST OF SALES, RENTAL,SERVICES, DESIGN SERVICES AND CONSTRUCTION (Baht)	2,045,487,987	2,094,163,327	2,305,766,098
GROSS PROFIT (Baht)	877,977,009	1,007,336,584	993,066,857
EARNING BEFORE NON-CONTROLLING INTERESTS OF THE SUBSIDIARIES (Baht)	141,948,387	122,885,343	134,643,563
NET PROFIT (Baht)	141,614,343	125,713,859	137,155,719
TOTAL ASSETS (Baht)	3,342,775,009	3,617,668,205	3,784,122,488
TOTAL LIABILITIES (Baht)	1,015,832,729	1,286,525,096	1,393,862,503
NON-CONTROLLING INTERESTS OF THE SUBSIDIARIES (Baht)	10,721,028	11,891,746	18,046,047
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (Baht)	2,316,221,252	2,319,263,363	2,372,213,938
PROFITABILITY :			
Gross profit margin (%)	30.0	32.5	30.1
Net profit margin (% Per Sales, Rental, Services (**Excluded other services) Design services and Construction)	4.8	4.1	4.2
RETURN ON INVESTMENT :			
Return on total assets (%)	4.1	3.4	3.6
Return on equity (%)	6.1	5.3	5.5
LIQUIDITY &STABILITY			
Current ratio (Times)	2.9	2.3	2.1
Debt to Equity ratio (Times)	0.4	0.6	0.6
PER SHARE DATA			
Number of shares (Registered)	809,646,280	809,646,280	809,646,280
(2018: 809,646,280 ordinary shares of Baht 1 each)			
Number of shares (Fully paid)	750,000,000	750,000,000	750,000,000
(2018 : 750,000,000 ordinary shares of Baht 1 each)			
Par value (Baht/Share)	1	1	1
Book value (Baht/Share)	3.10	3.11	3.19
Net profit(EPS) (Baht/Share)	0.19	0.17	0.18
Dividends (Baht/Share)	0.20*	0.17	0.20

Note : * The Meeting of the Board of Directors of the Company No.1/2021 held on February 25, 2021 passed resolution to pay dividends for the 2020 operating year to shareholders of the company at a rate of 0.20 Baht per share. Hence the interim dividend has been paid at a rate of Baht 0.05 the remaining value of Baht 0.15 per share will be paid to a shareholders as dividend. The matter will be proposed for approval at the Annual Ordinary General Shareholders Meeting No.1/2021 on April 22, 2021.

** the calculation of gross profit margin and net profit margin will not calculate other service income included in service income such as consulting fee and internal audit fee.

Message from Chairman of the Board

Since early 2020, all businesses have found themselves grappling with the Covid-19 crisis, of which the impact can still be felt into 2021. The world's economy has been severely affected by the pandemic and businesses are required to adjust management strategies to handle the outbreak.

Modernform continued to generate sales revenues and profitability in 2020 although the growth rate was slightly down. We managed to pay dividends bi-annually as planned. The firm was backed up by strong liquidity and able to expand investment in new businesses that reflected our long-term strategic plan.

In 2020, Modernform had freshened up our merchandises, sales and marketing activities as well as added new business channels to cope with evolving business landscape. We collaborated more with local and overseas partners. In 2021, having adjusted our management

structure to reflect business changes, we are confident that we will be able to generate a better performance through the development of technology-oriented businesses and through an enhancement of our business diversity by investing in new businesses that will lead to sustainable corporate growth.

Modernform has actively committed to social and environmental development by taking into account our existing accountability to the environment and social wellbeing. The company regularly organizes internal activities to raise social awareness among our volunteer-minded employees with special focus on education, health and wellbeing.

On behalf of the Board of Directors and the management, I wish to sincerely thank our colleagues, customers, suppliers, shareholders and other related parties for the trust and support you have bestowed to us over the years.



(Mr. Thaksa Busayapoka)
Chairman



(Mr. Kitipat Nerngchamnong)
CEO and President

Report of the Audit Committee

Appointed by the Board of Directors, Modernform Public Company Limited's Audit Committee to supervise the company to perform duties that are established in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Audit Committee consists of three independent directors, namely, Mr Suchart Thammapitagkul, who is the Committee's Chairman, Mr Kittichai Lattisophonkul and Mr Surachai Sonthirathi, both of whom are committee members. The three command expertise and experiences in organization management, law and accounting.

In 2020, the Audit Committee convened four times with the attendance of Executive Vice President, finance and accounting as well as company auditors to review related financial information, acknowledge the auditing report, consider financial information and recognize the auditor's opinions given to Modernform's financial statements and other material matters including connected transactions or items that could result in a conflict of interest against Modernform. The Audit Committee also provided recommendations on risk management and internal control and encourage Modernform to comply with the best practices of listed company for implementation of its corporate governance in a sustainable manner. Meanwhile, results of every meeting were reported to the Board of Directors.

The Audit Committee independently performed its duty in accordance with its scope of responsibility entrusted by the Board of Directors. The Committee helped review Modernform's corporate governance principles and ensure its compliance with the best practices set by the Office of Securities and Exchange Commission (SEC).

The Audit Committee's performances and opinions can be summarized as follows.

1. Review of the financial statement

The Audit Committee reviewed quarterly and annual financial statements as well as consolidated and separate financial statements together with the auditor, SVP, Finance and Accounting and executives from the Internal Audit Department. The Committee discussed

major issues and provided inputs and advices to ensure that the preparation of the financial statements had complied with the Generally-Accepted Accounting Principle (GAAP) and international accounting standards, that the financial statements were comprehensive, reliable and adequate, and that they disclosed essential information of the company itself, its subsidiaries and affiliates in a timely fashion.

The Audit Committee agreed with the auditor that the financial statements were essentially accurate, that they were transparent and reliable, and that the information was adequately disclosed. In addition, appropriate accounting policies had been reviewed and applied to the company, which reflected the GAAP. The financial statements as of December 31, 2020 had already been audited, reviewed and expressed with an unconditional opinion from the company's independent CPA.

2. Review connected transactions or items with potential conflict of interest

The Audit Committee also reviewed opinions in relation to connected transactions or items with potential conflict of interest of Modernform itself and of its subsidiaries so that they were in compliance with relevant regulations and laws. This was to ensure Modernform's compliance with usual business conditions (Fair and at arm's length). In addition, items qualified as connected transactions or those with potential conflict of interest taking place during the year were also reviewed. Information of these transactions was scrutinized to ensure that they were accurate and complete as required by the Stock Exchange of Thailand (SET) by taking into consideration transparency, rationality and maximum interest of Modernform, shareholders and all stakeholders.

3. Reviewing the internal control system

The Audit Committee also reviewed the adequacy and effectiveness of the internal control system based on the COSO-ERM standard, which encompassed all aspects ranging from internal control to risk assessment,

operation control, IT and communication and monitoring. Effective auditing and balance of power mechanism were implemented to protect and oversee shareholders' investment and the company's assets. All departments were able to audit and exercise control self-assessment and the anti-corruption system was implemented to minimize opportunity risks and underline commitment to achieve the company's objectives.

The Audit Committee also assessed the adequacy of the internal control and risk management based on the COSO-ERM standard annually. In 2020, it was of the view that the internal control system was adequate, appropriate and effective. No material weakness or defect that may affect Modernform Group's business was detected. Details are in the internal control topics of this year's annual report.

4. Reviewing legal regulatory compliance and policy

The Audit Committee reviewed Modernform's operation to see if it's in compliance with the laws on securities and exchange, the Stock Exchange of Thailand's rules and regulations and other related business laws while recognizing regulatory changes that may affect Modernform's business.

5. Appointing and setting auditor's 2020 remunerations

The Audit Committee assessed the auditor's performance in 2019 by taking into consideration its knowledge, experiences and performance. This was assessed together with its independence, performance that reflected auditing standards, ability to do advanced planning and meet its auditing goals as well as valuable advices given to the company.

The Audit Committee decided to nominate EY Co Ltd as its auditor for the 2020. The committee proposed EY Co Ltd to the Board to seek approval of the Annual General Meeting of Shareholders' (AGM). It also set the 2020 auditor's remuneration at Baht 2.08 million, which represented a 4% increase from the year earlier. This was broken down into Baht 570,000 quarterly auditing fee for a total of three quarters and the auditing fee for the end-of-year quarter totaling Baht 1.51 million. EY Co

Ltd was also the auditor of seven subsidiary and affiliated companies, namely, Modernform Tower Co Ltd, Rafa Associates Co Ltd, Modernform Health and Care PCL. UICC Co Ltd, Itoki Modernform Co Ltd, Workscape Co Ltd and BuiltDee Co Ltd. The 2020 Annual General Meeting of Shareholders finally resolved to approve EY Co Ltd as the auditor as proposed by the Board. Details of the auditors were as follows. Details are as follows.

Ms. Rungrapa Lertsuwankul	CPA License No.3516 or
Ms. Pimjai Manitkajohnkit	CPA License No.4521 or
Ms. Rosaporn Decharkom	CPA License No.5659 or
Ms. Sumana Punpongsonon	CPA License No.5872

The Company and seven subsidiaries and associated companies do not use any other services from EY Co., Ltd. aside from annual auditing. The 4 auditors are not shareholders of the Company or its subsidiaries. They have no relationship or interest with executives, major shareholders or those relating to subsidiary, associated and connected companies, either.

6. Supervise the Internal Audit

The Internal Audit Department each year before being submitted to the Audit Committee to review and revise during the year under the risk management framework. The internal audit plan covered crucial work processes with high risk exposure. The Audit Committee also evaluated the Internal Audit Department's performance based on its quarterly report. It offered advices and monitored timely remedy for material issues indicated in the auditing report. The Audit Committee also promoted independence of the Internal Audit Department by allowing it to accurately, fairly and efficiently express audit opinions to underline assurance and the Department's counseling role to other departments. The Audit Committee also assessed appropriate manpower and approved an annual budget to train internal auditors in order to promote professional practice and enhance auditing quality to meet the International Standards for the Professional Practice of

Internal Auditing while strictly complying with Charter No.3/2557 of the Internal Audit Department.

7. Enhancing communication efficiency between the Audit Committee, the auditor and the Internal Audit Department

The Audit Committee invited the auditor to join a meeting with executives from the Internal Audit Department and the Accounting and Finance Department each quarter. The meeting was held without the management's presence so that financial accounts complied with the new accounting standards relating to the company's operation as well as reflected the auditor's advices. The Internal Audit Department was required to monitor results of the review on a project-by-project basis before reporting the outcome to the Board on a quarterly basis. In addition, the Committee helped strengthening the independence of both external and internal auditors so that they can express their opinions freely, report what they found and effectively follow up with items advice for revision as well as obstacles or problems during the auditing for a more effective operation.

8. Minutes of the the Audit Committee's Meetings

The Board of Directors required that the Audit Committee convene at least four times a year on the same day that the Board of Directors' meeting was held to review quarterly financial statements, connected

transactions as well as transactions with potential conflict of interest and to also report performances of the Internal Control Department, all of which would be submitted to the Board of Directors' meeting for acknowledgement every time the meeting was held. The Audit Committee provided advices proven useful for the management who subsequently re-adjusted their actions to reflect these recommendations.

In 2020 the Audit Committee duly performed its roles and responsibilities as specified in the Audit Committee's Charter and as entrusted by the Board by exercising its competency and prudence while having enough independence and being able to honestly express opinions to the Board and relevant parties for the best interest of all stakeholders with no restriction when it comes to accessing information from executives, employees and other related parties. Based on the review and supervision, it can be concluded that in general, internal control and corporate governance is adequately transparent and efficient. Material information and transactions required to be presented by relevant laws and regulations have been disclosed in strict compliance with procedures and mechanisms that the Company has to abide by and all are auditable. The operation system has been constantly adjusted for a better quality and to suit evolving business environment.



(Mr. Suchart Thammapiatagkul)
Chairman of Audit Committee

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five executive directors and independent directors. Details are as follows:

- | | |
|------------------------------|----------|
| 1. Mr. Thaksa Busayapoka | Chairman |
| 2. Mr. Yothin Nerngchamnong | Director |
| 3. Mr. Somsak Varikarn | Director |
| 4. Mr. Suparerak Mallikamari | Director |
| 5. Mr. Kavivud Nerngchamnong | Director |

The Committee has performed duties entrusted by the Board as stated in its charter whereby it recruits and nominates candidates to become Modernform's directors and senior executives. The Committee also proposes remuneration policies including other benefits for the Board of Directors, the Executive Board and high-level executives to the Board of Director and the Annual General Shareholder Meeting.

In 2020, the Nomination and Remuneration Committee convened two times to consider various matters, report meeting results and advise the Board on a continuing basis. Details are as follows.

1. To nominate four candidates with right qualifications as directors to replace those who would leave on rotation. To promote the corporate governance policy, the Board on this occasion allowed shareholders to nominate those with proper qualifications based on the criteria set by Modernform during the period between December 4, 2019 and January 10 2020. Yet, no shareholder proposed any candidate. The Nomination and Remuneration Committee, having considered necessary qualifications and Modernform's best interest, was of the view that directors who were about the leave on rotation were fully qualified based on the Public Limited Company Act. Besides, they were knowledgeable and possessed experiences found beneficial to Modernform's business. Not only that they were visionary and had impeccably performed their duties,

their meeting attendance records were outstanding and they contributed excellent ideas to the meeting. The Committee therefore decided to propose that the four directors whose term were about to be due on rotation be re-appointed as company directors for another term.

2. To determine the 2020 remunerations of both the Board of Directors and the Audit Committee and submit them to the Annual General Meeting of Shareholders No. 1/2020 for further approval. Meanwhile, the remunerations of the Board of Directors and the Audit Committee were considered on the basis of their roles and responsibilities in handling Modernform's performance. Comparison was also made with remunerations offered by companies within the same industry based on the Stock Exchange of Thailand's survey report on director's remunerations.
3. To determine remunerations of senior executives in the position of Vice President and higher based mainly on the standards of listed companies, Modernform's own performance, the economy in general and the corporate governance policy.

The Committee has performed its duty with competency, prudence, thoroughness and transparency for maximum benefit of Modernform, its shareholders and other stakeholders.

(Mr. Thaksa Busayapoka)

Chairman of the Nomination and Remuneration
Committee

Report of the Corporate Governance Committee

Realizing the importance to enhance and support our operation on the principles of good corporate governance, Modernform Group Public Company Limited has resolved to appoint the Corporate Governance Committee (CG) of which the purpose is to enable directors, the management and operation staff to take part in creating corporate culture that promotes constructive corporate governance for sustainable growth.

The Board has entrusted the CG Committee to propose corporate governance guidelines that reflect corporate governance principles advised by both the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The CG Committee was appointed by Modernform Group Plc's Board of Directors in No.7/2019 on November 12, 2019. The Committee consists of three independent directors and three executives and chaired by an independent director. Its term is three years. The CG Committee is to meet at least once a year. Committee members are:

1. Mr. Surachai Sonthirathi	Chairman
2. Mr. Kittichai Lattisophonkul	Director
3. Mr. Patana Usanachitt	Director
4. Ms. Somrak Chotibhongs	Director
5. Ms. Natcharintorn Siriwattana	Director
6. Ms. Jongjit Naboonpattana	Director
Ms. Penpun Kasetsiri	Committee Secretary

In 2020, the CG Committee met twice to determine CG matters that the company was to comply to reflect the CG best practices prescribed by the SEC. Details discussed at the meeting were:

1. Reviewing and updating the Corporate Governance Code of Conduct to reflect Modernform Group Plc's vision, mission and core values freshly made in early 2020.

2. Writing an implementation plan relating to the CG policy and CG principles that will produce maximized value to the company through adherence to the eight CG principles as follows.

- 2.1 Principle 1: Establish clear leadership role and responsibility of the Board

Implementation Plan:

To submit the The Securities and Exchange Commission's slide presentation entitled "Sustainable Value Creation and CG Code of Conduct" to the Board within Q1/2021.

- 2.2 Principle 2: Define objectives that promote sustainable value creation

Implementation Plan:

Update the CG Code of Conduct and Manual to accommodate the newly-revised vision, mission and core values of Maidenform Group Plc.

- 2.3 Principle 3: Strengthen Board effectiveness

Implementation Plan:

Design a training program for executives and BU Head as well as relevant departments in the following areas:

- CG Presentation
- Business value creation

- 2.4 Principle 4: Ensure effective CEO and people management

Implementation Plan:

The management and the Nomination and Remuneration Committee (NRC) is responsible for the "Ensure Effective CEO" part.

For the "People Management" part, training are planned in the following areas:

- New vision/mission presentation/awareness
- Core value training

2.5 Principle 5: Nature innovation and responsible business

Implementation Plan:

Training planned in the following areas:

- Core value training
- CSR Training and employee involvement

2.6 Principle 6: Strengthen effective risk management and internal control

Implementation Plan:

Training planned in the following areas:

- Risk management training
- Review company's corporate and BU risks
- Support the internal auditing department to conduct internal auditing of risk-prone operation

2.7 Principle 7: Ensure disclosure and financial integrity

Implementation Plan:

Closely work with the auditor to ensure the company's compliance with the IFRS Financial Reporting in the disclosure of its internal information.

Provide support to the management to ensure proper financial management integrity.

2.8 Principle 8: Ensure engagement and communication with shareholders

Implementation Plan:

Provide support and advices to the Public Relations Department regarding communication with shareholders, individuals, corporations and stakeholders for accurate and comprehensive CG information.

The CG Committee pledges to perform our duty within our scope of authority, responsibility and accountability and will help the company achieve its goal in creating values, stability and business growth for the best interest of the company itself, of shareholders and all stakeholders in a sustainable manner.



(Mr. Surachai Sonthirathi)

Chairman of the Corporate Governance Committee

Policy and the Business Overview

Modernform Group Public Company Limited manufactures and sells office furniture, home furniture and kitchen furniture. It also imports accessories for furniture assembly, home and office decoration items. The company has experienced continued growth during the past four decades of its operation.

As a result of changes reflected in the economic downturn, higher competitions, evolving consumer's behavior as well as technology disruption, Modernform Group has re-adjusted management styles and operation systems to cope with today's sea of transformation. We come up with new business formats, starting first by reviewing our vision, mission and strategy to revamping the managerial structure. In 2020, Modernform Group announced a new vision, which is "to be a leader in providing innovative solutions that enhance quality of life."

Modernform Group has also declared the vision of our furniture business where the company aspires to be "the most favorite Thai furniture brand for designers, home and business owners." This will be achieved by "offering innovative products with international quality at a reasonable price by being a brand that everyone thinks about through outstanding marketing campaigns, strong and sustainable relationship with all sectors, teamwork, agility for the best possible outcome and care for the society and the environment." In addition, to reflect corporate change, the company has announced core values to nurture the following qualities in our people:

- **Consumer-centric**

This is related to true understanding of "customers" (and consumers) by offering experiences through our expertise.

- **Creativity**

This refers to the way we think and work creatively in order to offer products and services with innovation beyond our competitors.

- **Achievement**

The value underlines commitment to success and devotion to overcome obstacles for the best possible outcome.

- **Teamwork**

Teamwork points to collaboration and acceptance of different opinions for a shared goal.

- **Sustainability**

The organization commits to grow ethically through sustainable development by taking into account the society, the community and the environment and by nurturing common values to all stakeholders.

In mid 2020, Modernform Group Plc started the rebranding journey, which not only limited to updating a corporate image only but also to reassuring that we would respond to modern lifestyle living of new generations of consumers that evolved towards today's convenience-oriented technology. This would be carried out under the concept of offering "furniture that truly answers to modern lifestyles." Priorities were given to the following four factors, namely, designing quality products with reasonable prices, offering furniture that responded to customer's need, providing the best possible pre- and post-sales services with true expertise and nurturing healthy relationship with customers while offering innovative accessories and materials for better versatility to customers.

To capture target customers, the company continued to focus sales to various industries, education institutes, hospitals, hotels and government agencies. Project sales, which was our main focus, accounted for 80% of the total sales while the remaining 20% was retail. We still emphasize at our sales showroom to service walk-in customers and to retain the quality image of our brand. We have the Modernform Furniture on Srinakrind Road Branch, Crystal Design Center (CDC) next to the Ramindra Expressway, Modernform Furniture on Pleonchit Road and Modernform Outlet designed to penetrate medium and low-end

customers as well as industrial estate clients. We also have contract sales offices at Pattaya and Rayong to offer sales services to customers in the areas. In 2020, we started selling more on e-commerce platforms to accommodate a rapid growth of demand in response to the New Normal and the Work from Home measures resulting from the Covid-19 pandemic, which required consumers to stay at home and which made them more enthusiastic to redecorate their homes. This was especially the case of online customers who were keen to buy desks and chairs for home use.

In addition, Modernform plans to invest in businesses proven beneficial to our major undertakings. This includes, among a few, investment in an architectural design service in Rafa Associates Co Ltd; investment in the health & care furniture business via Modernform Health and Care Co Ltd and investment in Chiwa Mitra Hospital, a cancer treatment hospital in Ubon Ratchathani Province. The hospital, which is operated by UICC Co Ltd., is co-founded by Modernform Health and Care Public Company Limited and a team of cancer specialists in the northeast. Other investments include a joint venture with Itoki Corporation Co Ltd from Japan to form Itoki Modernform Co Ltd to sell office furniture to a niche market of Japanese customers in Thailand and neighboring countries; a venture in Architectura Co Ltd to expand our presence in premium home furniture and our expansion into the digital business via Headbot Co Ltd, a platform for chatbots; and Finstreet Co Ltd, a technological platform for financial planning. The investment in Workscape Co Ltd established company to expanded market share in medium and low-end furniture market and the newly invest in Built Dee Co Ltd to Manufacturing and distributor of Fit-in furniture.

Short-Term Goals

In 2020, Modernform Group Public Company Limited clearly announced the company's vision and the vision for its furniture business, which are two separated visions. For the furniture business, the new vision is "to become the most favorite Thai furniture brand for designers, home and business owners." Meanwhile, the company also identified missions that would lead to this goal. This visionary change has led to new strategies in five areas as follows.

1. Restructuring and re-strategizing policies to ensure that both the organization and its people would be more agile and capable to handle unpredictability and volatility.
2. Creating a brand value that attracts new generations of consumers while continuing to serve the existing customer base by focusing on efficient marketing communication, developing products that answer to customer's true need and creating values to the products through, for example, designs recognized by world-class awards.
3. Increasing sales to retail customers through showrooms and online platforms from 25% to 40% by continuing to develop new products and services that serve the target group, developing new online to offline (O2O) business models, adding sales channels through social commerce and e-commerce platforms and collaboration with new partners.
4. Enhancing corporate day-to-day work with digital technology in every operation facet ranging from reducing paper use by 60%, seamless connection between departments for better customer experiences and cost control for better competitiveness.
5. Improving efficiency of machinery, production, transportation and installation with plans to invest Baht 80-100 million.

Long-Term Goals (3-5 years)

In response to Modernform Group Public Company Limited's vision that aspires to be a leader in providing innovation solutions to enhance quality of life, the company underlines long-term investment for corporate sustainability. Investment however must be in line with the following:

1. New investment should synergize with current businesses ranging from furniture to accessories, interior and exterior decoration and healthcare products and services.
2. New investment should be related to future innovation in lifestyle, work and living.
3. Any business that is different from the current ones but creates sustainable returns.

Business Operation in 2020 and Future Plans

Product Research and Development in 2020

Office and Home Furniture - For more than 40 years, Modernform Group Public Company Limited has committed to develop office and home furniture to meet demands of customers in the SMEs, start-up and the rapid-growing co-working space business. Other customers include large

organizations that tend to enlarge recreational areas for employees. We have actively engaged in the development of sophisticated and refined products while taking into account environmental concerns for consumers in general. 2020 was the year of our pride as three products designed and created by us were recognized by seven awards bestowed to us by four international institutes as follows.

Products of Modernform	Awards	Institute
Chain	1. Red Dot Design Award 2020: Design Concept	The Red Dot, Germany
	2. European Product Design Award: Winner in Design for Society/Design for Society	European Product Design Award™, Hungary
	3. European Product Design Award: Winner in Office Equipment/ Furnishings/Modules	European Product Design Award™, Hungary
Motion	4. DNA Paris Design Awards 2020	DNA Paris, France
	5. European Product Design Award: Winner in Design for Sustainability	European Product Design Award_, Hungary
More	6. DNA Paris Design Awards 2020	DNA Paris, France
	7. Demark Award (Design Excellence Award): Furniture (Industrial Process / Industrial Craft)	Department of International Trade Promotion, Thailand
	8. Industrial Design Award	The Sky Design

- **Chain** - this is the new era's desk designed to accommodate diverse work behaviors for better health and interaction within the creative workplace environment. Chain also responds to the current work trend where people are more health conscious. The desk is designed with understanding of user's behavioral demand. The result is a desk that allows users to either sit or stand, encouraging consumers to change posture while working by either sitting, walking or standing. The desk answers to health concern and increases productivity. It can be used as a single desk or connected for bigger work space, resulting in a work environment that is creative, interactive, open for new ideas and answer to new work lifestyles.
- **Motion** - this is a multi-purpose minimalist chair designed with environmental and health concerns. The chair is made of recycled plastic in an upcycling process, which can be used for work or recreation. The design is ergonomic and therefore supports user's

movement while sitting, reclining or forwarding to work at a desk in front. Motion is made of strong but light material, which is durable than normal plastic, and is 100% recyclable.

- **More** - this is a chair with sophisticated and versatile design for limited space. Its lean and light design means the chair is easy to move and can be placed anywhere while offering comfort beyond expectation. The chair, which can be used for work or play, focuses on sustainable design as reflected in its material that truly aligns with the comfort it offers.

Production

2020 was a year of tumultuous change as reflected in the volatile economy, fierce competition and impacts from the Covid-19 pandemic. This required us to re-adjust our work plans starting from restructuring staff in the production line to introducing IT to our production and planning departments to increase efficiency.

Modernform Group plans to order new machines and technology to strengthen production accuracy to produce quality products that truly answer to customer's diverse furniture needs in each project. The company installed a new production line to exclusively produce specialized work to minimize effects incurred at production lines dedicated to bulk project work.

The company also introduced hardware and software developed in 2019 in production planning and real-time reporting. This helped increasing efficiency as it reduced production errors and reporting time.

With regard to costs, production and raw material management was revised to make the process clearer and more efficient while consuming fewer resources. The result was the reduction of both production costs and consumable materials, which met the target set earlier.

Overall speaking, adjustment and change in time to respond to current situations, teamwork and the introduction of new technology helped increasing our efficiency and reducing production costs, making us prepared for more competitions in 2021.

Marketing, Sales and Distribution

Home Furniture Market

The housing business slowed down in late 2019 as a result of LTV measures that restricted home loans to would-be home buyers. While its impact last into 2020, the situation was exacerbated by the Covid-19 outbreak, which saw the property market plummet the most since the 1997 Asian Financial Crisis. However, in late 2020, the property market improved a bit following the news of vaccine development against the coronavirus together with better-than-expected economic figures released by the National Economic and Social Development Council.

Yet, the Covid-19 pandemic caused the number of new housing projects and ownership transfer of homes and residences to materially fall during the entire year of 2020. Housing estates applied for development permit went down 10.7% compared to a year before. Condominium was hit harder, for the number of units sold went down 31% compared to 2019. Sales in newly-launched project nosedived 71.6%. However, they continued to maintain sales from outstanding units where the growth was 6.2% compared to a year before.

Based on this situation, the home furniture market was inevitably affected. Income from residential furniture recognized by us fell 17% compared to 2019. This came partially from backlog of projects of which delivery schedules had been delayed. Orders from retail and small-time customers also fell as a result of the lock-down measure during Q2/2020.

To boost new sales, the company expanded new furniture sales to hotel and serviced apartment operators. New projects added onto our portfolio in 2020 included the Ascott Embassy Sathorn and the Ascott Sukhumvit 39 projects, making project sales to the hotel and serviced apartment segment increase by more than 150% compared to a year before. As for new furniture sales to residential projects, this was down 25% year-on-year. However, we continued to sell home furniture to newly-launched projects in 2020. This made the overall furniture sales to new project remain relatively unchanged year-on-year. In addition, there were several large projects we had co-developed with realtors, which could become our new sales in 2021.

With regard to new product innovation, we continued to develop hygienic and IOT products that could be incorporated into furniture. New innovative materials were used in product designs. The Modular System Furniture was developed to respond to smart living demanded by retail and project customers.

The company also refreshed our brand under a new concept of "sensible solution for modern lifestyle" and had launched collaboration projects in which innovation products would be designed to respond to modern lifestyles. In 2020, we joined hands with PDM Brand to create "The Colly Collection: Enhance your modern lifestyle living," a new collection of furniture that expressed fun, flexibility, energy and functionality aimed at new generations of consumers on a concept of mix work & living where all space became one. We also collaborated with Xiaomi Co Ltd, Xiaomi's brand owner, to launch the Modernspace Series, the functional furniture that can connect with various living-inspired technology in living room, kitchen, home office and bedroom. The Modernspace Series was presented under the concept of seamless connection with life and technology.

In 2021, the housing market will continue to face challenges ranging from slow economic recovery to weakening purchasing power and the ongoing Covid-19 outbreak here and abroad. In addition, the market is pressured by housing unit backlogs waiting for sale. Developers thus remain cautious in launching new projects. The market will have to gradually adjust while transactions of housing units will remain restricted. This will directly impact the housing furniture market, which means businesses will have to work harder in marketing areas.

Office Furniture Market

In 2020, office space in Bangkok rose by 206,000 square meters in Q2/2020 to stand at 9.38 million square meters in the following quarter. There remained new office buildings entering the market during the three quarters of the year. Although certain office buildings were built for use by building owners, this affected the overall office space market, for subsidiaries of the building owners were to relocate from rented space into their newly-built towers, which sent impacts to buildings they had previously rented.

Another 2 million square meters of office space is being built and scheduled to complete between 2021-2023. The office building market therefore becomes another real estate market that several are eyeing but with concern at the same time, especially when the economy remains weakening and there isn't any sign of recovery soon. As new businesses are postponing their investments, demands for new office space in 2020 and the next few years may not be that high. Office buildings currently under construction may have trouble finding tenants when finished.

Demands for office space during the past few quarters were not high due to the overall economic contraction. Several companies had to halt their business or made their employees redundant. This affected the overall sales outlook of office furniture of Modernform Group. As corporate performance suffered a continuous downturn due to the Covid-19 pandemic, which also affected the world's economy, several international companies temporarily shelved their investment expansion and their plans to expand office space in Thailand. An average rental ratio of office space in Bangkok as of Q3/2020 was 92%.

Our office furniture sales to retail customers grew by 5% only. This was due to the economic slump, the Covid-19

outbreak and new competitors who imported furniture from China to sell online, leading to price comparison among consumers who bought it just to try. With this business outlook, Modernform Group entered the online market to access retail customers. We also saw demand shift following the coronavirus outbreak as consumers wanted to get access to quality office chairs as a result of the Work from Home measure. In 2020, we saw our online sales rising. Sales from online channel increased 100% and became a rising star to replace dwindling retail sales through conventional channels.

Regarding project customers, product delivery rose 20% compared to 2019. There were projects getting financial support from the government that expedited their budget spending through various policies. There were also agencies who tried to revamp their images, leading to more furniture delivery to the government sector. In addition, there were projects of which work would be delivered into 2021. We had expanded furniture sales to hospitals, wellness centers, senior home care and public and private-sector residences. The company can offer products and services to all areas of these projects. We plan to grow this market segment by 50% during the 2020-2021 fiscal year compared to the year before and expand our service from Bangkok to provincial areas.

The company never stops when it comes to offering goods and services. In 2020, we offered products with a combination of innovation, function and design to create perfection when used in response to demands of new generations of consumers. Our products received 7 world-class awards, which have become our pride.

Logistics

In 2020, the company revamped logistics work process, structure and management and set clear targets for the logistics team. This increased coordination among related departments and added efficiency to operation follow-up with various business units. Details are as follows.

- Modernform Delivery Tracking (MDT) was introduced to report outcomes. An application that reports real-time results on an online basis, the MDT helps planning and managing delivery orders and follow-up with problems on a real-time basis and therefore leads to cost control.

- A learning center was established to train furniture installers who can install home and office furniture and work in the same team. The goal was to strengthen accuracy, reduce error and installation time and save costs.
- Warehouse development - new technology was introduced to accurately manage the receiving and dispensing of goods out of the warehouse and for systematic storage that was easy to retrieve and counting.
- In 2021, the company plans to continue investing in technology to help managing logistics, add speed and accuracy and to produce real-time reports to achieve efficient delivery, installation and control.

Import and distribution of home decorative products

The Covid-19 pandemic in 2020 caused unexpected changes and uncertainty towards the future. It directly affected the economy and most business sectors. Modernform Group re-adjusted itself to cope with these changes and navigate the business through limited demands where we focused on innovation and fast and accurate services.

Customer's comfort is our priority. Next year, we plan to add variety to main product groups ranging from furniture accessories to hardware and doors, Hi-Macs synthetic stone, Verona composite flooring stone and Interface carpet, as well as self-cleaning vinyl tiles to respond to consumer's priority for cleanliness. We also plan to offer magnesium boards that can be transformed into various types of furniture to increase safety to consumer's life and property thanks to the material quality.

Development of the IT System

In 2020, the IT system development plan continued from the previous year. We also developed other systems as follows.

- **Project Controller System**
This system was developed to monitor work progress from start to planning, operating, controlling and at project closing. The goal was to manage time, costs, expenses and quality.
- **Data Science System**
The system prepares information to be used later down the road by collecting and analyzing data and by helping making decisions in an easy-to-understand format when used.

- **The Management Report on Cloud system**
This system produces management reports and is designed to collect, process, systematize and produce reports or documents for making management decisions. The system increases management efficiency with less time-consuming and more accuracy.
- **The production IT system for Production Line 1** to monitor real-time production
- **The digital Call Center system** to accommodate the 2020 future plan and connect with the company's CRM system

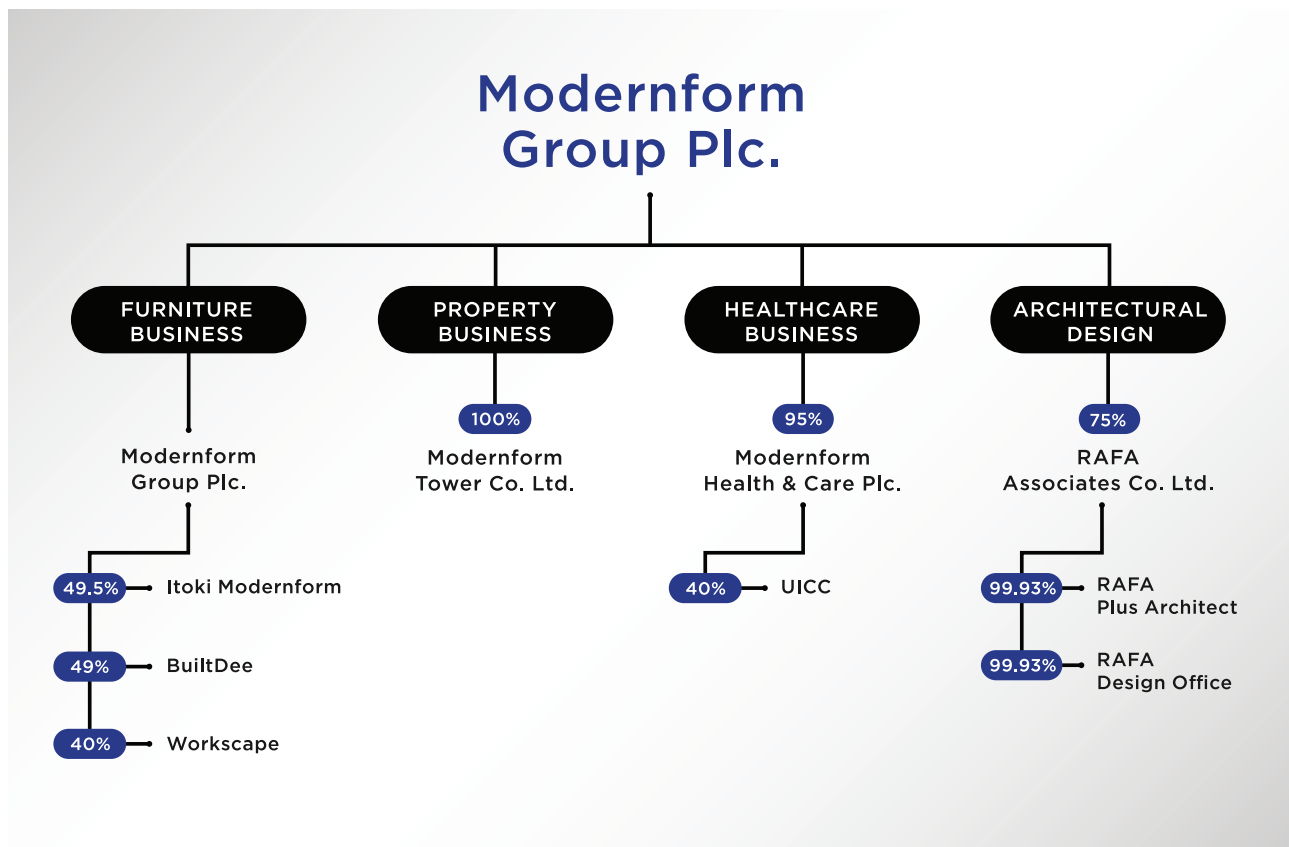
In 2021, we plan to continue developing the IT system from what was done in 2020 and to also develop other systems as follows.

- A paperless office where at least 60% of paper work will be transformed to e-documents to reduce the use of paper and to save costs.
- A system that can trace work from sales to delivery in a more user-friendly way.
- Digital literacy enhancement by maximizing the use of current equipment such as computer, mobile phone, tablet, computer program and online media for communication, operation and collaboration purposes and by enhancing work process where user's skills in using, understanding, creating and accessing devices will be further developed.
- A sales team management system will be developed to help sales team leaders manage work more easily, allow them to see the overall picture and can follow up with clients and team members more efficiently. The system will be used on all platforms ranging from notebook to mobile phone and tablet.

HR Management

Details of the human resource management are under the Management Structure topic.

The Shareholding Structure of the Company Group



There are 6 subsidiary companies and associated companies under **Modernform Group Public Company Limited**; they are the following:

1. **Modernform Tower Company Limited (MTC)** was founded in 1989 located at 699 Modernform Tower 24th floor by Modernform Group Public Company Limited who invested 100 percent in the company. Presently, the Modernform Tower Company has a registered share capital of Baht 220 million, owns the title deed to the property of “Modernform Tower” building on Srinakarin Road. The building is situated on a 3-0-35 rai plot, rises 28 floors, and has a net area of 26,000 square meters. The building was completed and fully operational on May of 1995 and served not only as the head office of the Modernform Group Public Company Limited, its subsidiary companies, and affiliated companies, but also a showroom for all lines of products. The remaining space was to be leased out as office space to non-related persons. Occupancy rate still is at 100%

2. **Modernform Health and Care Public Company Limited (MHC)** Founded in 2005 to manufacture, distribute, import, export as well as provide maintenance services to healthcare products for hospital, rehabilitation center and household uses. Modernform Group Public Company Limited holds 95 percent of baht 150 million of paid-up capital with a par value of Baht 10 per share. Modernform Health and Care Co., Ltd. is located at 699 Modernform Tower Srinakarindr Rd. Suan Luang Bangkok and is growing continuously in hospital and government office projects and transformed into a Public Company on May 15, 2018.

3. **Rafa Associated Company Limited (RFA)** Founded in 2006 to provides design consulting services and supervises construction projects and holds shares in limited partnerships, limited companies and public companies (Holdings Company). The firm is registered with Baht 30 million paid-up capital at Baht 10 par value.

Modernform Group Public Company Limited holds 75 percent of its registered capital. The company holds common shares in 2 subsidiary and affiliated companies; namely, Rafa Design Office Co., Ltd and Rafa Plus Architect Co., Ltd, all of which are involved in architectural design business located at 699 Modernform Tower Srinakarindr rd. Suan Luang, Bangkok. Modernform PLC's business will continue to grow from private sector projects. As the main business should allow the Company to work even more closely with architects and interior decorators, this should help expand growth prospects of the Company's other businesses as well.

4. **Itoki Modernform Company Limited (IMC)** Found in April 2015. Located at 699, Modernform Tower 22 floor, Srinakarin Road, Kwaeng Suan Luang, Suan Luang District, Bangkok, the company imports and exports home accessories, furniture, office items as well as equipment and spare parts. Itoki Modernform Co.Ltd, is a joint venture between Itoki Corporation of Japan and Modernform Group Public Company Limited, who holds 49% of Baht 30 million registered and paid-up capital of the company at Baht 1,000 par value per share.

5. **Workscape Company Limited (WKS)** Founded in February 2019, Workscape manufactures and distributes furniture and all kinds of office decoration items. Modernform holds 40% shares in Workscape of which the registered and paid-up capital is Baht 60 million at a par value of Baht 100 per share. The office is located at 51, Moo 5, Bangkruay-Sainoi Road, Bangsithong Sub-District, Bangkruay District, Nonthaburi Province.

6. **Built Dee Company Limited (BUD)** was incorporated in March 2020 to manufacture and sell fit-in furniture and to contract interior decoration work of office buildings, hotels, condominiums and homes. Modernform Group holds 49% of its registered and paid-up capital at Baht 100 par value per share. The office is located at 33/2 Moo 2, Bangchalong, Bangpli, Samut Prakan.

Meanwhile, associate and subsidiary companies do not hold shares between one another.

Business Operations of the Company

The revenue structure for the years 2018 to 2020 from the operations of the Company, 3 Subsidiary can be divided into 4 business groups.

Product Range / Business Group	Operated by	Shares (%)	2020		2019		2018	
			Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Furniture Business - Office furniture and Residential furniture - Furniture fittings :composite stones, carpet tile and engineering wood	Modernform Group Public Company Limited	-	2,133	71	2,186	69	2,346	69
			387	13	514	16	558	17
Space rental and services	Modernform Tower Co., Ltd.	100	89	3	88	3	83	2
	Modernform Group Public Company Limited *	-	1	0	5	0	8	0
	Modernform Health & Care Public Company Limited *	95	15	1	15	1	-	-
Health Care **	Modernform Health & Care Public Company Limited	95	269	9	258	8	270	8
Architectural design and Construction	Rafa Associates Co., Ltd.	75	30	1	43	1	41	1
Miscellaneous ***	-	-	63	2	69	2	84	3
Total			2,987	100	3,178	100	3,390	100

Remark : * Service income for Modernform Group Plc. and Modernform Health & Care Plc. is other service income collected under agreement, including maintenance service, consulting fee, internal audit fee and etc.

** Healthcare business for Modernform Health & Care Plc. has income in the distribution of healthcare furniture, design and construction service for operation room and laboratory in hospital.

*** Miscellaneous revenues of the Company and subsidiary companies includes gain on sale of investment, dividend received, delivery services, gain on sale of asset, sales of raw material scraps and gain on sales of investment in associated company.

Nature of Products and Services

Modernform Group Public Company Limited offers the following products and services categorized by business units as follows:

1. **Furniture Business:** this can be divided into four groups of products as follows:

- 1.1 Comprehensive office furniture designed to reflect creativity through contemporary designs-our office furniture helps enhancing work environment and inspiring productivity. The furniture's target customer is leading offices nationwide. At present, we have become a full-fledged workplace solution provider, which means we provide not only innovative furniture but also sophisticated technology that adds convenience and is adaptable to

evolving work styles in today's digital world. Our furniture also covers the co-working space market segment that seems to be the workplace of new generations as the market keeps growing. Co-working space focuses on relaxing work environment that encourages space sharing through clean, modern furniture that inspires creativity and solutions.

Our office furniture customers are divided into two groups. The first group encompasses architects, contractors, interior designers and project owners. Government and state enterprises, hospital and education institutions are also included in this first group, as their budget for decorating furniture is quite high. The second group involves end-users or

owners of small and medium enterprises (SMEs), who are looking for quality products and reliable services although their orders may not be high. Most buy furniture directly from our showrooms.

1.2 Premium-graded home furniture focusing on luxury, exquisite taste and sophistication for medium to high-end customers - products under this group are outstanding by their functions and sophisticated designs accompanied by trendy decorative items and materials to enhance quality home environment, add comfort and convenience and inspire personalized home living.

1.3 Kitchen furniture with unique designs reflected through innovation to express sophistication and aesthetics under high-quality materials introduced for full functionality - our kitchen exudes a unique identity as customers may select any kitchen combination to reflect their desires and diverse lifestyles.

Customers of residential furniture products are no longer limited to end-users such as middle to high-ended home owners, townhouse owners or condominium owners. Interestingly, another large group of customers to these residential furniture products are designers, architects, contractors and developers who command a huge amount of orders on each occasion and whose business has been growing throughout the past years.

1.4 Furniture accessories and interior decoration item under Modernform HDP Brand - this is one of our main businesses that aims to provide uniqueness and diversity to customers. The business is divided into:

- Imported furniture accessories, mostly from renowned importers in Germany, Italy, Spain, Austria, Denmark, the US, China, Singapore and Malaysia, for installing with our own furniture and for domestic sales and distribution to other furniture manufacturers and retail customers. The accessories include fitting ranging from door handles to hinges, keys, drawers, sliding doors, surface materials, kitchen sinks and kitchen accessories.
- Furniture accessories under our 'Home' house brand
- Ready-made door with hardware under 'ReadyDor' brand

- Flooring materials such as carpet and vinyl tile under 'Interface' brand
- Synthetic stone under 'LG Hi-Macs' brand
- Marble and composite turquoise under 'Verona Stone' brand
- Luxury vinyl tiles (LVT) under 'Floover' brand
- Outdoor wooden floor under 'M Deck' with the patented click lock installation technique from Italy
- Fa_ade decorative items for building exterior and elevator interior for sophisticated touch
- Fire-retardant magnesium oxide board easily adapted as ceiling, door and wall.

2. **Space rental and service business** - This business is operated by Modernform Tower Co Ltd, which offers office, showroom and warehouse rental service located on an area of 3-0-35 square wah for a total rentable area of 28,000 square meters. This is divided into parking space, food center, office space for customers in general to rent as well as showroom and office space rented by Modernform Group Public Company Limited. Currently, there are more than 10 companies as its tenants.

3. **Health care business** - Managed by Modernform Health and Care Public Company Limited, the business was founded in 2005 to manufacture, distribute, import, export, repair and rent health-related products including equipment and tools for use in hospitals, hospices and homes. In the latest development, a cancer treatment hospital named Chiwa Mitra Hospital was built at Ubon Ratchathani Province as a private hospital. Currently run by UICC Co Ltd, the hospital is a collaboration between Modernform and a team of cancer specialists in the Northeast.

4. **Architectural design** - This business is run by Rafa Associates Co Ltd, which offers advisory services on architectural design, architectural landscape and construction supervision. The company also acts as a holding company to hold shares in limited partnership, limited companies or public limited companies.

Marketing and Competitions

2020 started its year with a hope that the economy could turn around. However, the Covid-19 pandemic destroyed all the hope. The economy including the property market was contracted. Consumer's purchasing power weakened,

which affected furniture demands. However, despite the crisis and the government-imposed lockdown measures, consumers switched to shop online instead to comply with the social-distancing measure. Furniture businesses thus shifted their marketing to online. Market competition became increasingly intense, as new furniture importers and distributors continued to enter the market by offering inexpensive furniture. Local furniture producers therefore needed to offer innovative furniture to Thai consumers in response to their changing lifestyle.

In Q1/2020, the home furniture and home decoration market during the first half of the year was evidently down. Furniture productivity fell due to the economic downturn, decline of the property market and the government's lockdown measures. Department stores and furniture outlets located at modern trade superstores were temporarily shut down to prevent the Covid-19 from further spreading. Furniture sales through conventional difficult-to-access channels fell. In addition, consumers delayed their spending and opted to buy necessities only. Revenues from furniture exports were also down, as the products could not be exported to countries being locked down by their government's measures.

Yet, the stay-at-home measure to fight the coronavirus, the social-distancing measure and the Work from Home lifestyle caused a major shift in consumers' psyche. They were more interested in decorating homes and were enthusiastic more than ever to buy furniture and home decoration items as well as office furniture. More furniture were ordered and sold through online platforms and social media rather than through physical outlets, despite the fact that sales through these online channels remained minimal prior to the pandemic, for furniture was a costly product and consumers preferred to visit showrooms for direct experience. As a result of this remarkable shift, small and big furniture producers were eyeing online markets by competing with one another offering functional furniture with a lot of choices at a reasonable price. Sales of furniture, home decoration items, kitchen accessories and office furniture evidently increased during the New Normal period amidst the pandemic.

Office furniture for project customers also experienced a slowdown during Q1/2020 due to the lockdown measures. Several companies closed their business or laid off their employees. Numerous international companies postponed their plans to expand business or office space in Thailand. Regarding risk factors and competition overview in the 2020

retail furniture market, in the middle to high-end segments, new producers continued to enter the market, making competition in pricing and manufacturing even more intense. Furniture manufacturers had to focus on new innovation products that truly responded to customer's lifestyles. This led to more investments in machinery to increase efficiency and speed in production lines. Part of the competition came from inexpensive furniture from China and Vietnam, who commanded competitive edge thanks to their lower labor costs. Meanwhile, increasing material costs saw Thailand increasingly losing its marketing share in the lower-end furniture market since pricing remained a major factor for consumers there to make a decision even though Thai furniture was recognized as better in quality than the Chinese and Vietnamese one. Modernform Group has restructured our business model to strengthen our trajectory growth where we expanded the market base to increase portfolio in the housing furniture segment by penetrating more into the retail customer group. We spotted opportunities in new markets resulting from an expansion of housing projects and planned to continue focusing on medium and high-end customers as the low-end segment was too crowded with competitors and the company had no interest in pricing competition.

Regarding marketing and competition, we received more new customers who visited Modernform retail furniture showroom on Srinakarin Road, as a result of marketing campaigns and advertisements made through social media, website, YouTube channel and Facebook. We continued to adjust strategies to strengthen business as a leading furniture manufacturer by developing products and services that differentiated ourselves from competitors, by responding to diverse needs of customers and by accessing younger consumers. Social media was increasingly used to advertise products thanks to its speed and variety compared to conventional media. We planned to renovate and expand our Crystal Design Center showroom that commanded almost 1,000 square meters of space to increase the market share.

In 2020, as home furniture sales to some projects were postponed by project owners, Modernform Group expanded sales to hotels and serviced apartments instead. We also spent time pushing home furniture sales to large projects newly launched in 2020.

With regard to office furniture sales in 2020, the company developed furniture that answered to demands in the digital age where our furniture combined both home and

office use in the same piece. Sales of office furniture were mostly done online thanks to its easier access by consumers in response to the New Normal and the Work from Home lifestyle. More consumers who worked at home were looking for high-quality ergonomic chairs for home use.

Nature of customers:

Modernform’s clients can be classified into two major groups, namely, retailers to whom we sell our furniture via showrooms, which account for 20% of our sales, and projects clients such as office buildings, residential condominiums, single houses or townhouses, hotels, hospitals, government offices, education institutes and state-owned enterprises, which account for the remaining 80% of our sales. The second group is introduced to our furniture by designers, architects, interior designers or even business owners themselves. This enables us to command a wider customer base with high purchasing potential, reduce our risk to rely upon a particular group of customers and thereby constantly enhance our sales each year.

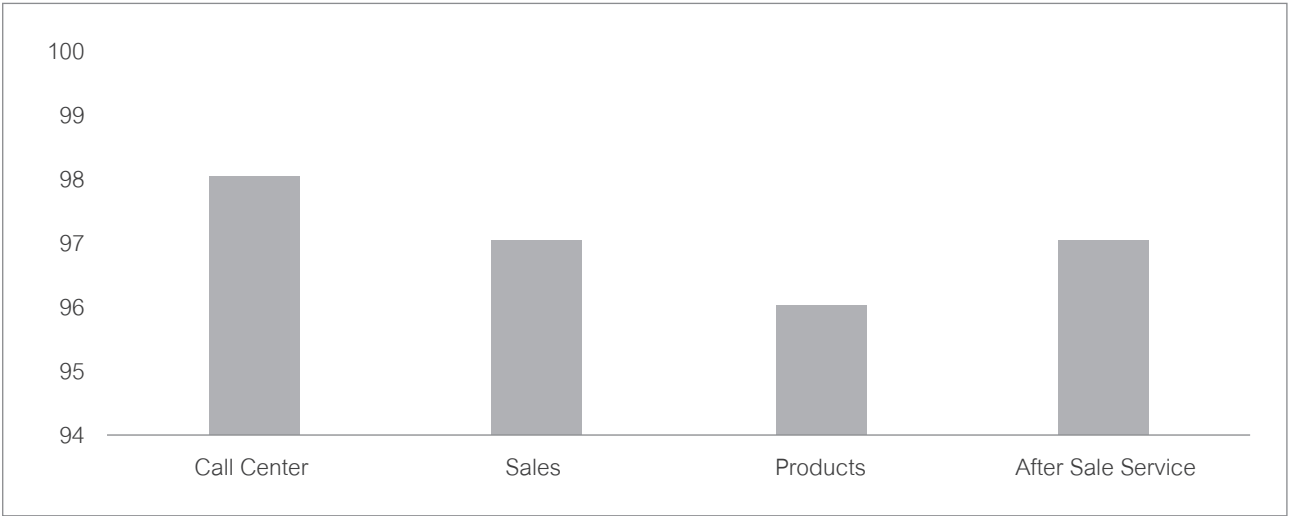
Customer Satisfaction Survey

Realizing the importance of producing goods and offering services that satisfy our customer, Modernform Group has conducted an annual end-user survey, of which the result is used to improve our work process for better efficiency and corporate image. The study result enables us to analyze strength and weaknesses, opportunities and threats for organizational improvement on the basis of the end-user’s perspective. Results are implemented to determine better sales and service directions to serve customers.

In 2020, we conducted the customer satisfaction surveys in the following four areas:

- 1. Customer satisfaction with our call center staff
- 2. Customer satisfaction with our sales staff
- 3. Customer satisfaction with our products and delivery/ installation staff
- 4. Customer satisfaction with our post-sales service

Customer Satisfaction Levels in 2020



Risk Factors

The company has set up risk management measures, scopes and practices for executives and staff to comply with to minimize potential business risks. In 2020, the company evaluated possible risks that could occur and may affect our operations as follows.

Risk from Business Uncertainty

The Covid-19 crisis that has affected economies around the world and made it even more difficult to predict the recovery together with extensive changes resulting from the digital disruption has required us to restructure our organization in order to stay agile and to strengthen our fundamentals through additional investment. So far, the company and subsidiaries have relied upon an income structure relating to diverse businesses, namely, office furniture, home and kitchen furniture, sales and distribution of furniture, synthetic rock, carpet and wooden floor, health-focused furniture and medical devices, office-for-rent business, architectural design and incomes from other associated companies. This is to minimize impacts from having to rely upon only one or two main businesses. In addition, we have collaborated with new partners to enhance opportunities for creating new business networks and increase returns.

Competition Risk

The furniture business is witnessing intense competition in terms of pricing, production, cost and labor. However, Modernform Group continues to prioritize the management of our goods and services by making sure that our costs are competitive yet allow us to deliver quality products with sophisticated designs driven by state-of-the-art technology.

Investment risk in subsidiaries and affiliates

Since we have a policy to invest in our subsidiaries and affiliates, therefore, there is an investment risk involved since it's possible that these subsidiaries and affiliates may not generate as much profits as we expect. Modernform minimizes this risk by appointing its directors to sit as directors of the subsidiaries and affiliates to oversee the shareholders' interests. So far, Modernform has enjoyed a good investment return from both its subsidiary and affiliated companies.

Financial risk

Modernform PLC carefully managed its expenditure budget where the debt to equity ratio was kept at a low level while liquidity level was maintained to accommodate economic volatility. In 2019, the Company did have high liquidity and enough cash flow to accommodate its growth.

Modernform's financial risk can be categorized into 2 types as follows.

1. Foreign exchange risk

Modernform is exposed to a foreign exchange risk since we have debtors and creditors in foreign currencies, which we minimize by buying a short-term forward contract of no more than 6 months. However, to do so, Modernform takes into consideration both the prevailing situation and opportunities in order to achieve maximum risk benefit from the foreign exchange risk.

2. Credit Risks related to credit sales

Modernform is very prudent when extending credit to customers to minimize bad debts where credit sales will be made only when appropriate. We have no policy to extend credit to small-time customers who are in fact required to pay the entire sum before we deliver our product. For a project client, we allow payments to be made in two installments where we request that the first payment be made before Modernform starts producing the product. This has greatly reduced our risk. In addition, to extend a credit to a new customer, we analyze the client's financial standing from its financial statements. For existing customers, the Company has closely coordinated and monitored the situation to reduce collection risk and to shorten collection period.

Risks on Raw Materials

The Company set a policy on consumption of high proportion of local high-quality raw materials. Their prices are moving along with the markets. Although the material prices increase sharply, there are a number of manufacturing plants. Therefore, the Company mitigates risks by comparing prices from several suppliers before ordering. In addition, with high volume of raw materials used, the Company wields bargaining power in negotiation with the manufacturing

plants for the best conditions. It always monitors price movement.

The fittings and supplies used in furniture production, such as finishing foil, hinges, drawer tracks, locks and other hardware items are mostly imported. Prices may fluctuate in response to foreign manufacturers or currency exchange rates, however, in recent periods such problems have not arisen as the Company imports its own fittings and supplies. As such, large order volumes placed enabled the Company to have high bargaining power and gain discounts from the foreign producers. Furthermore, the Company is aware of price changes several months in advance, allowing it sufficient time to adjust costs and prices accordingly.

IT Risk

Modernform has adopted the Disaster Recovery Plan for use in case of emergency that could prevent our main system from mal functioning. This back-up system can replace the main one for a short period of time and effectively prevent damage to the business. The system covers all offices and main production units of Modernform. Besides, a data center room has been developed in which an automatic fire-fighting device was installed and a new electricity cable system was upgraded to provide

internationally-recognized safety standard. Last year, Modernform upgraded its server to increase work efficiency and to support its growth.

Modernform has also updated our IT policy so that the contents cover safety and security issues of the IT system and that employees may comply with the conditions to reduce the IT System risk while the updated policy corresponds with relevant IT system laws and regulations.

Natural Disaster Risk

Modernform has secured insurance for its main assets to protect itself from natural disaster risk. We also realize that it's important to develop a business continuity plan in case a natural disaster disrupts our normal business operation. This is especially in the case where business units proven crucial to our continued operation such as production, finance, IT and building and infrastructure could be heavily affected and that's why they have been requested to prepare an emergency plan for use when necessary.

General Information of Company

Head Office and Production Units

Company Name	: Modernform Group Public Company Limited
Major Activity	: Manufacturer, Importer and Distributor of Knocked-Down Furniture to distribute in domestic and abroad including import furniture setting and interior decorative products
Company Registration	: 0107536000943
Registered Capital	: 809,646,280 Baht. (As of December 31, 2020)
Paid-up capital	: 750,000,000 Baht. (As of December 31, 2020)
Par value	: Baht 1
As at	: 31st December, 2020
Head Office Location	: 699 Srinakarindr Road, Phattanakan, Suanluang, Bangkok 10250
Telephone	: 0-2094-9999
Facsimile	: 0-2722-8382
Website	: www.modernform.co.th
Email	: co.secretary@modernform.co.th , ir@modernform.co.th and enquiry@modernform.co.th
Production Plants	: Production 1 33/2, 33/5 Bangna-trad Highway, Tambon Bangchalong, Amphoe Bangplee, Samutprakarn 10540 Tel. 0-2337-0222 Fax. 0-2337-0839 : Production 2 Plant A 5 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien Bangkok 10150 Tel. 0-2416-9802 Fax. 0-2416-4683 Plant B 622 Bangkhuntien Road, Kwang Ta-Kam, Khet Bangkhuntien, Bangkok 10150 Tel. 0-2897-2201-4 Fax. 0-2897-3739

Modernform's Showrooms and Distribution Outlets



Contract Sales Office

- Bangkok Modernform Tower, Srinakarindr Road.
- Pattaya Modernform Sales office, Banglamung, Choburi.
- Rayong Modernform Sales office, Nikhom Phatthana, Rayong

Modernform Showrooms

- Modernform Furniture Srinakarindr Road branch
- Modernform Furniture Crystal Design Center branch
- Modernform Furniture Life style Space Ploenchit
- Modernform Outlet, Nawanakorn



Modernform showroom HDP

Modernform Furniture Crystal Design Center branch



Modernform's Dealers

Chiangmai, Northern Dealer

Chiangmai Modernform Limited Partnership
107/1-8 Chiangmai -Lampang Road, Tambon Patan,
Amphoe Muang, Chaingmai 50300
Tel. (053) 212-222
Fax. (053) 872-451
Email : modernform@tananuwat.com

Cambodia

Home Living
No. 160, Mao Tse Toung Blvd, Phnom Penh,
Cambodia
Tel : +855 092 43 42 64, +855 092 99 67 17
E-mail : hcgroup@y7mail.com

Khonkaen, North-Eastern Dealer

Phum Modern Furniture Company Limited
1/69-72 Mitrapap Road, Tambon Nai Muang,
Amphoe Muang, Khonkaen 40000
Tel. (043) 243-428-9
Fax. (043) 243-430
Email : phummodern@hotmail.com

Suratthani, Southern Dealer

DFL Co., Ltd.
95/130 Moo.1, Muang rd., Bangkung,
Amphoe Muang, Suratthani 84000
Tel. (077) 272-555
Fax. (077) 288-655
Email : dfl.modernform@gmail.com

Songkhla, Southern Dealer

Three K Home Plus Co.,Ltd.
29 Karnchanawanich Rd., Tambon Hatyai
Amphoe Hatyai, Songkhla 90110
Tel. (074) 892-224
E-mail : sale.3khomeplus@gmail.com

References

(A) **Share Registrar**

Thailand Securities Depository Company Limited
93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400
Tel. 0-2009-9000 Fax. 0-2009-9991

(B) **Debenture holders**

None

(C) **Auditor**

Ms. Roongnapa Lertsuwankul	CPA No.3516
Ms. Pimjai Manitkajohnkit	CPA no.4521
Ms. Rosaporn Decharkom	CPA No.5659
Ms. Sumana Punpongsanon	CPA No.5872

EY Office Company Limited
193/136 - 137 Fl.33th Lake Rachada Building Complex, Bangkok 10110
Tel. 0-2264-0777 Fax 0-2264-0790

(D) **Solicitor**

Sahakarn Law Office Co., Ltd.
16 Tesabalnimitr Nua Rd. Soi 6, Ladyao, Jatuchak, Bangkok 10900
Tel. 0-2954-3090-4 Fax. 0-2953-8225

Securities and Shareholders Information

1. The Company's Security

As of December 31, 2020, the Company has registered capital of 809,646,280 baht, consisting of 809,646,280 common shares with a par value of 1 baht per share. The Company paid-up capital is 750,000,000 baht.

2. Major Shareholders

Top shareholders according to the Share registration book closing on October 6, 2020 are as follows:

Name of Shareholders	No. of shares	% Holdings
1. Mr. Thaveechat Jurangkool	50,293,200	6.71
2. Mrs. Chuleewan Vivaddhanakasem	34,101,840	4.55
3. Mr. Kavivud Nerngchamnong	27,504,000	3.67
4. Mr. Yothin Nerngchamnong	26,846,420	3.58
5. Mr. Thaksa Busayapoka	23,396,000	3.12
6. Mr. Jajjai Dhammarungruang	22,600,070	3.01
7. Mr. Chaiyot Paporn	21,219,063	2.83
8. Dhipaya Insurance Public Company Limited	19,511,600	2.60
9. Mr. Ongart Dumrongsakulwong	15,068,700	2.01
10. Ms. Sutheera Busayapoka	14,400,000	1.92

The free float of minority shareholders on March 16, 2020 (the day of the registration book closing by the Company for reporting the "Distribution of ordinary Shares Report Form" to SET) amounted to 5,052 shareholders, equivalent to 70.70% of the Company's paid-up capital.

Dividend Policy

The Company dividends policy is to pay dividend at not less than 60% of its consolidated net profits for each fiscal cycle after corporate income tax. It depends on the economic conditions and future operations.

As for subsidiary companies, the dividend policy is not determined. It depends on each company performance, investment plan, liquidity and other factors which may affect the company's operation.

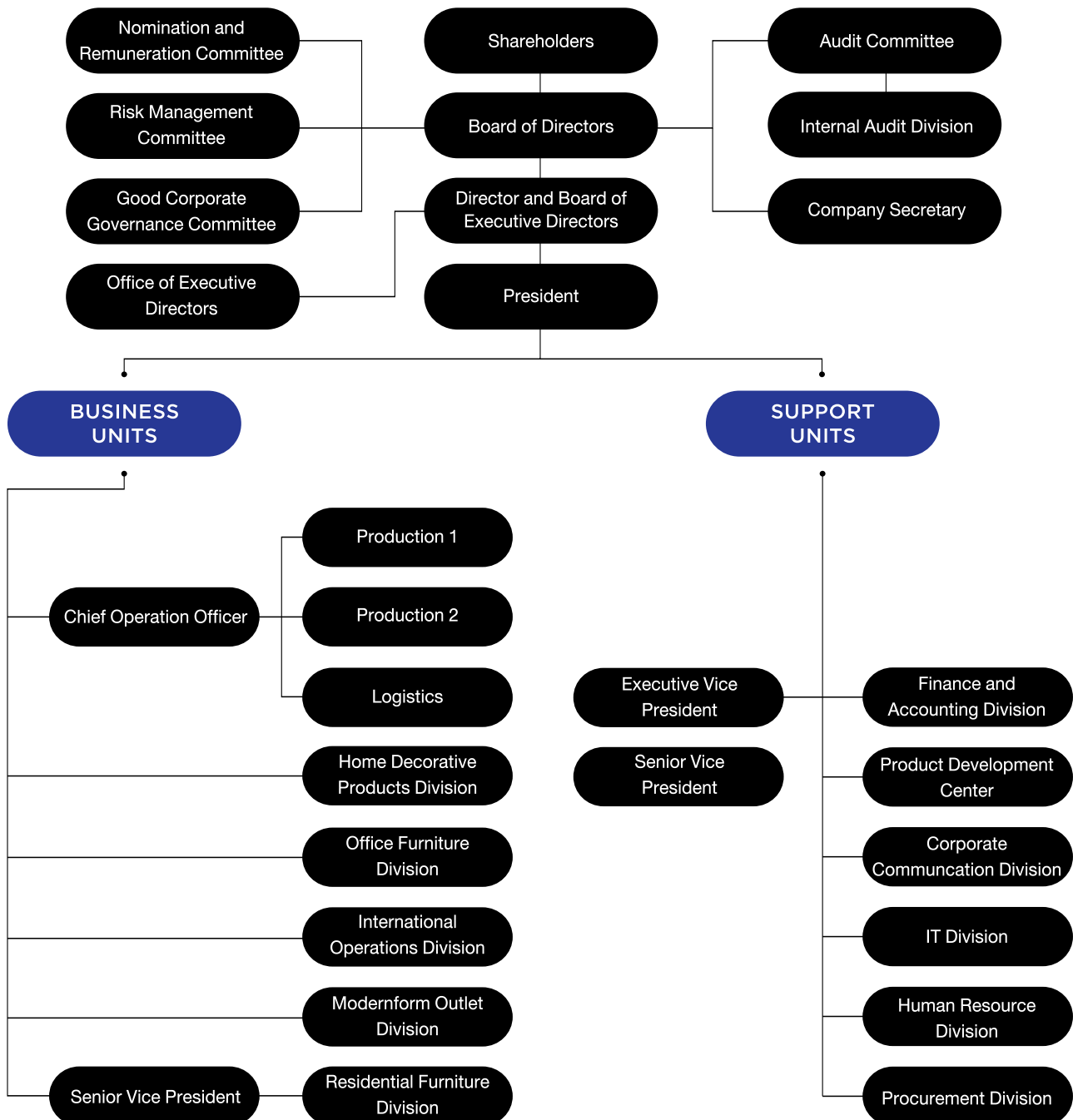
Dividend payment for the last 5 years

Year	Net Profit	Interim dividends Baht/Share	Final dividends Baht/Share	Total dividends Baht/Share	Dividend Payment % of net profit
2020*	141.6	0.05	0.15	0.20	105.3
2019	125.7	0.05	0.12	0.17	100.0
2018	137.2	0.10	0.10	0.20	111.1
2017	215.6	0.10	0.20	0.30	103.4
2016	172.9	0.10	0.15	0.25	108.7

Note : * The Meeting of the Board of Directors of the Company No.1/2021 held on February 25, 2021 passed resolution to pay dividend at the rate of Baht 0.20 The Company paid interim dividend on October 2020 at the rate Baht 0.05 (five satang) hence a remaining value of Baht 0.15 per share will be paid to shareholders as dividend on May 2021. The matter will be proposed for approval at the Annual Ordinary General Shareholders Meeting No.1/2021 on April 22, 2021.

Management Structure

Organization Chart 2020



Management Structure

Modernform Public Company Limited has clearly specified the structure of our Board of Directors, directors and independent directors as well as their roles and responsibilities so that it properly reflects our mission and business objectives. According to our Articles of Association, the Board shall consist of no fewer than five members where no fewer than half of directors must have domiciles in Thailand. Our management structure consists of Board of Directors and five committees, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Governance Committee.

As of December 31, 2020, Modernform's Board of Directors consisted of 12 board members, of whom four or 33.33% were independent directors; five or 41.67% were executive directors and three or 25.00% were non-executive directors. Details are as follows.

1.	Mr. Thaksa Busayapoka ***	Chairman
2.	Mr. Kitipat Nerngchamnong ***	Chief Executive Director and President
3.	Mr. Chareon Usanachitt ****	Director
4.	Mr. Yothin Nerngchamnong ***	Director
5.	Mr. Somsak Varikarn ***	Director
6.	Mr. Kavivud Nerngchamnong ****	Director
7.	Mr. Kitti Busayapoka ****	Director
8.	Mr. Patana Usanachitt ***	Director
9.	Mr. Supparerk Mallikamarl **	Independent Director
10.	Mr. Suchart Thammapiatagkul *	Independent Director
11.	Mr. Kittichai Lattisophonkul *	Independent Director
12.	Mr. Surachai Sonthirathi *	Independent Director
	Ms. Penpun Kasetsiri	Company Secretary

- Remark
1. Mr. Kitipat Nerngchamnong as a Chief Executive Director and President replacing Mr. Thaksa Busayapoka who had resigned from Chief Executive Director effective from March 1, 2020.
 2. Mr. Kookiat Orankit has resigned from the Directorship of the Company, effective from August 13, 2020 onwards.
 3. * Independent Director and Audit Committee
 ** Independent Director
 *** Executive Director
 **** Non-Executive Director

Qualifications of Directors

1. All directors are to profess qualifications without any prohibited quality as prescribed in the laws governing public companies and securities and exchange as well as notifications of regulatory authorities. In case of independent directors, they are required to possess qualifications as announced by the Capital Market Supervision Board.
2. All directors are to have relevant business and industrial experiences for the company's overall benefit. They must be able to perform their duties and offer beneficial perspectives to the business.
3. Directors are required to have leadership, integrity, honesty, ethics and accountability.

4. Directors should be able to fully dedicate their time and independently exercise their discretion. They should be able to express their views and give advices proven useful to the company.
5. Each director must hold directorship in no more than five listed companies without exception.

Qualifications of Independent Directors

Independent Directors: means outside directors who are not executives independent from major shareholders, executive or other relevant parties and shall have the following qualifications as prescribed by Board of Directors capital market:

1. Hold not more than 1% shares with voting of the Company, subsidiary or affiliate company or other juristic persons whose interest may be adversary to the Company. Shares belonging to the related persons are also counted.
2. Is not participate in the management and not or used to be executive director, employee, staff, advisers with regular monthly salary, or has been a person having the authority to control the Company, subsidiary or affiliate of the Company, or other juristic persons whose interest may be adversary to the Company, unless a period of not less than 2 years has lapsed.
3. Is not a person of direct next of kin or by marriage as being parents, spouse, brothers and sisters, or descendants, including spouse of descendants of the executive, major shareholder, a person having the supervisory authority, or a person who is being nominated to be an executive, or person having the supervisory authority of the Company or of the subsidiaries.
4. Has no business relationship with the Company, the Company's subsidiary or affiliate or other juristic person whose interest may be adversary to the Company in a manner that may prejudice independent decision making.
5. Is not a director appointed to represent directors of the Company, major shareholders or shareholders who are related to the major shareholders.
6. Non-Executive of any professional to the company.
7. Has no other characteristics which may obstruct him from making independent opinions concerning the operation of the Company's activities.

Independent directors may be re-appointed to the same position for more than nine years starting from the day he/she was first appointed as an independent director. The Nomination and Remuneration Committee will review qualifications of the Board of Directors, its performances, competency and expertise as well as inputs given by the person while being independent director on an individual basis.

Authorized Director: means directors authorized to sign for the Company with the common seal in appliance

Executive Directors: means directors who manage the affairs of the Company on a regular basis

Non-Executive Directors: means directors who are not executive directors or directors with power to bind upon the Company, and who are not executive nor regular employees of the Company. The number of non-executive directors

may be determined according to the ratio of investment from each group of shareholders.

Authority and Duties of Chairman of the Board

1. Supervise and ensure that performances of the Board of Directors are effective and fulfil Modernform's critical goals and targets.
2. Ensure that all directors take part in promoting ethical corporate culture.
3. Promote the standard of corporate governance among the Board of Directors.
4. Call the Board of Directors' Meeting and ensure that important items are incorporated as part of the meeting agendas with discussion made with executive chairman, managing director or chairman of the Audit Committee, as the case may be. Allow all directors to propose meeting agendas. Set the board meetings the annual general meeting dates in advance so that directors are ready to attend no fewer than 90% of all Board Meetings held in a particular year.
5. Ensure that meeting invitations and supporting documents are delivered to the Board so that it receives adequate information in time for the meeting.
6. Chair the Board of Directors' Meeting and the Shareholders' Meeting; supervise the meeting to comply with the Company's Articles of Association and relevant meeting agendas; provide enough time for directors to discuss important matters in each meeting agenda; encourage directors to exercise discretion and to independently express their opinions; allow shareholders to inquire various matters and encourage answers to shareholders' questions in a comprehensive manner.
7. Promote a good relationship between directors, the management and shareholders
8. Perform other duties as required by the laws.

Roles and responsibilities of the Board of Directors are divided into those to be executed by the Board itself and others to be collaborated with the management. Details are as follows.

Duties and responsibilities to be executed by the Board of Directors itself:

1. Comply with the securities and exchange laws, Modernform's objectives and Articles of Association as well as resolutions adopted by the Board and the Shareholders' Meeting with integrity, care, prudence while safeguarding company interest and that of shareholders on the basis of corporate governance.
2. Determine Modernform's vision, direction, policies, goals and budgets.

3. Formulate the Board Charter in which duties and responsibilities of the Board are stipulated as a practice guideline for all directors; divide roles and responsibilities with the Management and periodically review them to ensure that they reflect company directions.
4. Appoint the following sub-committees: the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and Corporate Governance Committee, President, senior executives and company secretary so that the operation is under the supervision of the Board or the Executive Board or the President.
5. Report one's interest and that of related persons to the Company.
6. Evaluate performances of the Board and the sub-committees either on a committee basis or on an individual basis each year where results of the evaluation are disclosed in the annual report.
Matters to be collaborated between the Board of Directors and the Management:
7. Approve an annual business plan and estimated capital expenditures proposed by the Executive Board.
8. Periodically supervise and monitor the management's performance to ensure effective compliance with the policy, goals and plans previously set in order to enhance the business's maximum economic values and to achieve the best return to shareholders.
9. Underline the importance of disclosing material information necessary for making investment decisions in Modernform's securities as required by the Stock Exchange of Thailand (SET).
10. Make available accounting system, financial reporting and reliable and accurate auditing that reflects actual financial status based on the Generally-Accepted Accounting Principles (GAAP).
11. Set up an adequate internal control system and create an evaluation process to measure the adequacy and effectiveness of both the internal control and internal auditing systems.
12. Set up an appropriate risk management and supervision system.

However, the above powers do not extend to the execution of any related transactions and the acquisition of or disposal of any material assets of the Company as set forth by the SEC's and SET's rules and regulations according to which the Company shall have to comply. In addition, the above powers do not extend to other matters

which according to the Company's Articles of Association, an approval from the shareholders is required.

Board of Directors' Meeting

The Board of Directors' meetings have been scheduled in advance so that directors are ready to attend all meetings for at least six times a year. A special agenda meeting may additionally be held if there is such a need to review corporate performance after the auditors have reviewed financial statements or after they have completely certified the financial statements. In addition, a meeting should at least be held once a year to allow subsidiary companies to report their performances, plans and goals.

An invitation to attend the meeting and supporting documents for each meeting agenda will be sent in each meeting to each director no fewer than seven days or 14 days prior to the meeting, as the case may be. In case of urgency, this will be sent to directors no fewer than five business days prior to the meeting to allow enough time to study documents, jointly propose a matter as a meeting agenda and discuss them openly and independently at the meeting. Directors should have enough time to discuss important issues. If any director has an interest or a conflict of interest of a matter subject to consideration, he/she will not attend the meeting or refrain from voting in that agenda. The Company Secretary is to accurately record the minutes where directors' opinions must be clearly recorded in writing. The minutes must be completed within seven days after the meeting and kept at the headquarters for directors and relevant parties to examine.

The Board of Directors' Meeting No. 7/2020 held on November 12, 2019 had approved six Board's meeting dates in 2020 in advance, which may subject to change and which excludes meeting on a special occasion. 100% of directors attended the meeting details are as follows.

No.1/2020	February 27, 2020
No.2/2020	May 14, 2020
No.3/2020	July 23, 2020
No.4/2020	August 13, 2020
No.5/2020	September 17, 2020
No.6/2020	November 12, 2020

Name	Number of Attendance	Remarks
1. Mr. Thaksa Busayapoka	6/6	-
2. Mr. Kititpat Nerngchamnong	6/6	-
3. Mr. Chareon Usanachitt	6/6	-
4. Mr. Yothin Nerngchamnong	6/6	-
5. Mr. Somsak Varikarn	6/6	-
6. Mr. Kavivud Nerngchamnong	6/6	-
7. Mr. Kittit Busayapoka	6/6	-
8. Mr. Patana Usanachitt	6/6	-
9. Mr. Supparerk Mallikamarl	6/6	-
10. Mr. Suchart Thamapitagkul	6/6	-
11. Mr. Kittichai Lattisophonkul	6/6	-
12. Mr. Surachai Sonthirathi	6/6	-
13. Mr. Kookiat Orankit	3/3	Resigned from the Directorship of the Company effective from August 13, 2020

5 sub-committees consisting of:

1. The Executive Board of Directors as of December 31, 2020 consisted of 5 directors as follows:

- | | |
|-------------------------------|--|
| 1. Mr. Kititpat Nerngchamnong | Chief Executive Director and President |
| 2. Mr. Thaksa Busayapoka | Executive Director |
| 3. Mr. Yothin Nerngchamnong | Executive Director |
| 4. Mr. Somsak Varikarn | Executive Director |
| 5. Mr. Patana Usanachitt | Executive Director |

The Executive Board of Directors are appointed by the Board of Directors to transact such activities as designated so as to achieve the Company's goals or plans as set out by the Board of Directors. The Executive Board of Directors are those directors with power to bind upon the Company as authorized by the resolution of the shareholders' meeting. Presently, the Executive Board of Directors consists of 1 Chief Executive Director and President, 3 Executive Directors. The executive board holds meetings at least once a month in year 2020 held 12 meetings.

Authority and duties of the Executive Board of Directors are as follows:

- To manage the business in accordance with the objects, goal, guideline, policy, plan and budget of the Company as determined and assigned by the Board of Directors, as may be authorized by the Board of Directors of the Company.
- To provide direction, strategies and plans to achieve Company's objectives and Company's vision.
- To organize and provide internal structure and operational procedures of the Company for highest

efficiency purpose.

- Periodically review operational outcomes to achieve company goals.
- To look for new opportunity in business for submission to the Board of Directors for approval.
- To review and screen the procurement or disposal of the Company's major assets before submitting the matter to the Board of Directors.
- To appoint, remove, and terminate high ranking personnels.
- To approve distribution of bonus and the amount of money for annual salary increase of the staff within the annual budget of the Company.
- To see to it that the policy on corporate governance is appropriately carried out.
- To approve any transactions prior to submitting same to the Board of Directors
- To perform any other duties as may be assigned by the Board of Directors.

The above powers do not extend to approval of any

transaction which the directors themselves or other related parties may have interest in conflict with that of the Company or any subsidiary or affiliate of the Company.

Authority, duties and responsibilities of Chief Executive Director are as follows:

1. To determine missions, objectives, guidelines and policies of the Company as well as to order and supervise overall operation to maximize corporate management
2. To ensure that the management meets objectives, policies, goals, operation plans and budgets approved by the Board and/or the Executive Board of the Company
3. To manage and supervise the business and/or day-to-day activity of the Company
4. To appoint and manage various work groups for good and transparent management; to appoint a substitute and/or to assign other parties to do a specific task on the Chief Executive Director's behalf where the authorization given to the substitute and/or the assignment shall be subject to the extent of power authorized under the Power of Attorney and/or to approval authority regulations previously approved by the Board of Directors
5. To monitor and evaluate operation performance on a regular basis; and to report results of such performance, management and operation progress to the Executive Board, the Audit Committee and the Board of Directors
6. To review and propose investment plans to the Executive Board and the Board of Directors for further approval
7. To be an authorized representative of the Company and manage its business to meet objectives, regulations, policies, rules, terms, orders, resolutions of the Shareholders' meeting and/or those of the Board and the Executive Board in all aspects
8. To review and approve each execution of legal acts that shall bind the Company during the normal course of business as stipulated in the approval and direction regulations previously approved by the Board of Directors
9. To approve each spending item during the normal course of the Company's business operation as stipulated in the approval and direction regulations previously approved by the Board of Directors
10. To consider hiring, appointing, cross-department transferring or terminating employment of Assistant Vice

President and higher; to determine wages, remunerations, salaries and bonuses and welfare of the Company's employees under the policy framework stated by the Executive Board and the Board of Directors

11. To issue order, regulation, notice and memorandum to ensure operation compliance with the Company's policy and interest and to maintain regulatory discipline within the organization
12. To perform other duties according to the resolutions of the Shareholders' meeting, the Board of Directors' meeting and/or as entrusted by the Board of Directors or the Executive Board from time to time

The authorization of power, duties and responsibilities for the Chief Executive Director shall not be in the nature that such authorization or substitution may allow the Chief Executive Director or his authorized representative to approve transactions that he or the person may have any conflict of interest against (based on a definition of relevant departments), any interest in or any other forms of conflict of interest with the Company or subsidiaries unless it's an approval of transaction during the normal course of business that has been clearly defined.

The Chief Executive Director may be appointed or removed by the Board of Directors.

The President

The Board of Directors, through recommendations of the Nomination and Remuneration Committee, will approve and appoint the President who will work for Modernform only as its President so that he has enough time to manage the business to meet its objectives for the best interest of shareholders. President may hold directorship in another company but such position must not jeopardize his performance as the company's managing director. President will directly report to the Executive Board and Chairman of the Executive Board. The Executive Board will evaluate managing director's performances annually and will initially set his remunerations before seeking the Nomination and Remuneration Committee's approval.

Authority and duties of the President are as follows:

1. To administer, manage, and control operations concerning the general management of the Company.
2. To comply with policies and guidelines formulated by the Board of Directors, the Executive Board or the CEO.
3. To hire, appoint, transfer, discharge, and lay off; determine wages, bestow awards, adjust monthly

salaries, remunerations, and bonuses of all employees except executives those requiring approval from Board of Executive Directors.

4. To approve or transfer the power to approve the purchasing of assets and services that are beneficial to the Company, and financial transactions involved in business operations; all within the budget provided by the Board of Directors or Board of Executive Directors.
5. To issue orders, regulations announcement and memorandum in order to ensure operations align with Company's policies and follow specific codes of conduct.
6. To represent the Company in business activities and transactions related and beneficial to the Company.
7. To appoint advisors in different fields as deemed necessary in operations.
8. To do any other functions as may be designated by the Board of Directors, or Board of Executive Directors, or Chief Executive Director.

The powers conferred above do not extend to approval of any transaction which the President himself or other related parties may have interest in conflict with that of the Company or any subsidiary or affiliate of the Company.

Authority and duties of the Executive Board of Directors are as follows:

1. To manage the business in accordance with the objects, goal, guideline, policy, plan and budget of the Company as determined and assigned by the Board of Directors,

as may be authorized by the Board of Directors of the Company.

2. To provide direction, strategies and plans to achieve Company's objectives and Company's vision.
3. To organize and provide internal structure and operational procedures of the Company for highest efficiency purpose.
4. Periodically review operational outcomes to achieve company goals.
5. To look for new opportunity in business for submission to the Board of Directors for approval.
6. To review and screen the procurement or disposal of the Company's major assets before submitting the matter to the Board of Directors.
7. To appoint, remove, and terminate high ranking personnels.
8. To approve distribution of bonus and the amount of money for annual salary increase of the staff within the annual budget of the Company.
9. To see to it that the policy on corporate governance is appropriately carried out.
10. To approve any transactions prior to submitting same to the Board of Directors
11. To perform any other duties as may be assigned by the Board of Directors.

The above powers do not extend to approval of any transaction which the directors themselves or other related parties may have interest in conflict with that of the Company or any subsidiary or affiliate of the Company.

Executive

The Executive of the Company that name appear in the Management structure of the Company and according to the definition in the Notification of the Office of the Securities and Exchange Commission as of 31 December 2020 are as follows:

1. Mr. Kitipat Nerngchamnong	Chief Executive Director and President
2. Mr. Thaksa Busayapoka	Executive Director
3. Mr. Yothin Nerngchamnong	Executive Director
4. Mr. Somsak Varikarn	Executive Director
5. Mr. Patana Usanachitt	Executive Director
6. Mr. Kookiat Orankit	Chief Operation Officer
7. Ms. Natcharintorn Siri wattana	Executive Vice President
8. Mr. Buddi wat Viboonsatien	Senior Vice President
9. Ms. Sawangjit Pongpipatpong	Senior Vice President

2. The Audit Committee

The Board of Directors is responsible for the appointment of the Audit Committee which will be composed of independent directors to improve efficiency and increase value in the operation of the Company's business by ensuring that a process of good corporate governance of the Company's business is in existence. The first appointment of Audit Committee was made on 8 November 1999, comprising 3 independent directors with 5

years tenure and at least one director with expertise in accounting or finance. Following the completion of tenure, audit committee directors are eligible for reappointment. Should a position within the audit committee be vacant for reasons other than the completion of tenure, a fully qualified candidate should be appointed to the committee within 3 months and serve the remaining tenure of the absent member. The Audit Committee shall hold a minimum of 4 meetings a year at quarterly intervals.

The Audit Committee as of December 31, 2020 consisted of 3 directors as follows:

- | | |
|---|--|
| 1. Mr. Suchart Thammapitagkul | Independent Director and Chairman of Audit Committee |
| 2. Mr. Kittichai Lattisophonkul | Independent Director and Audit Committee Director |
| 3. Mr. Surachai Sonthirathi | Independent Director and Audit Committee Director |
| Ms. Penpun Kasetsiri Secretary to the Audit Committee | |

Authority and duties of the audit committee are as follow:

1. To ensure that the Company has complied with the security laws and regulations of the SET or other laws relating to the business of the Company.
2. To review and revise the audit committee charter to properly align with the Securities and Exchange Act and SET's regulations.
3. To review and ensure that the Company has an appropriate and efficient internal control system and assessing the results of the internal control annually.
4. To review and ensure that the disclosure of the Company's information is correct and complete as stipulated by related regulations where there appears to be related transactions or any conflict of interests so that the Company's benefit is not prejudiced
5. To review and ensure that the Company's financial report is proper and with adequate disclosure in accordance with the generally accepted accounting standard, including the assurance that quarterly and annual financial reports are accurate, complete, and justifiable before the submission to the Board of Directors for approval.
6. To select, appoint, terminate and determine annual remunerations of the auditor, who must express independence and be approved by the Office of the Securities and Exchange Commission (SEC) to be the company's auditor; to attend a meeting with the auditor without the management's presence at least once a year.
7. To review independence of internal audit department reporting directly to the Chairman of the Audit Committee, including giving consent to the appointment, revocation, transfer or termination of employment of staff in the internal audit department.
8. To ensure the mutual understanding between the Board of Directors, the external auditors, and the Internal Audit Department are headed in the same direction.
9. To be empowered to call for opinions or attendance at the meeting or provision of any related documents, as the audit committee may deem relevant or necessary, from the management or any related staff.
10. To consider, review, and approve annual auditing plans of the internal audit department.
11. To consider and approve budgets and manpower of the internal audit department.
12. To direct and ensure that the internal audit department has addressed all essential elements completely, propose solutions and opinions to the management, and monitor the execution of the proposed solutions within the provided time period.
13. To report performance of the audit committee to the Board of Directors for acknowledgment at least 4 times a year.
14. To evaluate and assess the performance of the audit committee annually for possible improvement.
15. To prepare a report of the audit committee's activities as may be required by the SET's regulations as part of the Company's annual report.
16. To seek counsel from independent professionals from varying fields when deemed necessary on the expense of the Company.
17. To do any other functions as may be designated by the Board of Directors with consent of the audit committee.

In 2020, the Audit Committee held 4 standards meeting with 100% attendance of the member of directors as follows:

Name - Surname	Number of Attendance	Remarks
1. Mr. Suchart Thammapiatagkul	4/4	-
2. Mr. Kittichai Lattisophonkul	4/4	-
3. Mr. Surachai Sonthirathi	4/4	-

3. The Nomination and Remuneration Committee

The Board of Directors will appoint the Nomination and Remuneration Committee, which will consist of independent directors, non-executive directors, executive directors and company secretary. The Committee will relieve the Board of Directors' burden by enhancing efficiency and effectiveness with regard to the nomination and remunerations of directors, members of sub-committees and senior executives starting from department director and higher. This is to promote transparency in the nomination process and to increase competency and expertise of directors and

senior executives who should reflect business needs that makes shareholders confident that the Company can access those with potential and competency to take care of their interest. The Nomination and Remuneration Committee's term of office is three years each term where its members may be re-appointed. The Committee's term of office is equivalent to that of the Board of Directors. In case of vacancy due to reasons other than expiration of the term, board members may appoint a qualified individual within three months and the Nomination and Remuneration Committee shall convene at least twice a year.

Nomination and Remuneration Committee as of December 31, 2020 consisted of 5 directors as follows:

- | | |
|--|----------|
| 1. Mr. Thaksa Busayapoka | Chairman |
| 2. Mr. Yothin Nerngchamnon | Director |
| 3. Mr. Somsak Varikarn | Director |
| 4. Mr. Suparerk Mallikamarl | Director |
| 5. Mr. Kavivud Nerngchamnon | Director |
| Mrs. Somrak Chotibhongs Secretary to Nomination and Remuneration Committee | |

Scopes of Duties and Responsibilities of the Nomination and Remuneration Committee:

1. Nomination

1.1 Review the structure of the Committee by taking into consideration the number of committee members to reflect size, type and complexity of the business as well as their qualifications, skills, experiences and specialization relating to Modernform's main business or industry; recommend improvements.

1.2 Nominate candidates qualified as committee members, members of sub-committees, managing director and senior executives from department director and higher by reviewing their qualifications proven suitable to the Company's unique character in a form of the board skill matrix in order to come up with a right candidate for board members, members of sub-committees, managing director and senior executives as well as their work experiences for the Board of Directors to approve.

1.3 Set nomination rules and procedures of board members and senior executives to reflect unique corporate characteristics of both existing and new directors; set criteria that will allow shareholders to propose future directors and criteria for each board director to propose an appropriate candidate.

1.4 Setup development plan for board members and senior executives to enhance their knowledge, roles and responsibilities as well as to increase their understandings in industrial outlook, stock exchange rules and regulations or corporate laws relating to Modernform's business. In case of new directors and new senior executives, an orientation session will be held and useful information will be distributed to enable them to perform duties as board members.

1.5 Formulate a succession plan by establishing and revising the development plan of both managing director and senior executives for succession purpose in case managing director or senior executives reach a retirement

age or could no longer perform one's duty to ensure continued operation.

2. Remunerations

2.1 Consider rules, ways and means to remunerate directors and senior executives starting from department director and higher to ensure fairness while inducing them to perform as expected.

2.2 Constantly review rules and ways and means of remunerations by comparing them with those offered by other companies in the same industry with different forms of remunerations such as retainer fee, incentive, attendance fee and vehicle expenses taken into consideration.

2.3 Set up criteria to evaluate performances of Chairman of the Executive Board and managing director for the Board's approval.

2.4 Determine annual remunerations of directors, Chairman of the Executive Board, managing director and senior executives starting from department director based on pre-determined compensation criteria by incorporating their performance evaluations as well as by comparing their

remunerations with those offered by other companies in the same industry. While remunerations of managing director and senior executives will be submitted to the Board for approval, those of board members will be submitted for the Shareholders' Meeting's approval.

3. Require that the Nomination and Remuneration Committee convene at least twice a year and that committee members attend no fewer than 75% of all meetings being held.
4. Report performances of the Nomination and Remuneration Committee to the Board of Directors at least once a year.
5. Review performances of the Nomination and Remuneration Committee using a required evaluation form at least once a year as a committee and as an individual before disclosing the evaluation result in the annual report.
6. Perform other tasks as entrusted by the Board of Directors.

In 2020, the Nomination and Remuneration Committee held 2 times meeting with 100% attendance of the member of directors as follows:

Name - Surname	Number of Attendance	Remarks
1. Mr. Thaksa Busayapoka	2/2	-
2. Mr. Yothin Nerngchamnong	2/2	-
3. Mr. Somsak Varikarn	2/2	-
4. Mr. Suparerk Mallikamarl	2/2	-
5. Mr. Kavivud Nerngchamnong	2/2	-

Nomination of Directors and Executives

The Nomination and Remuneration Committee is responsible for nominating directors, independent directors, non-executive directors and directors representing major shareholders who command appropriate qualifications without prohibited characters set in the laws governing public company limited. In addition, they must not possess any character that reflects the lack of trust to manage a public company as announced by the Securities and Exchange Commission (SEC). Candidates will be considered on the basis of their visions, skills, experiences and diversity in their competency proven useful to Modernform's business. They must also understand Modernform's business and are not director or manager in

any business with potential conflict of interest with Modernform's. Besides, they must be able to dedicate enough time to fully perform their respective duties while having independence enough to make a decision to safeguard the maximum interest of Modernform itself and shareholders in general. The Board therefore sets a policy to restrict the number of listed companies each director may hold directorship therein to no more than five with no exception. Candidates will then be proposed to the Board of Directors' Meeting, who will submit their names and details to the Shareholders' Meeting to make a decision to elect a director based on rules and procedures written in the Articles of Association. To elaborate, directors must be approved by no fewer than half of the number of shares held

by shareholders attending the Shareholders' Meeting and having the rights to vote. One shareholder may have one vote. Each shareholder may use all the votes he/she has to elect one or several directors. Those with the highest votes will be elected in a respective order to fill the number of directorship set by the Company. At each Annual General Meeting, one-third of directors shall resign by rotation. For non-independent directors, the number of directors may reflect the proportion of their shareholding equity in the firm. Depending on the soundness and competency of those elected as directors, the Board may elect one director as its chairman and also one or several directors as vice chairman. It will also appoint Chairman of the Executive Board, executive board members, managing director, the Audit Committee, company secretary and members of other sub-committees as considered appropriate.

Remunerations of Directors and Executives

The Nomination and Remuneration Committee will determine remunerations of board members, members of sub-committees and senior executives from department director and higher, namely, director, assistant vice president, vice president and managing director, executive board member and the Board itself. These remunerations will be determined by comparing them with those offered by

other listed companies in the SET operating in the same industry with relatively the same size based on the information from the SET's remuneration survey as well as by benchmarking with the average offered by listed companies derived from a remuneration survey carried out by the Thai Institute of Directors Association (IOD). The Nomination and Remuneration Committee will initially set director's remuneration in order to propose it to the Board, who will then submit it to the Shareholders' Meeting, all of which will be closely tied with Modernform's operation results as well as performances of each individual director.

For annual salary increase of senior executives, consideration will be made on the basis of Modernform's operating results and performances of each executive reflected through the Key Performance Indicators (KPI) set earlier in each annual plan.

Meanwhile, the Board of Directors will review remunerations of the Nomination and Remuneration Committee before proposing them to the Shareholders' Meeting for final approval.

4. Risk Management Committee

The Board of Directors has appointed the Risk Management Committee to work on risks of corporate and activity levels covering all important operational functions.

The Risk Management Committee as of December 31, 2020 comprises of:

1. Mr. Thaksa Busayapoka	Chairman
2. Mr. Patana Usanachitt	Director
3. Mr. Kitipat Nerngchamnon	Director
4. Mr. Kookiat Orankit	Director
5. Mr. Somkiat Pavaritpong	Director
6. Ms. Natcharintorn Siri Wattana	Director

Roles and duties of the Risk Management Committee

1. To review and determine the scope and policies in risk management.
2. To monitor the organization's significant risks, while improving the scope and procedures in identifying and assessing risks.
3. To assess and approve an appropriate risk management plan and ensure its practice throughout the organization.
4. To monitor significant strategic and operational risks.
5. To advise and recommend in the process of risk management.
6. To promote and encourage the adoption of risk management as a corporate culture by instilling in employees the importance of risk management.
7. To compile and continuously update a risk management handbook which includes information on the procedures in operation, steps in identifying risks, and guidelines to risk management.
8. To communicate significant risks to the Audit Committee to incorporate in internal control.
9. To report to the Board of Directors on significant risks and risk management measures.

5. The Corporate Governance Committee

The Board of Directors underlines the importance of the Good Corporate Governance principles. In order to share and support responsibilities of the Board in determining good practices to correspond to the Good Corporate Governance principles, the Corporate Governance Committee was established in accordance with the Board's resolution adopted at its 7/2562 Meeting on November 12, 2019 to consist of at least three board members, one of whom must be an independent director, together with advisors or executives, for a total number of no fewer than five. Chairman of the Corporate Governance Committee

must be an independent director whose term of office is three years each. Members whose term is expired may be re-elected.

In case members of the Corporate Governance Committee retires or if there is a reason that a committee member may not be able to stay up to his/her term, the Board must appoint a replacing member at least within three months from the day a number of committee members fail to meet the criteria. The replacing member meanwhile shall be in the office for the remaining term of the retiring member only. The Committee shall meet at least once a year.

The Corporate Governance Committee as of December 31, 2020 comprises of:

1.	Mr. Surachai Sonthirathi	Chairman
2.	Mr. Kittichai Lattisophonkul	Director
3.	Mr. Patana Usanachitt	Director
4.	Mrs. Somrak Chotibhongs	Director
5.	Ms. Natcharintorn Siri wattana	Director
6.	Ms. Jongjit Naboonpattana	Director
	Ms. Penpun Kasetsiri Secretary to the Corporate Governance Committee	

Roles and Responsibilities of the Corporate Governance Committee

1. To present the Corporate Governance Policy to the Board in order to seek its approval so that it can be implemented as the best practices by board directors and the management. The Corporate Governance policy meanwhile shall be made in writing.
2. To supervise and advise board members and the management when it comes to their performance and responsibilities under the Corporate Governance Policy to facilitate their oversight functions, to ensure effectiveness and to materialize continuity in order to meet expectations of both shareholders and stakeholders.
3. To advise the best practices relating to business ethics of directors, executives, employees and staff.

4. To review, revise and update the Corporate Governance Policy at least once a year to ensure its relevance and conformity to the best practices, international standards, rules and laws as well as recommendations of supervising agencies.
5. To produce a report assessing the performance of the Corporate Governance Committee as well as its activity report to the Board and to provide necessary suggestions and recommendations at least once a year.

In 2020, the Corporate Governance Committee held 2 times meeting with 100% attendance of the member of directors as follows:

Name - Surname	Number of Attendance	Remarks
1. Mr. Surachai Sonthirathi	2/2	-
2. Mr. Kittichai Lattisophonkul	2/2	-
3. Mr. Patana Usanachitt	2/2	-
4. Mrs. Somrak Chotibhongs	2/2	
5. Ms. Natcharintorn Siri wattana	2/2	
6. Ms. Jongjit Naboonpattana	1/1	Replacing Ms.Nongluck Leerakul who had resigned on July 31, 2020

Company Secretary

The Board of Directors of Modernform Public Limited Company's Meeting No. 6/2561 held on November 13, 2018 resolved to appoint Ms.Penpun Kasetsiri as company secretary. In compliance with the Securities and Exchange Commission Act, B.E. 2535 (1992), Ms. Penpun was considered being qualified as required by the Board. She was also considered having appropriate experiences as company secretary and she had completed the company secretary course held by the IOD, Class 93/2018, as well as the basic curriculum on relevant rules and regulations governing listed companies for those working as company secretary and assistant company secretary held by Thai Listed Companies Association, Class 2/2552.

Roles and duties of the Company Secretary

1. To perform duties with responsibility, care and honesty, as well as to comply to the law, objectives, articles of association, resolution of the Board and resolution of the shareholders.
2. To ensure that the Board and the Company comply with the laws and regulations.
3. Duties relating to good corporate governance by reporting information that is needed to be disclosed to the shareholders and other related parties according to the rules and regulations stipulated by the SEC and SET, and to prepare a policy on good corporate governance of the Company.
4. The meeting of the Board and of the shareholders by preparing correct and complete agenda and minutes of the Board's and the shareholders' meetings, within the time frame and have the same kept in good custody for reference and review.
5. Keeping and sending report on conflict of interest of directors, executives and other related persons to the Chairman of the Board and Chairman of the Audit Committee for their review within 7 days from the date the Company's received such report.

6. To take care and keep in custody the Register of the Company, i.e. the Register of major Shareholders, Register of Directors and to communicate with the Registrar of Companies.
7. To take care and keep in custody of important documents, such as report of interests of directors, executives and minutes of the Board's and shareholders' meetings as well as the Company's common seal.
8. To coordinate with, as well as to provide facilities to, the shareholders of the Company.
9. Other actions taken by the Capital Market Commission declared.

In the event the Company's Secretary ceases to hold office as secretary or cannot perform the duty, the Board shall appoint a new Secretary within 90 days from the date the former Secretary vacated the office or could not perform the duty.

Evaluation of Board of Directors

The Board arranges an evaluation of its performance as well as of the existing committees annually to discuss problems and issues during the past year with a goal to maximize the efficiency of both the Board itself and other committees and also to determine remunerations of directors and committee members. An evaluation form reflects the principles of good corporate governance and scopes of responsibilities of directors.

In 2020, Modernform evaluated performances of the following three bodies through six different evaluation forms, namely,

1. An evaluation form applicable for individual and group of the Board of Directors
2. An evaluation form applicable for individual and group of the Audit Committee
3. An evaluation form applicable of group of the Nomination and Remuneration Committee

4. An evaluation form applicable of group of the Good Corporate Governance Committee

The evaluation process was as follows.

1. The Company Secretary submitted an evaluation form to the Board and other committees for performance assessment at least once a year at year end.
2. After each director completed his evaluation, the form was sent back to the Company Secretary.
3. The Company Secretary summarized the evaluation before reporting the result to the Board and the NRC.

Evaluation scores in percentage term were as follows:

1. Excellent - scores between 90-100%
2. Very good - scores between 80-89%
3. Good - scores between 70-79%
4. Fair - scores lower than 69%

The following were evaluation results:

1. The Board of Directors reviewed its performance by group through the evaluation form in six areas, namely, structure and qualifications of board members; roles, duties and responsibilities of the Board; the Board's meeting; performance of directors; the Board's relationship with the management, and capacity-building for directors themselves and the management. Most directors were found to perform their duties while actions were carried out in required areas.

The Board received 96% or excellent for its performances.

2. An evaluation form applicable for the individual of Board of Directors in three areas, namely, structure and qualifications of board members; the Board's meeting and roles, duties and responsibilities of the Board. The Board received 96% or excellent for its performances.
3. An evaluation form applicable to the Audit Committee looked at its performances in seven areas, namely, its components; training and resources; meeting; its activities; relationship with head of the Internal Audit Department, external auditor, the management and shareholders; business risk and internal control; and the Audit Committee's future roles. The Audit Committee's performance was found to be excellent with a score of 98% and a high level of efficiency.
4. An evaluation form applicable for the individual of the Audit Committee in three areas, namely, structure and qualifications of board members; the Board's meeting

and roles, duties and responsibilities of the Board. The Board received 96% or excellent for its performances.

5. The Nomination and Remuneration Committee was evaluated for group in three areas of its structure and qualifications of committee members, performances of its members during meetings, and their roles and responsibilities. The committee scored 95% for its performances.
6. The Good Corporate Governance Committee was evaluated for group in three areas of its structure and qualifications of committee members, performances of its members during meetings, and their roles and responsibilities. The committee scored 95% for its performances.

Evaluation of CEO

To evaluate CEO's performance, the Board entrusted the NRC to do so where the CEO evaluation form of the Stock Exchange of Thailand (SET) was used as a guideline. Evaluation areas included identification of corporate goals, leadership, strategic directions, strategic achievement, financial planning and operation, relationship with the Board and the external party, management and relationship with employees, succession, product and service knowledge and personal characteristics. Results of the evaluation would be used to determine a proper financial remuneration.

Orientation of New Directors

Modernform realizes the significance of an orientation session to our new directors, as this is an opportunity for them to learn more about their roles and responsibilities. It's also the time for Modernform to communicate our business and operation to help directors get ready to perform their duties. The following documents and information proven useful for new directors are usually presented at the orientation session:

1. Listed Company Director's Manual, which features share purchase and reporting by directors and stakeholders.
2. Memorandum of Association and Articles of Association, which allows directors to learn about Modernform's business objectives, legal obligations, component of the Board, election and appointment of board members, Board meeting and shareholders' meeting.
3. Scopes of roles and responsibilities of Board of Directors and committees for the benefit of directors.
4. Minutes of the previous Board meetings, meeting agendas and schedules submitted in advance to enable

directors to allocate time to attend all meetings as well as to effectively prepare themselves for these meetings.

5. The Corporate Governance Policy to enable new directors to learn more about the Good Corporate Governance principles, oversight measures, compliance practices based on their expertise and experience with a goal to bring the company forward.
6. Supervision of the use of internal information to enable new directors to tread on this subject in a careful and valid manner in accordance with our policy.
7. The risk policy and the risk management system, major risk factors affecting our operations and risk prevention measures.
8. Management Control, Compliance Control, Financial Control, all of which are responsible by our Internal Control Department.
9. Connected Transactions between listed companies and subsidiaries vs. connected persons to avoid any conflict of interest.
10. The Code of Conduct to enable new directors to comply within the framework and ensure strict compliance.
11. Whistleblowing practices to inform new directors of rules and practices with regard to the whistleblowing.
12. Legal disputes, so that new directors learn more about the number of disputes currently under civil/criminal proceedings, our status based on each dispute and value involving in each case.
13. Report by supervising agencies/authorities requiring us to improve, rectify or execute any action based on their orders.

In 2020, Modernform did not organize any orientation session to directors since there wasn't any new director being elected to the Board.

Training of Board Directors

The Board encourages and facilitates its directors to attend training and seminar to enhance their performance where the Company Secretary is designated to coordinate and periodically inform directors of various training opportunities. In 2020, directors attended no training course due to the Covid-19 pandemic.

Succession Plan

Realizing the importance of sustainable and effective business undertakings, Modernform has formulated a succession plan in order to recruit qualified and visionary

personnel with expertise, experiences and attitudes that properly reflect our corporate culture while delivering performance excellence. The plan is to enhance necessary knowledge and skills so that selected personnel will be able to succeed in major roles and titles such as Chief Executive Officer, President and senior executives to win confidence from investors and stakeholders in our operation. The Nomination and Remuneration Committee will consider potential candidates before seeking approval from the Board of Directors' meeting to ensure operation continuity.

Insider Information Controls

Realizing the importance of corporate governance, to nurture transparency and prevent exploitation of internal information not yet disclosed to the public, the Board has come up with the policy governing the use of internal information in writing. Details are as follows.

1. No director, the management and employees getting access to internal information shall disclose such information to the third party or those without relevant responsibility in a way that may affect the company's share price. No information or authority resulting from the trading of the company's securities shall be used. For transparency's sake, It's prohibited to sell, buy, transfer or take transfer of the company's equity during a 30-day period before its financial statements are disclosed to the public.
2. Directors, the management, their spouses and children not reaching a legally mature age must report any change of their securities holding to the Office of the SEC in accordance with Section 59. Failure to do so may subject them to the penalty under Section 275 of the Securities and Exchange Commission, B.E. 2535 (1992).
3. Directors and the management are to disclose their securities holding in the company's Annual Report as required by relevant rules and regulations.

In Addition, the Audit Committee is further obliged to hold its meeting the day following the Company's auditors auditing and certifying of the annual financial statements, or reviewing of the quarterly statements. This is to present any opinions to the Board of Directors within the same day as the Meeting of the Audit Committee, together with submission of the financial statements to the Stocks Exchange of Thailand on the same date, or the following day at the latest.

Modernform communicated with directors, executives and employers to secure their acknowledgment and strict compliance to prevent abuse of inside information.

Remunerations of Directors

The Annual General Meeting of Shareholders No. 1/2020 resolved to approve the following remunerations to the Board of Directors and other committees. Details are as follows.

Monetary remunerations:

1. **The Board:** Each of its 12 members would receive Baht 72,000 each quarter. Chairman of the Board would receive Baht 94,000 each quarter.
2. **The Audit Committee:** Two members of the Audit Committee would receive Baht 22,000 each as a vehicle expense on a monthly basis. Chairman of the Audit Committee would receive Baht 25,000 each month.
3. **The Nomination and Remuneration Committee:** Two members of the committee would each receive Baht 30,000 each quarter

Non-Monetary Compensation: None

	Modernform Group PCL. Amount (Baht) As of December 31, 2020	Subsidiaries Amount (Baht) As of December 31, 2020
Board of Directors	3,721,600	420,000
Audit Committee	828,000	-
Nomination and Remuneration Committee	240,000	-
Total	4,789,600	420,000

Remarks : Remunerations of the Board of Directors is calculated from the Board of Directors of 13 persons until August 12, 2020, Mr. Kookiat Orankit resigned from the directorship effective August 13, 2020, After which the remunerations of the Board of Directors is calculated from 12 persons.

Members of the Board, the Audit Committee and the Nomination and Remuneration Committee did not receive any meeting allowance, annual bonus or other benefits.

Remunerations of the Executive Board of Directors and Executives

In 2020, Modernform had 9 persons being members of its board of executive directors and the first four executives starting from the president together with all the rest whose position was equivalent to No. 4-rank executive in the list based on the definition of the Capital Market Supervisory Board Notification No. Tor Chor 23/2551.

Monetary Compensation: e.g. Salary, bonus and car allowance totaling Baht 42,745,790 and other remunerations including contributions to the provident fund totaling Baht 1,381,430

Non-Monetary Compensation: None

Personnel

1. As of December 31, 2020, Modernform's total employees amounted to 1,614 persons classified in types and levels as of 2020 and 2019 as follows.

Number of employees	2020	2019
Number of employees	1,614	1,919
Monthly employees	1,322	1,529
Daily employees	292	390
Classify by level		
Executives	25	25
Division Manager/Department Manager	188	200
Supervisor/Unit head	371	426
Staff	1,030	1,268

2. Employee remunerations:

In 2020, we paid monetary remunerations in a form of salary, bonus and contributions to the provident fund totaling Baht 475,940,160 to our employees. Details are as follows.

	2020	2019
Salary	441,598,957	531,645,603
Bonus	19,441,017	40,399,280
Provident Fund	14,900,186	18,034,776
Total	475,940,160	590,079,659

Remuneration policy:

The Company have designed our remuneration policy to reflect our performance each year. In addition, payment is also based on performance evaluation where KPIs of each employee in each department will be used to align with both short- and long-term operation. Modernform has set up a provident fund since 1993 as a means to take long-term care of our employees.

3. Human Resource development policy

Modernform appreciates the value of our human resources as a driving force for sustainable growth. The comprehensive HR management focuses on recruiting those with exploring mind, agility and quality that match the nature of our work and corporate values. We also give priority to fair remuneration and evaluation processes and actively encourage potential staff to thrive individually and as a team. The HR development aims to enhance skills as well as expand people's potential for the organization's sustainability by connecting this action with our vision, missions, core values and business objectives. In addition, we are looking for current work skills and capacity in our people and actively enhance them to keep up with future business needs.

In 2020, Modernform Group went through various transformations. For example, we have updated our vision, missions and core values to reflect changing business and work styles. Affected by the Covid-19 outbreak that forced everyone to practice social distancing, we implemented the Work from Home measure, enforced different cascading office hours and encouraged more teleconferences, which prompted the HR management to re-adjust the way it had worked to cope with evolving circumstances, as more online training and online interviews were needed.

Recruitment

We have increasingly recruited a new generation of workers to replace those retiring in order to cope with new business environment impacted by technology disruption and an increasing role of the online business. New recruitment methods were implemented to penetrate new groups of candidates who may never work in the furniture business before. Together with our interview committee set up for screening purpose, we were able to welcome new staff with diverse experiences to help create new products.

Management of performance, remunerations and welfare

Diversity has been introduced to the way we manage work performance. To elaborate, aside from using Key Performance Indicator (KPI) and work behavior evaluation vis-à-vis core values, we also implemented the OKR at the management level on a trial basis by applying it as part of the performance evaluation. In addition, the evaluations were conducted more frequently to encourage teams to perform better and faster.

The nomination process for promotion was re-adjusted to make it more tangible. In this regard, good or better records of performance during the past two years has become a new criteria. Candidates would be nominated for promotion on the basis of their management styles and leadership using the 360 degree tool. They would also be scrutinized by their ability to delegate and their own individual development plan (IDP). The appointment, meanwhile, would be subject to a review of a committee to ensure that successful candidates of all levels were qualified on the basis of their management and leadership skills.

HR Development

Our HR development direction emphasizes comprehensive teamwork with focus on efficiency, cost effectiveness and workforce participation. HR activities were organized to reflect our core values. The Covid-19 pandemic did affect classroom-styled training and thereby prevented us from meeting our training goals. In 2020, 30 training courses were held in a form of in-house training, on-the-job training, online training and third-party public training and attended by 757 staff, which are broken down as follows.

Manager and higher: 14% of staff in this group attended the training, amounting to 9 man-hour

Supervisor: 29% of staff in this group attended the training, totaling 6 man-hour

Staff: 57% of staff in this group attended the training, totaling 6 man-hour

Training topics were as follows:

Manager and higher:

- TP Disclosure from workshop
- Advanced risk management
- Internal control review on the basis of international internal control framework
- IA's New Value Proposal during and after the crisis
- Lease agreement, book-recording best practices
- The 4 Disciplines of Execution
- Operation for Sustainable Outcomes

Supervisor:

- Operational audit and compliance audit for value adding
- Examination techniques of accounting/finance items to avoid internal corruption
- Auditing and prevention of corruption in procurement
- Corruption issues an organization should learn and how to assess corruption risk
- Rules and implementation of the ISO14001:2015
- Public health and environmental laws
- Monitoring environmental quality
- Professional HR Transformation
- The 4 Disciplines of Execution
- New materials, equipment and technology in the production line
- Principles of profits and costs for management purpose
- Problems regarding the auditing of production formulas, preparation of the production report and loss accepted by the Revenue Department
- Integrated internal auditing, sales and receivables system
- Operation for Sustainable Outcomes

Staff:

- Problems and practices regarding statements of assets, deduction of depreciation costs based on the accounting standards
- Fundamentals for new auditors
- Risk Universe and Audit Universe techniques in production process

- Material science for design development
- How to use Sketch Up program: Level 1
- How to use Fork Lift
- Calibration of measurement devices: Level 1
- How to install LED
- Skill enhancement in PDF to meet Modernform standards
- Understanding of the production system
- The 4 Disciplines of Execution
- Electric devices and how to maintain them
- Preparing for the retirement age
- Air pressure maintenance: Level 1

Aside from strengthening training capacity, Modernform Group has also invested in enhancing its production and installation efficiency as part of the ongoing organization development. The goal is to cultivate the values of efficiency, quality, cost effectiveness and on-time delivery among our staff. This has been done through the introduction of the 4 Disciplines of Execution where teamwork was emphasized with team responsibility and dedication from every team member to nurture the sense of individual responsibility. In 2020, the 4DX group managed to conduct operations in 38 topics with a plan to continue in the following year to cultivate efficiency, quality and service mindset, each of which a factor for our sustainable growth.

Occupational health, safety and environment

Realizing the importance of safe workplaces and staff wellbeing, in 2020, we conducted the following occupational health, safety and environmental activities:

- Check levels of noise and lighting that may affect employee's health and control them to be within the standards; provide noise and light-reduction equipment; organize training on proper use and compliance
- Conduct hearing test to those at risk and provide protection
- Measure dust concentration levels and strengthen control measures; strictly require staff to wear personal protection equipment (PPE) while on the job;
- Check buildings/workplaces
- Conduct an annual fire drill at the headquarters and factories;
- Train fire-protection and fire-fighting techniques for new staff;
- Check machinery conditions to ensure safety;
- Organize safety law training to supervisors

Credential of Directors and Executive as of December 31, 2020

Mr. Thaksa Busayapoka (Age : 70 years)

Chairman

Year of Directorship

Since April 1980

Education

- Master of Management, New Technology Venture, College of Management Mahidol University
- Bachelor of Commerce, Chulalongkorn University
- DCP 32/2003 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 23,396,000 shares (3.12%)
- Spouse 12,176,000 shares (1.62%)

Relationship with other Directors and Executives

Brother of Mr. Kittti Busayapoka

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

- 2013 - present Chairman : Interhides Public Company Limited

Other Companies or Organization

- 2017 - present Executive Director : UICC Company Limited
- 2006 - present Executive Director : Rafa Associates Company Limited
- 2007 - present Executive Director : Rafa Design Company Limited
- 2007 - present Executive Director : Rafa Plus Architect Company Limited
- 2005 - present Chairman : Modernform Health and Care Public Company Limited
- 1989 - present Executive Director : Modernform Tower Company Limited
- 2015 - 2020 Executive Director : Itoki Modernform Company Limited

Mr. Kitipat Nerngchamnong (Age : 42 years)**Chief Executive Director and President**

Year of Directorship	Since April 2016
Education <ul style="list-style-type: none"> • Master of Business Administration, Finance, University of Leeds, United Kingdom • Bachelor of Business Administration, Assumption University • Certificated, Good Governance for Executive Medical batch 2 of King Prajadhipok's Institute • Certificated, Executive Management of Capital Market Academy batch 1 • EDP Program batch 9 of The Stock Exchange of Thailand • Certificated, Yong Leadership of Democracy batch 1 of King Prajadhipok's Institute • DAP 139/2017 Program of Thai Institute of Directors (IOD) • Top Executive Program in Commerce and Trade #7 : Commerce Academy- 	
Number of Shareholding in the Company (as of October 6, 2020) <ul style="list-style-type: none"> • Director 4,675,200 shares (0.62%) • Spouse 2,000 share (0.00%) 	
Relationship with other Directors and Executives	Son of Mr.Yothin Nerngchamnong
Illegal record in the last 5 years	None
Working experience in last 5 years	
Listed Company	None
Other Companies or Organization <ul style="list-style-type: none"> • 2020 - present Director : Arkitektura Company Limited • 2020 - present Director : Built Dee Company Limited • 2019 - present Director : Workscape Company Limited • 2018 - present Audit Committee : Belink Media Company Limited • 2017 - present Executive Director : UICC Company Limited • 2015 - present Executive Director : Modernform Health and Care Public Company Limited 	

Mr. Chareon Usanachitt (Age : 69 years)**Director**

Year of Directorship	Since April 1980
Education <ul style="list-style-type: none"> • BBA. University of Connecticut, U.S.A. • RCP 1/2000 Program of Thai Institute of Directors (IOD) • DCP 32/2003 Program of Thai Institute of Directors (IOD) • DCP Re2/2006 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of October 6, 2020) <ul style="list-style-type: none"> • Director 4,542,000 shares (0.60%) • Spouse 7,592,660 shares (1.41%) 	
Relationship with other Directors and Executives	Brother of Mr.Patana Usanachitt
Illegal record in the last 5 years	None
Working experience in last 5 years	
Listed Company	None
Other Companies or Organization <ul style="list-style-type: none"> • 1989 - 2017 Director : Modernform Tower Company Limited 	

Mr. Yothin Nerngchamnong (Age : 70 years)

Director and Executive Director

Year of Directorship Since April 1980

Education

- Honorary Doctorate in Business Administration, Sripatum University
- Master of Political Science, Ramkhamhang University
- Bachelor of Political Science, Ramkhamhang University
- DCP 35/2003 Program of Thai Institute of Directors (IOD)
- Capital Market Academy Leadership Program (CMA#7)
- Top Executive Program in Commerce and Trade #4
- Thailand Energy Academy #2
- Certificated, Good Governance for Executive Medical batch 3

Number of Shareholding in the Company (as of October 6, 2020)

- Director 26,846,420 shares (3.58%)
- Spouse 6,042,000 shares (0.81%)

Relationship with other Directors and Executives Father of Mr.Kitipat Nerngchamnong and Brother of Mr.Kavivud Nerngchamnong

Illegal record in the last 5 years None

Working experience in last 5 years

Listed Company None

Other Companies or Organization

- 2017 - present Executive Director : UICC Company Limited
- 2017 - present Chief Executive Director :Modernform Health and Care Public Company Limited
- 1989 - present Executive Director : Modernform Tower Company Limited
- 2013 - 2018 Director : Thailand Philharmonic Orchestra

Mr. Somsak Varikarn (Age : 70 years)

Director and Executive Director

Year of Directorship Since April 1980

Education

- BBA. Memphis State University, U.S.A.
- DCP Program 45/2004 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives None

Illegal record in the last 5 years None

Working experience in last 5 years

Listed Company None

Other Companies or Organization

- 1989 - present Chairman : Modernform Tower Company Limited

Mr. Kavivud Nerngchamnon (Age : 66 years)**Director****Year of Directorship**

Since April 2004

Education

- Master of Political Science, Ramkhamhang University
- Bachelor of Political Science, Ramkhamhang University
- Bachelor of economic, Sukhothai Thammathirat University.
- DAP 17/2004 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 27,504,000 shares (3.67%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

Brother of Mr.Yothin Nerngchamnon

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

- 1986 - present K.B.S. Import-Export Company Limited
- 1987 - present Ocean Feed Company Limited

Mr. Kitti Busayapoka (Age : 63 years)**Director****Year of Directorship**

Since April 2017

Education

- Bachelor of Economics, Kasetsart University
- DAP 138/2007 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 357,000 shares (0.05%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

Brother of Mr.Thaksa Busayapoka

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

- 2015 - 2017 Senior Executive Vice President : Modernform Group Public Company Limited

Other Companies or Organization

None

Mr. Patana Usanachitt (Age : 61 years)

Director and Executive Director

Year of Directorship

Since April 2001

Education

- Bachelor of Marketing, University of Nevada, U.S.A.
- DCP 35/2003 Program of Thai Institute of Directors (IOD)
- FND 4/2003 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 811,750 shares (0.11%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

Brother of Mr.Chareon Usanachitt

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

- 2015- present Executive Director : Itoki Modernform Company Limited

Mr. Suparek Mallikamarl (Age : 69 years)

Independent Director

Year of Directorship

Since November 2004

Education

- Master of Architecture, Chulalongkorn University
- Bachelor of Architecture, Chulalongkorn University
- ACP 7/2005 Program of Thai Institute of Directors (IOD)
- DAP 29/2004 Program of Thai Institute of Directors (IOD)
- QFR 5/2007 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 shares (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

Brother of Mr.Thaksa Busayapoka

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

- 2017 - present Director: Supparek planning and Design Company Limited
- 2008 - present Lecturer : Faculty of Architecture, Chulalongkorn University
- 1983 - present Managing Director : Four Aces Consultant Company Limited

Mr. Suchart Thammakitagkul (Age : 71 years)
Independent Director and Chairman of Audit Committee

Year of Directorship

Since November 1999

Education

- Master of Law, Harvard Law School, U.S.A
- Barrister-at-law
- Bachelor of Law, Chulalongkorn University
- DCP 60/2005, DAP 27/2004 and Effective Audit Committee and RCC 11/2010 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

None

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

- 2011 - present Independent Director and Chairman of Audit Committee : T.C. Union Global Public Company Limited
- 2005 - present Independent Director and Chairman of Audit Committee : MFEC Public Company Limited
- 2005 - present Independent Director and Audit Committee : Unimitr Engineering Public Company Limited

Other Companies or Organization

- 1989 - present Director : Bansathorn Company Limited
- 1986 - present Director : Onnic Company Limited
- 1970 - present Director : Somnuk Sutee and Associates Company Limited

Mr. Kittichai Lattisophonkul (Age : 71 years)
Independent Director and Audit Committee

Year of Directorship

Since May 2012

Education

- Bachelor of Commerce, Chulalongkorn University
- DAP 97/2012 Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 15,000 Shares (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

None

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

None

Mr. Surachai Sonthirathi (Age : 69 years)
Independent Director and Audit Committee

Year of Directorship Since July 2014

Education

- Bachelor of Commerce, Chulalongkorn University
- DAP 10/2004 Program of Program of Thai Institute of Directors (IOD)
- ACP 37/2011 Program of Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives None

Illegal record in the last 5 years None

Working experience in last 5 years

Listed Company None

Other Companies or Organization

- 2015 - present Independent Director and Chairman of Remuneration Committee :
Siam Technique Concrete Company Limited
- 2015 - 2017 Independent Director and Chairman of Audit Committee :
GM Group Multimedia Public Company Limited

Mr. Kookiat Orankit (Age : 59 years)
Chief Operating Officer

Year of Directorship -

Education

- Diploma, St.John College
- DAP 167/2019 Program of Program of Thai Institute of Directors (IOD)

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 4,000 shares (0.00%)

Relationship with other Directors and Executives None

Illegal record in the last 5 years None

Working experience in last 5 years

Listed Company

- 2019 - 2020 Executive Director : Modernform Group Public Company Limited
- 2015 - 2018 Senior Executive Vice President : Modernform Group Public Company Limited

Other Companies or Organization

- 2020 - present Built Dee Company Limited

Ms. Natcharintorn siriwattana (Age: 55 years)**Executive Vice President****Year of Directorship**

-

Education

- Master of Business Administration(Finance), Kasetsart University
- Bachelor of Business Administration (Accounting), Sukhothai Thammathirat University
- Bachelor of Economics, Thammasat University
- DCP 109/2008 Program of Thai Institute of Directors (IOD)
- CFO Certification Program Class 19/2015, Federation of Accounting Professions

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

None

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

- 2020 - present Director : Workscape Company Limited
Director : Itoki Modernform Company Limited

Mr. Buddiwat Wiboonsathien (Age: 58 years)**Senior Vice President****Year of Directorship**

-

Education

- Bachelor of Architecture (Industrial design), King Mongkuts Institute of Technology Ladkrabang
- Super Brand Manager, Marketing of Association of Thailand #16, 2002
- Executive Micro MBA, faculty of commerce, Chulalongkorn University

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

None

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

None

Ms. Sawangjit Pongpipatpong (Age : 55 years)

Senior Vice President

Year of Directorship

-

Education

- Bachelor of BBA, Thammasat University

Number of Shareholding in the Company (as of October 6, 2020)

- Director 0 share (0.00%)
- Spouse 0 share (0.00%)

Relationship with other Directors and Executives

None

Illegal record in the last 5 years

None

Working experience in last 5 years

Listed Company

None

Other Companies or Organization

None

Good Corporate Governance

Realizing the importance of corporate governance for sustainable operation, the Board of Directors has adopted the Corporate Governance Code in writing since 2002 as a guideline for itself, the management and Modernform's staff to comply with. The essence is to adhere to the Code of Conduct as well as nurture a reliable, effective, transparent and accountable management system to create long-term confidence among shareholders, investors and all stakeholders. In addition, the CG policy should enhance Modernform's competitiveness; help the company to perform well with financial and investment security while allowing the firm to exercise social, environment and community responsibilities and remain resilient enough to cope with changes. The Code has been constantly updated to reflect practices that evolve according to economic and social conditions as well as to remain compliance with the Act on Securities and Exchange. At present, Modernform has issued its 5th Corporate Governance Code to be in compliance with the CG Code 2017 issued by the Office of Securities and Exchange Commission (SEC), which was approved by the Board of Directors' Meeting No. 6/2561 dated November 14, 2019. The Board meanwhile is required to revise the CG Code for implementation at least once a year.

We require directors, executives and all employees to acknowledge, understand and comply with the corporate governance policy, which has also been posted on our website at www.modernform.co.th as an additional channel for everyone's compliance.

In 2020, the Corporate Governance Committee reviewed the CG Code compliance. Overall speaking, the Board implemented most of the practices. However, there were certain practices not yet applicable, details of which have been described in the annual report.

Practice 1 : Establish clear leadership role and responsibilities of the Board Roles and Responsibilities of the Board

The Board Charter has been made to clearly determine scopes and responsibilities of the Board and to differentiate them from the management's. The Board Charter also helps guiding the Board to understand their roles and responsibilities as a leader in the organizational management with a goal to create sustainable corporate values. The

Board is tasked to express targets and missions, set up its structure, responsibilities, recruitment and remunerations and create values, corporate culture, ethics, the Code of Conduct and employee's ethics. Together with the management, it oversees strategies, plans, risk management, allocation of resources and budgeting, human resource management, monitoring and assessment and reporting to ensure that corporate goals are met.

The Board is to perform its duties with integrity, ethics and governance. It must respect the rights and responsibility of shareholders and all stakeholders. It should oversee activities that contribute to the society, reduce impacts to the environment while allocating major resources to achieve its goals. In addition, its supervision should be in compliance with the laws governing securities and exchange, rules and regulations and meeting resolutions. Information should be accurately disclosed to investors and shareholders in a transparent manner.

In 2020, six Board of Directors' meetings were held to report operation results on a quarterly basis after the auditor had reviewed and audited the quarterly and year-end financial statements. The meetings were not only to review financial performance but also to approve critical operations such as investment plans for sustainable growth, approval of related transactions, acquisition and disposal of assets and dividend payment.

Code of Conduct

The Board of Directors also puts in place the Code of Conduct in writing as a tool to promote operation transparency. The Code of Conduct encompasses ethics of directors and executives, and practice guidelines with all stakeholders, namely, shareholders, the public sector, employees, customers, suppliers, creditors, competitors, community, the society and the environment. Employee ethics are also stated in this Code of conduct, which was communicated to directors, executives and employees for compliance. The Code of Conduct was published as a manual. Notifications were made and meetings were held. The manual was distributed to all departments and became one of the topics introduced to new staff during the orientation.

Practice 2 : Define objectives that promote sustainable value creation

The Board has defined the business's objectives and targets to promote sustainable value creation to the company, customers, suppliers, all stakeholders and the society at large. In addition, all internal units are required to move forward in the same direction. That's why both visions and missions are established not only for the company to have a clearer objective but also to craft out short-term, medium-term and long-term strategies. This in turn helps establishing our business model where the furniture business is identified as the core business of both Modernform and its subsidiaries aimed for sustainable growth with a room to expand investment to other businesses based on changing environment and lifestyle for value creation.

In addition, Modernform has come up with the core values as a corporate norm to encourage practices in the same direction. Employees are informed of the core values when they start working with us on Day 1 and during the orientation session. They are encouraged to perform in accordance with our core values.

The Board's supervision should ensure that objectives, short- and long-term strategies reflect the company's main missions and goals. Goals should be set in a way that properly reflects business environment and potential both in monetary and non-monetary term and on the basis of corporate social and environmental responsibility. Goals and objectives must be communicated to all departments through strategies and work plans. In addition, objectives, goals and strategies should be revised annually to ensure proper reflection of the company's operation.

Practice 3 : Strengthen board effectiveness

Board structure and director qualifications

The Board has established the board's policy and reviewed the structure of itself and other committees in terms of size, composition, qualifications and ratio of independent directors, executive and non-executive directors for a right balance of power. It also defines roles and responsibilities of various committees and between itself and the management based mainly on Modernform's Board Charter. As of December 31, 2019, Modernform's board consisted of 13 directors, of whom six were executive directors, three were non-executive directors and four were independent directors with diverse knowledge, capability, skills and work experiences. They all fulfilled the qualifications required by

the Office of the SEC. Roles and responsibilities between the Board and the management were clearly defined. Details are in the Management Structure topic.

Leadership and vision

The Board consists of directors who have competency, skills and experiences from various areas. There is a clear division of labor between the Board and the management. The Board meets on a regular basis to approve a vision, strategies, goals, policies, business plans and budgeting and also to monitor the management's performance to ensure that it meets the goals.

Board of Director's Meeting

The Board holds at least one Board of Directors' meeting each quarter to monitor operation results and other matters. It schedules entire meetings in a year in advance to facilitate board members' attendance. In 2020, the Board convened six times, which were attended by 100% of its members. More details are under Board of Directors' Meeting topic.

Directorship in Listed Companies

The Board limits its directors to hold directorship in no more than five listed companies only without exception. This is to allow directors enough time to effectively perform their duties and attend the Board's meeting and meetings of other committees to handle all agendas.

The Board's remunerations

The Board of Directors has appointed the Nomination and Remuneration Committee to review remunerations of the Board, members of all committees with an exception of its own, and senior executives. The Nomination and Remuneration Committee will review and set fair and reasonable remunerations that reflect the Board's responsibilities, the company's performance while comparing them with director remunerations of other listed companies in the same or similar industry with an intent to induce board members to lead the company in a manner that will achieve its short- and long-term goals.

Supervision of operations of subsidiaries and associated companies

The Board ensures that a supervision mechanism is in place to supervise the operation and business units of subsidiaries, associated companies and other businesses in which Modernform had materially invested based on the

nature of their businesses. The goal is to monitor business progress, and exchange technology and experiences proven beneficial to the business.

The Board's performance evaluation

The Board and other committees will be evaluated at the end of each year. The Company Secretary will submit an evaluation form to all committees for an annual self-evaluation. Once each committee member completes his/her evaluation, he/she will send the form back to the Company Secretary, who will collect and summarize the evaluation results before submitting them to the Board and the Nomination and Remuneration Committee. Evaluation criteria are as follows.

In 2020, Modernform evaluated performances of the following four bodies through six different evaluation forms, namely,

1. An evaluation form applicable for individual and group of the Board of Directors
2. An evaluation form applicable for individual and group of the Audit Committee
3. An evaluation form applicable of group of the Nomination and Remuneration Committee
4. An evaluation form applicable of group of the Corporate Governance Committee

Evaluation Process

1. The Company Secretary sends an evaluation form to all committee members for them to evaluate their annual performance at least once a year at the end of the year.
2. After each director completes his evaluation, the form is sent back to the Company Secretary.
3. The Company Secretary collects the forms, summarizes results and reports them to the Board and the Nomination and Remuneration Committee (NRC).

The evaluation took place at the end of the year where the Company Secretary submitted the form to each committee to conduct its annual evaluation. After each member completed his/her evaluation, he/she submitted it back to the Company Secretary and subsequently reported the Board and the Nomination and Remuneration Committee for recognition.

Evaluation scores in percentage term were as follows:

1. Excellent - scores between 90-100%
2. Very good - scores between 80-89%
3. Good - scores between 70-79%
4. Fair - scores lower than 69%

Details of evaluation results of the Board and other committees are under the Management Structure topic.

Practice 4 : Ensure effective CEO and People management

One of the Nomination and Remuneration Committee's responsibilities is to recruit knowledgeable and capable personnel for the Board's appointment. Those with appropriate visions, knowledge, capability and experiences that correspond to Modernform's corporate culture with excellent performance should be recruited where internal staff is given a priority. In addition, capacity-building training are organized for chairman of the Board, board members, the president and senior executives to enhance their knowledge, necessary skills and qualifications required to drive the company ahead. Besides, a succession plan is drafted for the CEO, the president and senior executives to avoid any operational gap that could jeopardize an effective operation while promoting confidence among investors, the corporation itself and its employees.

For HR management, Modernform has designed the HR management strategy to better reflect our business strategy. A clearer process to incentivize employees through monetary returns, better career path, public acceptance, self-expression and participation in major projects has been put in place. A set of clear and fair tools of performance management is constructively implemented to induce business outcomes. HR resources are efficiently and effectively exploited to make staff happy working with us and enjoy a better quality of life. Modernform's capacity-building activities cover staff of all levels and all types of job descriptions. The evaluation of every level of staff is carried out in a constructive manner.

Practice 5 : Nurture innovation and responsible business

The Board has made sure that Modernform is conducting its business ethically with community, social and environmental responsibility. This so-called CSR in process refers to a direct work process and is combined with the CSR after process. In addition, no rights of all stakeholders will be violated. Modernform has adopted a policy and practices with regard to various groups of stakeholders in its Code of Conduct and the Corporate Governance Code. Details are as follows.

Nurturing business innovation

Here at Modernform, we underline and support innovation that will create values to business and will benefit customers and related parties. Our vision is “to strive and create new innovations that inspire the art of living and quality work life.” We have set up a product development center to develop and design new products aimed to take advantage of new innovations. We also emphasize the importance of intellectual property. The management and staff must not violate others' intellectual property while Modernform itself actively registers patents in all groups of furniture to avoid any intellectual property violation. In addition, the enterprise IT management has been adopted to reflect business needs in order to increase business opportunity and enhance the operation. The IT management policy and practice was last updated on June 15, 2018.

Anti-corruption practices

Modernform underlines the importance of a fair and clean business. We are against all forms of corruption on the basis of the principles of good corporate governance where we focus on corporate ethics and transparency. As a result, the whistle-blowing policy has been established to oversee all groups of stakeholders. Through the policy, a channel is provided for internal and external whistleblowers to file grievances on illegal actions, unethical performances or corrupted practices. This includes misbehavior of all levels of our personnel and other stakeholders. The policy includes investigation procedures that contain clear, impartial and transparent processes. Protection measures of whistleblowers and related witnesses are also available. The Internal Audit Department is responsible for the operation and monitoring processes. It is tasked to report updates to the Audit Committee and the Board of Directors. The policy is now posted on www.modernform.co.th. In 2019, there was no incident involving any Code of Conduct violation.

Grievance channels:

1. Call center : 0-2094-9999
2. Email : co.secretary@modernform.co.th
3. Facsimile : 0-2722-8382
4. Postage : Chairman of Audit Committee
Modernform Group Public Company Limited
699 Srinakarindr rd., Phattanakan,
Suan Lung, Bangkok 10250

Taking the roles of stakeholders into consideration

One of the priorities given by the Board is that we will conduct our business with a sense of community, social and environmental responsibility. This is reflected through our Code of Conduct adopted in a form of policy on how to treat stakeholders, the society and the environment. Details are as follows.

Shareholders : Our policy is to do business with integrity and ethics. We try our best to develop our business and generate continuous and sustainable returns to shareholders by adhering to the principle of equal treatment to all shareholders.

Employees : We offer fair employment conditions to our employees who will receive both short- and long-term remunerations in a form of, for example, salary and appropriate bonus based on their performances and those of the company. A provident fund has already been established for our staff. In addition, there are capacity-building activities, the HR development plan and the succession plan for those having the potential to advance in their career.

Customers : Modernform commits to deliver satisfaction and confidence to customers to whom we want to deliver quality goods and services. We also commit to further enhance our product standards while safeguarding our strong relationship with customers. This is done through the introduction of new products and innovations translated into excellent and environmental-friendly furniture with all product information properly informed to customers.

Suppliers : We conduct our business with suppliers on the basis of equality, fairness and integrity. The relationship will not lead to any damage to Modernform's reputation nor to any regulatory violation. The Modernform-supplier relationship will be based on mutual benefit and equality where we will avoid a situation that may lead to a conflict of interest. We commit to strictly comply with conditions agreed in advance, for we realize that suppliers are an important player that helps adding values to the standards of our goods and services.

Creditors : Modernform commits to strictly comply with conditions and agreements made earlier with our creditors whether it's about the purpose of loan, loan repayment, quality of the guarantee and any other matters. This will be carried out on the basis of fairness with no harm being done to Modernform's reputation nor any attempt to force Modernform to violate the laws. In case Modernform cannot comply with any of the creditor's conditions, it will inform the creditor as soon as possible to find a mutual and reasonable solution.

Competitors : Modernform commits to comply with the framework of trade competition with integrity where we strive to conduct our business within the context of legal and ethical frameworks. We will never destroy competitor's reputation nor accuse them without truth.

Community, the society and the environment: Realizing that we are a part of the society we live in, Modernform feels that it's our responsibility to oversee and support activities of communities around us on the basis of environmental and natural conservation and compliance with the laws on energy and the environment.

Resource allocation and management : The Board underlines the importance of resource allocation and management that will contribute to our expansion into new markets or investment in new businesses by taking into account Modernform's ability to deal with business disruption, strong competition and business risk diversification. The policy is communicated to each business department, and the management is supervised to encourage effective and efficiency use of resources. Effects and progress of the use of resources are scrutinized to ensure effective implementation. Priority is given to financial allocation for investment and development focusing at new innovations that are responsive to changing consumer's behavior, evolving furniture market conditions and innovative equipment and materials. We believe that this will help defining our marketing strategies, designs and services that will clearly capture the needs of our customers.

Practice 6 : Strengthen effective risk management and internal control

The Board has established a risk management and internal control policy as a framework for everyone to conduct risk management in a similar manner in order to effectively achieve our core business goals. The risk management policy is reviewed at least once a year where the Board has set up two committees, namely, the Audit Committee and the Risk Management Committee, to conduct relevant supervision. Details are as follows.

1. The Audit Committee consists of three independent directors with competency to perform duty effectively and independently. They help supervising Modernform's business and review the adequacy of our internal control system. The Audit Committee is obliged to hold a meeting at least once a quarter to review financial statements already audited by auditors and see if Modernform's internal control system is effective and

adequate to protect shareholders' investment and Modernform's assets within five components and 17 principles under the COSO Framework. The Internal Audit Department, which directly reports to the Audit Committee, is entrusted to supervise and review the operation system and evaluate the effectiveness of its internal control system on an annual basis. (Details are under the Internal Control topic in the Annual Report).

2. The Board appoints the Risk Management Committee with clear roles and responsibilities to systematically manage risks exposed to all work processes. The risk assessment process is defined to reflect Modernform's core objectives and strategies by identifying risks, analyzing internal and external risk factors, and assessing and responding to risks. Measures, scopes and practices are communicated to executives and staff for implementation in order to reduce or control risk arising from business uncertainty, competition risk, investment risk in subsidiary and associated companies, financial risk, and risk from raw materials and IT operation systems. (Details are in the Management Structure in the Annual Report).
3. The supervision policy also prevents executives and related party from using inside information for their benefit of themselves or someone else's. Executives and staff accessing internal information not yet disclosed to the public may not sell, buy or get transfer or persuade anyone to buy or sell Modernform's securities one month prior to the day the public disclosure. Executive officers are required to report the Office of SEC their shareholding of Modernform's equity whenever there is such a change according to Section 59 as stipulated by the rule. The Audit Committee meeting must be immediately held on the day the auditor completes his/ her auditing of the quarterly/annual financial statements to solicit any opinion and submit them to the Board of Directors' meeting for approval on the same day. The financial statements are to be submitted to the SET on the same day or no later than the following morning for transparency purpose. Penalties and measures are stated in writing against any violator.
4. Directors, executives and related parties are to report Modernform any interest of themselves or related persons in relation to the management of Modernform/ subsidiaries. The Board must submit a report of interest of its directors and their related party to the Company Secretary within seven days following the change of

shareholding for further report to the Audit Committee and the Board of Directors.

5. The Board has a clear anti-corruption policy in place. By becoming a signatory of Thailand's Private Sector Collective Coalition against Corruption (CAC) in 2016, we have pledged to the importance of conducting a business with integrity and we are firmly against all forms of corruption. The anti-corruption policy and practices are clearly defined and communicated to all employees. Details are as follows.

- 5.1 Executives and staff must comply with the Code of Conduct.
- 5.2 Executives and staff are prohibited to seek interest from customers, suppliers, creditors, debtors and private and public agencies. Nor shall they exercise their authority to seek any interest.
- 5.3 Executives and staff are prohibited to offer any interest to customers, suppliers, creditors unless during festivities, which must be of an appropriate value and without business commitment.
- 5.4 Giving to or receiving gifts from customers, suppliers and creditors should be avoided unless during festivities, which must be of an appropriate value and without business commitment.
- 5.5 Cheating, copying and deceiving others through the act of expressing or displaying false statements or information are prohibited.

Practice 7 : Ensure disclosure and financial integrity

The Board feels that it is important to ensure the integrity of the company's financial reporting system and that timely, accurate and transparent disclosure of all material information is made in consistent with applicable requirements. This includes communication and disclosure of information to shareholders, general investors and all kinds of stakeholders by publicizing the information under various topics in the annual report, Form 56-1 and www.modernform.co.th. The published information includes details of the Board of Directors, shareholder's structure, list of the first top ten shareholders, the corporate governance policy, financial statements, the management structure, statements of profit and loss and operation results.

The Board's Report in relation to Financial Statements

Realizing the importance of the quality of financial statements, the Board entrusted the Audit Committee to review quality of both quarterly and annual financial statements so that shareholders and investors receive

accurate, adequate and proper information. As of December 31, 2020, the financial statements were audited and reviewed with an unconditional opinion from an independent CPA. The Board also underlined the importance of financial credibility by requiring qualifications of its CFO and accounting executives to be in compliance with the Stock Exchange of Thailand's (SET) requirements. In addition, financial liquidity was closely monitored, planned and controlled to properly reflect the company's financing activities. The MD&A report was prepared with supporting figures describing operation results, policies and trends as well as success and challenges the business was facing as part of the company's financial statements on a quarterly basis.

The Board's Report of Responsibility in relation to Financial Statements

Realizing its duties and responsibilities as director of a listed company in the SET as well as a body responsible for separate and consolidated financial statements and other financial information reported in the annual report, the Board supervised the preparation of the financial statements based on the GAAP. In this regard, appropriate accounting policies were implemented upon discretion and reasonable predictions and forecasts. Besides, significant information was adequately disclosed in Notes to Financial Statements for communication with shareholders and investors in a timely fashion.

Regarding the disclosure of information and transparency, the Board feels that disclosing accurate and complete information in a timely fashion with transparency is very important. This refers, for example, to the disclosure of an adequacy of the internal control system, the auditor's opinion to the financial statements and the Audit Committee's opinion. Adequate disclosure of transactions between the company and other connected persons ranging from the management to major shareholders, controlling persons and subsidiaries or associated companies allows investors and shareholders to transparently access detailed information upon approval measures governing connected transactions between listed companies and associated or subsidiary companies, controlling persons or the management as prescribed by the SET. A policy to prevent the management and related personnel to illegally use inside information for the benefit of their own or others is also in place. In addition, executives are required to report to the SEC their securities holding every time there is a change of such holding in accordance with Section 59.

Report of changes in the company's shareholding of directors and executives in 2020

No.	Name	Title	Shares as of October 4, 2019	Shares as of October 6, 2020	Number of shares changed (+/-) 2020	Proportion of shares in the company
1	Mr. Thaksa Busayapoka	Chairman	19,846,000	23,396,000	+3,550,000	4.74%
	Spouse and underage children		12,176,000	12,176,000	-	
2	Mr. Kitipat Nerngchamnong	Chief Executive Director and President	4,500,000	4,675,200	+175,200	0.62%
	Spouse and underage children		-	2,000	+2,000	
3	Mr. Yothin Nerngchamnong	Executive Directors	25,962,820	26,846,420	+883,600	4.38%
	Spouse and underage children		6,042,000	6,042,000	-	
4	Mr. Somsak Varikarn	Executive Directors	-	-	-	0.00%
	Spouse and underage children		-	-	-	
5	Mr. Patana Usanachitt	Executive Directors	811,750	811,750	-	0.11%
	Spouse and underage children		-	-	-	
6	Mr. Kookiat Orankit	Executive Directors	-	-	-	0.00%
	Spouse and underage children		4,000	4,000	-	
7	Mr. Chareon Usanachitt	Director	4,542,000	4,542,000	-	1.62%
	Spouse and underage children		7,592,660	7,592,660	-	
8	Mr. Kavivud Nerngchamnong	Director	27,504,000	27,504,000	-	3.67%
	Spouse and underage children		-	-	-	
9	Mr. Kitti Busayapoka	Director	369,360	369,360	-	0.05%
	Spouse and underage children		-	-	-	
10	Mr. Suparerk Mallikamarl	Independent Director	-	-	-	0.00%
	Spouse and underage children		-	-	-	
11	Mr. Suchart Dhammapitagkul	Independent Director and Chairman of Audit Committee	-	-	-	0.00%
	Spouse and underage children		-	-	-	
12	Mr. Kittichai Lattisophonkul	Independent Director and Audit Committee	15,000	15,000	-	0.00%
	Spouse and underage children		-	-	-	
13	Mr. Surachai Sonthirathi	Independent Director and Audit Committee	-	-	-	0.00%
	Spouse and underage children		-	-	-	
14	Ms. Natcharintorn Siri wattana	Executive Vice President	-	-	-	0.00%
	Spouse and underage children		-	-	-	
15	Mr. Buddhiwat Wiboonsathien	Senior Vice President	-	-	-	0.00%
	Spouse and underage children		-	-	-	
16	Ms. Sawangjit Pongpipatpong	Senior Vice President	10,000	0	(10,000)	0.00%
	Spouse and underage children		-	-	-	

Practice 8 : Ensure engagement and communication with shareholders

The Board is aware of fundamental rights of shareholders, as it takes into consideration their best interests without favoring any group of stakeholders in particular. In addition, shareholders are entitled to make a joint decision in a critical matter together with the company. Adequate and updated IT information must be provided. A policy has been adopted to facilitate and promote the attendance of the Annual General

Meeting of Shareholders (AGM). The Board has come up with the following practices:

1. Modernform has nominated Thailand Securities Depository Co Ltd (TSD) as its registrar to facilitate shareholders in registration matters concerning Modernform's securities.
2. Shareholders are allowed to nominate a candidate as a member of the Board of Directors, propose a meeting agenda and submit questions in advance to the AGM. In 2020, shareholders were to submit questions between

- December 4, 2019 and January 10, 2020, which would be posted on Modernform's website from December 4, 2019.
3. An invitation to the shareholders' meeting in Thai and English languages with details of meeting date and venue and the posting of such invitation and supporting documents must be done in advance for at least 28 days prior to the shareholders' meeting date as announced by the Office of the SEC to allow shareholders enough time to study. The notice to the meeting must be published in a Thai-language daily newspaper no fewer than three days prior to the meeting. In 2020, Modernform sent the invitation out on April 1, 2020, or 21 days prior to the shareholders' meeting date scheduled on April 23, 2020.
 4. Necessary information and supporting documents with facts, reasons and opinions of directors in each agenda must be adequately given in the invitation to attend the meeting together with the following meeting agendas:
 - Agenda for acknowledgement: Matters already carried out by the Board without the shareholders' meeting resolution must be reported.
 - Agenda for consideration: Basic and critical matters requiring approval from the shareholders' meeting in relation to legal enforcement, requirements by the Articles of Association and those considered appropriate to be submitted for shareholders' approval must be specified. This includes matters with positive or negative impact to the company, and shareholders and directors' opinions in the agenda.
 - Dividend payment agenda: Information of the dividend payment policy, actual dividend paid in comparison to the policy, comparative information of dividend paid during the past year and reason why no dividend is paid must be specified in this agenda.
 - Director's appointment agenda: the following information must be included in the agenda:
 - Nomination rules and procedures
 - Types of nominated directors
 - Preliminary information of candidates such as age, education, work experiences, shareholding ratio, number of years in directorship, number of listed companies and general companies he/she is a director
 - Performance results during his/her previous tenure as a company director such as meeting attendance record and past contribution to the company
 - No holding of office in any business with a material conflict of interest to the company's business
 - In case of appointment of independent director, the following information must be included: definition of independent director and absence of interest in the company, subsidiary and associated companies or other entities with a potential conflict of interest.
 - A separate voting ballot for appointing each individual director will be used in this agenda.
 - Remuneration agenda: the following information must be included: remuneration policy and rules applicable to board members and members of committee, remunerations in the monetary form and other rights or privileges obtained while being a director, supporting information such as comparative information during the past 3-5 years.
 - Auditor's appointment agenda: the following information is required: auditor's name and his/her office, comparative audit fees in three years to determine if the fee is appropriate, experiences and independence of auditors, relation with the company such as shareholding ratio, consultancy status, number of years being the company's auditor, reason for auditor change in case of an appointment of new auditor and his/her status as an auditor of a subsidiary and an associated company. This has to be approved by the Audit Committee with opinions from the Board enough for shareholders to make a decision.
 5. We facilitated shareholders to attend the Annual General Meeting of Shareholders (AGM) by choosing a convenient meeting venue, which was a meeting hall at Modernform Tower, 699 Srinakarin Road, Kwaeng Pattanakan, Suan Luang District, Bangkok. The venue can be reached by bus and is in the proximity of the Huamark Airport Rail Link station.
 6. Shareholders are allowed to register at the AGM meeting approximately an hour before it starts.
 7. Technology such as the barcode system is used at the meeting to register shareholders, counting votes and display voting results to ensure speedy and accurate meeting procedures.
 8. At least an independent director was assigned as a proxy to attend the meeting on behalf of shareholders who could not make it. Details of the independent director were stipulated in the proxy.

9. Shareholders and the proxy in case shareholders could not attend the meeting themselves are required to present evidences such as the proxy form of Ministry of Commerce, ID Card, certificate of incorporation issued by Ministry of Commerce and other documents required for registration to attend the meeting together with proxy details as stated in Proxy Form A or Form B sent with the invitation to attend the meeting.
10. All directors are to attend the meeting including chairman of various committees.
11. Independent persons are entrusted to count/check votes, inform the meeting and record it in the minutes of the meeting.
12. Chairman of the Board will be chairman of the meeting, who will notify the number of shareholders attending the meeting and their votes prior to the start. Chairman should also inform voting procedures to shareholders before the voting takes place, the use of voting ballots based on an order of meeting agendas and a separate adoption of a resolution for each separate item in any agenda with various items to vote.
13. Directors with interest are required to refrain from voting in the agenda.
14. All shareholders have an equal right to express opinions and ask questions in a session for which enough time is properly allocated. In addition, questions and important recommendations from shareholders are comprehensively recorded in the minutes of the meeting.
15. The AGM's resolution together with voting scores must be disclosed through the SET's information system after the end of the meeting or no later than 9.00 hours of the following morning.
16. The Company Secretary is to complete the minutes of the meeting within 14 days from the meeting date with all material information including directors and executives attending/being absent from the meeting and the attendance ratio, questions, answers and opinions and full name of persons asking and answering the questions and voting results indicating for, against or abstention in each agenda. The resolutions of the meeting and the minutes will be sent to the SET as required by its rules and posted at Modernform's website for reference without having to wait till the next meeting.
17. Shareholders may exercise their rights to oppose to the meeting or any resolution adopted by the shareholders' meeting if they see that it's not right or against the laws within 30 days from the meeting date.

For the year 2020, Modernform organized various activities to publish and clarify information including opening opportunities for participants to ask transparently questions. The activities including an analyst meeting to inform business profit quarterly, Press conference and face to face interview are held to publish the information to investors and analysts both in Thailand and from abroad. The high-level executives attending activities related to Investor Relation as follows

1. Press Conference, 4 times, the mass about 20 participants per time
2. Opportunity Day organized by the Stock Exchange of Thailand 1 session with analysts and investors attended about 40 people.

Modernform has given priority to the corporate governance since the principles are helping us strengthening our corporate development. We have evaluated our performances under the 2017 CG Code on the basis of each principle to ensure that we have fully complied with the Code. In 2020, we followed recommendations of the Institute of Directors (IOD) on the basis of our circumstances. Yet, there were certain areas we still did not follow through. Details are as follows.

Principle/Best Practice	Our clarification
1. The company should set up and disclose its corruption risk assessment process.	The Board has acknowledged this issue and agrees to disclose the corruption risk assessment process.
2. Training about anti-corruption policies and practices should be organized for every employee. Details of the training held each year should be revealed.	The Board has acknowledged the advice and is of the opinion that the training will be organized for every staff.
3. Directors and independent directors should be in the office for no more than three terms or nine years from his/her first-term appointment.	When the term of director and independent director is up, Modernform allows shareholders to nominate qualified candidates for directorship annually. However, no shareholder proposed the candidates within the timeframe. Besides, our directors and independent directors are highly experienced and truly understand the nature of our business. They have offered us useful advices. That's why the Nomination and Remuneration Committee proposed that independent directors whose terms were due be re-elected.
4. A minimum meeting quorum should be adopted. In addition, while a resolution is adopted at the Board's meeting, the regulation should require no less than two-thirds of all directors be present at the meeting.	Realizing the importance of this issue, the Board will state this policy in the CG Principle.
5. The Board should evaluate the CEO's performance.	The Nomination and Remuneration Committee (NRC) has evaluated the CEO's performance using the SET's CEO performance evaluation form. The evaluation result is disclosed in this report.
6. Chairman should be an independent director.	Chairman is a highly-experienced person who has been in our business for a long time and therefore can offer valuable advices.
7. The Nomination and Remuneration Committee should consist of independent directors only.	The Nomination and Remuneration Committee consists of five members of whom one is an independent director, another is a director and three are executive directors. The component of the committee is appropriate and allows it to effectively perform duties.

The Social Responsibility Report

Modernform believes that to become a sustainable organization, aside from earning trust in our quality and services, we must pursue the business with transparency, accountability and governance. Our staff should be nurtured to work with integrity, consciousness, ethics as well as environmental and social awareness. That's why we commit to create these values together with the society by acting responsibly to sustainable growth of the environment and the society at large using the CSR-in-Process and the CSR-after-Process and taking into consideration sustainable development in economic, environmental, social and governance dimensions.

The world is experiencing disruption in the areas of technology, economy, social change and competition. Expectations of consumers and various stakeholders become increasingly complicated. To adapt ourselves to meet with changing needs and desires, Modernform has offered an opportunity for all stakeholders to express opinions and offer advices that could affect the business and stakeholders in various forms for us to act in a timely fashion to prevent possible impact. Opinions can be directly submitted to directors by emailing them to co.secretary@modernform.co.th, by calling our call center at 0-2094-9999 or through the Investor Relations email at ir@modernform.co.th and enquiry@modernform.co.th where all opinions on product and service quality, delivery and installation and other recommendations will be collected. Modernform has established a unit directly responsible for inquiring opinions and soliciting advices from customers after furniture installation. We also meet with suppliers to discuss new product information to improve our goods and services. We conduct staff satisfaction survey of which the results are used to improve the overall organization management.

This CSR report exclusively concerns Modernform Group Public Company Limited's activities based on the CSR guidelines formulated by the Stock Exchange of Thailand (SET). The report describes activities in eight topics as follows.

1. Conducting business with fairness

Modernform conducts our business on the principles of integrity, compliance, fairness, corporate governance and protection of rights and interest of stakeholders. To

ensure equal protection, best treatment to everyone and equal and fair compensations to every party, we have adopted the principles of corporate governance since 2002 as well as the Code of Conduct that have been communicated to staff through their supervisors to create fair and effective performance. This is reflected through our Work Regulations, Section 5, Clause 4.1 where employees are required to comply with the Code of Conduct of executives and employees already announced. Clause 5.5 prohibits staff from using their duty and responsibility or their job opportunity to seek profit considered conflicting with their professional ethics, work regulations or the laws.

Modernform will not do any business with suppliers that are likely to violate the laws or intellectual property or who may dampen the company's reputation. We commit to lawful and ethical trade practices on the basis of mutual interest and equality. Realizing that suppliers add onto better standards of goods and services, we have adopted the procurement regulations and best practices to work closely with suppliers to create a strong network for business development and new innovations for the best interest of each other.

We underline the importance of intellectual property, which is one of the clauses in the Code of Conduct of our executives and employees, where we commit not to violate the intellectual property of local and international businesses. A clear practice has been made in writing and communicated to our staff regarding the violation of intellectual property rights or copyrights covering products and trademarks of our own, suppliers or third-party partners. The practice also covers computer software and the information technology system. Details are as follows.

1. Compliance with the laws relating to intellectual property of Thailand and others with whom we conduct business.
2. Protecting and safeguarding Modernform's intellectual property locally and internationally including not violating other's intellectual property rights.
3. Safeguarding important documents, trade secret and other confidential information of suppliers and stakeholders where only related personnel could access them.

4. Refrain from copying, adapting or seeking personal benefit from confidential information or intellectual property of the company itself, suppliers and stakeholders.
5. Reporting supervisors if an intellectual property right violation or an attempt that may lead to violation or dispute is found.
6. Cooperating and supporting the intellectual property right policy of both public and private sectors. In addition, we are aware of and tighten our action regarding the sending of information and photos through personal communication devices via an application network, social media and social network to protect the society and ourselves. This has been stated in Section 5, Clause 8 of our Work Regulations Re: Use of social media, to mitigate effects to employees, the organization and the society.

2. Promoting anti-corruption practices

We strive to do business with transparency and are more than eager to support suppliers who exercise integrity to jointly fight against all forms of corruption under the principles of corporate governance. We have expressed our anti-corruption pledge at the “2019 anti-corruption pledge of intention by the Thai private sector” and adopted the whistleblowing policy already announced on November 13, 2018 to encourage everyone to be part of the corporate governance. We listen to opinions and viewpoints from staff, the third party and other stakeholders to enhance efficiency and strength the management. The policy has been posted on our website at www.modernform.co.th, with details of what we will do when a grievance or a complaint is made. The policy also clearly indicates how whistleblowers will be protected. Filing channels are as follows.

Postage : Chairman of Audit Committee
Modernform Group Public Company Limited
699 Srinakarindr rd., Phattanakan,
Suan Luang, Bangkok 10250

Facsimile : 0-2722-8382

Email : co.secretary@modernform.co.th

Internally, the Internal Audit Department, which directly reports to the Audit Committee, will conduct regular internal auditing based on the existing system before reporting the result to the Audit Committee. This

way, the internal auditors could work independently and reports the investigation openly. If corruption, suspicion of corruption or illegal practice, or other unusual activity that could materially affect Modernform's reputation and financial position arise, the incident must be immediately reported to the Audit Committee for remedy within a reasonable timeframe. The management must report progress of such remedy or in relation to the incident to the Audit Committee and the Board of Directors.

At the employee level, Modernform has spelt out rules to prevent bribery and corruption in Chapter 5 of our Work Regulations regarding disciplinary regulations and actions under Topic 4 re: “Behavior” and Topic 5 re: “Integrity and Honesty.” The contents extend to cover legal compliance, refusal to take money or any other benefits from stakeholders and refraining from exercising power and duty for one's interest, all of which are governed by clear disciplinary actions.

3. Respecting human rights

We treat our employees on a fair and equal basis without discrimination in accordance with the principles of fundamental human rights as well as the ILO Declaration on Fundamental Principles and Rights at Work where respect is given to human dignity, right and liberty. Other practices include protection and prevention of human right violation of employees, joint venture partners, business partners (suppliers, contractors and customers) and local communities.

We have implemented a recruitment policy through which skills, knowledge and experiences are considered and respect is given to freedom, race, religion, gender, skin color, ethnicity, social status, health, education, work rights and social status. We will never use child labor and we are against all forms of sexual harassment. We allow employees to express their potentials and offer opportunities to enhance their capacity and skills. We encourage staff to understand the international principles of human rights for the right practice. In 2019, Modernform hired disabled workers totaling 0.50% of the entire workforce and we have not yet received any complaint regarding human rights violation.

4. Fair labor treatment

At Modernform, we believe that human resources are the great asset behind our growth and it enables us to move forward in a sustainable manner. That's why we

respect employee's rights based on the principles of human rights, comply with the labor laws, underline the importance of employee development and advancement at both operation and management levels. This reflects through our human resource management policy that focuses at fair treatment seen through wages, remunerations, welfare, safety and health issues and workplace conditions. No child labor is used here. Support is given to allow employees to work happily with quality of life. Employees have an opportunity to express opinions, to file grievance on unfair treatment or to reveal wrong-doing in our organization while being protected. Details are in Modernform's Work Regulations, Section 6 Re: Grievances.

Wages and remunerations

Our fair employment policy and fair employment conditions mean an opportunity to jointly nurture the growth of our employees in their career paths where everyone is entitled to advance on a fair basis and where no difference in terms of race, color, religion, political views and age is used for recruiting a person. Remunerations and evaluation is made on the basis of employee's performances through a fair evaluation process.

Welfare and employee relations

Modernform has provided welfare as required by the law that takes into consideration basic living conditions such as social security. However, we also offer welfare that is beyond what's the law requires to improve quality living such as annual health check-up, which is varied according to the employee's age groups, accident insurance and assistance in various forms such as marriage assistance and funeral expenses when employees or their love ones pass. The Welfare Committee has been set up to allow employees to participate and propose other welfare alternatives aside from the basic ones that everyone is entitled to. Each year, employees are encouraged to exercise, play sports and enjoy favorite activities together to strengthen bonding.

We have established the provident fund to which Modernform has contributed 5% of employees' salaries to the fund for employees based on their years of service. Employees themselves may opt to pay 5% to 15% of their salaries to the fund depending on each person's wish to save and invest.

Health, Safety, Security and Environment (HSSE)

We have adopted the HSSE policy and appointed the HSSE Committee with a purpose to promote safe work in every procedure, provide quality of life to employees and strive to be a leading furniture manufacturer with safe production processes. The target is zero accident that causes no absence from work. A safe work practice manual has been made as a guideline for everyone. Roles and responsibilities of all employees at every level are as follows.

- Modernform provides safety information and organize safety training to employees as well as publicized safety news and information.
- Modernform considers that work safety is everyone's responsibility to realize a safe workplace.
- We support and promote the improvement of workplace environment and safe work practices as well as the use of appropriate prevention devices for everyone's wellbeing.
- A policy to set up the HSSE committee in every project has been adopted.
- All supervisors are obliged to oversee the safety issue of those under their line of command for strict compliance with safety regulations.
- We support safety promotion activities organized by every department.
- We will arrange monitoring and evaluation of practices based on the HSSE policy to ensure the most effective implementation.
- We take into consideration performance and collaboration to comply with the HSSE rules and regulations as part of the employee's annual performance evaluation.

In 2020, the HSSE management resulted in 19 employees being injured from work accident of whom 18 were absent from work and 1 were not.

5. Responsibility to consumers

Modernform gives priority to customer satisfaction and benefits. We commit to develop and enhance our products and services by focusing on a variety of furniture to be offered at reasonable prices. We pay attention to standardized quality and provide complete and accurate product and service information as required by customers with transparency and with no distortion. Product and service guarantee based on

Modernform's conditions as well as the product liability insurance have been offered to customers. The Customers Relations Department has been set up to directly handle customer complaints while a customer satisfaction survey is conducted to ultimately respond to customers as quickly and extensively as possible. Details of our practices are as follows.

- We commit to create products and services that respond to consumer's needs.
- Modernform has adopted the ISO 9001 system for quality assurance so that customers can be confident in the accountability of our production processes.
- We have built a product test lab overseen by material experts to ensure that our products are up to or even higher than international standards and this applies to furniture made by us and imported one so that customers can be confident in our quality, Modernform is one of the pioneers to establish the standards of Thailand's furniture industry. We start providing complete product and service information to enable consumers to make a right decision. The information is disseminated through various accessible channels.
- We will not distort the information or express information about our goods and services in a way that sounds ambiguous, overly stated or susceptible to misunderstanding.
- Consumer information is safely kept subject to consumer's consent. This will be handled through fair and lawful means where consumers are informed of the objectives behind the collection and implementation of personal information prior to any action. Consumer information will not be shared with others unless consent is received. Consumers are allowed to check the accuracy and use of information under the laws. If any error or unfairness is encountered during the collection and implementation of the information, remedy must first be made.
- Modernform offers assistance and answers to consumer's questions to clarify understanding about our services.
- We provide channels for customers to file complaints and express opinions to improve our services.

6. Environmental Conservation

Fully aware of the environmental impact towards the sustainability of our business, we are committed to effective use of resources and are more than willing to support business activities that will take care of the environment, energy and natural resources through compliance with environmental and energy laws and mitigation of environmental impacts.

Our environmental policies are:

1. Compliance with environmental laws, rules and regulations
2. Protection and prevention of pollution from our operation to minimize environmental impacts.
3. Promoting favorable workplace environment and encouraging effective use of all resources.
4. Communicating the policy to staff at all levels including disclosure to the interested public; ensuring that it's everyone's duty to comply with environmental regulations; allocating budget, workforce and time to staff for effective policy implementation
5. Adjusting and enhancing environmental management systems on a continued basis.

In addition, the environmental management has been carried out throughout the entire value chain. For example, the procurement process was carried out to reflect appropriate costs and services while the production process started at the design process, which was where the product was created. Effective use of available resources was underlined when it came to design where appropriate, environmental-friendly and energy-saving materials were used. In this regards, wood with low level of formaldehyde or engineered wood was chosen as glue to reduce the use of formalin. Raw materials with environmental impacts were minimized, as in the example of real wood being increasingly replaced by engineered wood. While waste was managed to reduce its volumes, storage areas were minimized, logistics gradually replaced conventional transportation to cut down the energy use, workplace environmental quality was monitored, smokestacks and water were actively measured to ensure compliance and a waste management policy was introduced to manage industrial waste with attempts to handle production-induced pollution to reduce impacts to the environment.

At the other front, Modernform Group actively raised environmental awareness among staff by focusing on the ultimate use of resources through re-use and recycling. Paper was used on both back and front. Air conditioners and lighting were turned off during lunch break.

Since our mid-size factory is governed by the laws on energy management, we are required to submit an annual energy management report to the Department of Alternative Energy Development and Efficiency, Ministry of Energy. In this regard, a person acting as a focal point and a working team on energy management were appointed to fulfil the energy goal. The management also adopted and communicated the energy policy to staff for effective participation.

The ISO14000 accreditation, which encompasses the standards of environmental management system, has been applied to design, production, delivery and services in order to encourage further actions and development in our environmental practices.

Greenhouse Gas (GHG) Management

Carbon footprint assessment

The company determines methods to calculate the emission and removal of greenhouse gas (GHG) resulted from its operation. In this regard, activities that release and remove GHG from its operation are classified into three types, namely, direct emission and removal of the GHG, indirect emission and removal of the GHG from energy consumption and other indirect GHG emission and removal.

So far, the company has conducted the following quality management to its greenhouse gas inventory:

1. A team was set up to prepare and develop the GHG inventory.
2. The inventory was effectively developed.
3. Attempt was made to verify the quality of the company's GHG emission and removal.
4. Materiality of the GHG inventory was identified and reviewed.
5. The already-prepared GHG inventory was reviewed by internal and external experts.
6. There were reviews of mistakes for further improvement.
7. The GHG inventory and operating procedures were recorded and kept for use as a basis for the next assessment or for public disclosure.

Objectives, scopes, materiality and criteria for the content review were set together with the assessment of the greenhouse gas emission and removal report. In 2020, the overall figure showed that CO₂ was reduced by 33.92%.

7. Community and Social Development

In 2020, Modernform Group continued to organize social and community development activities through the “Sharing Dream, Sharing Love” flagship project, which has been our main social and environmental project aimed for sustainable development.

The Sharing Dream, Sharing Love project has been donating furniture and school materials to schools in need for better learning environment in Thai schools for a long time. In 2020, we donated table tops and also helped repair dining tables to Rajdamri School, Prawet District, Bangkok, totaling Baht 51,264. Raw materials from the production process of furniture that remained in good shape were use as part of our intention to promote effective use of resources and waste reduction.

The Sharing Dream, Sharing Love project produced and donated face shields to various hospitals and government agencies. Due to the Covid-19 outbreak in Thailand, several agencies especially medical personnel had to work hard to combat the disease. As they were exposed to an increasing number of patients, they needed effective protective gear to reduce their exposure to the virus, Modernform Group invited volunteer-minded staff to produce 2,000 face shields, which were later donated to Sirindhorn Hospital, Taksin Hospital, Suan Luang District Office and Bang Pli Police Station. Parts of them were used by our staff who were to contact with the third party in April.

7R Green Lifestyle: This was our campaign to raise awareness among staff of the 7R Principle, which refers to reduce, reuse, refill, return, repair, replace and recycle. Staff was encouraged to use appropriate means for their own use so that they could reduce the amount of daily waste and thereby reduce environmental impact.

Following the 7R Green Lifestyle campaign, the Sharing Dream, Sharing Love project also collaborated with Yuwapat Foundation in an event entitled “Sharing Dream, Sharing Love, Sharing Second-hand Household Items.” Staff was invited to donate household items that they no longer used but remained in good condition to

the “Pan Kan” (Sharing) Store during the period of three months from June to August 2020. 3,814 items were donated to the store, which sold them for Baht 236,005. All proceeds were donated to the less-privileged children under the care of Yuwapat Foundation. This funding not only contributed to a better social change but it was also sustainable and environmental-friendly thanks to the reuse and recycle concept.

The Sharing Dream, Sharing Love project together with the National Blood Bank, Thai Red Cross, organized the Sharing Dream, Sharing Love Blood Donation event at the headquarters and Production Line 1 and Line 2. This annual activity was held to enhance quality of life of Thai people through the procurement of blood for use in medical services and as reserve for the blood bank. The company continued to communicate with staff of benefits and significance of the blood donation. Not only will donors be healthy as red blood cells and bone marrow were circulated, but the donation also helped other beings by allowing them to recover from their sickness. In 2020, Modernform Group managed to mobilize 334,400 cc of blood through mobile donation trucks for the National Blood Bank. We will continue to organize this event to secure blood for the Thai Red Cross for those who are in need.

The Modernform Together Run project, which has been organized for the third consecutive year, is an opportunity for us to encourage everyone to walk and run together at a place and time staff feel comfortable to

do so to accumulate their “virtual run” distance. The project, which started from October 1 to November 30, 2020, was designed to not only encourage staff to stay healthy from the exercise but also to nurture relationship among peers. The event also boosted collaboration as staff strived to achieve the same goal throughout the period of two months. The project attracted 986 staff to walk and run, who altogether accumulated 179,824 kilometers. T-shirts from the walk and run event were sold and a total of Baht 70,490 raised from the sales was donated to the “Kids Love Studying” project, which provided financial support to staff’s school-age children.

The Run for the Blind event held on November 1, 2020 as part of the Modernform Together Run project saw the management and staff run as a guide runner to the visually-impaired students from the Bangkok Visually-Impaired School for a total of 5 kilometers. In addition, Baht 20,000 was donated to teachers and students at the school, which was operated by the Thailand Visually-Impaired Foundation under the patronage of HM the Queen. At this event, visually-impaired kids had a chance to exercise, which not only made them healthier, but it also empowered them beyond their physical disability. The event also provided a chance for everyone to conduct the activity together, fill one another with strength, change differences into undeniable force, nurture the disabled’s attitudes about themselves and open the door for them to live equally in the society.

Internal Control

The Board of Directors has asked the Audit Committee to have the management establish an effective and adequate internal control system. This will be implemented by the independent Internal Audit Department who would directly report to the Committee in order to audit and assess the adequacy of the company's internal control system. The goal is to meet five internal control criteria advocated by the Committee of Sponsoring Organization of the Treadway Commission (COSO) to ensure that Modernform Group's internal control system is not materially defective and thereby may jeopardize its operation, goals and main objectives. In 2020, the Board of Directors opined that Modernform Group's internal control system was adequate and appropriately reflected its business. There wasn't any material defect that may significantly affect the company's reliability. The internal control practices implemented under the COSO's guidelines were as follows.

1. Control environment

- 1.1 Through supervision structure, the Board of Directors, the Audit Committee, the Corporate Governance Committee, the Risk Management Committee and the Executive Committee were designated to supervise, control and manage corporate risks to the company's best interest.
- 1.2 The Board clearly announced the management structure, scopes of its own responsibility, responsibility of the management and staff at all levels based on the nature of each department's work to reflect corporate policies and strategies and to ensure effective risk management. This was done through an organization structure, which was divided into eight main business units and six supporting lines. In addition, related and supportive work processes were organized to ensure coordination and cohesion that would reflect corporate strategies. For example, project management processes from the start to until goods and services were delivered to customers ranging from sales to project supervision, production coordination, product installation and delivery to customers were managed with support from the Legal and IT departments all the way through to ensure risk management and effective operation.
- 1.3 The Board of Directors also supervised the drafting of corporate policies, the Code of Conduct and corporate practices as witnessed in various manuals written for supervision purpose as part of the implementation of the internal control best practices, which were regularly updated to reflect prevalent situations. Committing to the value of integrity, the Board has drafted the Code of Conduct, which specified ethical conducts that executives and staff were to adhere with, as well as encouraged active implementation to promote integrity organization-wide. Modernform Group also announced its anti-corruption policy at a corporate level where a channel was available for stakeholders and employees to participate by providing opinions, initiating whistleblowing of any illegal or unethical conduct of executives or other employee fellows or disclosing the opaqueness of financial statements or the internal control system, simply by writing to co-secretary@modernform.co.th anonymously. The Board would immediately pursue the case and disclose its investigation process if the matter was material to stakeholders. At the other front, Modernform Group expressed its intention to fight corruption by being a member of the private sector Coalition against Corruption (CAC) since 2016, which had been actively supported by the government and the National Anti-Corruption Commission (NACC). Meanwhile, the Internal Audit Department, which directly reported to the Audit Committee, continued to regularly audit the company's operations before directly reporting to the Audit Committee so that internal auditors could perform their tasks independently and produce their reports in a straight-forward manner. Any corruption or suspicion of corruption, legal violation or any other unusual conduct that can materially affect the company's financial status and reputation must be directly reported to the Audit Committee without delay for remedy within an appropriate timeframe. The management meanwhile was to report any progress regarding such remedy to the Audit Committee and the Board at least once each quarter.

At the staff level, anti-corruption practices were clearly stated in Work Regulations, Section 5, Disciplinary Action, Topic No. 4 Re: "Behaviors" and No. 5 "Integrity." This identified legal compliance and prohibition from demanding bribe or benefit from stakeholders as well as from exploiting authority for personal interest. The penalties meanwhile were clearly stated, all of which were under the HR Department's supervision.

- 1.4 The Board of Directors actively promoted the importance of internal control, operation standards and corporate risk management within the corporate environment. The goal was to ensure that all internal departments were aware of these practices and actively implemented them, having the Internal Audit Department regularly review and update the practices.
- 1.5 Modernform Group underlined the importance of systematic human resource management where clear policies and practices had been put in place, starting from the selection process to capacity building and staff retention where career opportunity and effective training and capacity building for the best interest of the organization were clearly stated. The company actively supported skill enhancement activities as well as fair and systematic performance evaluation and remuneration processes so that the HR management could cultivate loyalty and form an operation system that effectively responded to corporate goals and strategies.

2. Risk assessment

A Risk Management Committee has been established to consist of senior executives in various departments to keep corporate risks within an acceptable level. The Risk Management Committee was to convene and report meeting results to the Audit Committee and the Board on a quarterly basis. The Committee's task was to regularly review risk factors resulting from internal and external circumstances that could affect the company, taking into account rapid and complicated changes in environmental, social, economic and technological aspects as well as global disruption that could affect the firm. Effective risk management directions were as follows.

- 2.1 The company has encouraged each department to understand, identify and assess risks in both operational and corporate levels. It has also identified risk management practices based on risk priorities as well as acceptable risk levels so that risks can be managed in congruence with four strategic, operational, reporting and compliance objectives. With regard to financial reporting, the firm strictly complied with the generally-accepted accounting principles where the report must be comprehensive, accurate, adequate and appropriately reflecting activities and emerging risk factors.
- 2.2 The Risk Management Committee systematically reviewed internal and external risk management processes in a connected manner, starting from the organization level to department, business unit and subsidiary levels. The goal was to ensure that the company has regularly adapted itself to risks that may affect corporate strategies.

3. Control activities

The company has assessed its internal control system and updated its practices to ensure effective internal control. This encompasses preventive, defective and corrective practices as well as directive supervision to reflect the company's objectives and to properly manage risks. So far, we have identified scopes of responsibility of operational units, the Risk Management Department and the Internal Audit Department at three levels based on the principle of "Three Lines of Defense" to make sure that the internal control is in compliance with COSO's guidelines. Details are as follows.

- 3.1 Payment approval authority was made in writing to each department to exercise approval based on its delegation of authority and scopes of its responsibility. This has become a tool for each department to interact with other units for check and control purpose to ensure that all decisions were properly approved based on the delegation of authority by the involved executives in accordance with the principle of internal control.
- 3.2 Measures to protect the company's interest were established. In this regard, policies and procedures governing major shareholders, directors, executives or other related individuals

were prescribed in writing under the principles of good corporate governance. The idea was to ensure that an approval of transaction would take into account the best interest of the company and that it would be conducted at arm's length basis. In case it was a connected transaction, it must be approved first by the Audit Committee, who would then seek the Board's approval without the presence of a person having interest at such meeting or when a resolution was adopted. In addition, this must be in compliance with rules and regulations prescribed by the Stock Exchange of Thailand. The company would review and follow up with the practice to ensure compliance with conditions previously agreed as long as the binding effect prevailed.

- 3.3 Division of labor was made based on the principles of internal control where operation structure and procedures were duly separated in accordance with roles and responsibilities to enhance efficiency. Each staff/operator in each duty may perform his/her function separately and at the same time be subject to the audit and traceability in related processes. For example, the task of receiving payments was separated from the task of recording such transaction while reconciliation was separated from preparing the registration for the purpose of auditing and re-checking.
- 3.4 Rules, regulations and operation manuals of each department in the main operation were prepared in writing and regularly updated. They contained clear procedures and work details to function as a guideline for operation and for further coordination between staff and departments. This not only enhanced efficiency but also reduced possible risk thanks to adequate internal control.
- 3.5 The company encouraged each unit to set up its own internal control mechanism to supervise its work and for coordination with others on the basis of comprehensive control and adequate risk management. In this regard, the Internal Control Department would independently audit and assess this mechanism and gave advice in regard to the supervision, internal control and risk management to resolve any material issue affecting the company's main operation. The audit would be

based on the plan already approved by the Audit Committee. The Internal Control Department also gave regular advices to various units aside from what's stated in the plan for risk management purpose.

- 3.6 The Risk Management Committee was responsible for the overall risk management of the organization and for compliance with the internal control best practices and regulations.

4. Information and communication

- 4.1 Modernform Group has given priority to IT and communication by regularly updating its operation system and database to keep up with the company's operational nature, taking into account technological disruption, network security and effective data management for the purpose of timely decision-making and organization management.
- 4.2 We have required adequate reporting of important information. This has been clearly stated in regulations governing the Board of Directors' meeting and the Shareholders' meeting Re: Information disclosure. Communication channels have been set up for adequate, accurate and thorough internal and external communication through effective IT and operation systems. Other communication channels such as the Investor Relations Department and the Call Center were also available.
- 4.3 The company has supervised the structure of its IT system and data security as well as keep updating and maintaining the IT system for security purpose. A policy governing general control and data access control was established to tighten the supervision where only authorized personnel would be granted an access to such data. The Disaster Recovery Plan was drafted to control and mitigate damage that may affect data and IT system security to ensure its effectiveness.
- 4.4 Records of computer traffic was kept in compliance with Section 26 of the Act governing computer crime (No. 2), B.E. 2560 (2017). The company's important data was safely kept in the IT system where a log file indicating system access was stored within the system together with an internet

access log to countercheck the information. Prevention was made to minimize the import/export of data to ensure legal compliance. In addition, a prevention system was put in place to adequately deter illegitimate access to the company's system, data and networks.

5. Monitoring activities

- 5.1 The Board regularly monitored the management's performance. In this regard, performance of all levels of executives was regularly compared with work plans and goals so that the company's objectives and strategies could be achieved.
- 5.2 The Internal Audit Department has been tasked to audit the internal control system and is to directly report to the Audit Committee. The Department worked independently and regularly reported its auditing results with information of essential defects or unmet management risks to the Audit Committee at their meetings. The Department was able to report immediate situations, suspicious or unusual actions that could jeopardize the integrity and reliability of corporate governance, internal control or anything that may materially affect the company's operation result and financial status.

- 5.3 The Internal Audit Department also monitored its auditing results that required remedy following an internal control assessment and when the auditing outcome was short of the goal or found to be against rules, regulations and legal requirements. The idea was to ensure that problems were solved within an appropriate timeframe and such an outcome was reported to supervisors of each department for further remedy or order that would yield the best result and for the company's best interest. The auditing and follow-up functions were stated in the auditing plan already submitted to the Audit Committee. This included any follow-up that would lead to an ongoing evaluation as well as a separate evaluation within a specific timeframe aimed for an immediate remedy in order to enhance efficiency. The Department was to directly report results of these follow-up to the Audit Committee on a regular basis.

Related Transactions

Connected Transaction Policy

Connected transactions or future connected transactions between Modernform Group and subsidiaries are defined as those executed under a normal course of business where there isn't any transfer of interest between the company itself and other relevant firms or parties. Our practice in relation to connected transaction echoes what we do with customers in general, which is the transaction must be Fair and at arm's length and with no different condition from business normally conducted. Besides, connected transactions have to be approved by the Board of Directors. The Board and the Audit Committee are tasked to review the soundness of these transactions and ensure legal compliance. At the same time, all departments relating to a connected transaction that could be aware of its information are required to inform a supervisory unit of what is revealed to them prior to executing such transaction.

Procedure for approving connected transactions

The Company's Board of Directors established the measures to prevent any conflict of interests. It outlined clear transaction procedures for its major shareholders, directors, executives or any persons relevant to the above-mentioned persons for reviewing any transactions that may have any conflict of interests arise to consider all transactions that may involve conflicts of interest, including related or connected transactions to ensure that they are in compliance with sound business ethics and meet the scrutiny of the Audit Committee for defined items. As well, the Board supervises all transactions to see that they meet the criteria of The Securities and Exchange Commission (SEC). Information disclosure on potential conflicts must be considered by the Board to ensure accurate and adequate disclosure. In additional, for any transactions in which directors, employees or related persons could derive personal benefit from entering into transactions with the company, the Board and employees are not permitted to participate in the approval of such transactions, and the price must be properly defined in a manner consistent with that offered on arm's length basis.

Comments of the Audit Committee

The Audit Committee reviewed the above-mentioned inter-related and related transactions that took place with account posting in 2020. It stated that the transactions complied with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission with disclosure of accurate and complete information. The normal business transactions were those with fair and appropriate pricing and conditions according to the market prices. This was similar to pricing for any unrelated persons or other business operations without any benefits among the Company, its subsidiaries, its associate companies, its joint ventures, its related companies and its shareholders. The transactions were approved by the Management or the Board of Directors prior to occurrence of the transactions.

As for the transactions of financial assistance, the Company extended credit and collaterals for its subsidiaries and associated companies at the minimum lending rate (MLR) plus 0.5% per annum. The interest rate was that the commercial banks charged their prime customers. The Company provided loan collateral for its subsidiaries in a proportion of its shareholding. This financial assistance allowed its subsidiaries to have borrowings at the rate and conditions according to the market or better when compared to the case without any collaterals or direct borrowing from other financial institutions.

In 2020 Modernform Group Public Company Limited is not controlled or influenced by other businesses or related persons in any way. The Company and its subsidiaries had connected transactions, and significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies, and the Company has disclosed sufficient information on related transactions which was in the normal course of business and fair and at arm's length and connected transactions complied with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission to investors for use in investment decisions, as follows:

1. **Normal Business Transactions.** The Company recorded normal business transactions including purchase and selling transactions among the Company, its subsidiaries and affiliated companies that complied with conditions and requirements mutually agreed upon. They were summarized as the followings.

Condition 1: In the case of a unique product model and design, which is not the standard product the Company produces for sale, pricing will be based on the production cost plus a 20% profit margin

Condition 2: In the case of a regular sales order, in which the product model or design is already on sale, pricing will be based on sales price to distributors plus a 30% discount from the standard wholesales price

Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)		Necessity and Reasonableness
			31 Dec 20	31 Dec 19	
MHC	MODERN holds 95% of the paid up capital of MHC and common directors, Mr. Thaksa Busayapoka, Mr. Yothin Nerngchamnon and Mr. Kitipat Nerngchamnon	Sales of goods	0.6	1.2	MODERN and MHC recorded inter-related transactions due to their businesses relevant to furniture. The prices were reasonable with MODERN's clear pricing policy as mentioned above.
IHL	MODERN holds 4.76% of the paid up capital of IHL with Ms. Chutima Busayapoka sister of Mr. Thaksa Busayapoka acting as director of IHL and holds 20.65% of the paid up capital of IHL	Purchase of goods Trade accounts payable Sales of goods	11.5 1.6 0.1	12.7 4.2 0.2	MODERN bought tanned leather for furniture-making from IHL. The transaction price was found appropriate and it was also a market price offered to IHL's major of long-time customers.
IMC	MODERN holds 49.50% of the paid up capital of IMC and common directors Mr. Thaksa Busayapoka and Mr. Patana Usanachitt.	Purchase of goods Trade accounts payable Sales of goods Trade accounts receivable	11.7 0.7 13.5 0.3	16.0 6.7 11.6 0.1	MODERN bought furniture from IMC. The transaction price was found appropriate and it was also a market price offered to IMC's major of long-time customers.
WKS	MODERN holds 40% of paid up capital of WKS and common director Mr. Kitipat Nerngchamnon	Sales of goods Purchase of goods Trade accounts payable Trade accounts receivable	0.3 40.0 1.7 -	0.8 13.4 12.6 0.4	MODERN and WKS recorded inter-related transactions due to their business relevant to furniture. The prices were reasonable with MODERN's clear pricing policy as mentioned above.
BUD	MODERN holds 49% of paid up capital of BUD and common director Mr. Kitipat Nerngchamnon	Sales of goods Trade accounts receivable	1.0 1.0	- -	MODERN and BUD recorded inter-related transactions due to their business relevant to furniture. The prices were reasonable with MODERN's clear pricing policy as mentioned above.

2. Rental Transactions/Services or Rental Services/Property Services

Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)		Necessity and Reasonableness
			31 Dec 20	31 Dec 19	
MTC	MODERN holds 100% of the paid up capital of MTC and common directors Mr.Thaksa Busayapoka, Mr. Yothin Nerngchamrong and Mr. Somsak Varikam	Rent and service expenses Deposit (rent and services) Other trade accounts payable Service Fee (Internal Audit fee)	69.5 17.2 1.1 0.1	70.2 17.2 0.9 -	MODERN rented MTC's building space at appropriate rental fee and service fee, close to those MTC charged for general customers.
RFA	MODERN holds 75% of the paid up capital of RFA and common directors Mr.Thaksa Busayapoka with Ms. Sutheera Busayapoka daughter of Mr. Thaksa Busayapoka acting as director of RFA and holds 1% of the registered and of RFA	Service Fee	0.2	0.3	Financial and IT consultancy services
MHC	MODERN holds 95% of the paid up capital of MHC and common directors, Mr.Thaksa Busayapoka, Mr. Yothin Nerngchamrong and Mr. Kilipat Nerngchamrong	Service Fee	1.6	2.8	Financial, Human Resources and IT consultancy services
IMC	MODERN holds 49.50% of the paid up capital of IMC and common directors Mr. Thaksa Busayapoka and Mr. Patana Usanachitt	Service Fee	-	4.5	Financial, Sales and IT consultancy services

3. Acquisition and Liquidation of Assets (Stocks).

Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)		Necessity and Reasonableness
			31 Dec 20	31 Dec 19	
WKS	MODERN holds 40% of paid up capital of WKS and common director Mr. Kitipat Nemgchamnong	Additional investment in Workscape Co.,Ltd.	28	24	On November 12, 2020 the Board of Directors' Meeting passed a resolution to additional invest in Workscape Co.,Ltd. holds 40% of paid up capital Baht 70 million which amounts Baht 28 million.
BUD	MODERN holds 40% of paid up capital of BUD and common director Mr. Kitipat Nemgchamnong	Investment in Built Dee Co.,Ltd.	1.96	-	On November 12, 2019 the Board of Directors' Meeting passed a resolution to invest in Built Dee Co.,Ltd. holds 49% of paid up capital Baht 4 million with 40,000 ordinary shares at par value baht 100 which amounts Baht 1.96 million.

Note :	MODERN	=	Modernform Group Public Company Limited	Manufacturing and distributing furniture
	MTC	=	Modernform Tower Company Limited	Office rental
	RFA	=	Rafa Associates Company Limited	Provides design consulting services and supervises construction projects and holds shares in limited partnerships, limited companies and public companies (Holdings Company)
	MHC	=	Modernform Health and Care Public Company Limited	Manufacturing, importing and distributing furniture and products of Health
	IHL	=	Interhides Public Company Limited	Produce and sale leather
	IMC	=	Itoki Modernform Company Limited	Import and Export Office furniture
	WKS	=	Workspace Company Limited	Manufacturing and distributing furniture
	BUD	=	BuiltDee Company Limited	Manufacturing and distributing furniture

Financial Ratios (The Company Only)

		2020	2019	2018
LIQUIDITY RATIO				
Current ratio	(Times)	3.5	2.6	2.4
Quick ratio	(Times)	1.8	1.1	1.0
Cash from operating ratio	(Times)	0.4	0.4	0.02
Receivable turnover ratio	(Times)	5.9	4.8	5.3
Collection days	(Days)	61	74	68
Inventory turnover	(Times)	2.2	2.1	2.3
Average number of days sales	(Days)	165	174	159
Account payable turnover	(Times)	9.2	7.6	8.5
Payment days	(Days)	39	48	42
Cash Cycle	(Days)	187	200	185
PROFITABILITY RATIO				
Gross profit margin	(%)	28.8	31.9	30.0
Net profit margin	(%)	8.3	5.9	3.1
Return on total income	(%)	7.7	5.6	3.0
Return on equity	(%)	9.7	7.5	4.0
EFFICIENCY RATIO				
Return on total assets	(%)	6.8	5.1	2.8
Return on fixed assets	(%)	71.3	53.4	35.5
Assets turnover	(Times)	0.9	0.9	0.9
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(Times)	0.4	0.5	0.5
Interest payment ratio	(Times)	204.0	158.5	39.8
Dividend Payment	(%)	71.4	81.0	166.7

Remark : the calculation of gross profit margin and net profit margin will not calculate other service income included in service income such as consulting fee and internal audit fee.

Financial Ratios (Consolidation)

		2020	2019	2018
LIQUIDITY RATIO				
Current ratio	(Times)	2.9	2.3	2.1
Quick ratio	(Times)	1.4	1.0	1.0
Cash from operating ratio	(Times)	0.4	0.5	0.01
Receivable turnover ratio	(Times)	5.3	4.2	4.5
Collection days	(Days)	68	86	81
Inventory turnover	(Times)	1.8	1.7	1.9
Average number of days sales	(Days)	199	212	193
Account payable turnover	(Times)	9.1	7.0	7.3
Payment days	(Days)	40	52	49
Cash Cycle	(Days)	227	246	225
PROFITABILITY RATIO				
Gross profit margin	(%)	30.0	32.5	30.1
Operating profit	(%)	4.2	4.2	3.9
Quality of earnings	(%)	281.3	402.8	7.4
Net profit margin	(%)	4.8	4.1	4.2
Return on total income	(%)	4.7	4.0	4.0
Return on equity	(%)	6.1	5.3	5.5
EFFICIENCY RATIO				
Return on total assets	(%)	4.1	3.4	3.6
Return on fixed assets	(%)	31.2	27.3	27.5
Assets turnover	(Times)	0.9	0.9	0.9
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(Times)	0.4	0.6	0.6
Interest payment ratio	(Times)	75.4	68.3	11.4
Cash coverage	(Times)	2.5	2.4	0.03
Dividend Payment	(%)	105.3	100.0	111.1

Remark : the calculation of gross profit margin and net profit margin will not calculate other service income included in service income such as consulting fee and internal audit fee .

Management Discussion & Analysis

of a one-year performance as of end December 31, 2020

Industry Overview

Furniture Trend - Slowdown

The COVID-19 pandemic has caused severely impact on economic. A slowdown in real estate market, a strict loan from the financial institution, more cautious about consumers' spending are the consequences of COVID-19 spread. Furthermore, the current situation with Lockdown measures and work from home policy results in consumer behavior changed to online purchasing. Businesses need to adapt their operation to the New Normal era.

Company Overview

New Products Appearance & Brand Collaboration

The impact of COVID-19 pandemic has been affecting to global economy which is unpredictable recovery. According to Digital disruption, MODERN has adjusted company structure to become more flexible and also invest in other business to hedging main business dependence.

The company's sales quantity of residential furniture, office furniture and projects remains satisfied, however, the selling price contrasts due to market mechanism and business competition. MODERN has focused on products management and services in order to reduce costs more approachable, meanwhile the products remains good quality, fashionable design and taking technology to combine with the products. Recently, MODERN has collaborated with Xiaomi, a world famous brand of technology designs

Moderspace Series Set under the concept "Combined with life and technology to be one" (Seamless Connection Life and Technology).

Eventually, in 2020, MODERN has achieved 7 global awards; Red Dot Award is the one which certify the best design of products and enhance the product more valuable.

Financial Performance in 2020

Revenue decreased by 5.7 percent to Baht 2,923.5 million with gross profit margin of 30.0 percent, a decrease of 2.5 percent

MODERN and subsidiaries recorded Baht 2,923.5 million from sales, rental, service (excluded other service such as consulting and internal audit fee), architectural design service and construction, representing 5.7 percent decrease of Baht 178.0 million from the same period in 2019. The gross profit margin was at 30.0 percent, decreased of 2.5 percent from the same period in 2019.

Net profit equaled Baht 141.6 million, an Increase of 12.6 percent

In 2020, net profit of MODERN and subsidiaries amounted to Baht 141.6 million, an increase of 12.6 percent from the same period in 2019.

In 2020, MODERN received shares of incomes from investment in associate and subsidiary companies total Baht 81.0 million, an increase of 51.3 percent from the same period in 2019.

Business units and subsidiaries performance

(Unit : Million Baht)

Business Units	2020	2019	Increase (decrease)	%YoY
Office and Residential furniture business	2,133.4	2,186.5	(53.1)	(2.4)
Furniture fittings, solid surface, carpet tile and flooring business	386.7	514.3	(127.6)	(24.8)
Space rental and services business	89.5	88.0	1.5	1.7
Healthcare product and medical equipment business	283.9	270.0	13.9	5.1
Architectural design business	30.0	42.7	(12.7)	(29.7)
Total	2,923.5	3,101.5	(178.0)	(5.7)

Total revenue by business units 2,923.5 million a decrease of 5.7 percent

Office and residential furniture business

Sales decreased by 2.4 percent to Baht 2,133.4 million

In 2020, invoicing sales of office and residential furniture decreased by 2.4 percent from the same period in 2019 to Baht 2,133.4 million.

Furniture fittings, solid surface, carpet tile and wooden flooring business

Sales decreased by 24.8 percent to Baht 386.7 million

In 2020, sales of furniture fittings, solid surface, carpet tile and LVT flooring decreased by 24.8 percent from the same period in 2019 to Baht 386.7 million.

Space rental and services business

Rental and service income at Baht 89.5 million, an increase of 1.7 percent

In 2020, the business generated Baht 89.5 million rental and service (excluded other service) incomes, or 1.7 percent increase compared to the same period in 2019.

Healthcare product and medical equipment business

Revenues of Baht 283.9 million, an increase of 5.1 percent

In 2020, the business recorded revenues of Baht 283.9 million from sales, architectural design service and construction, an increase of 5.1 percent from the same period in 2019.

Architectural design business

Revenues of Baht 30.0 million, a decrease of 29.7 percent

In 2020, the architectural and landscape design business recorded revenue Baht 30.0 million or 29.7 percent decrease from the same period in 2019.

Financial status of MODERN and subsidiaries

Baht 677.3 million of cash and cash equivalents

As of December 31, 2020, MODERN and subsidiaries recorded Baht 677.3 million for cash and cash equivalents, increased by Baht 218.1 million. Consolidated shareholders' equity accounted for Baht 2,326.9 million, decreased by Baht 4.2 million from the end of 2019.

Baht 193.6 million of financial institution debts

MODERN and subsidiaries registered Baht 193.6 million of financial institution debts, decreased by Baht 0.3 million, compared to Baht 193.9 million at the end of 2019. The Company still maintains good liquidity and high retained earnings.

Ratio analysis

	2020	2019
Net profit margin (%)	4.8	4.1
Return on equity (%)	6.1	5.3
Return on total assets (%)	4.1	3.4
Debt to Equity ratio (Times)	0.4	0.6
Current ratio (Times)	2.9	2.3

Net profit margin 4.8 percent an increase of 0.7 percent

In 2020, net profit margin MODERN and subsidiaries amounted to 4.8 percent an increase of 0.7 percent, return on equity and return on total assets increase for the debt to Equity ratio decreased 0.2 time and current ratio increase 0.6 time due to higher Cash and Cash Equivalents.

Statement of Directors' Responsibility to Financial Statements

The Board of Directors of Modernform Group Public Company Limited is aware of its responsibility as director of a listed company in the Stock Exchange of Thailand to prepare separate financial statements and consolidated financial statements of its own and subsidiaries on the basis of the generally-accepted accounting principles upon appropriate accounting policy and practices, thorough discretion, reasonable estimates and adequate disclosure in notes to the financial statements for the benefit of shareholders and investors. The financial statements as of end of 2018 have been audited, certified and given an unconditional opinion by an independent certified public accountant.

The Board has appointed the Audit Committee consisting of three independent directors to supervise and

review the quality of the company's financial statements, internal control and auditing and disclosure of information in connected transactions. The Audit Committee's opinion is expressed in the Audit Committee's report to ensure that the information in the financial reports is prepared under the principles of good corporate governance

The Board of Directors is opinion that Modernform's internal control system is adequate and appropriate and reasonably underline the credibility and reliability of consolidated financial statements of the company itself and subsidiaries for the year that ended December 31, 2020 upon compliance with the generally-accepted accounting principles, relevant laws and regulations. Has passed the examination and gave unconditional opinion from the independent certified auditor of the company

(Mr.Thaksa Busayapoka)
Chairman

(Mr.Kitipat Nerngchamnong)
Chief Executive Director and President

Independent Auditor's Report

To the Shareholders of Modernform Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Modernform Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Modernform Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Modernform Group Public Company Limited and its subsidiaries and of Modernform Group Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 16 Leases and a set of TFRSs related to financial instruments. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Revenue recognition from sales

The Group recognises revenue as disclosed in the Note 5.1 to the financial statements. Since the Group has sales with a large number of customers and there are a variety of commercial terms. In addition, the economic slowdown has directly resulted in more intense competition in the furniture manufacturing industry. I have therefore considered the revenue recognition from sales as key audit matter and focused on the audit of occurrence and measurement of revenue recognition from sales.

I have examined the revenue recognition of the Group by

- Assessing and testing internal control of the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.

- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Allowance for diminution in value of inventories

Estimating the net realisable value of inventories, as disclosed in the Note 12 to the financial statement, is an area of significant management judgment, particularly with regard to the estimation of provision for obsolete inventories. This requires detailed analysis of the product life cycle, the competitive market environment. As a result, there is a risk that the provision set aside for diminution in the value of inventories will be inadequate amount, causing the Group shows overstate the value of inventories.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, and gaining an understanding of the control. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movement to identify product lines with indicators of lower than normal inventory turnover.
- Comparing the net income from sales occurring after the date of the financial statements to the cost of inventories for each product line.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The

annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for

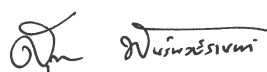
the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 25 February 2021

Statement of financial position

Modernform Group Public Company Limited and its subsidiaries

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	677,334,257	459,272,695	595,544,254	345,681,833
Current investments	9	-	30,288,240	-	30,288,240
Contract assets	10	95,845,038	122,984,604	70,022,834	90,450,740
Trade and other receivables	7, 11	387,620,669	579,903,243	298,484,334	519,142,621
Inventories	12	992,190,523	1,243,884,215	766,295,566	1,007,233,149
Other current financial assets	13	29,135,970	-	29,135,970	-
Other current assets		44,483,365	33,688,099	32,883,671	23,839,897
Total current assets		2,226,609,822	2,470,021,096	1,792,366,629	2,016,636,480
Non-current assets					
Other non-current financial assets	7, 13	218,515,438	-	224,572,822	-
Investments in available-for-sale securities	14	-	128,991,666	-	111,676,416
Investments in associates	7, 15	38,299,322	31,837,524	37,359,615	31,399,815
Investments in subsidiaries	16	-	-	403,849,004	403,849,004
Investment in joint venture	17	39,100,457	44,837,621	-	-
Other long-term investments	18	-	85,675,040	-	85,675,040
Investment properties	19	134,603,289	148,577,633	4,662,764	1,083,748
Property, plant and equipment	20	563,742,167	634,949,219	333,240,773	389,365,600
Right-of-use assets	26	57,500,577	-	164,615,368	-
Intangible assets	21	14,643,380	15,886,167	14,470,036	15,711,525
Deferred tax assets	33	40,577,565	46,252,838	31,093,977	35,841,418
Other non-current assets	7, 22	9,182,992	10,639,401	8,348,467	26,632,136
Total non-current assets		1,116,165,187	1,147,647,109	1,222,212,826	1,101,234,702
Total assets		3,342,775,009	3,617,668,205	3,014,579,455	3,117,871,182

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

Statement of financial position (continued)

Modernform Group Public Company Limited and its subsidiaries

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	23	193,561,467	193,866,783	-	535,463
Trade and other payables	7, 24	253,617,078	357,289,758	195,815,099	311,081,918
Current portion of long-term loans from financial institution	25	1,233,324	-	1,233,324	-
Unbilled payables		26,004,519	23,361,917	-	-
Contract liabilities	10	254,136,437	427,761,255	253,770,283	426,917,591
Current portion of lease liabilities	26	16,139,562	-	38,000,952	-
Income tax payable		12,869,194	36,681,823	5,594,225	29,470,449
Other current liabilities		20,675,483	21,750,122	13,216,687	14,984,506
Total current liabilities		778,237,064	1,060,711,658	507,630,570	782,989,927
Non-current liabilities					
Long-term loans from financial institution, net of current portion	25	1,850,014	-	1,850,014	-
Lease liabilities, net of current portion	26	42,411,619	-	132,861,580	-
Provision for long-term employee benefits	27	193,334,032	225,813,438	174,814,636	206,087,722
Total non-current liabilities		237,595,665	225,813,438	309,526,230	206,087,722
Total liabilities		1,015,832,729	1,286,525,096	817,156,800	989,077,649
Shareholders' equity					
Share capital					
Registered					
809,646,280 ordinary shares of Baht 1 each		809,646,280	809,646,280	809,646,280	809,646,280
Issued and paid-up					
750,000,000 ordinary shares of Baht 1 each		750,000,000	750,000,000	750,000,000	750,000,000
Share premium		733,566,600	733,566,600	733,566,600	733,566,600
Treasury stocks premium		145,956,164	145,956,164	145,956,164	145,956,164
Other surplus	28	8,026,634	8,026,634	16,675,836	16,675,836
Retained earnings					
Appropriated					
Statutory reserve - the Company	29	90,000,000	90,000,000	90,000,000	90,000,000
Statutory reserve - the subsidiaries	29	26,530,000	26,074,000	-	-
Unappropriated		643,699,513	647,690,296	539,668,282	476,083,888
Other components of shareholders' equity		(81,557,659)	(82,050,331)	(78,444,227)	(83,488,955)
Equity attributable to the owners of the Company		2,316,221,252	2,319,263,363	2,197,422,655	2,128,793,533
Non-controlling interests of the subsidiaries		10,721,028	11,879,746	-	-
Total shareholders' equity		2,326,942,280	2,331,143,109	2,197,422,655	2,128,793,533
Total liabilities and shareholders' equity		3,342,775,009	3,617,668,205	3,014,579,455	3,117,871,182

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

Income statement

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Sales	7, 30	2,701,599,976	2,876,209,052	2,520,668,944	2,703,423,358
Other income					
Rental income		39,670,637	37,837,265	807,000	315,000
Architectural design service income and construction income	30	117,585,921	125,140,711	-	-
Service income	7, 30	65,435,557	69,889,831	2,563,608	8,156,292
Dividend income	7	25,538,603	15,200,263	178,844,560	102,148,445
Gain on sales of investments		-	1,181,138	-	-
Others	7	37,072,462	52,078,317	24,315,040	46,628,023
		285,303,180	301,327,525	206,530,208	157,247,760
Total revenues		2,986,903,156	3,177,536,577	2,727,199,152	2,860,671,118
Expenses					
Cost of sales	7	1,927,715,789	1,963,160,362	1,794,526,164	1,840,762,800
Cost of rental and services		33,380,256	35,510,306	189,958	132,634
Cost of design services and construction		84,391,941	95,492,659	-	-
Selling and distribution expenses	7	423,280,877	486,902,729	484,479,302	538,910,504
Administrative expenses	7	310,263,867	368,947,630	202,248,987	259,272,244
Other expenses		20,495,265	22,069,067	17,677,201	16,892,267
Total expenses		2,799,527,995	2,972,082,753	2,499,121,612	2,655,970,449
Operating profit		187,375,161	205,453,824	228,077,540	204,700,669
Share of profit from investments in associates	15	501,998	341,735	-	-
Share of loss from investment in joint venture	17	(5,737,163)	(12,159,851)	-	-
Finance income		4,369,474	3,715,313	4,608,758	2,965,004
Finance cost	31	(12,870,198)	(12,839,702)	(14,084,376)	(5,773,573)
Profit before income tax expenses		173,639,272	184,511,319	218,601,922	201,892,100
Income tax expenses	33	(31,690,885)	(61,625,976)	(8,851,871)	(41,735,809)
Profit for the year		141,948,387	122,885,343	209,750,051	160,156,291
Profit (loss) attributable to:					
Equity holders of the Company		141,614,343	125,713,859	209,750,051	160,156,291
Non-controlling interests of the subsidiaries		334,044	(2,828,516)		
		141,948,387	122,885,343		
Earnings per share	34				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.19	0.17	0.28	0.21

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

Statement of comprehensive income

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit for the year		141,948,387	122,885,343	209,750,051	160,156,291
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Loss on change in value of available-for-sale investments					
- net of income tax		-	(84,031,981)	-	(84,968,364)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Gain (loss) on change in value of equity investments designated at fair value through other comprehensive income					
- net of income tax		(1,024,681)	-	5,044,728	-
Actuarial gain for post-employment benefits plan					
- net of income tax	27	21,890,643	9,534,015	20,849,031	9,987,158
Other comprehensive income for the year		20,865,962	(74,497,966)	25,893,759	(74,981,206)
Total comprehensive income for the year		162,814,349	48,387,377	235,643,810	85,175,085
Total comprehensive income attributable to:					
Equity holders of the Company		163,973,067	51,215,893	235,643,810	85,175,085
Non-controlling interests of the subsidiaries		(1,158,718)	(2,828,516)		
		162,814,349	48,387,377		

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

Statement of changes in shareholders' equity

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Note	Issued and paid-up share capital	Share premium	Other surplus	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	Total shareholders' equity
					Appropriated statutory reserve	Unappropriated	Surplus (deficit) on changes in value of available-for-sale investments	Gain loss on investments measured at FVOCI	Total other components of shareholders' equity			
Balance as at 1 January 2019		750,000,000	879,522,764	8,026,634	116,074,000	624,942,702	1,981,650	-	1,981,650	2,380,547,750	18,046,047	2,398,593,797
Profit (loss) for the year		-	-	-	-	125,713,859	-	-	-	125,713,859	(2,828,516)	122,885,343
Other comprehensive income for the year		-	-	-	-	9,534,015	(84,031,981)	-	(84,031,981)	(74,497,966)	-	(74,497,966)
Total comprehensive income for the year		-	-	-	-	135,247,874	(84,031,981)	-	(84,031,981)	51,215,893	(2,828,516)	48,387,377
Capital return to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	(3,337,785)	(3,337,785)
Dividend paid	37	-	-	-	-	(112,500,280)	-	-	-	(112,500,280)	-	(112,500,280)
Balance as at 31 December 2019		750,000,000	879,522,764	8,026,634	116,074,000	647,690,296	(82,050,331)	-	(82,050,331)	2,319,263,363	11,879,746	2,331,143,109
Balance as at 1 January 2020		750,000,000	879,522,764	8,026,634	116,074,000	647,690,296	(82,050,331)	-	(82,050,331)	2,319,263,363	11,879,746	2,331,143,109
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	4	-	-	-	-	(39,514,938)	82,050,331	(82,050,331)	-	(39,514,938)	-	(39,514,938)
Balance as at 1 January 2020 - as restated		750,000,000	879,522,764	8,026,634	116,074,000	608,175,358	-	(82,050,331)	(82,050,331)	2,279,748,425	11,879,746	2,291,628,171
Profit for the year		-	-	-	-	141,614,343	-	-	-	141,614,343	334,044	141,948,387
Other comprehensive income for the year		-	-	-	-	21,866,052	-	492,672	492,672	22,358,724	(1,492,762)	20,865,962
Total comprehensive income for the year		-	-	-	-	163,480,395	-	492,672	492,672	163,973,067	(1,158,718)	162,814,349
Statutory reserve	29	-	-	-	456,000	(456,000)	-	-	-	-	-	-
Dividend paid	37	-	-	-	-	(127,500,240)	-	-	-	(127,500,240)	-	(127,500,240)
Balance as at 31 December 2020		750,000,000	879,522,764	8,026,634	116,530,000	643,699,513	-	(81,557,659)	(81,557,659)	2,316,221,252	10,721,028	2,326,942,280

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

Statement of changes in shareholders' equity

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

Separate financial statements									
Note	Issued and paid-up share capital	Share premium	Other surplus	Other components of shareholders' equity					
				Retained earnings		Other comprehensive income		Total other components of shareholders' equity	Total shareholders' equity
				Appropriated statutory reserve	Unappropriated	Surplus (deficit) on changes in value of available-for-sale investments	Gain loss on investments measured at FVOCI		
	750,000,000	879,522,764	16,675,836	90,000,000	418,440,439	1,479,409	-	1,479,409	2,156,118,448
	-	-	-	-	160,156,291	-	-	-	160,156,291
	-	-	-	-	9,987,158	(84,968,364)	-	(84,968,364)	(74,981,206)
	-	-	-	-	170,143,449	(84,968,364)	-	(84,968,364)	85,175,085
37	-	-	-	-	(112,500,000)	-	-	-	(112,500,000)
	750,000,000	879,522,764	16,675,836	90,000,000	476,083,888	(83,488,955)	-	(83,488,955)	2,128,793,533
	750,000,000	879,522,764	16,675,836	90,000,000	476,083,888	(83,488,955)	-	(83,488,955)	2,128,793,533
	-	-	-	-	(39,514,938)	83,488,955	(83,488,955)	-	(39,514,938)
4	750,000,000	879,522,764	16,675,836	90,000,000	436,568,950	-	(83,488,955)	(83,488,955)	2,089,278,595
	-	-	-	-	209,750,051	-	-	-	209,750,051
	-	-	-	-	20,849,031	-	5,044,728	5,044,728	25,893,759
	-	-	-	-	230,599,082	-	5,044,728	5,044,728	235,643,810
37	-	-	-	-	(127,499,750)	-	-	-	(127,499,750)
	750,000,000	879,522,764	16,675,836	90,000,000	539,668,282	-	(78,444,227)	(78,444,227)	2,197,422,655

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

Statement of cash flows

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	173,639,272	184,511,319	218,601,922	201,892,100
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	107,863,433	104,968,490	99,601,914	72,208,946
Written-off equipment and intangible assets	2,713,640	1,282,158	2,713,966	1,275,044
Allowance for doubtful accounts	-	6,128,463	-	274,596
Reversal of impairment loss on financial assets	(19,123,378)	-	(16,858,549)	-
Bad debt recovery	-	(13,468,042)	-	(12,514,225)
Allowance of diminution in value of inventories	17,584,618	34,094,250	19,746,413	32,022,875
Allowance for impairment of unbilled receivables	-	1,024,500	-	-
Impairment loss on non-financial assets	759,367	-	1,945,846	-
Share of profit from investments in associates	(501,998)	(341,735)	-	-
Share of loss from investment in joint venture	5,737,163	12,159,851	-	-
Change of investment in joint venture	-	1,150,445	-	-
Loss (gain) on sales of property, plant and equipment	2,654,753	(923,100)	2,657,546	(823,856)
Loss on revaluation of current investments	-	31,437,936	-	31,437,936
Loss on fair value adjustments of financial assets	1,152,270	-	1,152,270	-
Difference of discount from lease agreements	305,555	-	377,034	-
Gain on sales of investments in available-for-sale securities	-	(1,181,138)	-	-
Long-term employee benefit expenses	53,964,162	71,761,369	51,338,297	66,025,216
Dividend income	(25,538,603)	(15,200,263)	(178,844,560)	(102,148,445)
Finance income	(4,369,474)	(3,715,313)	(4,608,758)	(2,965,004)
Finance cost	12,870,198	12,839,702	14,084,376	5,773,573
Profit from operating activities before changes in operating assets and liabilities	329,710,978	426,528,892	211,907,717	292,458,756
(Increase) decrease in operating assets				
Trade and other receivables	185,376,761	210,402,166	211,487,645	98,097,210
Inventories	234,109,074	(30,225,444)	221,191,170	(44,076,714)
Contract assets	16,915,338	(8,498,749)	9,017,199	(8,991,569)
Other current assets	(12,441,911)	8,756,094	(11,196,870)	7,102,193
Other non-current financial assets	448,785	-	1,257,201	-
Other assets	(5,829,795)	1,194,576	(5,818,195)	1,112,835
Increase (decrease) in operating liabilities				
Trade and other payables	(102,543,025)	(43,860,205)	(115,819,534)	12,690,552
Other current liabilities	(177,066,950)	33,807,950	(177,429,794)	33,002,424
Provision for long-term employee benefits	(59,080,264)	(10,324,795)	(56,550,095)	(10,324,795)
Cash flows from operating activities	409,598,991	587,780,485	288,046,444	381,070,892
Interest paid	(5,430,949)	(8,606,996)	(1,412,336)	(2,403,552)
Corporate income tax paid	(55,507,932)	(60,168,753)	(33,192,911)	(38,480,268)
Tax refund	-	2,260,532	-	-
Net cash flows from operating activities	348,660,110	521,265,268	253,441,197	340,187,072

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

Statement of cash flows (continued)

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Cash paid for purchase of current investments	-	(6,774,624)	-	(6,774,624)
Cash paid for purchase of investments in available-for-sale securities	-	(6,154,183)	-	-
Share subscription in associates	(5,959,800)	(24,000,000)	(5,959,800)	(24,000,000)
Share subscription in joint venture	-	(20,000,000)	-	-
Cash repayment from capital return to non-controlling interests of subsidiary	-	(3,337,785)	-	-
Cash paid for purchase of other long-term investments	-	(44,000,000)	-	(44,000,000)
Cash receipt from share capital reduction of investment measured at fair value through profit or loss	101,589	-	-	-
Cash receipt from share capital reduction of investments in available-for-sale securities	-	107,650	-	-
Cash receipt from sales of investments in available-for-sale securities	-	8,705,522	-	-
Dividend received from investment measured at fair value through other comprehensive income	5,563,553	-	4,870,000	-
Dividend received from investment measured at fair value through profit or loss	19,975,050	-	19,975,050	-
Dividend received from investments in available-for-sale securities and current investments	-	15,200,263	-	14,148,725
Dividend received from investment in subsidiary	-	-	153,999,510	87,999,720
Cash paid for purchase of property, plant and equipment and investment property	(13,904,540)	(12,839,995)	(11,877,918)	(10,834,464)
Cash paid for purchase of computer software	(1,287,441)	(5,462,910)	(1,225,441)	(5,322,860)
Cash receipt from disposal of property, plant and equipment	1,050,014	1,189,338	1,047,210	1,085,604
Interest received	3,856,598	3,715,313	3,201,742	2,965,004
Net cash flows from (used in) investing activities	9,395,023	(93,651,411)	164,030,353	15,267,105
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(305,316)	(152,836,570)	(535,463)	(87,494,970)
Cash receipt from long-term loan from financial institution	3,700,000	-	3,700,000	-
Repayment of long-term loans	(616,662)	-	(616,662)	-
Cash payment for lease liabilities	(15,271,353)	-	(42,657,254)	-
Dividend paid	(127,500,240)	(112,500,280)	(127,499,750)	(112,500,000)
Net cash flows used in financing activities	(139,993,571)	(265,336,850)	(167,609,129)	(199,994,970)
Net increase in cash and cash equivalents	218,061,562	162,277,007	249,862,421	155,459,207
Cash and cash equivalents at beginning of year	459,272,695	296,995,688	345,681,833	190,222,626
Cash and cash equivalents at end of year (Note 8)	677,334,257	459,272,695	595,544,254	345,681,833

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

Statement of cash flows (continued)

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Supplement cash flows information				
Non-cash items consist of:				
Increase (decrease) in payables from purchase of assets	330,204	(544,909)	552,715	(673,508)
Increase in liabilities from lease agreements	6,406,719	-	941,054	-
Unrealised loss on change in the value of investment				
- net of income tax	-	(84,031,981)	-	(84,968,364)
Unrealised gain (loss) on investment measured at fair value through				
other comprehensive income - net of income tax	(1,024,681)	-	5,044,728	-
Actuarial gain from post-employment benefits plan - net of income tax	21,890,643	9,534,015	20,849,031	9,987,158
Decrease in right-of-use from discount of lease agreements	(2,584,405)	-	(2,934,463)	-

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

Notes to consolidated financial statements

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2020

1. General information

1.1 General information of the Company

Modernform Group Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of residential and office furniture and its registered address is 699 Srinakarindr Road, Phatthanakan, Suan Luang, Bangkok. The Company has a total of 11 branches located in Bangkok and other provinces.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Modernform Group Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020 %	2019 %
<u>Held by the Company</u>				
Modernform Tower Company Limited	Rental office space	Thailand	100	100
Modernform Health & Care Public Company Limited	Distribution of health & care products and construction	Thailand	95	95
Rafa Associates Company Limited	Landscape and interior design services	Thailand	75	75
<u>Held by Rafa Associates Company Limited</u>				
Rafa Plus Architect Limited	Architectural engineering design	Thailand	75	75
Rafa Design Office Company Limited	Landscape architecture design	Thailand	75	75

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that effect the amount of its returns.
- c) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, present investments in subsidiaries, joint venture and associates under the cost method.

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. They also include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

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

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

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.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, fair value measurement of investments in unquoted equity instruments, impairment of assets and reversal of deferred tax assets.

In the fourth quarter of 2020, the Group has assessed some of the financial impacts relating to the valuation of assets, including deferred tax assets of the uncertainties of the COVID-19 Pandemic. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the temporary relief measures on all accounting alternatives which the Group had adopted in the past period, with no significant impact on the Group's financial statements.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current investments	30,288	(30,288)	-	-
Trade and other receivables	579,903	(116,320)	-	463,583
Other current financial assets	-	30,288	-	30,288
Other current assets	33,688	76,805	(616)	109,877
Non-current assets				
Other non-current financial assets	-	221,952	-	221,952
Investments in available-for-sale securities	128,991	(128,991)	-	-
Other long-term investments	85,675	(85,675)	-	-
Property, plant and equipment	634,949	-	(1,105)	633,844
Right-of-use assets	-	-	67,527	67,527
Other non-current assets				
- Deposit	7,286	(7,286)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	12,155	12,155
Other current liabilities	21,750	-	(786)	20,964
Non-current liabilities				
Lease liabilities - net of current portion	-	-	54,437	54,437
Shareholders' equity				
Retained earnings - unappropriated	647,690	(39,515)	-	608,175

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	Financial reporting standards related			
	31 December 2019	to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current investments	30,288	(30,288)	-	-
Trade and other receivables	519,143	(110,272)	-	408,871
Other current financial assets	-	30,288	-	30,288
Other current assets	23,839	70,757	(616)	93,980
Non-current assets				
Other non-current financial assets	-	221,453	-	221,453
Investments in available-for-sale securities	111,676	(111,676)	-	-
Other long-term investments	85,675	(85,675)	-	-
Right-of-use assets	-	-	205,595	205,595
Other non-current assets				
- Deposit	24,102	(24,102)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	34,640	34,640
Non-current liabilities				
Lease liabilities - net of current portion	-	-	170,339	170,339
Shareholders' equity				
Retained earnings - unappropriated	476,084	(39,515)	-	436,569

4.1 Financial instruments

- a) Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statement
Recognition of an allowance for expected credit losses on financial assets	(39,515)	(39,515)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(39,515)	(39,515)

- b) The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	459,273	-	-	459,273	459,273
Other current financial assets	30,288	30,288	-	-	30,288
Contract assets - retention receivables	91,152	-	-	91,152	91,152
Trade and other receivables	503,098	-	-	463,583	463,583
Other non-current financial assets	221,952	102,990	111,676	7,286	221,952
Total financial assets	1,305,763	133,278	111,676	1,021,294	1,266,248

(Unit: Thousand Baht)

	Separate financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	345,682	-	-	345,682	345,682
Other current financial assets	30,288	30,288	-	-	30,288
Contract assets - retention receivables	90,451	-	-	90,451	90,451
Trade and other receivables	448,386	-	-	408,871	408,871
Other non-current financial assets	221,453	85,675	111,676	24,102	221,453
Total financial assets	1,136,260	115,963	111,676	869,106	1,096,745

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statement
Operating lease commitments as at 31 December 2019	196,074	180,665
Add: Option to extend lease term and purchase option	47,924	148,376
Less: Contracts reassessed as service agreements	(168,391)	(92,249)
Less: Deferred interest expenses	(9,801)	(31,813)
Increase in lease liabilities due to TFRS 16 adoption	65,806	204,979
Liabilities under finance lease agreements as at 31 December 2019	786	-
Lease liabilities as at 1 January 2020	66,592	204,979
Comprise of:		
Current lease liabilities	12,155	34,640
Non-current lease liabilities	54,437	170,339
	66,592	204,979
Weighted average incremental borrowing rate (percent per annum)	5.802	5.775

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statement
Buildings and building improvement	66,422	205,595
Motor vehicles	1,105	-
Total right-of-use assets	67,527	205,595

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon 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 returns, discounts, allowances and price promotions to customers.

Rendering of rental

Rental income is recognised on a straight-line basis over the lease term.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Rendering of architectural design services and construction

Service income from architectural design and construction contracts are recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the subsidiaries' engineers or project managers.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Contract asset - Unbilled receivables" in the statement of financial position.

The obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Contract liability - Advances received from customers" in the statement of financial position.

Interest income

Accounting policy adopted since 1 January 2020

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Accounting policies adopted before 1 January 2020

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.2 Cost of construction services and expenses

In determining cost of construction services of the subsidiary, the total anticipated construction costs are attributed to each construction projects (comparing to actual cost) and then recognised as cost of services in profit or loss on the basis of percentage of completion.

The recognised cost of construction which have not yet been due have been shown under the caption of “Unbilled payable” in the statements of financial position.

The actual cost of construction incurred but not yet recognised as cost of services in profit or loss has been regarded as “Construction in progress” in the statements of financial position.

Construction in progress includes the cost of raw material, direct labour and other expenses incurred for each project. Such construction in progress is valued at the lower of cost or net realisable value.

Expenses are recognised on an accrual basis.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.4 Balances of contracts with customers

Contract assets

The subsidiaries recognises contract asset when cumulative revenue earned exceed the billings to date. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional, i.e. services are completed and delivered to the customer.

Contract liabilities

The Group recognises contract liability when the billings to date exceed the cumulative revenue earned and the Group has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when their performance obligations under the contracts are fulfilled.

5.5 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Trade finished goods are valued at the lower of average cost and net realisable value.

Raw materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

5.6 Cost to obtain a contract

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs.

5.7 Investments in subsidiaries, joint venture and associates

- a) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements at cost less provision for impairment of investments (if any).

5.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 15 and 30 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.9 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

	<u>Useful lives</u>	
Land improvement	5 - 20	years
Buildings	20	years
Building improvement	5 - 20	years
Leasehold improvement	5	years
Machinery	5 - 11	years
Furniture and equipment	5 - 10	years
Vehicles	5 - 10	years
Other equipment	3 - 20	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.10 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings and building improvement	6	years
Vehicles	5	years

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate.

The Group discounted the present value of the lease payments by the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term or a change in the lease payments.

Short-term leases and leases of low-value assets

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

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.11 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible asset with finite useful lives is as follow:

	<u>Useful lives</u>
Computer software	5 - 10 years

5.12 Related party transactions

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

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

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

Salary, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

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

5.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.17 Income tax

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

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

5.18 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting policies adopted before 1 January 2020

Trade and other receivables

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

Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

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

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.19 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as current assets or current liabilities if the remaining maturity of the instrument is less than 12 months and it is not due to be realised or settled within 12 months.

5.20 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

6.1 Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6.2 Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

6.3 Allowance for diminution in value of inventories

In determining an allowance for diminution in value of inventories, the management needs to exercise judgment in making estimates based upon the condition of goods and the duration such goods have remained in stock.

6.4 Allowance for loss of construction project

The subsidiary recognises an allowance for loss of construction project in full upon the project incurs losses.

6.5 Fair value of financial instruments

In determining the fair value of financial instruments disclosed in the note to financial statement that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value disclosed in the notes to financial statements and disclosures of fair value hierarchy.

6.6 Property, plant and equipment and investment property/Depreciation

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

In addition, the management is required to review property, plant and equipment and investment property for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.7 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

6.8 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determining is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

Details of relationships of the Group to related person or related parties are as follows.

<u>Name of entities</u>	<u>Nature of relationships</u>
Modernform Health & Care Public Company Limited	Subsidiary
Modernform Tower Company Limited	Subsidiary
Rafa Associates Company Limited	Subsidiary
Rafa Plus Architect Limited	Subsidiary (Holding by subsidiary)
Rafa Design Office Company Limited	Subsidiary (Holding by subsidiary)
Itoki Modernform Company Limited	Associate
Workspace Company Limited	Associate
BuiltDee Company Limited	Associate
UICC Company Limited	Joint venture (Holding by subsidiary)
Interhides Public Company Limited	Shareholder and director is related to the Company's management
Related person	Director, executive officer and related person with director and executive officer

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u> (Eliminated from the consolidated financial statements)					
Sales of goods	-	-	0.6	1.2	Close to market price
Services income	-	-	2.1	3.3	Contract price
Rental expenses and related service fees	-	-	69.5	70.2	Baht 325 to Baht 500 per square meter per month for showroom Baht 380 per square meter per month for office unit
Dividend received	-	-	154.0	88.0	As declared
<u>Transactions with associates</u>					
Sales of goods	15.0	17.4	14.8	12.4	Close to market price
Purchases of goods	51.6	29.4	51.6	29.4	Close to market price
Services income	0.5	5.5	0.5	4.5	Contract price
Rental income and related service fees	2.1	1.6	0.5	-	Close to market price
Purchase of investment in associate	6.0	24.0	6.0	24.0	Agreed price
<u>Transactions with joint venture</u>					
Sales of goods	0.3	3.2	-	-	Close to market price
Services income	0.3	2.1	-	-	Contract price
Purchase of investment in joint venture	-	20.0	-	-	Agreed price
<u>Transactions with related company</u>					
Sales of goods	-	0.2	-	0.2	Close to market price
Purchases of goods	11.5	12.7	11.5	12.7	Close to market price
Dividend income	2.8	12.5	2.8	12.5	As declared

As at 31 December 2020 and 2019, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade receivables (Note 11)				
Associates:				
Itoki Modernform Company Limited	288	119	288	119
Workscope Company Limited	-	425	-	425
BuiltDee Company Limited	1,020	-	1,020	-
Joint venture:				
UICC Company Limited	22	218	-	-
Related company:				
Interhides Public Company Limited	-	39	-	39
Total	1,330	801	1,308	583
Other receivables (Note 11)				
Subsidiaries:				
Modernform Health & Care Public Company Limited	-	-	10	6
Modernform Tower Company Limited	-	-	10	6
Rafa Plus Architect Limited	-	-	1	-
Rafa Design Office Company Limited	-	-	1	-
Associates:				
Itoki Modernform Company Limited	19	19	-	1
Workscope Company Limited	5	7	5	7
BuiltDee Company Limited	13	-	13	-
Joint venture:				
UICC Company Limited	1	4	1	4
Total	38	30	41	24
Other non-current assets - deposits (Note 22)				
Subsidiary:				
Modernform Tower Company Limited	-	-	-	17,170
Other non-current financial assets - deposits (Note 13)				
Subsidiary:				
Modernform Tower Company Limited	-	-	15,977	-
Trade and other payables (Note 24)				
Subsidiaries:				
Modernform Health & Care Public Company Limited	-	-	-	3
Modernform Tower Company Limited	-	-	1,145	867
Associates:				
Itoki Modernform Company Limited	737	6,745	737	6,745
Workscope Company Limited	1,724	12,592	1,724	12,592
Related company:				
Interhides Public Company Limited	1,597	4,193	1,597	4,193
Total	4,058	23,530	5,203	24,400
Other current liabilities				
Associate:				
Itoki Modernform Company Limited	447	447	-	-

Directors and management's remuneration

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	66	70	50	52
Post-employment benefits	4	7	3	4
Total	70	77	53	56

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	617	643	551	574
Bank deposits	676,717	458,630	594,993	345,108
Total	677,334	459,273	595,544	345,682

As at 31 December 2020, bank deposits carried interests between 0.05% to 0.50% per annum (2019: between 0.22% to 1.25% per annum).

9. Current investments

(Unit: Thousand Baht)

	31 December 2019	
	Consolidated financial statements	Separate financial statements
Trading securities		
Cost	63,591	63,591
Loss on changes in value of investments	(33,303)	(33,303)
Total trading securities - fair value	30,288	30,288

10. Contract assets/Contract liabilities

Contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Contract assets				
Unbilled receivables	27,950	35,942	-	-
Less: Allowance for expected credit losses (2019: Allowance for impairment losses)	(2,923)	(4,109)	-	-
Total unbilled receivables - net	25,027	31,833	-	-
Retention receivables	82,228	91,152	81,433	90,451
Less: Allowance for expected credit losses (2019: Allowance for impairment losses)	(11,410)	-	(11,410)	-
Total retention receivables - net	70,818	91,152	70,023	90,451
Total contract assets - net	95,845	122,985	70,023	90,451
Contract liabilities				
Customer deposits	(254,136)	(427,761)	(253,770)	(426,918)
Total contract liabilities	(254,136)	(427,761)	(253,770)	(426,918)

11. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade receivables - related parties				
Age on the basis of due dates				
Not yet due and past due				
Up to 3 months	1,330	801	1,308	583
Total trade receivables - related parties	1,330	801	1,308	583
Trade receivables - unrelated parties				
Age on the basis of due dates				
Not yet due and past due				
Up to 3 months	311,541	421,050	231,539	379,342
Past due				
3 - 6 months	60,680	23,690	59,308	23,209
6 - 12 months	16,739	7,440	14,385	7,139
Over 12 months	65,989	112,071	51,386	88,616
Total	454,949	564,251	356,618	498,306
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(75,423)	(68,516)	(60,847)	(51,676)
Total trade receivables - unrelated parties, net	379,526	495,735	295,771	446,630
Other receivables				
Advances	748	77,592	748	71,544
Accrued income - related parties	19	18	9	1
Accrued income - unrelated parties	2,624	2,673	44	51
Other receivables - related parties	19	12	32	23
Other receivables - unrelated parties	3,355	3,072	572	311
Total	6,765	83,367	1,405	71,930
Trade and other receivables - net	387,621	579,903	298,484	519,143

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	108,031	91,191
Provision for expected credit losses	(15,309)	(18,639)
Amount written off	(7,617)	(6,036)
Amount recovered	(9,682)	(5,669)
As at 31 December 2020	75,423	60,847

12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2020	2019	2020	2019	2020	2019
Finished goods	900,002	1,106,970	(166,397)	(155,499)	733,605	951,471
Work in process	57,264	68,706	(5,028)	(4,942)	52,236	63,764
Raw materials	178,988	184,261	(62,135)	(55,534)	116,853	128,727
Goods for showroom	61,402	62,307	-	-	61,402	62,307
Goods in transit	23,997	32,720	-	-	23,997	32,720
Other supplies	4,098	4,895	-	-	4,098	4,895
Total	1,225,751	1,459,859	(233,560)	(215,975)	992,191	1,243,884

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2020	2019	2020	2019	2020	2019
Finished goods	674,673	850,304	(145,689)	(132,630)	528,984	717,674
Work in process	48,260	68,436	(5,028)	(4,942)	43,232	63,494
Raw materials	178,988	184,261	(62,135)	(55,534)	116,853	128,727
Goods for showroom	57,679	60,412	-	-	57,679	60,412
Goods in transit	15,450	32,031	-	-	15,450	32,031
Other supplies	4,098	4,895	-	-	4,098	4,895
Total	979,148	1,200,339	(212,852)	(193,106)	766,296	1,007,233

During the current year, the Group reduced cost of inventories by Baht 18 million (2019: Baht 34 million) (The Company only: Baht 20 million, 2019: Baht 32 million) to reflect the net realisable value. This was included in cost of sales.

13. Other financial assets

(Unit: Thousand Baht)

	31 December 2020	
	Fair value / Amortised cost	
	Consolidated financial statements	Separate financial statements
Current financial assets		
<u>Fair value</u>		
<u>Financial assets at FVTPL</u>		
Listed equity investments	29,136	29,136
Total financial assets at FVTPL	29,136	29,136
Total current financial assets	29,136	29,136
Non-current financial assets		
<u>Fair value</u>		
<u>Financial assets at FVTPL</u>		
Non-listed equity investments	83,600	83,600
Total financial assets at FVTPL	83,600	83,600
<u>Financial assets at FVOCI</u>		
Listed equity investments	116,721	116,721
Investments in unit trusts	10,844	-
Total financial assets at FVOCI - net	127,565	116,721
<u>Amortised cost</u>		
<u>Financial assets at amortised cost</u>		
Deposit	7,350	24,252
Total financial assets at amortised cost	7,350	24,252
Total other non-current financial assets - net	218,515	224,573

Financial instruments designated at fair value through other comprehensive income which the Group intend to hold for long-term and for strategic purpose are as follows:

(Unit: Thousand Baht)

Investment sector	31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Fair value	Dividend	Fair value	Dividend
<u>Listed equity instruments</u>				
Information & communication technology	39,196	2,870	39,196	2,870
Industrials	70,800	2,000	70,800	2,000
Consumer products	6,725	-	6,725	-
Total listed equity instruments	116,721	4,870	116,721	4,870
<u>Investments in unit trusts</u>				
Service	1,080	36	-	-
Property & construction	5,035	194	-	-
Energy & utilities	595	42	-	-
Property & construction	4,134	421	-	-
Total investments in unit trusts	10,844	693	-	-
Total financial instruments designated at fair value through other comprehensive income	127,565	5,563	116,721	4,870

14. Investments in available-for-sale securities

(Unit: Thousand Baht)

	31 December 2020	
	Consolidated financial statements	Separate financial statements
Listed securities - cost	209,124	193,638
Deficit on changes in value of investments	(80,132)	(81,962)
Total investments in available-for-sale securities - net	128,992	111,676

15. Investments in associates

15.1 Details of associates:

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2020 (%)	2019 (%)	2020 (Thousand Baht)	2019 (Thousand Baht)	2020 (Thousand Baht)	2019 (Thousand Baht)
Itoki Modernform Company Limited	Interior design and distribution of furniture	Thailand	49.5	49.5	14,850	14,850	7,236	7,653
Workscape Company Limited	Manufacture and distribution of furniture	Thailand	40.0	40.0	28,000	24,000	29,539	24,185
BuiltDee Company Limited	Manufacture and distribution of furniture	Thailand	49.0	-	1,960	-	1,524	-
Total					44,810	38,850	38,299	31,838

Company	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2020 (%)	2019 (%)	2020 (Thousand Baht)	2019 (Thousand Baht)	2020 (Thousand Baht)	2019 (Thousand Baht)	2020 (Thousand Baht)	2019 (Thousand Baht)
Itoki Modernform Company Limited	Interior design and distribution of furniture	Thailand	49.5	49.5	14,850	14,850	(7,450)	(7,450)	7,400	7,400
Workscape Company Limited	Manufacture and distribution of furniture	Thailand	40.0	40.0	28,000	24,000	-	-	28,000	24,000
BuiltDee Company Limited	Manufacture and distribution of furniture	Thailand	49.0	-	1,960	-	-	-	1,960	-
Total					44,810	38,850	(7,450)	(7,450)	37,360	31,400

On 12 November 2020, the Board of Directors meeting No.6/2020 of the Company passed a resolution approving an additional investment in Workscape Company Limited amounting to Baht 4 million. The Company has held 40% of issued and paid up capital at Baht 100 per share, totaling Baht 28 million.

On 12 November 2019, the Board of Directors meeting No.7/2019 of the Company passed a resolution approving an investment in BuiltDee Company Limited which engaged in the manufacturing and distribution of furniture with a registered share capital comprised of 40,000 shares at Baht 100 per share, totaling Baht 4 million. The Company has invested 49% of paid up capital and paid for such share subscription totaling Baht 1.96 million during the year 2020.

15.2 Share of profit (loss) from investments in associates

During the years, the Company has recognised its share of profit (loss) from investments in associates in the financial statements as follows:

(Unit: Thousand Baht)

Company	Consolidated financial statements	
	Share of profit (loss) from investments	
	in associates	
	For the years ended 31 December	
	2020	2019
Itoki Modernform Company Limited	(417)	157
Workscope Company Limited	1,355	185
BuiltDee Company Limited	(436)	-
Total	502	342

15.3 Summarised financial information of associates

Financial information of associates as included in the consolidated financial statements is summarised below:

Summarised information about financial position

(Unit: Thousand Baht)

	Itoki Modernform Company Limited		Workscope Company Limited		BuiltDee Company Limited	
	2020	2019	2020	2019	2020	2019
Current assets	35	48	67	112	9	-
Non-current assets	1	2	50	26	4	-
Current liabilities	(17)	(30)	(38)	(75)	(7)	-
Non-current liabilities	(4)	(3)	(3)	(2)	(2)	-
Net assets	15	17	76	61	4	-
Shareholding percentage (%)	49.5	49.5	40.0	40.0	49.0	-
Share of net assets	7	8	30	24	2	-
Carrying amounts of associates based on equity method	7	8	30	24	2	-

Summarised information about income statement

(Unit: Thousand Baht)

	Itoki Modernform Company Limited		Workscope Company Limited		BuiltDee Company Limited	
	For the year ended		For the year ended		For the period as from 27 February 2019	
	31 December		31 December		to 31 December	
	2020	2019	2020	2019	2019	2020
Revenue	82	127	170	161	7	
Profit (loss)	(1)	3	2	4	(1)	

16. Investments in subsidiaries

16.1 Details of investments in subsidiaries as presented in separate financial statements

Company	Paid-up capital		Shareholding percentage		Cost		Dividend received	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Modernform Tower Company Limited	220	220	100	100	219,899	219,899	154,000	88,000
Modernform Health & Care Public Company Limited	150	150	95	95	175,400	175,400	-	-
Rafa Associates Company Limited	15	15	75	75	8,550	8,550	-	-
Total					403,849	403,849	154,000	88,000

16.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the years	
	(%)	(%)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Modernform Health & Care Public Company Limited	5	5	7.9	7.1	0.8	(0.2)	-	-
Rafa Associates Company Limited	25	25	2.8	4.8	(0.5)	(2.6)	(1.5)	-

16.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Thousand Baht)

	Modernform Health & Care Public Company Limited		Rafa Associates Company Limited	
	2020	2019	2020	2019
Current assets	349	309	23	36
Non-current assets	51	59	16	23
Current liabilities	242	215	17	29
Non-current liabilities	5	3	11	11

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December			
	Modernform Health & Care Public Company Limited		Rafa Associates Company Limited	
	2020	2019	2020	2019
Revenue	285	275	30	43
Profit (loss)	3	(4)	(2)	(8)
Other comprehensive income	-	-	(6)	-
Total comprehensive income	3	(4)	(8)	(8)

Summarised information about cash flow

(Unit: Thousand Baht)

	For the year ended 31 December			
	Modernform Health & Care Public Company Limited		Rafa Associates Company Limited	
	2020	2019	2020	2019
Cash flow from operating activities	10	81	3	(5)
Cash flow from investing activities	-	(23)	1	4
Cash flow from financing activities	(1)	(66)	(1)	-
Net increase (decrease) in cash and cash equivalents	9	(8)	3	(1)

17. Investment in joint venture

17.1 Details of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the subsidiary of the Company and individual. Details as follows:

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2020 (%)	2019 (%)	2020 (Thousand Baht)	2019 (Thousand Baht)	2020 (Thousand Baht)	2019 (Thousand Baht)
UICC Company Limited	Health care business	Thailand	40.0	40.0	60,000	60,000	39,101	44,838
Total					60,000	60,000	39,101	44,838

A subsidiary has pledged investment in joint venture as at 31 December 2020 which its net book value in the consolidated financial statements amounting to Baht 39 million as collateral against credit facilities of a joint venture received from financial institutions (2019: 44 million).

17.2 Share of loss from investment in joint venture

During the year, the Company has recognised its share of loss from investment in joint venture in the financial statements are as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	Share of loss from investment in joint venture	
	For the years ended 31 December	
	2020	2019
UICC Company Limited	5,737	12,160
Total	5,737	12,160

17.3 Eliminated transaction

During the year, a subsidiary and joint venture have eliminated unrealised gain from sales of inventory of investment in joint venture in the financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	For the years ended 31 December	
	2020	2019
UICC Company Limited	-	1,150
Total	-	1,150

17.4 Summarised financial information of investment in joint venture

Financial information of joint venture as included in the consolidated financial statements is summarised below:

Summarised information about financial position

(Unit: Million Baht)

	UICC Company Limited	
	2020	2019
Current assets	12	4
Non-current assets	367	388
Current liabilities	(41)	(47)
Non-current liabilities	(240)	(230)
Net assets	98	115
Shareholding percentage (%)	40.0	40.0
Share of net assets	39	46
Carrying amounts of joint venture based on equity method	39	46

Summarised information about income statement

(Unit: Million Baht)

	UICC Company Limited	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue	78	20
Loss	(15)	(30)

18. Other long-term investments

Company	Nature of business	Country of incorporation	31 December 2019
			Consolidated and separate financial statements Cost method (Thousand Baht)
Hedbot Co., Ltd.	Trading and robot software Publishing	Thailand	700
Finstreet Co., Ltd.	Organization of training, presentation, advertising, financial products and insurance	Thailand	1,375
Arkitektura Co., Ltd.	Retail sale of household furniture	Thailand	83,600
Total			85,675

19. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Land and land improvement	Office building and building improvement for rent	Condominium	Total	Land	Condominium	Total
31 December 2020							
Cost	52,226	506,335	-	558,561	1,084	-	1,084
Addition	-	-	4,100	4,100	-	4,100	4,100
Less: Accumulated depreciation	(3,174)	(424,363)	(112)	(427,649)	-	(112)	(112)
Less: Allowance for impairment	(409)	-	-	(409)	(409)	-	(409)
Net book value	48,643	81,972	3,988	134,603	675	3,988	4,663
31 December 2019							
Cost	52,226	506,335	-	558,561	1,084	-	1,084
Less: Accumulated depreciation	(2,979)	(407,004)	-	(409,983)	-	-	-
Net book value	49,247	99,331	-	148,578	1,084	-	1,084

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	148,578	166,112	1,084	1,084
Addition - cost	4,100	-	4,100	-
Depreciation expenses	(17,666)	(17,534)	(112)	-
Allowance for impairment	(409)	-	(409)	-
Net book value at end of year	134,603	148,578	4,663	1,084

The Company and a subsidiary company have mortgaged such investment properties thereon with a bank with a total net book value as at 31 December 2020 and 2019 of Baht 134 million and Baht 147 million, respectively, with a mortgage value as at 31 December 2020 and 2019 of Baht 16 million and Baht 12 million, respectively, to secure bank overdrafts, credit facilities and long-term loan granted to the Company and a subsidiary.

As at 31 December 2020 and 2019, the subsidiary has entered into operating lease and service agreements for investment property, office building. The terms of the agreements are generally between 1 and 3 years. Future minimum expected to be received under non-cancellable operating lease and service agreements are as follows;

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Within 1 year	74,051	75,593
Over 1 year and up to 3 years	23,429	127,866
Total	97,480	203,459

The fair value of the investment properties as at 31 December 2020 and 2019 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Land and office building and building improvement for rent	736,875	536,681
Condominium	4,353	-

(Unit: Thousand Baht)

	Separate financial statements	
	2020	2019
Land held for sales	675	675
Condominium	4,353	-

The fair value of land and office building and building improvement for rent as at 31 December 2020 and 2019 have been determined based on valuation performed by an accredited independent valuer using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The fair value of land held for sales and condominium have been determined by the management based on the appraisal value of Treasury Department.

20. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land and land improvement	Buildings	Building and leasehold improvement	Machinery	Furniture and equipment	Vehicles	Construction in progress	Others	Total
Cost:									
1 January 2019	295,206	658,508	341,260	392,455	185,280	89,157	160	99,798	2,061,824
Additions	-	-	642	2,102	5,228	726	9	3,588	12,295
Transfer-in (transfer-out)	-	-	904	12	(215)	-	(160)	(541)	-
Disposals	-	-	(1,931)	(11,734)	(1,666)	(3,182)	-	(1,667)	(20,180)
Written-off	-	-	(3,208)	(1,549)	(855)	-	-	(1,438)	(7,050)
31 December 2019	295,206	658,508	337,667	381,286	187,772	86,701	9	99,740	2,046,889
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	-	-	-	(1,451)	-	-	(1,451)
Additions	-	-	2,576	366	5,031	-	263	1,898	10,134
Transfer-in (transfer-out)	-	-	364	-	-	-	(272)	(92)	-
Disposals	-	-	(73)	(6,541)	(789)	(388)	-	-	(7,791)
Written-off	-	-	(1,603)	(3,784)	(1,688)	-	-	-	(7,075)
31 December 2020	295,206	658,508	338,931	371,327	190,326	84,862	-	101,546	2,040,706
Accumulated depreciation:									
1 January 2019	31,669	461,281	245,291	286,206	159,625	84,195	-	84,021	1,352,288
Depreciation for the year	3,845	18,663	23,068	21,921	10,894	2,490	-	4,453	85,334
Depreciation for transfer-in (transfer-out)	-	-	-	-	(215)	-	-	215	-
Depreciation on disposals	-	-	(1,809)	(11,734)	(1,572)	(3,182)	-	(1,617)	(19,914)
Depreciation on written-off	-	-	(2,641)	(962)	(831)	-	-	(1,334)	(5,768)
31 December 2019	35,514	479,944	263,909	295,431	167,901	83,503	-	85,738	1,411,940
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	-	-	-	(346)	-	-	(346)
Depreciation for the year	3,843	18,714	20,301	17,162	8,768	974	-	4,054	73,816
Depreciation on disposals	-	-	(48)	(2,979)	(669)	(389)	-	-	(4,085)
Depreciation on written-off	-	-	(1,181)	(1,529)	(1,651)	-	-	-	(4,361)
31 December 2020	39,357	498,658	282,981	308,085	174,349	83,742	-	89,792	1,476,964
Net book value:									
31 December 2019	259,692	178,564	73,758	85,855	19,871	3,198	9	14,002	634,949
31 December 2020	255,849	159,850	55,950	63,242	15,977	1,120	-	11,754	563,742
Depreciation for the year									
2019 (Baht 44 million included in manufacturing cost, and the balance in selling and administrative expenses)									85,334
2020 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)									73,816

(Unit: Thousand Baht)

	Separate financial statements								
	Land and improvement	Buildings	Building and leasehold improvement	Machinery	Furniture and equipment	Vehicles	Construction in progress	Others	Total
Cost:									
1 January 2019	146,785	305,771	310,051	392,455	167,660	86,326	160	98,666	1,507,874
Additions	-	-	642	2,102	3,982	-	9	3,427	10,162
Transfer-in (transfer-out)	-	-	904	12	(215)	-	(160)	(541)	-
Disposals	-	-	(1,931)	(11,734)	(1,658)	(2,593)	-	(1,667)	(19,583)
Written-off	-	-	(3,208)	(1,549)	(840)	-	-	(1,438)	(7,035)
31 December 2019	146,785	305,771	306,458	381,286	168,929	83,733	9	98,447	1,491,418
Additions	-	-	2,506	366	4,063	-	263	1,131	8,329
Transfer-in (transfer-out)	-	-	364	-	-	-	(272)	(92)	-
Disposals	-	-	(72)	(6,541)	(553)	(388)	-	-	(7,554)
Written-off	-	-	(1,603)	(3,784)	(299)	-	-	-	(5,686)
31 December 2020	146,785	305,771	307,653	371,327	172,140	83,345	-	99,486	1,486,507
Accumulated depreciation:									
1 January 2019	29,733	201,711	228,135	286,206	145,565	82,422	-	83,202	1,056,974
Depreciation for the year	3,702	6,930	21,833	21,921	9,329	2,124	-	4,320	70,159
Depreciation for transfer-in (transfer-out)	-	-	-	-	(215)	-	-	215	-
Depreciation on disposals	-	-	(1,809)	(11,734)	(1,568)	(2,593)	-	(1,617)	(19,321)
Depreciation on written-off	-	-	(2,641)	(962)	(823)	-	-	(1,334)	(5,760)
31 December 2019	33,435	208,641	245,518	295,431	152,288	81,953	-	84,786	1,102,052
Depreciation for the year	3,712	6,949	18,262	17,162	7,365	792	-	3,794	58,036
Depreciation on disposals	-	-	(49)	(2,979)	(434)	(388)	-	-	(3,850)
Depreciation on written-off	-	-	(1,180)	(1,530)	(262)	-	-	-	(2,972)
31 December 2020	37,147	215,590	262,551	308,084	158,957	82,357	-	88,580	1,153,266
Net book value:									
31 December 2019	113,350	97,130	60,940	85,855	16,641	1,780	9	13,661	389,366
31 December 2020	109,638	90,181	45,102	63,243	13,183	988	-	10,906	333,241
Depreciation for the year									
2019 (Baht 44 million included in manufacturing cost, and the balance in selling and administrative expenses)									70,159
2020 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)									58,036

As at 31 December 2020, the Group had certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 911 million (2019: Baht 852 million) (The Company only: Baht 869 million, 2019: Baht 816 million).

The Company has mortgaged land with structures thereon with a bank with a total net book value as at 31 December 2020 and 2019 of Baht 16 million to secure against the indebtedness of the Company to this bank. In addition, a subsidiary company has mortgaged land with structures thereon with a bank with a total net book value as at 31 December 2020 and 2019 of Baht 92 million and Baht 104 million, respectively, with a mortgage value as at 31 December 2020 and 2019 of Baht 7 million, to secure bank overdrafts and credit facilities granted to the Company and such subsidiary company.

21. Intangible assets

The net book value of intangible assets, computer software as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cost	49,819	48,532	48,752	47,527
Less: Accumulated amortisation	(35,176)	(32,646)	(34,282)	(31,815)
Net book value	14,643	15,886	14,470	15,712

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	15,886	12,524	15,712	12,439
Acquisition of assets - cost	1,287	5,462	1,225	5,323
Amortisation	(2,530)	(2,100)	(2,467)	(2,050)
Net book value at end of year	14,643	15,886	14,470	15,712

22. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other assets	4,240	42	4,240	42
Deposits - related party	-	-	-	17,170
Deposits - unrelated parties	1,496	10,463	661	9,286
Advance for purchase fixed assets	3,447	134	3,447	134
Total	9,183	10,639	8,348	26,632

23. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019	2020	2019
Bank overdrafts	-	MOR	-	535	-	535
Liabilities under trust receipts	1.80 - 1.95	2.12 - 2.48	14,561	63,832	-	-
Promissory note	1.70 - 2.05	2.25 - 2.80	179,000	129,500	-	-
Total			193,561	193,867	-	535

Bank overdrafts and certain loans are secured by the mortgage of land with structures thereon of the Company and its subsidiary company, as discussed in Notes 19 and 20 to the financial statements.

24. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payables - related parties	4,058	23,530	4,058	23,530
Trade accounts payables - unrelated parties	157,501	239,257	134,201	228,872
Other payables - related party	-	-	-	3
Other payables - unrelated parties	54,000	57,034	45,337	48,679
Accrued expenses - related party	-	-	1,145	867
Accrued expenses - unrelated parties	17,869	16,114	11,074	9,131
Customer deposits - unrelated parties	20,189	21,355	-	-
Total trade and other payables	253,617	357,290	195,815	311,082

25. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Long-term loans	3,083	-	3,083	-
Less: Current portion	(1,233)	-	(1,233)	-
Long-term loans - net of current portion	1,850	-	1,850	-

Movement of the long-term loan account during the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	-	-
Add: Additional borrowings	3,700	3,700
Less: Payment	(617)	(617)
Balance as at 31 December 2020	3,083	3,083

Long-term loans from financial institutions of the Company bear interest rate at MLR - 1.

The loans are secured by the mortgage of investment in properties of the Company, as discussed in Note 19 to the financial statements.

26. Leases

The Group as a lessee

The Group has lease contracts for various items of buildings and building improvement and vehicles used in its operations. Leases of buildings and building improvement generally have lease terms between 2 - 3 years, while leases of vehicles generally have lease terms of 4 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings and building improvement	Vehicles	Total
1 January 2020	66,422	1,105	67,527
Additions	6,407	-	6,407
Depreciation for the year	(13,594)	(255)	(13,849)
Discount from lease agreements	(2,584)	-	(2,584)
31 December 2020	56,651	850	57,501

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings and building improvement	Vehicles	Total
1 January 2020	205,595	-	205,595
Additions	941	-	941
Depreciation for the year	(38,986)	-	(38,986)
Discount from lease agreements	(2,935)	-	(2,935)
31 December 2020	164,615	-	164,615

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Lease payments	65,007	-	191,675	-
Less: Deferred interest expenses	(6,455)	-	(20,812)	-
Total	58,552	-	170,863	-
Less: Current portion	(16,140)	-	(38,001)	-
Lease liabilities - net of current portion	42,412	-	132,862	-

A maturity analysis of lease payments is disclosed in Note 40.2 to the financial statement under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	13,849	38,986
Interest expense on lease liabilities	3,103	10,157

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 15 million (The Company only: Baht 43 million). Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of 6 million (The Company only: Baht 1 million).

27. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	225,813	179,021	206,088	165,598
Included in profit or loss:				
Current service cost	20,449	20,800	18,674	19,086
Interest cost	2,286	4,156	1,873	3,771
Past service costs	-	46,805	-	43,168
Included in other comprehensive income:				
Actuarial gain arising from	(27,363)	(14,645)	(26,061)	(15,211)
Demographic assumptions changes	(10,440)	(17,751)	(10,234)	(17,751)
Financial assumptions changes	11,087	8,961	10,885	8,395
Experience adjustments	(28,010)	(5,855)	(26,712)	(5,855)
Reverse of provision for long-term employee benefits	(19,825)	-	(19,825)	-
Benefits paid during the year	(8,026)	(10,324)	(5,934)	(10,324)
Provision for long-term employee benefits at end of year	193,334	225,813	174,815	206,088

The Group expects to pay Baht 14.4 million of long-term employee benefits during the next year (The Company only: Baht 14.4 million) (2019: Baht 8.0 million, The Company only: Baht 5.9 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 7.16 to 11.94 years (The Company only: 9.33 years) (2019: 7.16 to 15.63 years, The Company only: 8.88 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 (% per annum)	2019 (% per annum)	2020 (% per annum)	2019 (% per annum)
Discount rate	0.9 - 2.4	2.1 - 2.9	1.2	2.1
Future salary increase rate	2.0 - 5.0	3.2 - 5.0	3.0	3.2
Turnover rate (depending on age)	0 - 55	0 - 54	0 - 55	0 - 54

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(7.8)	8.3	(7.2)	7.7
Salary increase rate	8.4	(7.9)	7.6	(7.1)
Turnover rate	(8.2)	5.2	(7.6)	5.0

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(8.4)	8.9	(7.7)	8.3
Salary increase rate	9.1	(8.6)	8.2	(7.8)
Turnover rate	(8.8)	5.6	(8.1)	5.4

28. Other surplus

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
The value of the Company's investment under equity method increased due to raised additional share capital by MFEC Public Company Limited by means of the sale of shares through a public offering on the SET	4	4	-	-
Gain on reclassification from investment in associate to investments in available-for-sale securities	6	6	21	21
Income tax effect	(2)	(2)	(4)	(4)
Total	8	8	17	17

29. Statutory reserve

The Company

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

Subsidiaries

According to the Thai Civil and Commercial Code, the Companies are required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

30. Revenue from contracts with customers

30.1 Disaggregated revenue information

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Type of goods or service:				
Sale of furniture	2,314,932	2,374,118	2,133,650	2,189,038
Sale of furniture fitting and other materials	386,668	502,091	387,019	514,385
Architectural design service and construction	117,586	125,141	-	-
Service income	65,436	69,890	2,564	8,156
Total revenue from contracts with customers	2,884,622	3,071,240	2,523,233	2,711,579
Timing of revenue recognition:				
Revenue recognised at a point in time	2,713,075	2,893,392	2,523,233	2,711,579
Revenue recognised over time	171,547	177,848	-	-
Total revenue from contracts with customers	2,884,622	3,071,240	2,523,233	2,711,579

30.2 Revenue recognised in relation to contract balances

During the current year, the Group recognised revenue that was included in deposits from customers at the beginning of the year totaling Baht 435 million (The Company only: Baht 372 million).

30.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2020, the Group's revenue totaling Baht 1,477 million (The Company only: Baht 1,400 million) is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (or partially unsatisfied) of contracts with customers. The Group expects to satisfy these performance obligations within the year 2024.

31. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest expenses on borrowings	5,431	8,588	1,412	2,404
Interest expenses on lease liabilities	3,103	19	10,157	-
Other finance expenses	4,336	4,233	2,515	3,370
Total	12,870	12,840	14,084	5,774

32. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Salaries and wages and other employee benefits	730,436	869,223	661,318	790,454
Purchase of finished goods	831,814	928,380	741,467	824,853
Depreciation	105,333	102,867	97,135	70,159
Amortisation	2,530	2,101	2,467	2,050
Rental expenses from operating lease agreements	268	20,947	78	49,843
Raw materials and consumables used	408,428	549,912	408,428	549,706
Changes in finished goods and work in process	(217,411)	31,942	(195,807)	43,332
Transportation and installation	70,690	84,435	68,342	82,679

33. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	31,189	62,990	9,317	42,396
Adjustment in respect of income tax of previous year	-	(11)	-	(26)
Deferred tax:				
Relating to origination and reversal of temporary differences	502	(1,353)	(465)	(634)
Income tax expenses reported in income statements	31,691	61,626	8,852	41,736

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax on actuarial gains	5,473	5,111	5,212	5,224
Deferred tax on gain from change in value of investments in available-for-sale securities	-	1,423	-	1,158
Deferred tax on gain from the change in value of financial assets measured at FVOCI	(300)	-	-	-
	5,173	6,534	5,212	6,382

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	173,639	184,511	218,602	201,892
Applicable tax rate	20%	15% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	34,728	36,889	43,720	40,378
Adjustment in respect of income tax of previous year	-	(11)	-	(26)
Temporary differences unrecognised to deferred tax assets	185	23,573	185	23,573
Effects of:				
Non-deductible expenses	5,920	4,379	3,753	3,267
Dividend received	(4,994)	(2,841)	(35,769)	(20,430)
Additional expense deductions allowed	(4,676)	(4,401)	(4,499)	(4,331)
Share of loss from investment	1,147	2,364	-	-
Reversal deferred tax assets record in prior period	(1,330)	2,203	-	-
Others	711	(529)	1,462	(695)
Total	(3,222)	1,175	(35,053)	(22,189)
Income tax expenses reported in the income statements	31,691	61,626	8,852	41,736

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	9,997	10,520	8,916	8,916
Allowance for diminution in value of inventories	18,687	19,120	14,546	14,546
Depreciation	165	-	-	-
Provision for long-term employee benefits	18,017	23,468	14,313	19,525
Unused tax losses	-	459	-	-
Warranty provisions	484	223	-	-
Total	47,350	53,790	37,775	42,987
Deferred tax liabilities				
Unrealised gain on contracts with customers	984	1,449	984	1,449
Unrealised gain from revaluation of investments	5,788	6,088	5,697	5,697
Total	6,772	7,537	6,681	7,146
Deferred tax assets - net	40,578	46,253	31,094	35,841

As at 31 December 2020, the Group has deductible temporary differences and unused tax losses totaling Baht 3.0 million (The Company only: Baht 1.0 million) (2019: Baht 64.1 million, The Company only: Baht 61.9 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The subsidiary has unused tax losses amounting to Baht 2.0 million which will expire by 2024.

34. Earnings per share

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

35. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Board of Directors of the Company.

For management purposes, the Group is organised into business units based on its products and services and have 4 reportable segments which are (1) furniture business, (2) furniture fitting and other materials business, (3) rental and service business and (4) architectural design and construction business.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2020						
	Furniture business	Furniture fitting and other materials business	Rental and service business	Architectural design and construction business	Total reportable segments	Elimination of inter-segment	Consolidation
Revenue from external customers	2,315	387	180	118	3,000	(76)	2,924
Intersegment revenues	(1)	-	(75)	-	(76)	76	-
Dividend income	179	-	-	1	180	(154)	26
Other income	20	5	8	7	40	(3)	37
Finance income	3	-	1	-	4	-	4
Finance cost	(18)	(1)	-	-	(19)	6	(13)
Depreciation and amortisation	(98)	(4)	(31)	-	(133)	25	(108)
Expected credit losses	17	15	-	-	32	-	32
Allowance for diminution in value of inventories	(5)	(12)	-	-	(17)	-	(17)
Loss from disposal of land, buildings and equipments	(3)	-	-	-	(3)	-	(3)
Share of profit from investments in associates on equity method	1	-	-	-	1	-	1
Share of loss from investment in joint venture on equity method	(6)	-	-	-	(6)	-	(6)
Profit before income tax expenses	180	11	115	20	326	(152)	174
Income tax expenses	(11)	-	(20)	(1)	(32)	-	(32)
Segment profit	169	11	95	19	294	(152)	142
Segment total assets							
Investments in associates based on equity method	38	-	-	-	38	-	38
Investment in joint venture based on equity method	39	-	-	-	39	-	39
Change in non-current assets other than financial instruments and deferred tax assets	110	3	(31)	(1)	81	(107)	(26)

(Unit: Million Baht)

	For the year ended 31 December 2019						
	Furniture business	Furniture fitting and other materials business	Rental and service business	Architectural design and construction business	Total reportable segments	Elimination of inter-segment	Consolidation
Revenue from external customers	2,389	514	161	125	3,189	(80)	3,109
Intersegment revenues	(7)	-	(73)	-	(80)	80	-
Dividend income	102	-	-	1	103	(88)	15
Other income	28	5	4	1	38	(1)	37
Finance income	3	-	1	-	4	-	4
Finance cost	(12)	(1)	-	-	(13)	-	(13)
Depreciation and amortisation	(70)	(3)	(32)	-	(105)	1	(104)
Allowance for doubtful accounts	(1)	(1)	-	(5)	(7)	-	(7)
Bad debt recovery	13	-	-	1	14	-	14
Allowance for diminution in value of inventories	(7)	(27)	-	-	(34)	-	(34)
Gain on disposal of land, buildings and equipments	1	-	-	-	1	-	1
Gain on sales of investment	-	-	-	1	1	-	1
Share of loss from investment in a joint venture on equity method	(12)	-	-	-	(12)	-	(12)
Profit before income tax expenses	172	5	94	-	271	(86)	185
Income tax expenses	(42)	-	(19)	(1)	(62)	-	(62)
Segment profit (loss)	130	5	75	(1)	209	(86)	123
Segment total assets							
Investments in associates based on equity method	32	-	-	-	32	-	32
Investment in joint venture based on equity method	45	-	-	-	45	-	45
Change in non-current assets other than financial instruments and deferred tax assets	(57)	(2)	(31)	7	(83)	-	(83)

Geographic information

The Group operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

36. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate of 3% to 15% and 5%, respectively, of basic salary. The fund, which is managed by Bualuang Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2020, the Group contributed Baht 18 million (2019: Baht 20 million) to the fund (The Company only: Baht 16 million, 2019: Baht 18 million).

37. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht per share)
Final dividends for 2019	Annual General Meeting of the shareholders on 23 April 2020	90,000	0.12
Interim dividends for 2020	Board of Directors' meeting on 17 September 2020	37,500	0.05
Total dividends for 2020		127,500	
Final dividends for 2018	Annual General Meeting of the shareholders on 23 April 2019	75,000	0.10
Interim dividends for 2019	Board of Directors' meeting on 18 September 2019	37,500	0.05
Total dividends for 2019		112,500	

38. Commitment and contingent liabilities

38.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of approximately Baht 3.7 million (2019: Baht 0.2 million), relating to purchasing machinery for production and leasehold improvement.

38.2 Purchasing of goods for sale

As at 31 December 2020, the Group had commitments relating to purchasing of goods for sale approximately Baht 18 million (2019: 44 million).

38.3 Lease and service commitments

As at 31 December 2020, the Group has future minimum payments under service and lease agreements other than recorded as lease liabilities in the statements of financial positions and leases contracts that have not yet commenced as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Within 1 year	54	48
Over 1 and up to 5 years	5	3
Total	59	51

38.4 Guarantees

As at 31 December 2020 and 2019, there were outstanding bank guarantees of approximately Baht 314 million and Baht 465 million, respectively issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 304 million and Baht 455 million, respectively, to guarantee contractual performance and Baht 10 million and Baht 10 million, respectively, to guarantee electricity use, among others.

38.5 Letter of credit

As at 31 December 2020, the Group had unused letters of credit amounting to Baht 1,220 million (2019: Baht 1,188 million).

39. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	29	-	-	29
Non-listed equity investments	-	-	84	84
Financial assets measured at FVOCI				
Equity securities	128	-	-	128
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.1	-	0.1
Assets for which fair value are disclosed				
Investment properties	-	5	736	741

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in securities held for trading	30	-	-	30
Investments in available-for-sale securities	129	-	-	129
Assets for which fair value are disclosed				
Investment properties	-	-	537	537

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	29	-	-	29
Non-listed equity investments	-	-	84	84
Financial assets measured at FVOCI				
Equity securities	116	-	-	116
Assets for which fair value are disclosed				
Investment properties	-	5	-	5

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	30	-	-	30
Investments in available-for-sale securities	112	-	-	112
Assets for which fair value are disclosed				
Investment properties	-	0.7	-	0.7

40. Financial instruments

40.1 Derivatives

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Derivative liabilities				
Derivative liabilities not designated as hedging instruments				
Foreign exchange forward contracts	0.1	-	-	-

The subsidiary uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 6 months.

40.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, investments, trade and other receivables, short-term loans, trade and other payables and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In additions, the Group does not have high concentrations of credit risk since it has various customer base and a large number of customers.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 5 years and not subject to enforcement activity.

Cash deposits

The credit risk on debt instruments and derivatives of the Group is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are market risk comprising currency risk and interest rate risk. The Group enters into foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods to manage its risk exposure.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within 1 year.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2020	2019	2020	2019	2020	2019
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	3	146	1,064	1,038	30.0371	30.1540
Euro	-	-	419	1,936	36.8764	33.7311
Danish krone	-	-	67	121	4.9584	4.5165
Swiss franc	-	-	43	23	34.0287	30.9530
Hong kong dollar	-	-	-	31	-	3.8732
Swedish krona	-	-	7	-	3.6681	-

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term and long-term borrowings. Most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 50%.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December 2020					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Effective Total	Total Interest rate
	Within 1 year	1 - 5 years				(% per annum)
Financial assets						
Cash and cash equivalents	-	-	676,717	617	677,334	0.05 - 0.50
Contract assets - retention receivables	-	-	-	70,818	70,818	-
Trade and other receivables	-	-	-	387,621	387,621	-
Other financial assets	-	-	-	247,651	247,651	-
	-	-	676,717	706,707	1,383,424	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	193,561	-	-	-	193,561	1.70 - 2.05
Trade and other payables	-	-	-	253,617	253,617	-
Long-term loans from financial institutions	-	-	3,083	-	3,083	MLR - 1
Lease liabilities	16,140	42,412	-	-	58,552	5.38 - 9.75
	209,701	42,412	3,083	253,617	508,813	

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 December 2019				
		Floating			
	Fixed interest rates	interest	Non-interest	Effective	Total
	Within 1 year	1 - 5 years	rate	bearing	Interest rate
	(% per annum)				
Financial assets					
Cash and cash equivalents	-	451,595	7,678	459,273	0.13 - 1.25
Current investments	-	-	30,288	30,288	-
Investments in available-for-sale securities	-	-	128,992	128,992	-
Other long-term investments	-	-	85,675	85,675	-
Contract assets - retention receivables	-	-	91,152	91,152	-
Trade and other receivables	-	-	579,903	579,903	-
	-	451,595	923,688	1,375,283	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	193,332	535	-	193,867	2.12 - 2.80, MOR
Trade and other payables	-	-	357,290	357,290	-
	193,332	535	357,290	551,157	

(Unit: Thousand Baht)

	Separate financial statements					
	As at 31 December 2020					
	Fixed interest rates		Floating	Non-interest		Effective
	Within 1 year	1 - 5 years	interest	bearing	Total	Interest rate
	(% per annum)					
Financial assets						
Cash and cash equivalents	-	-	594,993	551	595,544	0.05 - 0.50
Contract assets - retention receivables	-	-	-	70,023	70,023	-
Trade and other receivables	-	-	-	298,484	298,484	-
Other financial assets	-	-	-	253,709	253,709	-
		-	-	594,993	622,767	1,217,760
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	-	-	-	195,815	195,815	-
Long-term loans from financial institutions	-	-	3,083	-	3,083	MLR - 1
Lease liabilities	38,001	132,862	-	-	170,863	5.38 - 5.78
	38,001	152,862	3,083	195,815	369,761	

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2019				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate
					(% per annum)
Financial assets					
Cash and cash equivalents	-	339,518	6,164	345,682	0.22 - 1.25
Current investments	-	-	30,288	30,288	-
Investments in available-for-sale securities	-	-	111,676	111,676	-
Other long-term investments	-	-	85,675	85,675	-
Contract assets - retention receivables	-	-	90,451	90,451	-
Trade and other receivables	-	-	519,143	519,143	-
	-	339,518	843,397	1,182,915	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	535	-	535	MOR
Trade and other payables	-	-	311,082	311,082	-
	-	535	311,082	311,617	

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. The Group's policy is that not more than 75% of borrowings should mature in the next 12-month period. Approximately 83% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 100%) (The Company only: 22%, 2019: 100%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from financial institutions	-	194	-	-	194
Trade and other payables	-	254	-	-	254
Lease liabilities	-	19	46	-	65
Long-term loans	-	1	2	-	3
Total non-derivatives	-	468	48	-	516
Derivatives					
Derivative liabilities: net settled	-	13	-	-	13
Total	-	13	-	-	13

	Separate financial statements				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
Non-derivatives					
Trade and other payables	-	196	-	-	196
Lease liabilities	-	47	145	-	192
Long-term loans	-	1	2	-	3
Total non-derivatives	-	244	147	-	391

40.3 Fair values of financial instruments

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and accounts payable, the carrying amounts in the statement of financial position approximate their fair value.
- The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- The fair value of long-term loans is estimated by discounting expected future cash flows by the current market interest rate of loans with similar terms and conditions.
- The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies.

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

41. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder rate. As at 31 December 2020, the Group's debt-to-equity ratio was 0.44:1 (2019: 0.55:1) and the Company's was 0.37:1 (2019: 0.46:1).

42. Events after the reporting period

On 25 February 2021, the meeting of the Company's Board of Directors 1/2021 passed a resolution to propose to the annual general meeting of the Company's shareholders to adopt a resolution to pay a dividend from operating results of the year 2020 of Baht 0.20 per share, totalling of Baht 150 million. The Company paid an interim dividend of Baht 0.05 per share in October 2020. The remaining dividend of Baht 0.15 per share will be paid and recorded after it is approved by the annual general meeting of the Company's shareholders.

43. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.

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