

THANTAWAN INDUSTRY PLC.



THANTAWAN

# 2020 ANNUAL REPORT

รายงานประจำปี 2563

THE FUTURE OF PLASTIC  
PRODUCTS & PACKAGINGS  
FOR CIRCULAR ECONOMY



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## Vision, Mission, Key strategy and Directions of the Company

Thantawan Industry Public Company Limited (“The Company” or “THIP”) has announced its Vision, Mission, Corporate strategy and Corporate direction for executives and all staffs to share a common understanding together and push the Company forward to achieve each successive goal, along with moving in the designated direction steadily. Additionally, the Company have communicated such Vision, Mission, Corporate strategy and Corporate direction to the public and all stakeholders of the Company in order that they have been able to gain acknowledgement of the Company’s direction and future as well as are able to do business with the Company in a confident manner.

**Vision:** “To be the leading innovative packaging solution provider worldwide”

**Mission:** “We will adapt innovations, technologies and our experience in plastic packaging to the design, research, manufacture and sale, as well as being the service provider who generate value added to the business partner for a sustainable return to all stakeholders”

**Corporate direction:** “ THIP will grow its business that focuses on products which blend with the value and innovation for the international market, together with expanding to the non-plastic packaging while maintaining its main capability in packaging”

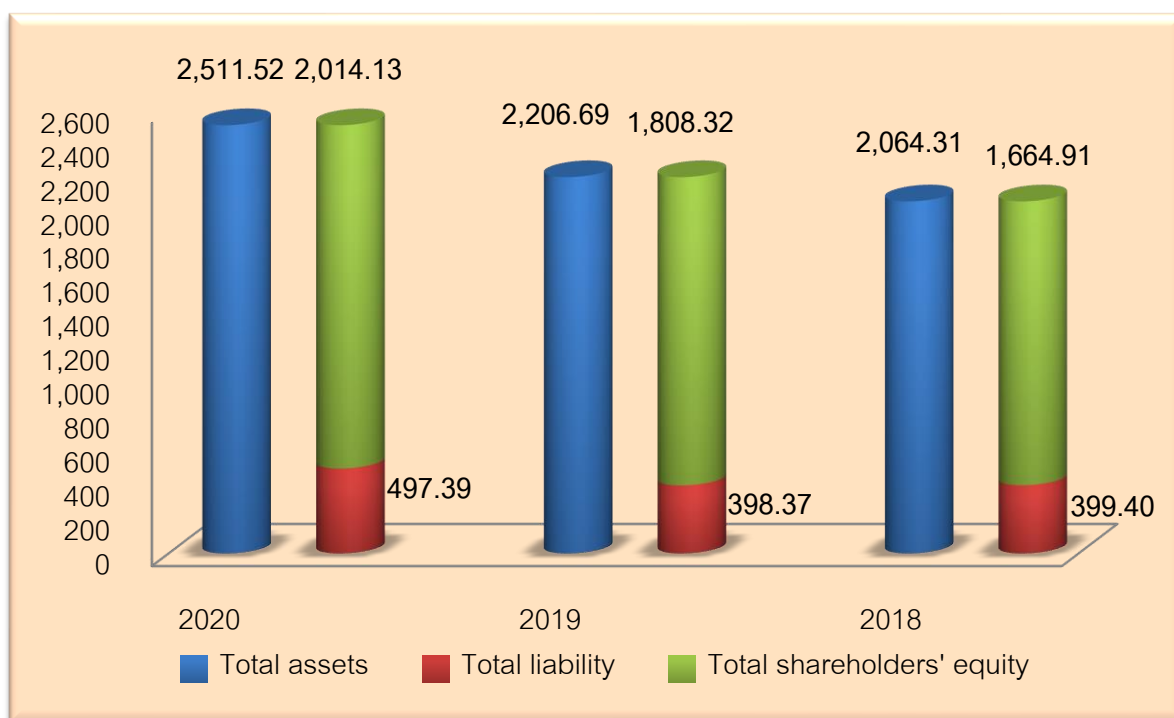
**Corporate strategy:** Accelerate profit growth both internally and externally by restructuring revenues portfolio transformation focused on products and services (Solutions) that cater to consumers for hygiene and convenience for all lifestyle styles. The strategy is as follows:

1. Expand the customer base of manufacturing goods (OEM/ODM) both domestically and internationally.
2. Focus on the growth of own branded products by issuing new products and expanding the market to ASEAN.
3. Improve cost competitiveness in manufacturing and supply chains by improving processes and adopting digital technologies.
4. Explore and recruit business partners to grow new businesses that create exponential growth opportunities. and expand the current business.
5. Develop the potential of personnel to support business expansion and future growth.

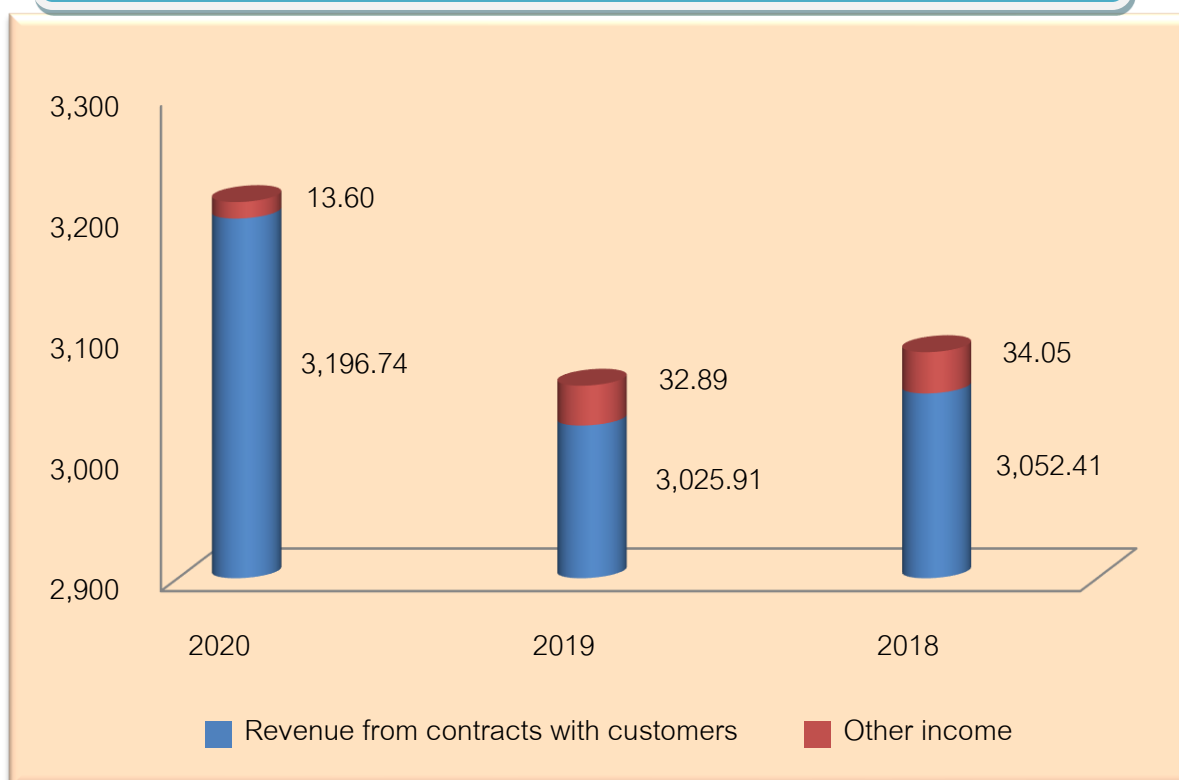
In addition, the Company continues to focus on circular economy, taking into account sustainable returns for all stakeholders, including anti-corruption both inside and outside the organization.

## Financial Summary

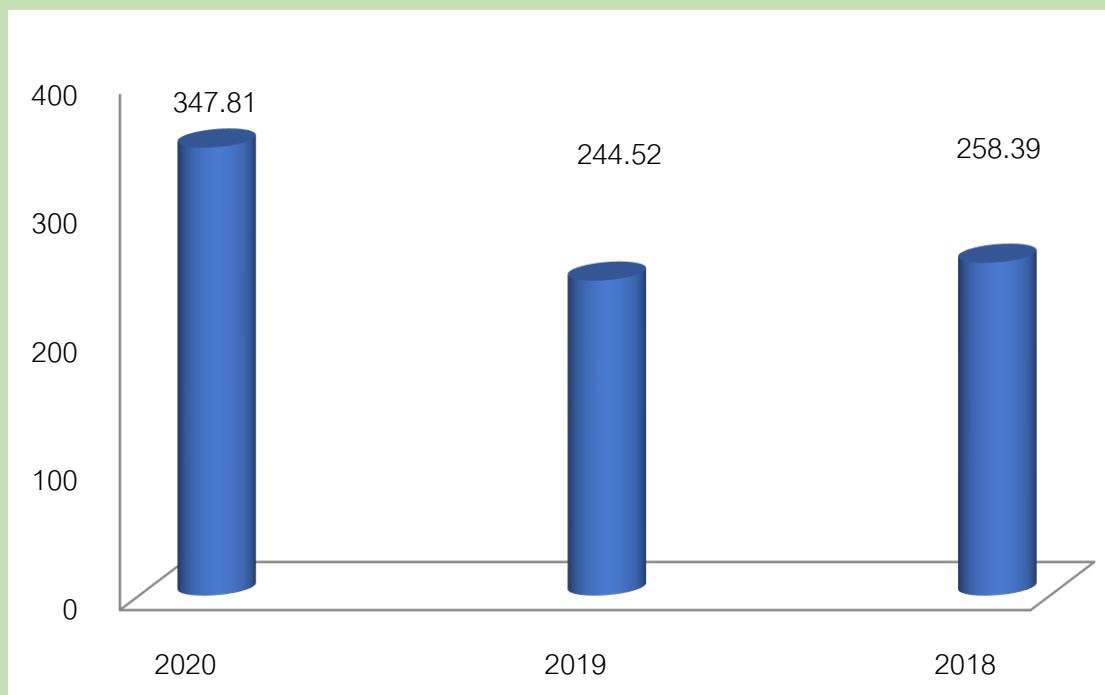
### Financial Position (Million Baht)



### Revenue from contracts with customers and other income (Million Baht)



Profit for the years (million Baht)



As at December 31

Description ( Unit : Million Baht)	2020	2019	2018
Revenue from contracts with customers	3,196.74	3,025.91	3,052.41
Total Revenues	3,210.34	3,058.80	3,086.47
Gross Profit	751.96	601.27	583.68
Net Profit	347.81	244.52	258.39
Total Assets	2,511.52	2,206.69	2,064.31
Current Assets	1,559.73	1,302.00	1,191.58
Total Liabilities	497.39	398.37	399.40
Current Liabilities	402.85	343.65	354.59
Shareholders' Equity	2,014.13	1,808.32	1,664.91

## Financial Ratios

As at December 31, 2018, 2019 and 2020

Description	Unit	2020	2019	2018
<b><u>Liquidity Ratio</u></b>				
Current Ratio	Times	3.87	3.79	3.36
Quick Ratio	Times	2.73	2.57	2.03
Cash Ratio	Times	1.28	1.03	0.61
Account Receivable Turnover	Times	10.16	10.31	11.56
Average Collection Period	Days	35.91	35.00	31.00
Inventory Turnover	Times	5.85	5.78	5.70
Holding period	Days	62.38	63.00	63.00
Account Payable Turnover	Times	10.91	10.79	9.39
Payment Period	Days	33.47	34.00	38.00
Cash cycle	Days	64.82	65.00	56.00
<b><u>Profitability Ratio</u></b>				
Gross Profit Margin	%	23.52	19.87	19.37
Operating Profit Margin	%	12.67	9.42	9.66
Others Profit Margin	%	0.42	1.08	1.10
Liquidity of Cash Flow form Operation	%	117.49	125.60	79.22
Net Profit Margin	%	10.83	7.99	8.37
Return On Equity	%	18.20	14.08	16.29
<b><u>Efficiency Ratio</u></b>				
Return on assets	%	14.74	11.45	12.84
Return on Fixed Asset	%	52.60	39.49	45.57
Total Assets Turnover	Times	1.36	1.43	1.53
<b><u>Financial Ratio</u></b>				
Debt to equity ratio	Times	0.25	0.22	0.24
Interest coverage ratio	Times	243.50	213.08	179.95
Leverage Ratio	Times	1.52	0.48	0.25
Dividend Payout	%	N/A	40.85	38.70

Remark: Dividend payout for 2020 will be subject to the resolution of the 2021 annual general meeting of shareholders which will be held in April 26, 2021

## Report of the Board of Director

Dear Shareholders of Thantawan Industry Public Company Limited

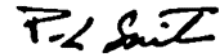
In 2020, Thantawan Industry Public Company Limited. (the “Company”) faced with challenges from changes in various dimensions; domestic and international economic dimensions, social dimensions, and environmental dimensions, which the Company have to adapt to such changes and develop the company's competitive and growth potential by laying the foundation to be a resilient organization to keep up with any situation and adhere to sustainable corporate development practices. As a result, in recent years, even if the Company's operations have been affected by the global and Thai economic recession caused by the U.S.-China trade war, as well as the spread of Coronavirus 2019 (COVID-19), which led to the New Normal for the people, the Company was able to generate profit growth in 2020 with a net profit of 347.80 Million baht. compared to the net profit in 2019 was 244.52 Million baht, increased by 103.28 Million baht or 42.24%. The main reason made the Company have increased gross income and net profit is increased orders of plastic packaging products and zipping bags in the second half of the year which continue to be in market demand due to the use of household members during the Covid-19 lockdown period, including the Company has created its own brand of products which was produced and distributed by the Company and can reach different consumer groups as well as having grown in both domestic and international markets.

In addition to the growth in performance, which is considered as economic aspects. The Company continues to take care of all stakeholders such as having the supply chain development projects which have a production development with our partners, whether customers or distributors of raw materials in order to develop product design, improve production process, choose the right raw materials to reduce waste, reduce production costs, get quality products and have the proper design for use. Including having programs of employment or grant for disabled persons who are relatives of our employees that comply with the required laws and also was care for such disabled person, so this led the Company to be awarded an Excellent Organization in Support of Careers for the Disabled for the year 2020 from Ministry of Social Development and Human Security. As for the environment and the community aspects, the Company attaches importance to environmental care so as not to create pollution that is toxic to the community and the nation by complying with zero waste management policy through the process of 3Rs or Reduce Reuse and Recycle, as well as managing the use of water, electricity and waste used within the organization, reducing dust, odors and heat in working areas, installing a solar panel in order to promote the sustainable energy consumption with using clean alternative energy and reduces greenhouse gas emissions to the earth's atmosphere.

According to the Company adhere to a policy to continuously focus on economic, social and environmental aspects, in 2020, the Company was selected as one of the ESG100 securities companies with outstanding environmental social and governance performance. Furthermore, the Company received the Thailand Sustainability Investment Award (THSI) for the second consecutive year in the industrial product group, the SET listed company group, which represents a unique company and being a model for organizations operating in accordance with the

sustainable development guidelines. All these successes can't happen, if there is a lack of co-ed and support from all stakeholders.

Finally, we would like to thank all stakeholders ranging from shareholders, investors, financial institutions, customers, business partners, as well as all the company's executives and employees who have joined forces to push and drive the Company's business operations to grow in accordance with Sustainable Development Guidelines in order to support the Company to have a sustainable growth along with social and environmental care.



Mr. Praisun Wongsmith

Chairman of the Board of Director



## Report of Audit Committee

The Audit Committee of Thantawan Industry Public Company Limited consists of 3 independent directors who are qualified and knowledgeable, competency, experience in the areas that meet the requirements of the Stock Exchange of Thailand and have the ability to perform their duties in accordance with the Charter of the Audit Committee.

In 2020, there were 5 meetings of the Audit Committee. The Audit Committee has consulted with auditors and internal auditors, including Managing Directors and executives, to jointly present information and opinions on key risk issues that are beneficial to the management. The Audit Committee is focused on reviewing the financial statements, review of internal control, review of good corporate governance to comply with the law. The Company also promotes and encourages compliance with the Company's anti-corruption practices to create transparency for the organization. The Audit Committee has presented it as a quarterly report to the Board of Directors as follows;

1. **Review of financial statement:** The Audit Committee has reviewed the company's quarterly and annual financial statements together with the Company's auditors and management in terms of accuracy, reliability and suitability by asking and hearing statements regarding the accuracy and completeness of the statement of financial position in accordance with accounting principles and considering Items that have changed significantly adjustments, accounting estimates, and disclosure of sensitive information prior to presentation to the Board of Directors for approval. The Audit Committee met and discussed with the auditor without any management attending the meeting for comments or remarks regarding the financial statement process and internal control of the accounting, including the disclosure of important information and the presentation of important matters in the audit, which found no significant problems or irregularities.

The Audit Committee had an opinion that the financial statements for 2020 are accurate as they should be trusted as regard with the generally certified accounting principles and adequate disclosure of important information.

2. **Review of the internal control:** The Audit Committee has reviewed the internal control system and risk management together with the auditor and internal auditor every quarter according to the audit report 2020 and the assigned plan, which covers critical work systems as well as recommendations to the Board of Directors and executives to improve the Company's internal control system and risk management to an acceptable level. Abnormalities or defects were not found in the internal control system. The actions are authorized and approved in accordance with the specified criteria. The Audit Committee is of the opinion that the Company has an adequate internal control system that is appropriate for the Company's business and that the authority is clearly separated.
3. **Transactions with potential conflicts of interest:** The Audit Committee has reviewed and considered connected transactions or transactions that may have conflicts of interest in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that such transactions are reasonable and in the best interests of the Company. In 2020, the Company has no indication of irregularities and has disclosed sufficient information.
4. **Compliance with the SEC and SET laws and regulation and other laws relevant to the Company's business:** The Audit Committee has reviewed its work to ensure that the Company complies with all relevant laws, including

securities and exchange laws, notification of the Capital Market Supervisory Board, Securities and Exchange Commission and The Stock Exchange of Thailand and the laws relating to the Company's business together with the Internal Audit Department and the Company Secretariat. The Audit Committee found that the Company has complied with applicable laws and regulations.

5. **Supervising anti-corruption practices:** The Audit Committee oversees the anti-corruption practices and has assigned the internal audit departments to review measures and establish anti-corruption and inappropriate behavior guidelines that may occur in various work systems, as well as extend the guidelines to partners in order to establish code of conduct to establish business ethics, including establishing a framework for abstaining from receiving gifts during festivals, as well as encouraging companies to open channels for reporting corruption and whistleblowing through website channels to the Chairman of the Audit Committee directly in order to comply with good corporate governance principles.
6. **The Report to the Board of Director:** The Audit Committee reports the performance of internal auditors to the Board of Directors on a quarterly report. The report provides useful recommendations to the management department, which the management has implemented appropriately revised according to the recommendations.
7. **Considered and Appointment of External Auditor of 2021:** The Audit Committee has considered the auditor's performance in the past period with reputation and reliability, professional, independence. Therefore, the Audit Committee would like to propose to the Board of Directors for approval to the AGM to appoint an auditor 1) Ms. Siriwan Surathepin, Certified Public Accountant, Registration No. 4604. or 2) Mr. Wichat Loketkrawee, Certified Public Accountant No. 4451 or 3) Ms. Kamonthip Lertwitworatthep, Certified Public Accountant no. 4377 of EY Office Co., Ltd. as the Company's auditor for the year 2021 for another term.

The audit fee is calculated in amounts of 1,850,000 baht (one million eight hundred and fifty thousand baht). In the evaluation of the audit committee in person, the Audit Committee has compared the important activities of the Audit Committee in the year with the Charter of the Audit Committee and its best practices. Therefore, the assessment results are good.

In conclusion, Audit Committee advised that the statements of comprehensive income and the Company's statement of financial position were made in accordance with the generally accounting principles, appropriate internal control systems and effective business operations comply with legal requirements and appropriate risk management. Audit Committee has performed its duties according to Audit Committee Charter set by the Board of Director.

On behalf of Audit Committee



Mr. Sayan Satangmongkol  
Chairman of Audit Committee

## Report of Nomination, Remuneration and Corporate Governance Committee

In the year 2020, the Company appoints Nomination, Remuneration and Corporate Governance Committee (“the Committee”) this Committee has performed its duties in nomination, remuneration and corporate governance of the Company. The Committee comprise 3 independence directors. Ms. Sasitorn Wongvilai is the Chairman of the Committee, Mr. Asdakorn Limitpiti and Mr. Sayan Satangmongkol are Director of the Committee.

The Committee has performed its duties as assigned by the Board of Director. In the year 2020, there are altogether 2 meetings. Joint meetings were also held with the Company's Managing Director and the management of the Company to access information that will support the Committee in the consideration of the issues under its responsibility. The results of the Committee's meetings are reported regularly to the Board of Director. The Committee's significant undertakings in 2020 are detailed below:

### Nomination:

- 1) Considered and nominated qualified persons to serve as directors of the Company according to the Company recruitment process. The Committee considered and proposed the appointment of directors who are due for their term By reappointment for another term. The Committee have considered the qualifications and performance of their duties which deems that the director has the intention to be consistent. The Committee also provides suggestions and opinions that are beneficial to the Company. Continuously, there are 3 directors proposed for appointment and still meet all the required qualifications to propose to the Board of Directors meeting and the shareholders' meeting for approval.
- 2) Considered and nominated directors to perform duties as sub-committee members. For the sub-committee who expires the employment contract, the consideration is based on the composition of the sub-committees, qualifications, knowledge, expertise, abilities as well as relevant and appropriate skills for performing the duties of a sub-committee. Then, the Committee proposes to the Board of Directors for an appointment.
- 3) Reviewed the succession plan for senior management along with presenting suitable people in order to consider to the Board of Directors' meeting.

### Remuneration:

- 1) Considered the remuneration of the Company's directors for the year 2020 based on suitability and in accordance with the scope of duties and responsibilities of the directors and taking into account the level in the same industry to maintain knowledge, ability and quality directors in performing their duties for the Company Presented to the Board of Directors for approval And presented to the shareholders' meeting for approval.
- 2) Considered, approved and reviewed the criteria for evaluating the performance of the Board of Directors. and sub-committees for presenting to the Board of Directors.
- 3) Considered the remuneration of the Managing Director and senior management by taking into account the annual assessment results, duty suitability, responsibility, the Company's performance results and present to the Board of Directors for approval.

**Good Corporate Governance:**

- 1) Reviewed the corporate governance policy, Code of Conduct, Anti-corruption policy and whistleblowing policy in order to make it suitable for the business of the Company and make sure that the policies are communicated to the executives and employees at all levels in a concrete way in order to show the importance of corporate governance, be aware of the responsibility and compliance with the code of conduct of the Company in order to create a culture of good corporate governance in the Company.
- 2) Considered business ethics and related policies to be in line with the Self-Assessment form for the development of Anti-Corruption System, Revised 4.0 of the Thai Private Sector Collective Action Coalition (CAC) and in line with the Corporate Governance Report of Thai Listed Companies (CGR) criteria of the Thai Institute of Directors (IOD).
- 3) The Company received the "Thailand Sustainability Investment" award for the year 2020 for the second consecutive year in the category of industrial products (Industrials) from the Stock Exchange of Thailand (SET) and received the Sustainability Disclosure Award (Sustainability Disclosure Recognition) for the year 2020 for the second consecutive year by the Office of the Securities and Exchange Commission (SEC) and Thaipat Institute.

The Nomination, Remuneration and Corporate Governance Committee performed thier duties which was assigned by the Board of Director with precaution, prudence, maximum capability and be independence for providing an opinion and suggestion for the Company and shareholders' benefit.

On behalf of Nomination, Remuneration  
and Corporate Governance Committee



Ms. Sasitorn Wongvilai  
Chairman of Nomination, Remuneration  
and Corporate Governance Committee

## Report of Risk Management Committee

The Board of Director realized the importance of risk management that affected business operations and sustainable growth. We, therefore, nominated Risk Management Committee consisting of Independent Director and Executives from the related primary line of organization. The Committee was responsible for determining the risk management framework, policies and processes, including the assessment and monitoring the enterprise-wide risk management system.

### Committee Operations in 2020

The Committee performed its duties and responsibilities as assigned by the Board of Director and also in accordance with Charter of Risk Management Committee, the committee conducted 6 meetings and executed the following actions:

#### 1. Risk Management training and communication

To keep employees realize and understand the frameworks, policies and processes of the enterprise risk management, including the workshop to identify their department risks, assess the level of risks and determine how to manage those risks.

#### 2. Identification of the enterprise risks

To organize a brainstorming meeting with management and workers in various departments to identify risks or uncertainties that impact on the organization's goals and objectives in both quantitative and qualitative by clustering of risk factors underlying the COSO standard.

#### 3. Assessment of the enterprise risks

To conduct meetings with the Executives from various departments to assess the risks by using a Risk profile, a 5x5 matrix, in evaluating risk severity in term of relationship between likelihood and impact. There are a clear process and criteria for the Company risk assessment.

#### 4. Risk management

To consider the appropriate mitigation plans and also control activities which head of departments (Risk owners) have taken to deal with a risk in order to ensure that the risk is handled in a manner that is proper and acceptable to the Company.

5. Monitoring the effects of risk management activities

To conduct a meeting with department executives (Risk owners) by monthly for:

- Tracking the progress, efficiency and effectiveness of implementation plans
- Monitoring risk factors that may change after the implementation of a risk management plan
- Making recommendations with a view to enhance the efficiency of risk management strategies

According to the activities and tasks mentioned above, Risk Management Committee was confident that the enterprise risk management has been carried out efficiently and effectively in line with the good corporate governance principle and sufficiency internal control in order to maximize benefits for the Company and stakeholders.

On behalf of Risk Management Committee



Mr. Asdakorn Limpiti

Chairman of Risk Management Committee

## General Information

<b>Name</b>	Thantawan Industry Public Co., Ltd. (THIP) formerly known as Blowtech (Thailand) Co.,Ltd. The Company was transformed into a public limited company and then granted approval to be a listed company in the Stock Exchange of Thailand on May 19, 1994.
<b>Head Office Address (Manufactory)</b>	143 - 144 Soi Kangwal 2, Phetkasem Road, Omyai, Sampran, Nakornpathom 73160 Tel.(662) 811-4700-7,(662) 431-3051,Fax(662) 420-3180,(662) 431-3056
<b>Branch Office Address</b>	123 Suntowers Building 32 A Fl.,Vibhawadee Road, Chomphol, Chatujuk Bangkok, 10900 Tel. (662) 273-8333, Fax. (662) 273-8282, (662) 273-8484 Website <a href="http://www.thantawan.com">www.thantawan.com</a>
<b>Investor Relation</b>	Tel. (662) 273-8333 ext.3208, E-mail address : <a href="mailto:irthip@thantawan.com">irthip@thantawan.com</a>
<b>Business Type</b>	Produce and Trade Plastic packaging and plastic products
<b>Registered Number</b>	0107537001749 (Original PLC. No. 421)
<b>Registered Capital</b>	Common Stock: 80,000,000 Shares par value at Baht 1 per share, Totaling to Baht 80 Million
<b>Issued and Fully Paid-up Capital</b>	Common Stock: 8,000,000 Shares, par value at Baht 1 per share, Totaling to Baht 80 Million
<b>Corporate Entities in which THIP Hold Shares for More Than 10%</b>	- None-
<b>Share Registrar Name</b>	Thailand Securities Depository Co.,Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400, Thailand Tel. (662) 009-9000, Fax. (662) 009-9991
<b>Auditor</b>	EY Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110 G.P.O.Box 1047, Bangkok 10501 Thailand

## **Policies and Business Overview**

The Company was established and registered to be the Company limited since September 21, 1978, formerly known as Boltech (Thailand) company limited. Then the Company was approved to be the registered company with the Securities Exchange of Thailand (SET) on May 19, 1994 and has the registered capital by 100,000,000 Baht., paid up capital was 80,000,000 Baht., then the Company committed to decrease the registered capital from 100,000,000 Baht to be 80,000,000 baht on July 13, 2017 and Thantawan company limited was the majority shareholder by holding 56.39 percent of offered shares. the Company has produced and traded plastic products with 3 main products; straws, bags and other plastic products and mostly would be make-to-order and custom made for the customer need with export rate largely at 85 percent of the total sales in many countries and continents such as Asia, Europe, America, Australia and New Zealand.

## **Category of Products**

The Company's products consist of 3 main categories as follows:

1. General Bag consists of plastic products that is made from Low Density Polyethylene (LDPE) with unique quality, softly and clearly which you can see through the bag inside. It is suitable to see all goods inside. There are a lot of LDPE goods such as Zip bags (auto opened-closed), Modified Atmosphere Packaging for vegetable and fruit to maintain its freshness, some types of garbage bag and products which make from High density Polyethylene (HDPE) that have a unique quality, stinginess and stickiness, also suit for the customer who want a strong bag such as garbage bags and food bags.
2. Drinking Straws are made from Poly propylene (PP) and there are variety styles such as Straight straws, spoon straws, and flexible straws and so on.
3. Other products will be household products that source from the other manufactures and distribution to customer's order.

## **Obtaining investment promotion**

The Company has received tax privileges from the Board of Investment for environmental friendly products according to an investment promotion card number 2103(1)/2011 at 2 March 2010 under certain conditions. Such privileges include the exemption of corporate income tax on profits earned from operations which is promoted for a period of 8 years from the date of first earning operating income (23 April 2017) and exemption of corporate income tax from the promoted business at the rate of 50% of the normal rate for 5 years after the exemption period.



Revenue Structure Classified by product lines during the year 2018-2020 as follow:

Table 1: Revenue Structure Classified by product lines

(Unit: Million Baht)

Product Line	2020		2019		2018	
	Revenue	%	Revenue	%	Revenue	%
General Plastic Bag	2,801.00	87.62	2,565.60	84.79	2,533.05	82.98
Drinking Straw	208.60	6.53	282.60	9.34	356.42	11.68
Other Products	187.10	5.85	177.70	5.87	162.94	5.34
Total	3,196.70	100.00	3,025.90	100.00	3,052.41	100.00
Increase (Decrease) Rate from previous year		5.64		-0.87		5.33

## Marketing and Competition Condition

### Products Marketing Policy over the past years

Products of the Company mostly is made to the customers' order and distributed to domestic and export markets. For the export sale, we focus on major customers and high quality products, along with presenting various products in order to support the steadily increasing order from customers. Many customers will place confidence in the Company expert in this field and plastic packaging, therefore we can maintain business relationship with customers consistently. Additionally, the Company focuses on developing a product originality and keeping up the change in trendy, including the special product feature or quality in order to support customers demand with diversity and rapidly changing trends. Almost drinking straws and plastic bag products are classified in the premium group and high quality products, for instance; Zipper bags with special features, Fresh & Fresh bags with exclusive features and garbage bags and drinking straws responded to the customer need which comes in a variety of forms. Oversea customers were mostly regular customer who do the business with the Company more than 5 years.

Domestic customers, we would focus on industry groups who used products in type of the customer demand for example; zipper bags as well as to offer variety products to the large retailers under Sun brand as:

- Plastic products for a garbage are under a brand's name of SUNBAG and SUNBIN.
- Plastic Zipper bags for food preservation are under a brand's name of SUNZIP
- Plastic Zipper bags for breast milk storage are under a brand's name of SUNMUM.
- Modified Atmosphere Packaging for vegetables and fruits are under a brand's name of Fresh & Fresh.
- Drinking straw products are under a brand's name of SUN STRAW.
- In addition, the Company has made to order under the customer's brand or based on the purchase's order.

The Company has provided the complaints handling process for customers and consumers with systematic and explicit procedures from the customer satisfaction survey of products and the Company's service, as well as price, quality and delivery. For 2020, the survey concluded that exporting customers are satisfied at 86% and domestic customers are satisfied at 90.12%

With the capacity of a wide range of products and commitment to develop style and quality products. leads to the Company's ability to compete with domestic and international competitor as the sales percentage below.

**Table 2: Domestic and Export sale table as of December 31, 2020**

(Unit: Million Baht)

List of items	Plastic bags product	Straws product	Others product	Total
Abroad	2,554.80	85.60	129.50	2,769.90
Domestic	246.20	123.00	57.60	426.80
Total	2,801.00	208.60	187.10	3,196.70
Abroad (%)	91.21	41.04	69.21	86.65
Domestic (%)	8.79	58.96	30.79	13.35

**Table 3: Export Sale by Region table as of December 31, 2020**

(Unit: Million Baht)

List of items	Plastic bags product	Straws product	Others product	Total
Europe	1,593.70	57.40	114.60	1,765.70
Australia and New Zealand	155.10	0.10	0.10	155.30
America	415.30	23.50	11.00	449.80
Asia and others	390.70	4.60	3.80	399.10
Total	2,554.80	85.60	129.50	2,769.90

#### The Target Customers of Export Sale :

**1. Importers under their Own Brands:**

The customers who are importers and distributors under their own brands and they also manage their marketing strategies by own as well.

**2. Importers for Stores:**

The customers who are importers and distributors for the stores only.

**3. Wholesalers/distributors:**

The customers who are importers and distributors for the retail stores. During the year of 2020, the Company had an oversea customer with total orders 30 % of the total sales. The products that the customer ordered with the Company were Plastic bags, Drinking straws and other products. However, this customer is not a subsidiary or affiliate of the Company.

**The Target Market of Domestic Sale :** the Company would be a distributor directly to the customers for instance; Industrial customers who need to use plastic bags, wholesalers and put on sale in large retailers.

## Competitive Market conditions within Industry

Referring to research conducted by Plastic Institute of Thailand, The overview of plastic industries since 2020 shows that the production index will decrease 0.48 percent compared to 2019. The export sector decreased 0.12 percent and the import sector decreased 7.29 percent because the global economy is slowdown and the appreciation of Thai baht.

For the year 2021, the production index is expected to expand by 1-2 percent. The export of plastic products are expected to grow by 3.50 - 4.50 percent compared to the year 2020. The trend of the plastic industry in 2021 is expected to grow slightly due to the government's investment promotion policy but there are still factors that will affect the growth of the plastic industry such as

- The direction of the crude oil price in the world market still fluctuation. As a results, price of the plastic resin as the main raw material for the production of plastic products is fluctuating and it effects to the cost of production.
- US and China trade war tends to affect the global economic slowdown leading to the deceleration of global demand.
- The steady appreciation of Thai baht has an impact on a slowdown in exports.
- Trends of the environmental movement, both inside and outside country expectedly send out a clearer signal which may affect domestic and export sales to have more limitations.

In Thailand, there were many manufactures in the plastic bag industries which were both small, medium and large size, and there was the large plastic bag manufacturer whose the production of plastic bags were the same group with the Company. For the export mainly was approximately more than 10 cases, each of them might has a type and format of the product in a difference way. Mostly were price competitions, form of product and service delivery. The Company is a manufacturer in the market for such a long period with the advantage over existing customers. In addition, the Company is the manufacturer for the big exporter in Thailand with standard and recognize by the overseas customers.

Apart from the domestic competition, plastic bags and drinking straws industries still have been competing with foreign manufacturers for instance; China and Vietnam that have developed their own products by taking an advantage on lower labor cost, so that the product price was lower than Thailand's products, and they also have been expanding to the global markets. During the past years in Thailand, plastics and drinking straws industries were encountered with a threat in competitions both inside and outside country. Thailand plastic bag manufacturers, therefore, needed to adapt with the increasing competition. For the big threat that affected to the plastic bag manufactures was the cheaper price in products which produced from China as well as lowering Thai's plastic product price in the global market and China's products had an advantage on the lower labor cost. However, products in the value-added categories of China which was the same as the Company's categories; Fresh & Fresh and Zipper bags. Currently, manufacturers in China could not produce to meet the customer need regarding their products quality.

Tendency of the use of plastic bags and drinking straws in the country and oversea was increased, and market demand and industry trends have been expanding continuously, however it is necessary to consider the overview of economic conditions both domestic and worldwide which was still volatility and high uncertainty. Although the economic situation in United States, Europe and Asia was recovered from the political problem, the economic situation in the country

was still high uncertainty. Therefore, the economic condition of Thailand might slow down including relatively high circumstance competitive, along with the product price which still was concerned by the competition both inside and outside countries. The expansion of the Company's plastic and drinking straw sales were expected to grow slightly.

## **Raw Materials Procurement**

### **Appearance of the acquisition of products**

The major raw materials which were used in our production process were Polyethylene and Polypropylene. The Company had recognized the quality of raw materials to meet the standard. Price was also an important factor for purchase decisions. As the price was fluctuated, due to the market mechanisms. We had continued to update the local and overseas resin prices, then we were able to acquire a reasonable price of raw materials in that market situation. In addition, we have planned to make a purchase's report to comply with the flow of raw material in the warehouse and keep pace with the job to avoid the raw materials shortage.

In 2020, the Company purchased the raw materials from local approx. 25% and overseas 75% which was local distributors about 39 distributors and overseas distributors about 20 distributors. The Company had prevented the risk on shortage of supply, then we made contracts with four manufactures to purchase raw materials from foreign countries. Total of the purchase raw materials over the past years were 63%. We had never faced with the raw materials shortage in our production. Furthermore, we also sought more new sources to recognize a good relationship with our suppliers for the good growth. Presently, the Company has a maximum annual production capacity of approximately 26,000 tons per year for all products

### **Environmental impact from production process or waste disposal**

The Company has attained standard for environmental management systems (ISO: 14001:2015) which focused on the environmental protection of impact and the Environmental Management with regulatory, in accordance with the nature of business and related laws. There was also the disposal of waste or debris. The Company had recruited a service provider to comply with relevant laws. Results of the actual conduct were align with laws over the past year, besides the Company had no any prosecutions or complaints for misconduct related to the environmental.

## **Risk Factors**

The Company emphasizes the importance of standardized risk management. We, therefore, systematically established the policies to manage risks that affect the Company's objectives and goals to achieve sustainable growth and create value-added for the Company under our vision "To be the leading innovative plastic packaging solution provider worldwide" Risk management process is run by all management levels and under the supervision of the Risk Management Committee: RMC. Each group head collaboratively analyzes potential risks and set up a mitigation plan deeply into operational level responsible by risk owners of that particular matter. In addition, the strategic planning and corporate strategy team regularly monitors, analyzes, and reports key findings to the Committee on a quarterly basis to ensure that both internal and external significant risks or any emerging risks will be mitigated efficiently aligned with the rapid changes in the business environment.

### **1. Strategic Risk**

#### **1.1 Risk in Strategic planning and implementation**

Amid highly competitive environment in the industry, we, as an OEM/ODM manufacturer for the world-class customer as well as for our own-brand product, creating product differentiation especially in functionality, features and appearance to regularly respond to market and customer behavior changes on time will firmly benefit long term competitive advantages. The company accentuates the new product development process and people development to support the medium-term plan growth with a clear target with systematically monitoring by the management to ensure that the product will be launched as planned and achieve the target revenue.

#### **1.2 Risk in investment management**

The Company is continuously investing to develop production efficiency to match with customer requirement, including searching for new business opportunities for Inorganic growth to expand our business according to strategic directions. There are possibilities that these investments might not provide the return on investment to the Company as planned, delayed or over budget. The Company set up the investment criteria and the follow-up and monitoring process. The solid feasibility study has to be executed, considering all internal and external factors before filing for approval. Moreover, all major investments have to be appropriately monitored and followed up to ensure optimal benefit and efficiency for the Company.

### **1.3 Risk in People capability management and development to support future growth**

Due to one of the company's strategy is to focus on the revenue growth from our own-brand products to manage the risk and support long term growth, in the 2020 business plan, we distinctly aim to strengthen brand recognition by using the data from market research incorporated with our branding strategy to expand the market in both E-commerce channel and our distributors to reach our target consumer simpler and more extensively with the consistently monitored by the risk management committee.

## **2. Operational Risk**

### **2.1 Risk of relying on a major customer**

The Company has sold a high volume of products a major customer, which has a good long-term relationship with continuous business growth. This customer is highly satisfied with our products and classified us as one of the best regional suppliers. Nevertheless, the Company foresees the risk of over-reliance on this major customer and sets out policies in the following aspects: 1) To increase sales from other available major customers, 2) To expand the Company's customer base, such as increase online channel coverage, expand the customer base in the United States, Japan, and put more focus on ASEAN country 3) To develop new product to expand new customer and propose new products to the major customer in order to increase a wide variety of products. Consequently, the Company has sold new products to the major customer without compromising the original product sales, sales from key customers have increased as well as the growth of new customers as planned.

### **2.2 Risk of raw material price fluctuations**

Due to the fast-changing and development in the business environment such as production technology, work process, customer behavior, distribution channel including business strategy, people's capability, and skills development, the Company has continuously focused the adaptation of our people to keep up with these rapid changes. We set up long term people development plan with solid training programs for each department and begins to implement agile methodology with high impact investment project to ensure our employees will gain both knowledge and real work experience to expand to other projects in the future.

### **2.3 Risk of high production cost**

Apart from raw material prices, the Company realizes that other production costs, such as labor costs, overhead expenses, and wastes from the production process, also have a substantial influence on business operations. The Company increases productivity through training programs that develop employees' skills and expertise,

overhauling of machines including the development and improvement of the production process, and purchase of new machines with higher productivity. It aims at reducing the number of laborers needed by developing and enhancing the production process as well as implementing new technology. The Company sets up the cost reduction as a key performance indicator to ensure that all levels of employees realize the significance of cost management.

### **3. Financial Risk**

#### **3.1 Risk from exchange rate**

The Company has more than 80% revenue from export products while importing most raw material from overseas. The majority of the exchange rate effect can be mainly mitigated by creating the balance between revenue and cost (Natural Hedge). However, the exchange rate still has a significant impact unless we apply a financial instrument. The depreciation of THB started in the 1st quarter of 2020, but oppositely tended to appreciate in 2nd quarter till the end of the year with a forecasting trend to maintain in this high level in 2021, depending on the world economic situation and the uncertainty of trade competition. Therefore, the Company has managed this risk by implementing the Forward Contract, in which the management makes the decision to exercise the contract based on the exchange rate situations for each transaction to minimize the fluctuation of the exchange rate.

### **4. Compliance Risk**

#### **4.1 Risk of quality control system**

The Company sets "Quality" as our priority to support customer needs, so we concern about a quality control system in the production process, especially in product design and new process development. To manage this risk, the Company continues and focuses more on our quality management system, such as ISO 9001, GMP, HACCP and BRC, which are standards requested by customers. The Company arranges training, communicating, checking, following up, analysis, solving, and setting preventive action to avoid the recurring problems in time. In addition, the Company also regularly reviewed and developed the production process to align with the quality of product or service's changes to meet customer's requirements.

## **5. Emerging Risk**

### **5.1 Infectious diseases**

The COVID-19 the situation from the end of 2019 onward, which caused high negative consequences and has been widespread all over the world throughout the year 2020, affects people's lives, business operations, organizations including world economic growth. As a result, the stagnation of the business activities of the world supply chain is unavoidable. The management prepared for the possible impact by re-designing the Business Continuity Plan of the Company to specifically match with the situation and strictly implemented since the 1st wave of the pandemic. Therefore, we can prevent this outbreak in time, enabling us to normally operate with zero infected staff. Furthermore, the risk management committee assigned the management to prepare the mitigation plan to cover broader infectious diseases, not limited to COVID-19 to ensure that the Company has the plan in place to prevent possible epidemic diseases in the future.



## Shareholder and Management Structure

Name of the First Top Ten Shareholders from total 1,494 shareholders as of December 30, 2020

Table 4 : The First Top Ten Major Shareholders as of December 30, 2020

No.	Name of Shareholders	Number of Shares	%
1	Sunflower company limited	45,115,000	56.394
2	Thai NVDR Co., Ltd.	11,471,888	14.340
3	Mr. PAUL LIU WAI YIN (Official Receiver of Thai Finance and Securities Public Co., Ltd.)	3,849,000	4.811
4	Mr. Somkiat Limsong	1,125,000	1.406
5	UOB KAY HIAN PRIVATE LIMITED	1,039,000	1.299
6	Mr. Prasert Khongrakiantiyot	1,025,200	1.282
7	Mr. Shuwong Tiensue	960,000	1.200
8	Mr. HUANG, TSAI-LAI (Official Receiver of Thai Finance and Securities Public Co., Ltd.)	842,000	1.053
9	Mrs. Uraiwan Bawongiratikajon	712,900	0.891
10	Mr. Pongpun Chowanajin	630,000	0.788
	<b>Total</b>	<b>66,769,988</b>	<b>83.464</b>

**Source:** Thailand Securities Depository Co., Ltd.

**Note:** Updating information of the Company' shareholders at [www.set.or.th](http://www.set.or.th) prior to the Annual General Shareholder Meeting for the year 2021

As a major shareholder of Sunflower Co., Ltd., participates to formulate the Company' management and operational policies by nominating directors and managing to the Board of meetings.

Shareholding Structure & Percentage of Shareholder as of December 31, 2020 as the following:

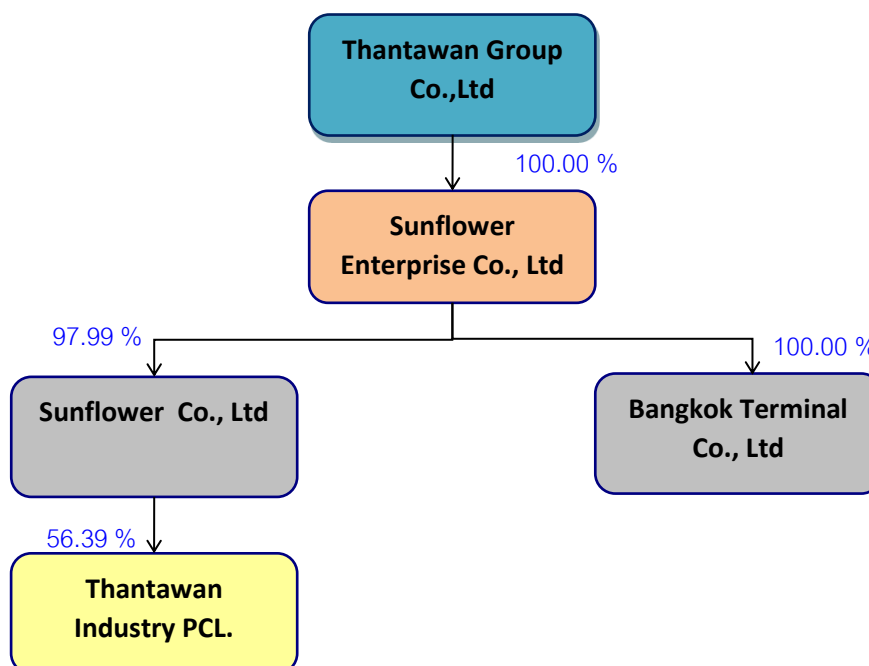


Table 5: Shareholder Structure of Related company & list of Board of Director as follow:

Name of Company/Type of Business	Major Shareholders	List of Board of Director
<b>1. Thantawan Group Co., Ltd.</b> Company's Registered Capital & Fully Paid-up at Baht 310,000,000.- Share Capital authorized 3,100,000 ordinary share Type of Business : Holding Company	1. Mr. Nam Mahathitirat - 51.69% , No. of share 1,602,400 2. Adpower International Ltd. (Foreign Juristic persons) - 48.31%, No. of share at 1,497,599 3. Mrs. Pojanard Prinyapatpakorn No. of share at 1	1. Mr. Nam Mahathitirat 2. Mrs. Pojanard Prinyapatpakorn 3. Mr. Wuttipong lam-Ophat
<b>2. Sunflower Enterprise Co., Ltd.</b> Company's Registered Capital & Fully Paid-up at Baht 300,000,000.- Share Capital authorized 3,000,000 ordinary share Type of Business : Holding Company	1. Thantawan Group Co., Ltd. - 100 % , No. of share 2,999,994 2. Mr. Nam Mahathitirat - No of share 5 3. Mrs. Pojanard Prinyapatpakorn No. of share at 1	1. Mr. Nam Mahathitirat 2. Mrs. Pojanard Prinyapatpakorn 3. Mr. Wuttipong lam-Ophat
<b>3. Sunflower Co., Ltd.</b> Company's Registered Capital & Fully Paid-up at Baht 70,000,000.- Share Capital authorized 70,000 ordinary share Type of Business : Holding Company	1. Sunflower Enterprise Company Limited – 97.99 % No. of share 68,595 2. Mr. Nam Mahathitirat – 2.01 % , No. of share 1,404 3. Mrs. Pojanard Prinyapatpakorn - No of share 1	1. Mr. Nam Mahathitirat 2. Mrs. Pojanard Prinyapatpakorn 3. Mr. Wuttipong lam-Ophat
<b>4. Bangkok Terminal Co., Ltd</b> Company's Registered Capital at Baht 2,500,000,000.- Fully Paid-up at Baht 1,000,000,000.- Share Capital authorized 250,000,000 ordinary share Type of Business : Investment in Real Estate	1. Sunflower Enterprise Co., Ltd. - 100 % No. of Share 249,999,940 2. Mrs. Pojanard Prinyapatpakorn - No. of share 50 3. Mr. Nam Mahathitirat - No of share 10	1. Mrs. Pojanard Prinyapatpakorn 2. Mr. Teerachai Siritunyanont 3. Mr. Wuttipong lam-Ophat

**Additional Information**

Thantawan Industry PCL. does not hold any shares in other companies and has no agreement between major shareholders.

**Issuance of other securities**

- No any issuance of the other securities -

**Dividend Payment Policy**

The Company has a policy to dividend payment from the annual net profit after deduction from corporate income tax. The Board of Director will take into account of the dividend payment as appropriate as reasonable, to financial conditions and capital requirement of the Company both present and future.

**Table 6: Dividend payment record of Thantawan Industry PLC.**

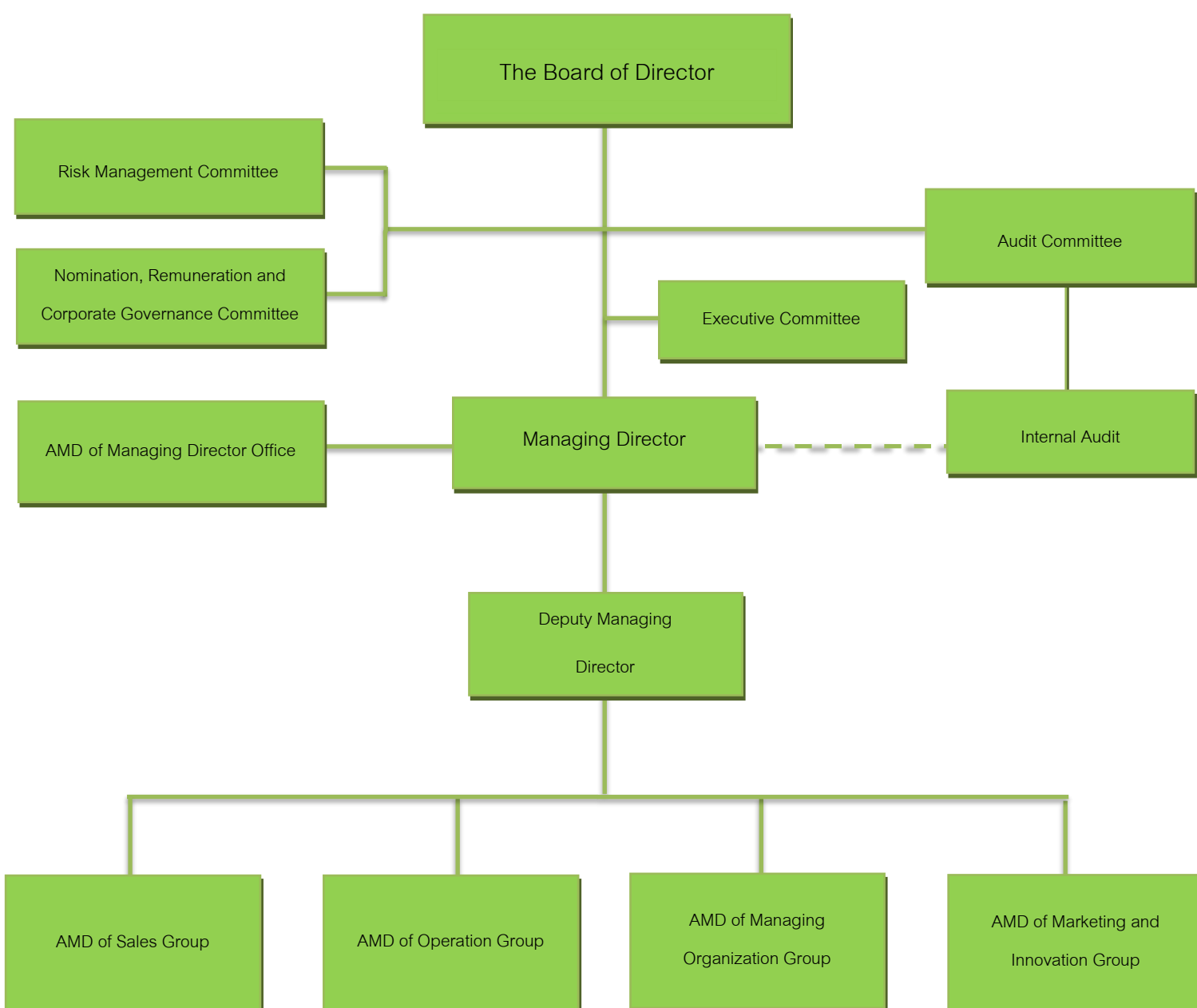
Dividend	2020	2019	2018	2017	2016
Earnings (Baht/Share)	4.35	3.06	3.23	3.46	4.05
Dividend Ratio (Baht/Share)	*	1.25	1.25	1.25	1.42
Dividend payout Ratio (%)	*	40.85	38.70	36.11	35.00

Remark: \*The Dividend payment for the year 2020 will be paid due to the resolution or approval at the 2021 Annual General Shareholders' Meeting which will be held in April 26, 2021. In addition, during the year 2017, there was the change of the Company's capital from 8,000,000 shares to 80,000,000 shares.

## Management Structure

The Management structure of Thantawan Industry Public Company Limited is comprised of :

- The Board of Director
- Sub-Committees has its duties in reviewing the important issues and complying with the stipulated charter which is appointed by the Board of Director in the total number of 4 committees, namely Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Risk Management Committee and Executive Committee.
- The Management with Managing Director is the highest executive of the Company.



## The Board of Director and Sub-Committee

### The Board of Director

Presently, the Board of Director is comprised of 9 directors as follows:

- 4 Independence Directors
- 5 Directors

Table 7: The Board of Director

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Mr. Praisun Wongsmith	Chairman	9	9
2. Mr. Sayan Satangmongkol	Indendent Director	9	9
3. Mr. Asdakorn Limpiti	Indendent Director	9	9
4. Ms. Sasitorn Wongvilai	Indendent Director	9	8
5. Mr. Sivanas Nagadatta	Director	9	9
6. Mrs. Pojanard Prinyapatpakorn	Director	9	9
7. Ms. Narissai Mahathitirat	Director	9	9
8. Mr. Detbordin Riensubdee	Director	9	9
9. Mr. Thitisak Skulkroo	Director	9	7

Mr. Teerachai Siritunyanont is a secretary of the Board of Director

### Audit Committee

Table 8: Audit Committee

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Mr. Sayan Satangmongkol	Chairman	5	5
2. Mr. Asdakorn Limpiti	Director	5	5
3. Ms. Sasitorn Wongvilai	Director	5	5

Ms. Wachiraporn Seri is a secretary of Audit Committee

Nomination, Remuneration and Corporate Governance Committee

Table 9 Nomination, Remuneration and Corporate Governance Committee

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Ms. Sasitorn Wongvilai	Chairman	2	2
2. Mr. Sayan Satangmongkol	Director	2	2
3. Mr. Asdakorn Limpiti	Director	2	2

Mrs. Atipa Baicharoen is a secretary of Nomination, Remuneration and Corporate Governance Committee

Risk Management Committee

Table 10: Risk Management Committee

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Mr. Asdakorn Limpiti	Chairman	6	6
2. Mr. Surasak Luangaramsri	Director	6	6
3. Mr. Poravee Renasatarn	Director	6	6
4. Mr. Detbordin Riensubdee	Director & Secretary	6	6

Executive Committee

Table 11: Executive Committee

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Mrs. Pojanard Prinpatpakorn	Chairman	8	8
2. Mr. Thitisak Skullkroo	Director	8	8
3. Mr. Detbordin Riensubdee	Director	8	8
4. Ms. Narissai Mahathitirat	Director	8	8
5. Ms. Napisiri Mahathitirat	Director	8	8

Ms. Wariya Sae-tung is a Secretary of the Executive Committee

Executive

Table 12 Name of Executive Directors as of December 31,2020

Name & Surname	Position
1. Mrs. Pojanard Prinyapatpakorn	Managing Director
2. Mr. Detbordin Riensubdee	Deputy Managing Director / (Acting) AMD of Business Operation Group (Acting) AMD of Marketing and Innovation Group
3. Mr. Surasak Luangaramsri	AMD of Sales Group
4. Ms. Napisiri Mahathitirat	AMD of Managing Organization Group
5. Mr. Teerachai Siritunyanont	AMD of Managing Director's office

## Report of changes in securities holding of Director and Executive

The Company has reported the changes in securities holding (THIP) of Director and Executive to the Board of Director's meeting on a quarterly basis. In summary, the report of changes in securities holding of the Company's Director and Executive (definition by Securities and Exchange Commission-SEC). This includes the number of securities holding of those involved under section 59 and 258 of the securities and Exchange Act., by holding the securities of Director and Executive (direct and indirect) as of December 31, 2020 in comparison with the year 2019 as follow :

**Table 13: Report of changes in securities holding of Director and Executive**

List	Director & Executive	Position	Total shareholding Dec 31, 2020	Shareholder's equity (%)*	No. of share Dec 31, 2019	Shareholder's equity ( % )**	No. of share changing up (down)
1	Mr. Praisun Wongsmitth Spouse & immature child Legal entity relevant	Chairman of the Board of Director and Independent Director	- - -	- - -	- - -	- - -	- - -
2	Mr. Sayan Satangmongkol Spouse & immature child Legal entity relevant	Independent Director / Chairman of Audit Committee/ Director of Nomination Remuneration and Corporate Governance	- - -	- - -	- - -	- - -	- - -
3	Mr. Asdakorn Limpiti Spouse & immature child Legal entity relevant	Indepentdent Director / Chairman of Risk Management Committee / Director of Audit Committee / Director of Nomination Remuneration and Corporate Governance	- - -	- - -	- - -	- - -	- - -
4	Ms. Sasitorn Wongvilai Spouse & immature child Legal entity relevant	Indepentdent Director / Director of Audit Committee/ Chairman of Nomination Remuneration and Corporate Governance Committee	- - -	- - -	- - -	- - -	- - -
5	Mr. Sivanas Nagadatta Spouse & immature child Legal entity relevant	Director	- - -	- - -	- - -	- - -	- - -
6	Mrs. Pojanard Prinyapatpakorn Spouse & immature child Legal entity relevant	Director, Executive Committee and Managing Director	- - -	- - -	- - -	- - -	- - -
7	Mr. Detbordin Riensubdee Spouse & immature child Legal entity relevant	Director / Risk Management Committee / Executive Committee / Deputy Managing Director / (Acting) AMD of Business Operation Group / (Acting) AMD of Marketing and Innovation Group	- - -	- - -	- - -	- - -	- - -
8	Ms. Narissai Mahathitirat Spouse & immature child Legal entity relevant	Director and Executive Committee	- - -	- - -	- - -	- - -	- - -

List	Director & Executive	Position	Total shareholding Dec 31, 2019	Shareholder's *(%) equity	No. of share Dec 31, 2019	Shareholder's equity )% **{(	No. of share changing up (down)
9	Mr. Thitisak Skulkroo	Director and Executive Committee	-	-	-	-	-
	Spouse & immature child		-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
10	Mr. Teerachai Siritunyanont	the Company's Secretary / AMD of Managing Director's office	-	-	-	-	-
	Spouse & immature child		-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
11	Ms. Napisiri Mahathitirat	AMD of Managing Organization Group	-	-	-	-	-
	Spouse & immature child		-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
12	Mr. Surasak Luangaramsri	AMD of Sales Group and Risk Management Committee	-	-	-	-	-
	Spouse & immature child		-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
13	Mr. Poravee Renasatarn	Risk Management Committee	-	-	-	-	-
	Spouse & immature child		-	-	-	-	-
	Legal entity relevant		-	-	-	-	-

\*\* Fully Paid-up shares as of December 31, 2020 = 80,000,000 Shares



## **Company Secretary, Chief Financial Officer (CFO) and Chief Accountant**

### **Company Secretary**

The Board of Director appointed Mr. Teerachai Siritunyanont as the Company Secretary since Feb 22, 2007 who shall comply with the relevant laws, objective, article of association. the Board's resolutions, as well as resolutions of shareholders' meeting and has duties prescribed by law as follows:

1. Arranging meetings for the Board of Director and the Shareholders in accordance with the corporate governance principles and adhere to the Company's the article of association and the relevant laws for instance; The Securities and Exchange Act.
2. Oversee the Company's disclosure of information compliance with the regulations of the SET and SEC including other relevant agencies.
3. Preliminary consultation to the Board of Director and Executives of the Company for the part that shall comply with the rules and regulations of the SET and SEC, along with following the announcement of new rules regularly.
4. Prepare and filing of various related documents such as register of directors, notice of board meeting, minutes of board's meeting, notice of General meeting of shareholders, minutes of shareholders meeting, report of securities holding and report of interest and so on.
5. Oversee activities of the Board of Director so that they can perform efficiently and effectively.
6. Coordinate and conduct the compliance of resolutions of the Board of Director and shareholder's meeting.
7. Perform any other duties as assigned by the Board of Director.

The qualifications of Company secretary should be a person holding a bachelor degree of accounting, details are shown in the Attachment no.1

### **Chief Financial Officer (CFO)**

Ms. Napasiri Mahathitirat is the highest responsibility in finance and accounting which take in the charge of controlling and supervising the accounting and finance accurately and timely, as well as complying with the guidance of The Securities and Exchange Commission, Thailand, and the qualifications for the individual who already holds such position are consistent with the requirement of the Stock Exchange of Thailand. The Detail of Chief Financial Officer (CFO) is shown in the Attachment 1.

### **Chief Accountant**

Ms. Kantapak Kasamaniti to be directly responsible in overseeing the accounting and preparing financial reports efficiently in compliance with the guidance of The Securities and Exchange Commission, Thailand, and the qualifications for the individual who already holds such position are consistent with the requirement of the Stock Exchange of Thailand. The Detail of Chief Accountant is shown in the Attachment 1.

## Remuneration of Directors and Executives

### Cash remuneration

#### 1) Remuneration of Directors

##### 1.1) Meeting Allowance

The Company has a remuneration policy for Directors in monthly fixed rate, meeting allowances for non-executive directors per each meeting and Sub-Committees per time per actual meeting based on director's remuneration in similar industries group and considered the appropriate business type, experience, roles and responsibilities.

Detail of remuneration of directors for 5 teams in the term of meeting allowance:

#### 1. Remuneration of the Board of Director

##### 1.1 The Board of Director: Monthly fixed rate comprise of:

Chairman	40,000 Baht / month
Director	30,000 Baht / month

##### 1.2 Non-Executive Directors

Chairman	20,000 Baht / time
Director	10,000 Baht / time

#### 2. Remuneration of sub-directors

##### 2.1 Audit Committee: paid on a number of times of actual meeting

Chairman	20,000 Baht / time
Audit Committee	10,000 Baht / time

##### 2.2 Nomination, Remuneration and Corporate Governance Committee: paid on a number of times of actual meeting

Chairman	20,000 Baht / time
Nomination, Remuneration and Corporate Governance Committee	10,000 Baht / time

##### 2.3 Risk Management Committee: paid on a number of times of actual meeting

Chairman	20,000 Baht / time
Risk Management Committee	10,000 Baht / time

##### 2.4 Executive Committee: paid on a number of times of actual meeting

Non-Executive Director	10,000 Baht / time
------------------------	--------------------

Over the fiscal year ended 2020, the monthly remuneration for Directors was total Baht 4,620,000 net all year as adhere to the resolution of 2020 Annual General Meeting of Shareholders as follows :

Table 14 : Remuneration of Directors in 2020

(Unit : Baht)

No.	Name Surname	Position	Remuneration						Total
			Board of Director (Monthly Paid)	Board of Director (Per time)	Audit Committee (Per time)	Risk Management Committee (Per time)	Nomination Remuneration and Corporate Governance Committee (Per time)	Executive Committee	
1	Mr. Praisun Wongsmith	Chairman of the Board	480,000	180,000	-	-	-	-	660,000
2	Mr. Sayan Satangmongkol	Independent Director, Chairman of Audit Committee and Director of Nomination Remuneration and Corporate Governance Committee	360,000	90,000	100,000	-	20,000	-	570,000
3	Mr. Asdakorn Limpiti	Independent Director, Audit Committee and Chairman of Risk Management Committee	360,000	90,000	50,000	120,000	20,000	-	640,000
4	Ms. Sasitorn Wongvilai	Independent Director, Audit Committee and Chairman of Nomination Remuneration and Corporate Governance Committee	360,000	80,000	50,000	-	40,000	-	530,000
5	Mr. Sivanas Nagadatta	Director	360,000	90,000	-	-	-	-	450,000
6	Mrs. Pojanard Prinyapatpakorn	Director and Managing Director	360,000	-	-	-	-	-	360,000
7	Mr. Detbodin Riensubdee	Director, Deputy Managing Director and Risk Management Committee	360,000	-	-	60,000	-	-	420,000
8	Ms. Narissai Mahathitirat	Director and Executive Committee	360,000	-	-	-	-	-	360,000
9	Mr. Thitisak Skullkroo	Director and Executive Committee	360,000	70,000	-	-	-	80,000	510,000
10	Mr. Surasak Luangaramsri	Risk Management Committee	-	-	-	60,000	-	-	60,000
11	Mr. Poravee Renasatarn	Risk Management Committee	-	-	-	60,000	-	-	60,000
Total			3,360,000	600,000	200,000	300,000	80,000	80,000	4,620,000

## 1.2) Bonus

For the year 2020, there were 6 Non-Executive directors and the Company paid bonus to them as follows which was approved by the annual general meeting;

Table 15 Bonus for Non-Executive directors in the year 2020

(Unit : Baht)

List	Name & Surname	Amount of Bonus
1	Mr. Praisun Wongsmith	676,000
2	Mr. Sayan Satangmongkol	520,000
3	Mr. Asdakorn Limpiti	520,000
4	Ms. Sasitorn Wongvilai	520,000
5	Mr. Sivanas Nagadatta	520,000
6	Mr. Thitisak Skullkroo	520,000
Total		3,276,000

## 2) Executive Remuneration

The Remuneration of Executives, will link to the operations result of the Company and their performance results of each Executive comprising of a salary and bonus. The remuneration for Executives in the total 6 of persons who operate the Company for the year 2020 is in amount of Baht 33,038,900

### Other Remuneration

- No other than monetary remuneration.

## Personal

As December 31, 2020 the Company has manpower classified by productions line and operations as follows:

**Table 16 : Manpower Classified by productions line and operations as of December 31, 2020**

productions line and operations	Monthly-paid employee (person)	Daily-paid employee (person)	Total (person)
General bag	13	50	63
Zipper bag	64	639	703
Drinking straw	19	179	198
Management Centre	200	131	331
Management Centre (Branch office; Sun Towers)	106	-	106
<b>Total</b>	<b>402</b>	<b>999</b>	<b>1,401</b>

**Table 17 : Employee's Remuneration 2020**

Description	Amount (Baht)
Salary	190,741,917.42
Labor Cost	221,074,530.26
Bonus	57,804,853.98
Social Security Fund and Compensation Fund	8,537,995.00
Contribution to Provident Fund	4,708,252.00
Other benefits	14,706,637.36
<b>Total</b>	<b>497,574,186.02</b>
17.74 % of total Expenses	

## Remuneration and Development of Employee Policy

The remuneration set aside by the Company for its employees of all levels and all nationality are fair and under the same criteria. It comprises of salary, wage, overtime payment, bonus and incentives, contribution to social security funds and provident funds, retirement compensation. In 2020, the Company was paid those remunerations during the past year in the total of 497,574,186.02 Baht.

The Company has determined a staff remuneration plan with transparency accuracy and fairness, which is consistent with the Company's operating results, government policy and domestic economic conditions. For the short term benefits, there will be an annual operating evaluation and key performance indicators, together with the company's operating results, and in the part of long term benefits, the Company still has being in the process of consideration.

Human resources development policy of the Company is the one of significant policy to train its employees and promote a knowledge continuously by focusing on enhancing capabilities and potential of all level of employees to cause an awareness, knowledge, comprehension, skills which support to operate effectively both in the present and future for leading the advancement of employees and the Company further. In order to promote and develop the operation continuously, the Company prepared an orientation document to a new employee for a useful working information, and also organize the business orientation which present the Company's business type and the path of the Company's operation. In the corporate governance system, the Company's employee will be sent to observe activities and seminar both in domestic and abroad.

The Company has policies of the employee development by focusing in all level of training and provide the training for employee by conducting a policy and annual training plan expected the employee to understand and be able to work properly and efficiently. For the related employee in production line, the Company focus on the reduction of waste and workplace safety as well as environmental awareness and organize the training in getting the most out of material, the waste sorting system such as toxic waste, garbage, trash, including the occupational safety with campaigns in regard to the reduction of accidents and working sustainably security.

The Company does not have a Labour Union.

Detail of average's training hours and security statistics has show on SD report of 2020.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Policy**

The Company committed to build reliability for investors and stakeholders in the business and increase value to the organization and promote sustainable growth of the Company, manage its business as adhere to the Good Corporate Governance to achieve business' goals which is the basic value of Leading Corporations. Consequently, the Company has set the Corporate Governance Policy and designed to frame its various aspect of business as the following:

1. The Board of Director ("The Board"), the Management and all employees shall implement the Corporate Governance manual with confidence and understanding to the principles.
2. The Board, the Management and all employees shall apply the Company's corporate governance principles to all level of business management.
3. The Board, the Management and all employees shall commit to fair treatment of all stakeholders and serve the Company with dedication, integrity and transparency.
4. The Board, the Management and all employees may recommend improving the policy of CG so that it may align with and suitable current business management standards as well as evolving social needs and international practices.

### **Monitoring Compliance**

The Company designated as the duties and responsibilities of Directors, the management and all employees to acknowledge and comply with the policies and terms which are contained in the guidelines on

corporate governance of the Company, and both Executives at all levels shall be responsible to and encourage employees who are under their supervision to gain knowledge, understand and comply with the manual of corporate governance principles strictly.

The Company will not run its business in an act that could violate the law or conflict with the corporate governance principle, what if the Board of Director, Executives, or employees violates against the corporate governance policy, the wrongdoers shall be disciplined strongly. and if there are reasons to believe an act that violate the law, rules, regulations and rules of government, the Company will submit and report the wrongdoers to government officer for prosecution.

In case, employees of the Company at all levels have problems to decide or compliance with the code of conduct which does not stipulate in the code of conduct of the Company, set a question in your mind about your activities by yourselves as the following steps:

- 1) Does the act violate the law?
- 2) Does the act conflict with the policy or morality or affect the Company's reputation?
- 3) Does the act affect any stakeholder or not?

Additionally, if the Company's employees found the act that violate the law and/or the principle of Corporate Governance, please report any complains or indictment to Chairman of the Company. The Company shall not disclose the reporter (as the detail in Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms)

## **Operation and Internal Control System of the Company in compliance with Corporate Governance Policy**

### **Article 1: Right of Shareholders**

The Company recognizes the importance of shareholders' right by encouraging and supporting shareholder in acceptable and reliable standard and methods which include the right to freely trade or transfer their own shares, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to attend and vote in the General shareholders' meeting, the election of directors, the appointment of auditors and fixing of the audit fee, the remuneration of directors, the right to consider dividend payment, amendment of Memorandum of Association and Articles of Association of the Company, approval of significant transactions influencing the Company's direction as well as the right to receive adequate information.

The Company arranges the Annual General Meeting of Shareholders (AGM) every year within four months after the end of each fiscal year. In case of urgent need to consider any special agenda that may affect or in connection with the interests of shareholders, need to get an approval from the Board of Director. Then, they can call an extraordinary meeting of shareholders case by case.

### **The Treatment to Shareholders prior to the AGM**

- 1) The Company has provided an opportunity to shareholders to propose agenda (s) and nominate director candidates to be considered electing in the 2020 AGM, by which the details and procedures are placed in the Company's website at least 3 months, prior to the year ended (October 1, 2020 – December 30, 2020). Then

send to the Stock Exchange of Thailand. The Company has defined to the shareholders who wish to propose agenda (s) must be one single shareholder or several shareholders together hold the Company's shares at least 5 percent of total voting rights of the Company.

- 2) The Company publicize an invitation letter, procedures for proposing agenda Items with the opinion of the Board of Director along with proxy forms comprising of form A, B and C (form C is for foreign shareholders that have appointed custodians in Thailand only) according to Ministry of Commerce in both Thai and English. Also, the other supporting information of the agenda (s) on the Company's website, prior to the meeting at least 30 days in advance of the AGM and before publicizing the notice of the 2020 AGM on May 25, 2020 and hold the AGM on June 26, 2020.
- 3) The Company provide the notice of 2020 AGM with clearly specified information; meeting venue, date, time, detailed procedures for agendas, important & essential information for consideration, the opinion of the Board of Director, minutes of the previous meeting, annual report, proxy forms with clearly specify and other relevant documents, then distribute to shareholders not less than 21 days; June 5, 2020, prior to the meeting. To ensure that the information relates to voting decision receive by the shareholders are sufficient, accurate, complete, transparent and study the agendas in advance for announcing in the newspaper 3 days consecutive, prior to the AGM for the shareholders to prepare themselves for participating the meeting.

The Company provided opportunities for shareholders to submit question related to items on the agenda or other information prior to the meeting from June 9, 2020 to June 22, 2020 via the email address [legal.nattabhol@thantawan.com](mailto:legal.nattabhol@thantawan.com) or the Company's address for more information, please contact directly

Secretary of the Company

Thantawan Industry Public Company Limited No. 123 Suntowers Building A, 32nd Floor,  
Vibhavadi-Rangsit Rd., Chomphon, Chatuchak, Bangkok, 10900

Email Address: [board-thip@thantawan.com](mailto:board-thip@thantawan.com)

Tel.: (662) 273-8333 ext. 3209, Fax: (662) 273-8484

#### **The Treatment to Shareholders on the date of the AGM**

- 1) The Company facilitates all shareholders at the meeting date with equity by affording staffs to welcome and provide information for checking documents and registration. The Company has arranged a registration process for two hours in advance. Although the registration passes that period, shareholders who wish to attend the meeting can register to attend the meeting without losing their rights.
- 2) The Company arranges the meeting venue which is convenient to participate and properly adequate size for shareholders and set up an emergency plan under a good security to increase confidence and security during the meeting for all shareholder. In 2020, the Company arrange its AGM on June 26, 2020 at the Meeting Room of 39<sup>th</sup> floor, 123 Suntowers Bldg. B, Vibhavadi-Rangsit Rd, Chomphon, Chatuchak, Bangkok, which is convenient to come to the meeting venue because it was close to Vibhavadi-Rangsit Rd and not far from BTS Mo Chit station, Ha Yaek Lat Phrao station or MRT Chatuchak station, Phahon Yothin station.
- 3) The Company has applied a bar code system for registration and counting votes by being able to show a shareholder's registration number which was printed on the registration form and proxy form for enhancing

the registration process and having the document check counter for those who authorize another person as a representative to attend the meeting, and the Company also prepare the stamp duty for those representative who did not affix the stamp duty on the proxy form, along with there are staffs to comfort shareholders for all along the process.

- 4) The Company shall not deprive the rights of shareholders to attend the meeting. All shareholder can exercise their rights to attend the entire meeting.
- 5) Prior to the meeting, Chairman of the Board will clarify criteria in relation to the meeting such as the opening of the meeting, voting procedures including counting of shareholders' vote for each session, according to the Company's Article of Association.
- 6) The Company will specify director's interest in the invitation letter and the AGM. If any director has a particular interest or involve to any agenda, Chairman of the meeting will notify participants prior to the agenda's consideration. Directors, who involve to the interest, will not participate to the meeting of each agenda.
- 7) The Company shall support the participants to take their rights in protecting their own interests by asking questions, expressing opinion and making recommendation at the AGM.

To ensure transparency and verification, the Company provided voting cards for each agenda item. In casting votes, Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards accordingly with his/her signature affixed and raise their hands to notify the Company's officers so as to have their barcodes scanned and their voting cards collected. All shareholders who voted to approve needed to mark the voting cards accordingly with his/her signature affixed but were not required to raise their hands. All the voting cards were collected when the meeting adjourned. As for a large number of shareholders who authorized their proxies to the independent directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition

#### **The Treatment to Shareholders after the AGM**

- 1) The Company disclose the resolution of shareholder's meeting with the voting results on the meeting day after the meeting through the SET Community Portal System which has been developed by the Stock Exchange of Thailand (SET) and the Company's website, along with preparing the minutes of the Shareholder's meeting and notify to the Stock Exchange of Thailand (SET) within 14 days, which is July 10, 2020 after the meeting in accordance to the SET regulations to disseminate full details of the meeting with completely. This includes names of Directors and the Management who attending the meeting, voting procedure, resolutions of the meeting, voting result for each agenda item, voting and questioning process of the shareholders in each agenda and clarification and shareholders' comments thoroughly together with publicize of video recording of the AGM on the Company's website ([www.thantawan.com](http://www.thantawan.com)).
- 2) Consider the recommendations and opinions that received from the shareholders for the quality assessment of the AGM and development plan for the next AGM consistently.



The Company disclosed the voting results and resolutions for each agenda item at the 2020 Annual General Meeting of Shareholders to the public via SET Portal and The Company's website after the meeting ended (www.thantawan.com).

## **Article 2: Equitable Treatment of Shareholders**

- 1) Shareholders are entitled to assign proxies to the meeting and cast ballots for them as well as receive documents and advice how to assign the proxy with legalization. Once proxy forms have been handed to directors at the meeting, proxies are entitled to participate in the meeting and cast their ballots like all other shareholders. Shareholders may also delegate the proxies to independent directors and have the right to receive profiles, work experiences and reports on conflicts of interest for the consideration of agenda items from the independent directors appropriately.
- 2) The Company has conducted The AGM and the meeting shall be conducted according to the agendas notified on the notice which was sent to shareholders and has a policy without any agenda item added to the meeting, if there was no the notice to the shareholders in advance.
- 3) The Company has set an adequate time for the meeting and it shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions, ask questions and exercise the rights to elect individual directors. The shareholders can vote every agenda through a polling card that distributed to the meeting.
- 4) Directors and relevant Executives shall attend the AGM to answer the questions that raise by the shareholders. The main questions, answer and opinions shall be recorded in the minutes of the meeting for the future review by the shareholders.
- 5) The Company has disclose current information through the Company's website for providing the shareholders with important information that have been changed including information sheets and disclose in accordance with various regulations. After disclosure to The Stock Exchange of Thailand (SET), the information shall be published to the Company's website both Thai and English.

The agenda of the 2020 Annual General Meeting was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter. Moreover, after all agenda items were considered, Chairman provides an opportunity for the shareholders' additional queries of their interest before the end of the meeting.

## **Preventing Conflict of Interests**

The Company realizes the importance of managing the conflict of interests of related persons, namely, the Board of Director, Subcommittee, and employees in a prudent, fair, and transparent manner. As a consequence, the Board of Director has established policies and measures regarding the conflict of interests as follows:

1. Directors and Senior executives must file a report with the Company stating their interests in the management of the Company when they first take the office. They must also file a report should there be any changes in their interests and at every year end and at Annual Report.

2. At a Board of Director's meeting, any Director or Executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and Executives make decisions in a fair manner.  
There was no any relevant person having a conflict of interest with the Company in 2020.

### **Article 3: Roles toward to Stakeholders**

The Company recognizes the importance to the interests among groups of stakeholders, the Company operates business with responsibility and treats all stakeholders fairly. Commitment to develop business to the sustainable growth and can generate remuneration to shareholders appropriately, protect their interests and assets of the Company as preserve their properties. The Company has the rights of stakeholders among groups with good practice equally as follow:

**Shareholder:** The Company is committed to perform business with transparency, integrity and fairness to major and minor shareholders for utmost benefit. Disclose the fact information completely and regularly.

**Customer:** The Company is committed to produce the quality products with standards, managing marketing practices with fairness, responsible for the quality and standardize products to meet customer's satisfaction as well as to treat them as confidential. Additionally, our Customer service team is ready to handle with care for problem-solving promptly from any customer's complaint.

**Business Competitor:** The Company operates business within the frame work on trade competition and fairness under the Allianz business competitors encouraging with each other in a frame work that does not cause any damage to the business and relationship with each other.

**Trading Partner/Creditor:** The Company shall not proceed any corruptions with trading partner and creditor. Set procedure to select the trading partner in a systematic way as well as strictly any conditionals practices towards the Creditor including the purpose of using the money to repay the quality of collateral and any other matters that have been made agreements with creditors in order to achieve mutual benefits.

**Employee:** The Company recognizes the social protection of workers, occupational health and safety workplace in accordance with law, together with employee engagement between employees and organization, manage by human resources, fairness remuneration, welfare, and career advancement according to law and related regulations including support the employees to the community participation.

**Environment & Society:** The Company encourages public activities to the communities, social and employees to emphasize them for participating in the communities' activities in order to contribute the benefit of social development. The Company support all kind of anti-corruption to ensure fairness in business competition and benefit to society and the nation as a whole.

Overall operating result relating to stakeholders for the year 2020 had details in 2020 corporate social responsibility report.

#### Article 4: Disclosure and Transparency

##### Disclosure Information of the Board of Director and Executive Management Remuneration Fee

Information of the Board of Director and executive management remuneration fee and shareholding must be reported in the annual registration statement (Form 56-1), annual report (Form 56 - 2) and also published at the Company's website.

Under Article 59 of the Securities and Securities Exchange Act, directors and executives must report their share portfolios with each purchase, sale or transfer of shares to SEC. In addition, the Company's key guideline is to promote the oversight of the use of inside information. The Company reminds directors and executives to refrain from buying, selling or transferring their shares at least a month ahead of performance report submission to SET for each quarter. The Company also set policy for directors to report each purchase, sale or transfer of shares to the Board at each meeting. Furthermore, directors and executives must report changes in their vested interests to the Company every quarter and update their reports every year. Such information to be kept within the Company to conform the Capital Market Supervisory Board's announcement Tor Jor 2/2009, in regard to the report on vested interests of directors, executives and related parties.

The Company shall disclose significant information of the Company with accurate, clear, complete for decision-making process of stakeholders. The Information Disclosure is main issues of a transparency index in operation that is the main factor in building trust to investors in reliable operation and audit mechanism. The Company, therefore, conduct the disclosure and transparency regulation as follows:

- 1) The Board of Director or other persons delegated by the Board of Director shall disclose sufficiently an information: both financial and non-financial in reliable and timely for stakeholders and shareholders as equal following to laws and the Company's regulation. The Company usually prepared and updated the information on its website which are complete and up-to-dated to ensure that stakeholders are able to use aforementioned information in decision-making further and contract with an institute responsible for related functions with accuracy, convenience and efficacy.
- 2) The Company's information system was prepared carefully which was accuracy, clearness, transparency and easy to understand and there is the disclosure of the significant information both advantage and disadvantage for the Company.
- 3) Provides the public relations agency, acting public relations news, information, and operations of the Company's portfolio, which is beneficial to shareholders, investors, employees, stakeholders and the general public, consistently and efficiently, eliminate the wrong understanding, including investor relations, acting as the coordinating agency, with the institutional creditors, analysts and shareholders of the Company to provide the data and operations of the Company the contact channels with fast and easy access.
- 4) The Board of Director making the statements of financial position and the profit and loss account audit report of the external auditor, along with the annual report of the Board of Director at the meeting of shareholders at the annual general meeting for approval.
- 5) The Board of Director supervise the disclosure of information, including a financial statement, annual report, Form 56-1 to be able to reflect on financial status and business overview adequately, along with supporting the Company to arrange the Management Discussion and Analysis (MD&A) to support the disclosure of financial statement in every quarter.

- 6) The Board of Director reports any change in securities holdings and Executives of the Company. According to the regulations of the Board, the Securities and Exchange Commission of Thailand.

In 2020, the Company publicized an information via the following channels:

1. Electronic system which has been developed by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC)
2. Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
3. Submit the Notice of Annual General Meeting of shareholders by the Post Office
4. The Company visit program
5. The Company's website at [www.thantawan.com](http://www.thantawan.com) in both Thai and English
6. Analyst Meeting program 1 time
7. Investor Meeting (Opportunity Day) 1 time

Additionally, the Company has arranged the report of the Board's responsibility to financial reporting together with Auditor's report in the annual report as well as a measure to prevent the use of insider information. Employees must not apply the Company's confidential information to personal or others gains. They should maintain inside information and sensitive that could lead to undue exploitation for themselves, their families, or their associates including any information influencing stock prices and the Company's proprietary commercial secrets, formula and inventions. Those who disclose the important information and news to outsiders without approval from the Company shall be subjected to disciplinary action according to company procedures and legal action.

## **Article 5: The Board Responsibilities**

The Company has a practice in accordance with the governance and responsibilities of the Board of Director of the Company. The Board of Director shall consist of individuals who have expertise and experience to be able to promote and benefit the Company as well with passion and full-time duties in responsible. The Board of Director has been appointed by shareholders to be the responsible leaders for setting the direction of the Company. Additionally, the Board of Director shall appoint the management responsible for business operations and appoint committee to be responsible for specific assignments. For Shareholders, they shall appoint the auditor of the Company, including the Company's secretary responsible for the operation and following the law.

In addition, the Board of Director is responsible for the formulation and structure review of the Company in both size and composition, the proportion of independent directors that are appropriate and be necessary to achieve the Company's defined objectives. For guidelines on responsible governance of the Board of Director of the Company are as follows;

### **1. Structure, Compositions & Qualifications of the Board of Director**

- 1) Meeting the qualifications and is not possessing the prohibited characteristics prescribed in the Public Limited Companies Act B.E. 2535 (1992).

- 2) To be composed of at least 5 members, not over 9 members. It is not less than one-half of the directors and reside in Thailand whether shareholders of the Company or non-shareholder. Age is not over 75 years of age with 3 years of term whereas the retiring Directors may be re-elected.
- 3) Independent directors are at least 1/3, but no fewer than three persons with qualifying in compliance with guidelines of SEC.
- 4) To be composed of variety skills; Industrial, Accounting & Finance, Business, Management, International Marketing, Strategies, Crisis Management, Legal and Corporate Governance. This consists of expert with knowledge at least 3 persons; Legal and Accounting & Finance 1 person per each.
- 5) The appointment of the Board of Director is adhered to the specific agenda with transparency. Also, Directors' profile with detail sufficiency for making decision at the AGM. Additionally, to disclose all member of the Board of Director's profiles in the annual report for acknowledgement.
- 6) The work of the Board; roles & duties is divided clearly between the Board of Director, Executives Sub-Committees and management of the Board.

At present, the Board of Director comprises of 9 directors which 4 of them are independence directors who have a full relevant qualification and abilities in consistent with the Company's business.

## 2. Directorship in Other Companies

The policy of Directorship serving terms in the listed companies of the Directors is as follow:

- 1) The Company has determined that each director is allowed to be in the directorship in other companies. Not over than 5 listed companies including subsidiaries that are not listed companies (if any) in order to achieve efficiency and can devote more time to conduct the duties of the Board of Director.
- 2) The Board of Director should not be the Director in the listed companies that may cause the conflicts of interest with the Company and the performance of the Directors.
- 3) Policy of the Directorship serving terms in other companies of Managing Director and Senior Executive, the Company has defined the Directorship serving term in other companies of Managing Director and Senior Executive of the Company in accordance with the Public Limited. Company ACT 1992. This must be approved by the Board of Director, prior the serving term.

In 2020, there was no any director who take in the charge of their role over 5 places of listed company as shown in the biography of directors and executive, Attachment 1.

## 3. Terms of Office of Directors

### The number of terms of directors

The number of years directors' service was stated in the Articles of Association of the Company in accordance with Public Limited Companies Act, B.E. 2535(1992). In the AGM, directors shall retire from their roll at least 1/3 person according to its Articles of Association. Currently, the Company has 9 directors which each one has served on each term for 3 years, however, those who shall retire might be reelected by voting in the AGM.

### The number of consecutive terms of Office of Independent directors.

Independent Directors can serve up to 3 consecutive terms by starting counting from the first day of the appointment and expire of each term on the date of AGM who have to retired by rotation, however, the Board of Director may propose those who shall retire to be reelected by voting in the AGM, but the position of independent director shall be expired.

## 4. Independent Director

An Independent Director shall not be the member of the group of majority shareholders and be independence from the majority shareholders as well as the Company's Executive. Moreover, the Independent Director must have a financial knowledge or any other business knowledge, reach and can understand the Company's business appropriately for expressing their opinion freely to protect the minority shareholders' profit, attend the meeting regularly and make a report to certify their independence when being appointed and disclose the significant independence information in the Company's annual report. Additionally, the independent director must have a full qualification in accordance with the specification of the Stock Exchange of Thailand (SET) and The Securities and Exchange Commission (SEC).

- 1) Holding shares shall not exceed 0.5 percent of the total number of shares with voting rights of the Company, its / parents' companies, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of such Independent Director.

- 2) Neither being nor used to manage the office, employee, advisor who receives salary, or authorized person of the Company, its parent company, subsidiary, affiliate, same level of subsidiary company, major shareholder or controlling person. Unless the foregoing manner has ended not less than two years.
- 3) Not being a person related to blood relationship or legal family's registration as father, mother, spouse, sibling and child including spouse of a child to the other directors, management, major shareholder, authorized person or person to be nominated as director, executive or authorized person of the Company or its subsidiary company.
- 4) Neither having nor used to have a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in the manner that may interfere to his/her independent discretion. Also, neither being nor used to be a significant shareholder or authorized person of any person to business relationship with the Company, its parent company, subsidiary, affiliate, same level of subsidiary company, major shareholder or authorized person unless the foregoing manner has ended not less than two years.
- 5) Neither being nor used to be an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or authorized and not being a significant shareholder, authorized person or partner of an audit firm which employs auditors of the Company its parent company, subsidiary, affiliate, major shareholder or authorized person unless the foregoing manner has ended not less than two years.
- 6) Neither being nor used to be a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company. its parent company subsidiary, affiliate, major shareholder or authorized person and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing manner has ended not less than two years.
- 7) Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder.
- 8) Not undertaking any business in the same nature and in competition with the business of the Company or subsidiary company or not being a significant partner in a partnership or director with management authority, employee, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of the other companies which undertakes business in the same nature and in competition with the business of the Company or its subsidiary company.

#### **5. Scope and Authorities of the Company's Directors**

- 1) Duties and responsibilities of the Board of Director is to manage the Company's business in accordance with the Company's objective, the Article of the Company and relevant laws, together with the resolutions of the shareholders meetings.
- 2) To define the Company's vision, mission, strategy of a business procedure, core value or main objectives and the principle of the Company by being reviewed and approved on annual basis.
- 3) To oversee the business operation to be sustainable existence under the factors, opportunities and risks which may impact on the business and stakeholders.

- 4) To consider planning an operation plan, statement, goal and policy of business procedure as well as enhancing the competitive ability of the Company in the international standard.
- 5) To supervise the Company's strategies to implement and monitor by making the performance measurement which define to report the operation result regularly including, providing a policy to improve the business operation in consideration of safety and hygiene, corporate social responsibility and environment as well as the human capital development.
- 6) To monitor and develop the corporate governance policy as a business' guideline and also supervise an implementation of this policy, including approving these policy and review regularly at least once a year.
- 7) To encourage employees at all levels in ethical, moral and to comply with the corporate governance manual, code of conduct, and anti-corruption policy along with conducting internal control system and internal audit to reduce risk of fraud and abuse of authority as well as preventing illegal acts.
- 8) To oversee and support to create innovation and technology which lead to the higher value of the Company, coupled with building more benefits to all stakeholders.
- 9) To provide the limitation of corporate governance, IT management and preventive measures for IT service.
- 10) To supervise and resolve the conflict of interests which may occur between different stakeholders of the Company and define the guidelines of report which may be a conflict of interests for the benefit of the Company and all shareholders. Additionally, Stakeholders shall not be a part of making decision, directing procedures or disclosure of transactions that possibly may cause conflict of interests.
- 11) To oversee the interests of both major and sub-shareholders with fairness that related to their right as well as encouraging shareholders to exercise their rights to maintain their own benefits and ensuring that the Company has the right to disclose important information in completely, transparency, timely manner and checkable.
- 12) Aware of the roles and responsibilities of the Board of Director and respect the rights of all shareholders and stakeholders with fairness and transparency, and supervising a procedure, receiving channels and deal with all stakeholders or complaints of those who mean to report a clue of the malpractice related to the Company efficiently, along with providing opportunities for all stakeholders can contact/report the matter of those which may be a problem on the Board directly.
- 13) The Board of Director provides the operational control system, financial report and a compliance of rules and policies, as well as establishing the person or authority who is a part of the Company, or hiring outsources which are independent in the performance of duties, to be responsible for monitoring such control system and review important system at least once a year, together with disclosure in the annual report.
- 14) To provide the risk management policy covers the entire organization by assigning the management to comply with those policies and submit the risk management report to the Board of Director through Audit Committee regularly on a quarterly basis. The Company provide the effectiveness evaluation of risk management at least once a year for placing the importance on early warning signals, and all unusual items.
- 15) To consider appointing a Sub-Committee as proposed from the Nomination remuneration and corporate governance committee, including the appointment of Corporate Secretary, to oversee various aspects regarding



the responsibility of the Board of Director and managing a work of the Company in accordance with laws and regulations related to the responsibilities of Company Secretary.

- 16) The Board of Director may authorize the Sub-Committee, Managing Director, and/or Executive to be in charge of any duty for achieving the defined objective of the Company, including canceling, repealing, adjusting, rectifying the authorization of those assignment.
- 17) The Board of Director are entitled to consider an approval of procurement and asset sale, investment in the business expansion as well as being a joint venture with other entrepreneurs under the Articles of Association and Article of Association including relevant Laws.

#### **6. Separation of the roles of the Board of Director and the Management**

The Company defines clear roles and responsibilities regarding the Board of Director and the Management. The Board shall be responsible for establishing the policies and overseeing the Management's implementation of those policies, whereas the Management shall be responsible for implementing the policies formulated by the Board, and ensuring that it has carried out as planned. Therefore, Chairman the Board of Director the Company shall not be the same person with Managing Director, and each must be nominated and elected by the Board in order to ensure their appropriateness.

Chairman shall not be a member of the Management and shall not participate in the Management of the Company; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy and business management.

The Management is authorized to manage the Company's operations in accordance with the policies; responsible for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders

#### **6.1 Scope of roles and responsibilities of Chairman of the Board of Director**

- 1) To set the Board meeting agenda in consultation with Managing Director and oversees to ensure the Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision-making process.
- 2) To convene the Board meetings or assign other persons to act on his behalf and specify to have the Board meetings without directors from the Management.
- 3) To be Chairman of the Board meetings. In the case of a tie, Chairman will cast a decisive vote.
- 4) To allocate sufficient time for directors to carefully and effectively discuss issues and topics related to the management and corporate governance or propose meeting agenda items, as well as to encourage directors to independently use their discretion at the Board meeting. Senior Executives of the Company may be invited to provide significant information to support the Board's decision on particular issues.
- 5) To be Chairman of the AGM and conduct the meeting in accordance with the Articles of Association and the sequence of agenda items as stated in the meeting invitation letter unless the meeting resolves to change the sequence of agenda items with more than two-thirds of votes of the attended shareholders as well as giving shareholders an opportunity to express opinions equally and also have a response for shareholders' questions properly and transparently.

- 6) To support and be a role model in compliance with the principles of good corporate governance and Code of Conduct of the Company.
- 7) To oversee in order to conduct a disclosure and management of information transparently in case of the conflict of interests occurred.
- 8) To fosters a positive working relationship between the Board of Director and the Management and supports the performance of the duties of Managing Director and the Management in accordance with the Company's policy
- 9) To oversees the operation of the Board of Director as a whole, Sub-Committee and each individual director perform their duties effectively and efficiently.

#### **6.2 Scope of duties and responsibilities of Managing Director**

Managing Director of the Company has been assigned by the Board of Director to conduct the Company's business, under the approved work programs and budgets with stringency and integrity as well as protecting the best interests of the Company and shareholders. Managing Director must not be engaged in any conflicts of interest with the Company and subsidiaries of the Company. Roles and responsibilities are as follow:

- 1) To prepare and propose to the board 5-year and 10-year business plans, including the Company's strategic imperatives.
- 2) To prepare and provide to the Board of Director's information relevant to the Company's business and activities, as well as other information needed by the Board.
- 3) To manage the Company's business and business strategy as approved by the Board of Director.
- 4) To run its business in compliance with the objectives, the Article of Association, policies, rules, conditions, orders and resolution of the Board's meeting or shareholders' meeting.
- 5) To structure and manage the organization under the guidelines that are given by the Board of Director.
- 6) To fine-tune the Company's positive culture in support of its vision, mission, and strategic imperatives.
- 7) To apply the Anti-corruption policy and practice to the Company by announcing and enforcing in the Company and having an measurement of the Anti-corruption policy and practice check list regularly.
- 8) All the other tasks assigned by the Board of Director.
- 9) To delegate authority or assign others to act on his or her behalf under the Company's rules, terms, principles or orders that are given by the Board of Director or the Company as defined.
- 10) To prepare and present significant company's business performance to the Board of Director as regular basis as well as the other reports are required by the Board of Director.
- 11) To represent the Company in dealings with third parties.

#### **7. The Board of Director's authorization**

The Board of Director is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board of Director charter, and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, mission, operating strategies, operating plans, risk management policy, annual budget and business plans, medium and long-range business plan, monitoring and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, joint venture deals

and approving the various matters or propose its opinion toward the AGM for approval, the Board should be aware that those activities have not any impact on the continuity of the Company's operation, financial liquidity or affordability.

#### **8. The Board's meeting**

The Company has scheduled the Board meetings in advance for each year so that directors can schedule themselves to attend the meeting. Chairman of the Board of Director approves to endorse the meeting and its agenda by consultation with Managing Director. Each Director is also allowed to propose urgent matters for the agenda's consideration in each meeting. The Company will deliver the meeting agenda and relevant documents to all directors for consideration in advance in order to have enough time and consider the agendas under the following guidelines:

- 1) The Board of Director shall have a meeting at least 6 times per year with 2/3 of the total board in attendance to constitute a quorum.
- 2) The Company shall deliver the meeting invitation to directors at least seven days prior to each meeting date to give them enough time to study, deliberate and make decision on all agenda items as well as schedule themselves properly to attend each meeting.
- 3) Chairman of the Board approves to endorse the meeting and agenda of the meeting by consulting with Managing Director and consider the proposed agendas of directors to include other significant matters in the agenda for the next meeting.
- 4) Chairman of the Board ensures that the Board of Director has adequate time for the management's information presentation including questions and debate of significant issues.
- 5) The Board of Director must duly devote their time and attention to the Company's business and be prepared to attend meetings regularly. The Board of Director have the duty to attend at least 75 percent of such meeting.
- 6) The Board of Director can gain reasonable access to information, to request documents and information, consultation and related services concerning the Company's operations from Senior Executive as well as seeking independent views from external consultants if necessary.
- 7) Supports Senior Executive to attend the board meetings to provide additional information and details.
- 8) Supports Non-Executive Directors to have opportunities in arranging their meeting as deem appropriate for reviewing and discussing its operation and management without the attendance of the Management, after that reporting its meeting result to Managing Director.
- 9) A resolution will be passed by no less than 2/3 of entire directors while casting vote.
- 10) Directors, who are potential involvement or vested interest in any agenda item, must refrain from voting or express views on that item.
- 11) Minutes of the Board meetings including its meeting agenda and the board's views must be clear for future reference.

In the year 2020, there was a meeting of the Board of Director in total of 9 times, the Company disclosed the total of meeting attending for each director in table no. 7.

## 9. Board of Director and Sub-Committee 's Performance Assessment

The performance appraisal of the Board and Sub-Committee is done annually by evaluation in group and self-assessment to co-consider the performances and problems for further development.

In the year 2020, the Company used the appraisal format of Stock Exchange of Thailand to cover significant issues such as structure and qualification of the Board, roles and responsibilities, board meeting, duties of the board, relationship with the management and self-development of Directors and Executives.

Appraisal of the Board's performance as a whole, will be defined clearly a criteria and procedure by Nomination, Remuneration and Corporate Governance Committees who also considered the appraisal format and questionnaire about an information of knowledge development, performance of directors and then reported to the Board of Director for considering. The Company might consider an employment of an external consultants to set guidelines and propose issues of the Board's performance appraisal as well as to disclose the performance in the annual report.

Secretary of the Company submits the performance's appraisal form to all directors to assess the performance of the Board of Director and Sub-Committee. After finishing the assessment, it will propose to the Nomination, Remuneration and Corporate Governance Committee first. Then, proposing to each Chairman of directors.

**Table 18 The results of the assessment of the Board of Director and subcommittee for the year 2020**

The Board of Director and Sub-Committee	The results of the assessment of committee as a whole
1. Board of Director	87.47%
2. Audit Committee	84.22%
3. Nomination, Remuneration and Corporate Governance Committee	83.90%
4. Risk Management Committee	80.42%

The criteria for the assessment represent to the percentage as:

- Over 85% = Excellent
- Over 75% = Very Good
- Over 65% = Good
- Over 50% = Average
- Under 50% = Need an improvement

### Managing Director Assessment

The Board of Director and Nomination, Remuneration and Corporate Governance Committee were the assessor of Managing Director's performance by considering based on business performance, implementation of the Board's policies, and socio-economic circumstances and used the appraisal format of Stock Exchange of Thailand. Then Nomination, Remuneration and Corporate Governance Committee will consider the appropriate remuneration for Managing Director and Senior executive and proposed to the Board of Director according to the following criteria:

- |  |   |
|--|---|
| 1. Leadership skills                       | 7. Human resource management and relationship with human resource |
| 2. Strategic Planning                      |   |
| 3. Strategic Implementation                | 8. Succession Planning  |
| 4. Financial Management                    | 9. Production and services knowledge                              |
| 5. Relationship with the Board of Director | 10. Characteristic  |
| 6. Relationship with outsider              |   |

The conclusion of Managing Director's an average score of assessment is 84.62 percent achieved "Very Good". And also, was estimated by Key Performance Indicator, an average score of Key Performance Indicator assessment is 107.00 percent achieved "Excellent". Therefore, a summary of Managing Director is 102.52 percent achieved over all "Excellent".

#### **10. Development of Directors and Executives**

- 1) The Company has promoted and provided support on training and education on corporate governance principle of the Company to Directors, Committee members, Executives, the Company's Secretary and others to generate and develop the operation regularly.
- 2) The Board should ensure that the personnel involved with the preparation and disclosure of information have the knowledge, skills and experience appropriate to the duties, responsibilities and to have a sufficient number of personal which include a top-financial and accounting Executive, accountants, internal audit, the Company's secretary and investor relations.
- 3) The Company has provided new Directors with orientation documents to comply with useful materials. An orientation program is provided to new Directors with nature of business and the Company's business practices. Directors have also undergone training organized by Thai Institute of Directors (IOD).
- 4) The Company has continued to executive development program forges preparedness for its internal rotation of Executives and this also applies to Managing Director succession through the Senior Executives appraisal program.
- 5) The Company has established a mentoring program, to develop operational readiness level of Senior Executives or Managing Director position. Upon Managing Director's position is available, the Company will consider the qualification and capabilities person as well as external qualified executives or Executive Managing Director's Assistant or Senior Executive with the availability to the recruitment process.

#### **Readiness Preparation for Directorship**

For new Directors, The Company established a director induction program to facilitate their prompt performance of duties to provide important information essential for the directors' performance of duty such as the Company's Articles of Association, the Company's director handbook, the handbook for directors of listed companies, and summary of operating results, for using as quick reference and arranging a meeting with Chairman and Directors and Managing Director or Executives or the Head of each department to stay informed and make queries about the Company's business in depth.

**Table 19 : Training and Seminar program for directors, executive and secretary in 2020**

Name of Course	Venue	Participant list	Position
Boardroom Success Through Financing and Investment (BFI) Class.9/2020	Thai Institute of Directors	Mr. Praisun Wongsmith	Chairman of the Board / Independence Director
Advanced Audit Committee Program Class.37/2020		Mr. Sayan Satangmongkol	Independence Director / Chairman of Audit Committee and Nomination Remuneration and Corporate Governance Committee
Risk Management Program for Corporate Leaders (RCL) Class.20/2020		Mr. Thitisak Skulkroo	Director / Executive Committee
Strategic Board Master Class (SBM) Class.9/2020		Mrs. Pojanard Prinyapatpakorn	Director / Executive Committee and Managing Director
S05 Sustainability evaluation and data management Class 3	The Stock Exchange of Thailand	Mr. Detbordin Reinsubdee	Director/ Risk Management Committee / Executive Committee Deputy Managing Director /
Successful Formation & Execution of Strategy (SFE) Class 32/2020	Thai Institute of Directors		(Acting) AMD of Business Operation Group (Acting) AMD of Marketing and Innovation Group

### Sub-Committee

The Board of Director appointed 4 Sub-Committees such as Audit Committee, Risk Management Committee, Nomination, Remuneration and Corporate Governance Committee and Executive Committee for sustainable development to be responsible for their specific areas and report directly to the Board for its consideration or reference by putting in place its Charter of the Sub-Committees specifying rights and duties, which is published on the Company's website.

### Audit Committee

As of December 31, 2020, the Company has Audit Committee and Independent Directors of the Company's board in total 3 persons with fully qualified, according to the announcement of the Stock Exchange of Thailand in connection with qualifications and scope of Audit Committee, to perform their duties and balance of the Company's business operations with accuracy and the benefits to shareholders. Naming list of Audit Committee and the Independent Directors adhere to the table no. 8. Ms. Sasitorn Funprom was appointed in the 2018 AGM on April 24, 2018 who graduated from school of accounting with knowledge and experience in auditing and review the financial statements of the Company.

**Roles and responsibilities of Audit Committee.**

**1) Financial Reports and Audit**

- 1.1 Review financial statements of the Company in order to ensure that they are correctly and credibly as well as disclose information sufficiently. The Company co-ordinates with the external auditors and the Executive's responsible for financial reporting both quarterly and annual.
- 1.2 Consider, select and nominate an independent person as an Auditor for the Company as well as suggest remuneration for the Auditor with regard to reliability, resource adequacy and quantity of auditing including attending the meetings with the Auditors without any management at least 1 time per year.
- 1.3 Promote the independence of the Auditors and opine to the suitability of the Auditors including the enhancement of financial reporting system development with equal to the International Financial Reporting standards.

**2) Internal Control**

- 2.1) Review to ensure that the Company has a proper internal control system and risk management system efficiently and transparently, including suggesting to review or examine any necessary and important items as well as to provide suggestions to improve the internal control systems, risk management systems and report the result of review to the Board of Director.
- 2.2) Review evidences in the event that there is any reasonable doubt in the operations that may have a significant affect to the financial status and the operating results of the Company or the conflict of interests or illegal act and malpractice related to regulations which may have an impact on the operations of the Company.
- 2.3) Review an internal process of Whistle-Blowing measure.
- 2.4) Review to verify the information technology with accuracy and effectiveness, relate to financial reporting and internal control.
- 2.5) Prepare the report of Audit Committee by disclosing in the Company's annual report. The Annual Report must be signed by Chairman of Audit Committee and have opinions on various matters according to the regulations of the SET.
- 2.6) Consider the evaluation form for the adequacy of the internal control system. The internal audit department has examined and assessed to ensure that the Company has adequate internal control systems and present to the Board of Director for consideration.
- 2.7) Review the Company to conduct a management process of anti-corruption in accordance with the guidelines of the various compliance units effectively by starting with promoting and creating the awareness, risk assessment, establishing preventive systems, audit, and reviewing a self-assessment related to anti-corruption measures, according to the assessment of internal audit that is checked and reviewed to ensure that the Company has the anti-corruption policy systems as reported in the self-assessment of the Thai Institute of Directors Association (IOD).

**3) Internal Audit**

- 3.1) Review the Company to ensure that the internal audit system is suitable and efficient, including controlling the internal audit unit to comply with the internal audit standard.

- 3.2) Consider the independent status of the internal audit unit in accessing into the efficient information for an internal auditing work, including make a suggestion in the matter of the Company's budget, planning and division of internal audit unit as well as to approve an appointment, shift or termination of the chief of internal audit unit or the internal audit as the management proposed.
- 3.3) Consider the procurement of extranal consultants or professional experts for providing an advice or opinion as the Audit Committee seems appropriate.
- 3.4) Consider the approval of the charter of internal audit unit and review it on annual basis by proposing to the Board of Director to consider amending (if any).
- 3.5) Approve and evaluate the annual internal auditing plan in order to ensure that the plan is in line with a type or level of the Company's risk.
- 3.6) Review and consider a result report together with internal auditor on the performance of internal control system assessment.

**4) Supervise the anti-corruption measure**

- 4.1) Supervise the internal control, financial management and the other process related to the anti-corruption measure to ensure that processes are determined properly and be complied efficiently.
- 4.2) Supervise to conduct the whistle-blowing process in even that a employee or stakeholders has any rational doubt or has seen any reasonable suspicious activity which is a non-observance or breach the law, rules, regulation, code of conduct or corporate governance policy to ensure whistleblowers that the Company has the independent investigation and the proper monitoring process, including the reviewing process and the corruption concluding process for determining the internal measure standard.

**5) Compliance with relevant laws and regulations**

- 5.1) Review the Company to compliance with securities laws and regulations of the Stock Exchange of Thailand and policies, rules, requirements and the other laws, relating to the business of the Company.
- 5.2) Consider related transactions or transactions which may conflict of interests to compliance with the laws and the requirements of the Stock of Exchange of Thailand to ensure that such transactions are reasonable and the utmost benefit of the Company.

**6) Other duties**

- 6.1) Audit committee is able to seek for the independent opinion from a professional consultant as they deem necessary according to the Company's expenses though the consideration of the Board of Director, in even that to assign those consultants, it shall be as the Company's regulation.
- 6.2) Arrange a report of Audit Committee, signed by Chairman of Audit Committee and disclose in the Annual Report of the Company, in accordance with the SET's guidance.
- 6.3) Chairman or Audit Committee shall attend the AGM for the clarification work of Audit Committee or the appointment of the Auditor.
- 6.4) Review and amend Audit committee charter, and propose to the Board of Director for approval.
- 6.5) Take a charge of relevant duties as the Board of Director has been assigning thought the consideration of Audit Committee.



## **Nomination, Remuneration and Corporate Governance Committee**

In 2020, there are 3 persons of Nomination, Remuneration and Corporate Governance Committee which everyone is an independence director as shown in the list on the table no. 9, additionally, Nomination, Remuneration and Corporate Governance Committee, each duty is as follows;

### **1. Nomination term**

- 1.1) Define the procedure and criteria for the nomination of directors
- 1.2) Consider structures, sizes and composition of the Board of Director and Sub-Committee properly in line with the Company's structure and the changing circumstances.
- 1.3) Consider and set the qualification of candidate who becomes a director by taking into consideration of knowledge, skilled talent as well as having experience related to the Company's operation and dedication.
- 1.4) Nominate the qualified candidates to be directors, Sub-Committee and Senior Executive and propose to the Board of Director to consider appointing that as seen suitability and the position that become vacant.
- 1.5) Devise a development and training plan of performance of duty or business knowledge of the Company for directors and directors in Sub-Committee.
- 1.6) Review the succession plan for Senior Executive as well as the list of a qualified candidate for succession and propose to the Board for consideration as seen suitability and the position that become vacant at least once a year.
- 1.7) Perform other duties as assigned by the directors.

### **2. Remuneration term**

- 2.1) Consideration of the remuneration for the Board of Director and Sub-Committee.
  - 1) Report its opinion about structures and composition of the remuneration, including the non-financial remuneration for the Board and Sub-Committee for an annual review, in even that the Board of Director shall be the one who consider permitting prior to propose to the AGM of shareholders for approval.
  - 2) Approve and review the criteria of the performance appraisal of the Board of Director and Sub-Committee then propose to the Board of Director for consideration and assessment. Nomination, Remuneration and Corporate Governance Committee would consider the result of the assessment for appointing the regeneration of the Board of Director and Sub-Committee.
  - 3) Propose the criteria of the remuneration of the Board of Director and Sub-Committee by taking into consideration their duties and responsibilities. The remuneration will be appointed in line with assessment, business plan and overall operating result as a whole for convincing and keeping the directors who had knowledge, skilled and latency. The Board of Director would consider for approval before proposing to Annual General Meeting of Shareholders for approval onward.
- 2.2) Consideration of remuneration for Senior Executive
  - 1) Approve and review the structures and composition of the remuneration of Senior Executive on the annual basis and propose the Board of Director for approval.
  - 2) Review the assessment criteria of Senior Executive and the criteria and factors of assessment of all organization on annual basis, then propose to the Board of Director for approval.

- 3) Organize the performance assessment of Senior Executive on an annual basis, together with communicating the considered result and development point toward Senior Executive for their acknowledgement, then report the assessed result to the Board of Director.
- 4) Consider defining the Senior Executive remuneration by considering in the proper remuneration which is a salary related to the time and duration of work, along with those assessment results, and propose the considered remuneration to the Board of Director for approval.

### 3. Corporate Governance term

- 3.1) Be in charge of conducting the corporate governance policy and anti-corruption policy which are suitable for the Company under relevant laws, criteria, rules and the regulation of the institute responsible for corporate governance, namely the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC) and relevant institute as well as international standard guideline of the good corporate governance for proposing to the Board for approval
- 3.2) Provide the manual of corporate governance practice principles in accordance with Corporate Governance Policy and Anti-corruption policy in order to be the right practice and reliable standard for the Company.
- 3.3) Control, administer and give its advice to Directors and Executive in performing their duties and responsibilities as the corporate governance policy in consistent with concepts and principles of Corporate Governance Policy and Anti-Corruption Policy to be sustainable and practical as well as generate a good practice, according to the Code of Conduct of the Company's directors, Executives and employees.
- 3.4) Reviewing and improving the Corporate Governance Policy and Anti-Corruption Policy regularly at least once a year to make the corporate governance policy and anti-corruption policy consist in the international good practice guidance, along with laws, criteria, rules, regulation and business of the Company.
- 3.5) Conduct the Annual Report of the corporate governance assessment to report to the Board of Director as well as giving its opinions and recommendations for the improvement as seen appropriate.
- 3.6) Suggest rules and practices of morality and ethics for business procedures and a list of principles of the Board of Director, Executives and employees.
- 3.7) Appoint working groups to support the Corporate Governance Policy as necessary.
- 3.8) Perform other duties as assigned by the Board of Directors.

### Risk Management Committee

In 2020, the Company had 4 directors performed in Risk Management Committee. List of Directors as adhere to table no. 10, which have scope of duties and responsibility as follows;

- 1) Define the risk management policy and framework covers all areas including financial risk, safety and environmental risk, production and distribution risk, risk from raw material cost as well as labor risk and any risks affecting to the Company's reputation, along with the investment risk with investment screening and corruption risk etc.

- 2) Review and revise the policy as well as risk management processes and the charter to ensure the effectiveness and adequacy were in line with changing circumstances.
- 3) Define a strategy in compliance with the Company's risk management policy, along with monitoring and controlling in order to reduce risk to an acceptable level.
- 4) Support and develop the implementation at all levels including promote a culture of risk management comply with the policies and strategies as defined.
- 5) Supervise, control and review the essential risk management report, along with making a suggestion to ensure that there is the efficient risk management system in consistent with the Company's business properly, and be able to manage the relevant risks for retaining it in the acceptable level in accordance with the corporate risk management policy.
- 6) Report to the Board of Director regularly to rectify what need to be improved to be consistent with policies and stipulated strategies.
- 7) Perform other duties assigned by the Board of Director.

#### Executive Committee

In 2020, the Company has 5 members of the Executive Committee, the names of the Executive Committee are in accordance with table 11, whose scope of authority and duties of the Executive Committee are as follows:

1) Perform duties within the scope of the law, objectives and regulations of the company as well as the resolutions of the Board of Directors and the resolution of the shareholders' meeting with honesty, caution, take responsibility and ethical by taking into account the interests of all shareholders equally.

2) Manage the Company's business in accordance with the objectives, vision, missions, strategies and policies of the Board of Directors in accordance with the law, conditions, rules and regulations of the Company And relevant regulators.

3) To consider and give approval on the strategic direction, management structure, business plan and annual budget of the Company before proposing to the board of directors for approval.

4) Supervise the Company's business operations in accordance with the policies, goals, strategies, operational plans and the annual budget approved by the Board of Directors effectively and in line with the changing business conditions in each period including giving advice and management advice to senior management.

5) Consider and approve the spending of funds according to the approved budget and in accordance with the rules and regulations including the management power set by the Board of Directors.

6) Consider and approve the salary structure and other incentives for executives and employees and presented to the Nomination Remuneration and Governance Committee to propose to the Board of Directors for further approval.

7) Consider and give approval for improvements and changes management structure, regulations and working procedures of each line of work.

8) Consider and approve the loan offering or lend money or any loan application from financial institutions as well as the amount of guarantees to the Board of Directors for approval.

9) To consider and approve financial transactions with financial institutions for an account opening, an account closing and normal transactions of the Company.

10) Study the feasibility of investing in new projects. With conditions of new investment projects such as

10.1) Projects must study feasibility of business operations by establishing a clear feasibility study.

10.2) The investment project must invest in the form of a joint venture, business acquisition, acquisition of assets or otherwise, but not granting loans or financial assistance.

10.3) All Investment projects must be submitted for approval to the Board of Directors

11) Consider and screen all types of work proposed to the Board of Directors except for work that is under the authority, responsibility and / or it is the authority of other sub-committees of the Company to consider and screen to present to the Board of Directors directly.

12) To review and update the charter of the Executive Committee annually.

Perform any other duties as assigned by the Board of Directors.

## **Remuneration of Directors and Managing Director**

The Company has the remuneration policy for Directors and Managing Director in reasonable levels to motivate and retain a quality of Directors compared to the same industries nearby by considering determining the remuneration methods to link with their achievement, performance and responsibilities, together with making benefit for shareholders. The assigned directors who are responsible for special duties will be paid more by linking with the level of their responsibilities and those who is Chairman shall be paid more than Directors. Additionally, the Board of Director will provide a report of Director's remuneration policy, along with a principle, reason, and objective of aforementioned policy on annual basis by publicizing on the Annual Report and financial report in order that the Board of Director shall propose the remuneration policy in the shareholder's meeting for approval onward.

## **Selection and appointment of Directors**

### **Selection Independent Director**

Criteria for Independent Directors comprises of 1 Independent Directors with knowledge, competence and famous expert in plastic industry and another 1 Independent Directors with knowledge of accounting or CPA and experience in review the financial statements in order to nominate the qualified candidates in accordance with the consideration of Directors, then present to the shareholder's meeting for approval.

### **Directors and Independent Directors appointment**

- 1) Each shareholder shall have one (1) vote per one (1) share.
- 2) Each shareholder shall exercise all the votes as 1) to elect one or several candidates as a Director or Directors.  
However, the votes cannot be split.
- 3) Candidates who receive the highest number of votes in descending order, shall be elected as Directors, equal to a number of Directors or election such that period. In case the candidates who are elected by descending order of votes with the equal number of votes, but exceed the number of the directors. Chairman of the meeting shall cast one extra vote to the final decision.

### **Termination and Retirement of Directors**

- 1) At every Annual General Meeting (AGM), one-third of the Directors should retire. If this number cannot be divided into three parts, the number of the nearest to the one-third shall vacate the office. However, a retiring Director may be eligible for re-election.

- 2) Apart from retirement at the end of the office term, a director shall vacate the office with a reason of death, resignation, lack of qualifications or disqualification under the law pertaining to Public Company Limited and/or Securities and Exchange Law. Removal pursuant to a resolution at the Shareholders meeting or a court's order.
- 3) Any Directors, who would like to resign from the Directors, can submit a resignation letter to the Company. The resignation will be effective from the receiving date by the Company. The Director may also inform the register about the resignation.
- 4) At shareholders meeting, shareholders may vote the removal of any Directors from the office, prior to the term's expiration. At least, three-quarter votes of eligible shareholders present at the meeting are required. Providing that the number of shares is at least half of the total number of shares represented by the eligible shareholders and present at the meeting.
- 5) In case of Directors are vacancy as the other reasons and other than for term expiration, the Board must select a qualified person and no prohibited manner in accordance with law of the Public Limited Company and laws of the Securities and Exchange to be a Director at the next Board's meeting. If the remaining term is less than two months, the substituting Directors can remain in the office for the remaining period.

#### **Supervision of operations of subsidiaries and associated companies**

The Company does not have subsidiaries and associated companies for supervision.

#### **Preventing misuse of the internal information**

The Company attaches significance to preventing the misuse of information that has not yet been disclosed to the public or confidential information, that could have any impact on the Company's share price, for their own or other benefit. Consequently, The Company has established a measure to prevent misuse of internal information and incorporated them the Corporate Governance Principle and Code of Conduct and Regulations for employees in writing obviously to provide guidelines for the concerned persons, namely, the Board of Director, Sub-committee, Executive and employees responsible for related functions as well as their spouses and children who are minors by having the established practices in compliance with the Securities and Exchange Act B.E. 2535 as follows:

1. The Board of Director, Executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading company shares for one month period prior to the release of the Company's quarterly and annual financial statements and for 24 hours after the release (Blackout Period). In order that, the Company's secretary will inform via all concerned persons of the blackout period via the email 30 days prior to blackout period and to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the aforementioned information.
2. The concerned persons who have knowledge of confidential information that could impact the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.
3. Directors and Executives (Senior executives) as defined by SEC are required to make an initial reporting of their securities holding in the Company when there are any changes in securities holding as a result of the

purchase, sale, transfer or acceptance of transfer of securities within 3 business days from the date of any changes and submit this report to SEC's website.

4. The Board of Director will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding will be reported in the Board of Director's meeting and disclose the number of shares both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report.

In the past 2020, there is no wrongful action from Directors, Senior Executive and employees who related to internal information.

### Compliance with the corporate governance principle

The Company adhere and complies its business continuously with the corporate governance principle such as the Principle of Good Corporate Governance for Listed Companies 2017 of the Stock Exchange of Thailand, and the Corporate Governance Report of Thai Listed Companies (CGR) of Thai Institute of Directors (IOD).

The Company recognizes and values the principles of Good Corporate Governance, the Company has devised a clear policy and guidelines as seen in its CG manual that has been approved by the Board of Director for the year 2020 (download at [www.thantawan.com](http://www.thantawan.com)) for strictly conduct.

In the year 2020, there were no cases of Non-Executive Directors to resign as the issue of corporate governance as well as no cases of corruption offense or ethical misconduct. The Company was rated on corporate governance practice by various agencies and achieved numerous awards as follows:

- Rated 93% or Excellence according to Corporate Governance Report of Thai Listed Companies 2020 carried out by the Thai Institute of Directors (IOD).
- Rated 100 points according to the evaluation of the quality of the year 2020 Annual General Meetings of Shareholders (AGM checklist) of listed companies carried out by the Thai Investors Association.

### Anti-Corruption Policy

In the year 2020, Nomination, Remuneration and Corporate Governance Committee reviewed the Anti-Corruption Policy and Practices and proposed to the Board of Director. The Company published the Anti-Corruption Policy and Practices to employees and the Company's website at [www.thantawan.com](http://www.thantawan.com) in whistle blowing section and the Annual Reports as informed by the following details of the Anti-corruption policy as follows

Thantawan Industry Public Company Limited "The Company" has a policy to promote morality, ethics, and transparency by emphasizing on fair business practices to all relevant person in and outside of the industry which included shareholders, employees, customers, partners/creditors, competitors and society. The Company determines principles of unsupportive activities of a group or persons who act inappropriately in seeking for benefits in order to make sure that the operation will be carry out without corruption. Therefore, the Company has set up a policy to conduct the business and communicate to the Board of Director, Managing Director, faculty of management and employees at all levels are strictly adhered not to perform or accept corruption at all, no matter in a direct or indirect way. Every relevant departments are comprehensive to review the implementation of Anti-Corruption Policy

regularly as well as reviewing the guidelines together with the requirements for various operations in order to comply with business changes, regulations and legal requirements.

## **Roles and Responsibilities**

### **Board of Director**

Has a role to consider and approve policies in order to supervise the system to have anti-corruption mind set in order to ensure that the management department should acknowledges the anti-corruption policy together with adhering to the guidelines of the employees to the entire organization.

### **Nomination, Remuneration and Corporate Governance Committee**

Has a duty to set policies and supervise the anti-corruption measure in order to present to the Board of Director for consideration and approval along with giving advices to Managing Director and Senior Executives to have responsibility to implement an anti-corruption policy.

### **Audit Committee**

Has a duty to review and evaluate internal controls, financial report, preparation, and other processes related to Anti-Corruption Policy to ensure that the Company has complied with the laws and regulations for the criteria of the Company as determined. Having proper segregation of duties and responsibilities including reviewing internal controls which regarding to anti-corruption measures with personnel working in advance, before reporting the results to the Board of Director.

### **Risk Management Committee**

The duty of assessing the opportunities and impact of risk factors that may be caused by corruption as well as determination a risk management policy and placing the risk management framework of the Company, including supervising, monitoring and reviewing risk management reports to ensure the confident of effective risk management that are suitable for operating the business of the Company then report the results to the Board of Director.

### **Managing Director and Senior Management**

Has a duty to receive the authority and responsibility for implementing anti-corruption. For instance, having a system to support the anti-corruption policy and pass it down to employees along with all related parties. Futhermore, they have a duty to review the appropriateness of the internal control system in order to consistent with business changes, regulations, and legal requirements including the audit report, according to the Anti-Corruption Policy to Audit Committee, Nomination, Remuneration and Corporate Governance and the Board of Director consistently.

### **Internal Audit Department**

An Internal Audit Department is responsible for inspecting and reviewing operational processes to ensure compliance with policies, practices, operational authority and the regulatory requirements of regulator in order to ensure that the operational process have a suitable and sufficient control system against the risk of corruption that may occur then report to Audit Committee.

#### Anti-corruption guideline and practice

1. The Board of Director, the Management, and employees do not perform anything related to corruption in all forms, both directly and indirectly.
2. The Company prohibits Directors, Executives, and employees of the Company from doing any act that is tended to be corruption such as, giving or receiving bribes to or from government officials, government agencies, private agencies, or stakeholders related to the Company in order to gain or maintain business trade advantages and competition.
3. The Company prohibits Directors, Executives and employees from demanding the operation or accepting corruption for the benefit of oneself, family, brothers, friends, and acquaintances.
4. The Company has authorized Directors, Executives and employees of the Company. They must work carefully in the work process that has a high risk of corruption such as, sales and procurement, marketing, investment project, contracting, giving and receiving gifts, souvenirs or other benefits, reception, giving donations, supporting funds, etc.
5. The Company has authorized Directors, Executives and employees of the Company for taking action on giving or accepting donations for supports in the right way according with the Company's regulations and required by law ensuring that donations or financial support are not used for bribery.
6. The Company has authorized Directors, Executives and employees of the Company to be cautious in making transactions with person, or any organization that is questioned about corruption.
7. The Company prohibits Directors, Executives, and employees of the Company from neglecting or ignoring when seeing acts that are considered to be corruption related to the Company which is considered as duty to inform the director or the person in responsible and cooperate in examining various the truth.
8. The Company will provide fairness and protection to those who have refused corruption or informing clues about corruption to the Company as specified in the whistle-blowing measures and mechanisms to protect whistleblowers as well as the cooperators in the reporting of corruption regarding the specified Company's whistle-blowing policy or complaint (Whistleblower Policy) with the Code of Conduct of the Company.
9. The Company will consider and punish anyone that found implicating with corruption which is considered as unethical act according to the regulations of the employee's discipline. The person may be punished by the law if the act is illegal.
10. The Company will disseminate knowledge and understanding to anyone who must work with the Company or may affect the Company in order to comply with the Anti-Corruption Policy.



## **Operating requirements**

In order to be clear with the operations of high-risk matters by the occurrence of corruption. All Directors, Executives and employees must act with caution in the following areas:

### **1. Political Assistances**

- 1) The Company has a neutral business policy, not being politicized, politician or any political parties adhere to political neutrality, support legal compliance and democratic governance. The Company has no policy to support the activities of political parties or politicians directly and indirectly.
- 2) The Company has no policy to support the activities of political parties, politicians in exchange for special privileges direct or indirect disapproval benefits.
- 3) The Board of Director, Executives, staff and employees of the Company are able to participate in political activities according to personal liberty rights but do not pretend to be the Company's employee or using of assets and any equipment of the Company for the benefit of political activities.
- 4) The Board of Director, Executives, staff and employees of the Company are able to participate in political activities according to personal liberty rights but this should proceed as follows;
  - A. Should not express in the way that makes others understand that the Company is relevant, concentrates or supports political actions.
  - B. Do not dress in the Company's uniforms or apply any symbols to make others understand that you are employees of the Company in participating in political activities.
  - C. Do not pretend to be the Company's employee for credibility in order to find a coalition of political expression.
  - D. Avoiding an expression or expressing political views in the office or during working that may cause conflicts in the workplace.

### **2. Charitable donations and support**

- 1) Charitable donations both in the form of financial assistance or other forms such as giving knowledge or devote the time, etc. The Company can be a part of social activities as well as public relations. It will enhance the good image for the Company without aiming for business returns.
- 2) Supporting money or possession of cash substitution to activities or projects must be conducted with transparency, legally and must specify the name of the provider in the Company's name and it must be approved as accordance with the regulations of the Company to ensure that it will not be used for corruption. It needs to have an objective in order to promote business and good image of the Company such as job creation, income, community, educating people.
- 3) Any donations that support to government officials, government agencies including charities must perform under the following conditions;
  - a) The organization is reliable and/or legally established
  - b) It is an act on behalf of the Company which operates correctly under laws, the Company's regulations and being transparency.

- c) It should not pay or offer cash substitute items to government officials, or directly to any persons unless it clearly stated in the request for support with a proof of support in writing.
  - d) Monitoring should be done in order to ensure that donations or supports has been spent for public benefit and/or meet the donation objectives and/or truly support.
- 4) The complaint requests the Company to provide financial support, donations and grants must do as follows;
- a) The complaint presents details of requests for reimbursement, granting, financial support, donations or grants to the supervisor for consideration.
  - b) The supervisor of the complaint reviews it before submitting to the authority in accordance with the regulations regarding approval authority.
  - c) The authorised person considers the details of financial support, donations or grants to ensure that the objectives of providing financial support, donations and grants are in accordance with the Company's practices then considers for an approval.
  - d) The complaint provides an evidence of financial support, donations or grants such as a letter from the organization that supports the donation or grants, photographs or receipts, etc., to the Accounting Department as an evidence for accounting records after providing a financial support, donations, or grants.
  - e) The Accounting Department reviews the evidence of financial support, donations or grants. If the evidence provided by the complaint is not enough, The Accounting Department notifies the complaints in order to request information or to clarify. If it is able to prove that the granting, donation, or financial support does not follow the Company's practice or to use as an excuse for corruption, the Company will punish with the highest punishment.

### **3. Activity arrangement to Corporate Social Responsibilities**

- 1) Activity arrangement of corporate social responsibility both in the form of financial assistance or other forms such as, providing knowledge, taking time to deliver products to support activities, environmental conservation, etc. The Company can be a part of social return activities as well as public relations and enhance good image for the Company without looking forward to business in returns.
- 2) Activity arrangement of corporate social responsibility together with government officials, government agencies or various organizations can be done as appropriate which must be done on behalf of the Company and it has objectives accordance with the Company's policy. It should have a clear criteria and proceed plan regarding to the Company's regulations.
- 3) Conducting social responsibility activities, whether by money or possession of cash instead. It must proceed with transparency, legally, and must specify the name of the provider in the name of the Company only by going through the approval process in accordance with the Company's regulations and make sure that social responsibility activities will not be used for corruption which may be done in many forms, such as creating jobs, creating income, including communities educating people in the community etc.

4) Corporate social responsibility activities

- a) The complainant presents the details of the social responsibility activities to the supervisor for consideration.
- b) The supervisor of complainants reviews the activities before presenting to the Corporate Social Responsibility Department and corporate communication for consideration.
- c) The Corporate Social Responsibility Department and corporate communication consider and prepare the annual plan before presenting the authority in accordance with the regulations as regards with approval authority and the use of the approval authority table for consideration.
- d) The authorized person consider the details of the social responsibility activities to ensure that the purpose of the activities follow the Company's practice for consideration and approval.
- e) The Corporate Social Responsibility Department submits documents such as the annual plan, event details, etc. to the Accounting Department for the advance payment of the social responsibility activities and manage an expense with an evidence of social responsibility activities such as receipts, images, etc., as evidence for accounting records in accordance with the established operational procedures.
- f) The Accounting Department reviews an evidence of social responsibility activities. If the evidence provided by the complainant is insufficient, the Accounting Department will notify the complainant to request additional information or clarification. If the social responsibility activities are not following the Company's practice or to use as an excuse for corruption, the Company will punish the offender with the highest penalty.

**4. Accepting gifts, souvenirs or other benefits**

- 1) The Company's employees refrain from accepting gifts, assets or other benefits in all matters as well as having a duty to inform the third parties about the anti-corruption policy thoroughly
- 2) In the event that it is necessary to accept gifts, assets or other benefits and cannot refuse, proceed as follows;
  - a) Notify the supervisor immediately.
  - b) The staff will prepare a gift slip, souvenir, and other benefits and send documents together with gifts, or souvenir to the department which is appointed by the Company as follows;

For the Factory at Omyai and Tuangtana, it will be sent to the Human Resources Department.

For the Head Office at Suntowers, it will be sent to Managing Director.
  - c) The responsible department takes photos of souvenirs, recording information, and attaches photos in the control registration of gifts or souvenirs to issue codes and attaches to the received items.
  - d) The responsible department specifies the code on the delivery note of gifts, or souvenirs and document storage and those received items at the designated place and sent to Managing Director for acknowledgement.
  - e) Managing Director considers the control registration of gifts, or souvenirs for appropriate use such as raffle gifts, or donations, etc.

## 5. Giving gifts, souvenirs or other benefits

- 1) Giving gifts, souvenirs or other benefits by traditionally can do without a violation of the relevant laws. Local customs should be provided in a form that promote the image of the Company. Products that promote sustainable development, or generating income for the community as follows;
  - a) Calendars and diaries
  - b) The Company's products
  - c) Products used as public relations media of the Company
  - d) Royal Project Products, the Royal Initiative, Community products that generate income for the community, or products that promote sustainable development.
- 2) Giving gifts, souvenirs, or other benefits should be equally treated in order to prevent discrimination.
- 3) Do not offer any gifts, souvenirs or other benefits to spouses, children or persons involved with government officials, business partners, value customers, and contacting persons because these behaviors are considered as acceptance instead.
- 4) Giving gifts and souvenirs on important business occasions such as the establishment day or business contract signing, can do but if the value of gifts, souvenirs or other benefits is exceeded 3,000 baht (three-thousand-baht), it must be approved by Managing Director or the Company's regulation as follows;
  - a) The complainant proposes details of giving gifts, souvenir or other benefit to the supervisor for consideration.
  - b) The supervisor of the complainant reviews the details before proposing to the authority in accordance with the regulations on approval authority and the use of the approval authority table for consideration.
  - c) The authorized person considers the details of giving gifts, souvenirs or other benefits to ensure that the purpose of giving gifts, souvenirs or other benefits adhere to the principles and practice of the Company for consideration and approval.
  - d) The complainant presents an evidence of gift, souvenir or other benefits such as receipts and send to the Accounting Department as evidence for accounting records in accordance with the specified operational procedures.
  - e) The Accounting Department reviews an evidence of gift, souvenirs or other benefits. If the evidence is insufficient, The Accounting Department will notify the complainant to request additional information or clarification. If the fact that the gift, souvenir or other benefit are not following the Company's practice, or to use as an excuse for corruption, the Company will punish the offender with the highest penalty.

## 6. Hospitality and receptions

- 1) Hospitality and receptions are for business receptions such as the receptions for food and beverages, sports receptions entertainment and other spending directly related to business practices or traditional including provide business insight knowledge which situation able to do but it must be a reasonable expense and does not affect the decision making of the receptionist, which may cause conflicts of interest. For instance, do not provide any hospitality-receptions during tender.
- 2) It must have a financial statement for showing the spending expense for investigating as follows;
  - a) The complaint presents the hospitality and receptions such as name-surname, workplace and position of all certified persons as well as a list of the Company's employees participating in the certification for the supervisor consideration.
  - b) The supervisor of the complaint reviews it before it is proposed to the authority in accordance with the regulations on approval authority and the use of the approval authority table for consideration.
  - c) The authority considers the hospitality and receptions to ensure that the purpose of the hospitality and receptions follow the Company's practice for consideration and approval.
  - d) The complaint sends the documents to the Accounting Department to proceed with advance payment before the hospitality and receptions with evidence of hospitality or receptions such as receipts as evidence for financial records in accordance with the specified operational procedures.
  - e) The Accounting Department reviews proof of hospitality or receptions. If the evidence provided by the complainant is insufficient, the Accounting Department will notify the complainant to request additional information or clarification. If the hospitality or receptions are not following the Company's practice or to use as an excuse for corruption, the Company will punish the offender with the highest penalty.

## 7. Accepting proposals for meeting, training, seminar and business visits by spending the business partner's budget.

- 1) Accepting proposals for meeting, training, seminar and business visits by using the partner's budget can be done if it is complied with the conditions in the contract and the Company's policy.
- 2) It must relate directly to business operations or conservative which must be done with transparency and does not affect the decision in operation or causing conflict of interest.
- 3) It must not accept training proposals that has a hidden nature as tourism, against the laws and regulations without the intention of truly transferring knowledge.
- 4) Accepting a proposal for meeting, training, seminar and company visit by using the partner's budget. In the event that it is not specified in the contract agreement, it can be done, if it is considered that the said proposal is appropriate and beneficial to the Company, which must be approved by the supervisor and according to the Company's regulations.

## Whistleblowing measures and mechanism for whistleblowers protection

### 1. Scope of whistleblowing and complaints.

- 1) See any actions indicating or may indicate direct or indirect corruption involving the organization such as staffs are offering or receiving bribes from government officials or private sectors.
- 2) See a violation of the Company's procedures or affecting the internal control system of the Company which indicates or may indicate a corruption.
- 3) See any actions that cause losing benefits or affecting the reputation of the Company.
- 4) See a violation of the law, morals and ethics of the Company.

### 2. Whistleblowing measures

To ensure equal and fairness treatment for all stakeholders according to the corporate governance principles. The Company has provided channels for notifying clues, complaints, comments, or any suggestions that stakeholders are affected or anyone that will be affected, and will cause damage to the stakeholders to lose all groups from the business of the Company. Reporting the practice of directors, executives, or employees of the Company about the violation of laws or ethics including behavior that may indicate corruption, unfair practice, lack of care and lack of prudence through the following channels.

1. By mail, Chairman of the Board of Director or Chairman of Audit Committee, Thantawan Industry Public Company Limited No. 123 Sun Tower Building 32, Vibhavadi Rangsit Road, Chomphon Subdistrict, Chatuchak District, Bangkok 10900
2. Email to Chairman of the Board of Director And Chairman of Audit Committee board-thip@thantawan.com
3. The Company's website [www.thantawan.com](http://www.thantawan.com)
4. Suggestion box / comments / complaints within the Company channel.

The channel is safe and can give the whistleblower confidently access when reporting information or clues without risk to the informant later or recommendations regarding the implementation of anti-corruption measures.

In this regard, the Company will proceed with the investigation and record the investigation in writing without revealing the name of the whistleblower including the collection of confidential information in order to protect the effects that may occur to those reporting clues.

### 3. Whistleblower Protection Mechanism

To protect the rights of the complainant and the person who provided the information in good faith. The Company will conceal the name, address of any information that can identify the complainant or informant by keeping the information of the complainant and the person who provided the information is confidential. Only those who are responsible for checking the complaint will be able to access information.

In the case of complaints regarding corruption of the directors or executive. Audit Committee will protect the whistleblower, the complainant, witness and person who provided information in the investigation of the facts. Not to be affected by danger, unrighteousness caused by clues, complaints, witnesses or providing information.

Those who are responsible for complaints must keep the information, complaints and document of the complainants, including those who provide information confidential. Do not disclose information to other people who are not involved unless it is disclosed as required by law.

#### **4. Investigation**

If the corruption information or clues are found within the organization, the Board of Director will order Audit Committee to considers the internal auditor to collect evidence or appoint an investigation committee to investigate and summarize the results of the investigation to Audit Committee for further consideration.

If the corruption information or clues are found from an agency that supervises the Company, or from outside the organization, the Board of Director will order the internal auditor to gather evidence or appoint an investigation committee to investigate and summarize the results of the investigation to the Board of Director for further consideration.

#### **5. Penalty**

The Company will consider and punish those who are guilty of corruption as employees in accordance with the regulations. Disciplinary punishment of employees specified by the Company and may be punished or may be claimed for damages as required by law. If a person commits a corruption offense is a Director, the punishment will determine with relevant legal procedures and may be punished or may be claimed for damages as required by law.

#### **Policy communication within organization and external parties**

1. The Company is aware of the importance of disseminating knowledge and understanding with others who have to perform duties related to the Company or may affect to the Company including the public in matters that must comply with the anti-corruption policy.
2. The Company has made written recommendations regarding anti-corruption measures and provide channels for dissemination. For instance, posting on public relations boards, intranet system, email, the Company's website etc. in order for everyone in the Company to understand, accept, and comply with the anti-corruption policy appropriately.
3. The Company arranges an orientation, training, seminar about anti-corruption policy for Directors, Executives, staffs and employees of the Company to be informed and implement appropriately.
4. The Company communicates and disseminates anti-corruption policy including channels for whistle blowing measures or complaints and penalties for failing to comply with the anti-corruption policy for the insiders to be informed via various channels. For instance, posting on public relations boards, intranet system, email, the Company's website etc. in order for everyone in the Company to understand, accept, and comply with the anti-corruption policy.
5. The Company communicates and disseminates anti-corruption policy including channels for whistle blowing measures or complaints to the public, subsidiary company, associated company, others companies that the Company have authorized and business representative, business partners and the stakeholders through various channels such as the Company's website, the Annual Report, Annual Registration Statement (56-1 Form) etc. to create the understanding and supporting to adhere to social responsibility standards in the matter of anti-corruption as well as the Company.

6. The Company has prepared contract documents that stating conditions or remarks to customers or business partners to be signed and informed to acknowledge the anti-corruption policy in the documents attached to the Company's contract.

If any employees are unsure whether any action may constitute corruption or in case of questions or concerns, employees should consult Nomination, Remuneration and Corporate Governance committee or secretary of Nomination, Remuneration and Corporate Governance committee.

#### **Questions about policy and practice**

The Company assigned the Human Resources Department or responsible person for answering questions about anti-corruption policy. If the Company's personnel have any questions or need any advice in order to avoid actions that are related to corruption, they can consult with the Human Resources department.

When the Company's personnel face a situation that is uncertain in deciding whether the actions are against the anti-corruption policy, they have to do as follows;

Ask yourself the following questions:

- 1) Is the action illegal? If against the law, "stop doing".
- 2) Does the act violate the Company's policy or not? If it breaks the policy, "stop doing".
- 3) Is the action against values or the Company's culture or not? If it contrary to values or culture, "stop doing".
- 4) Does the action consist a negative effect on the image of the Company? If it effects the image of the Company, "stop doing".
- 5) Does the action effect the Company's stakeholders? If it adversely affects them, "stop doing".
- 6) Is the action causing bad practices in the future? If bad practices will occur, "stop doing".

#### **Internal Control**

##### **1. Inspection process, internal control and data recording**

- 1) The Company has an inspection procedure to ensure that the internal control system and information storage properly and comply with the anti-corruption policy.
- 2) All departments review risk assessments and formulate a risk management plan for corruption from operations that require coordination with external agencies such as procurement, sales of goods, extension of various licenses, etc. in writing including internal control systems and management to prevent the occurrence of corruption.
- 3) The Internal Auditor reviews the risk management plan and internal control systems of all departments prepare for annual audit plan to ensure that all business lines comply with the internal control system that is defined. If there is an issue that is not consistent with the anti-corruption policy, the responsible department must be notified in order to improve the internal control system to be suitable and summarized as a report and send to the management team and Audit Committee.
- 4) The Company provides procedure for document and various note storages to be ready for inspection to confirm the accuracy and suitability of financial report as well as the procedure to ensure that there are no items that have not been recorded or cannot explain or false lists.



2. For important departments have an internal control system as follows

- 1) **Procurement system.** The Company has procedures in relation to the procurement and enforcement systems within the Company to control every step related to the procurement process which is conducted through the system and stored as evidence for reference and can be inspected.
- 2) **Sale system.** The Company provides work procedures related to sales systems and enforced within the Company to control every steps related to the sales process which is conducted through the system and stored as evidence for reference and can be inspected.
- 3) **Accounting system.** The Company provides the accounting records in accordance with financial report standards and regulations of the office of the Securities and Exchange Commission through the system and stored as evidence for reference and can be inspected. Furthermore, various accounting records must have appropriate and accurate details by specifying transactions, purchase and sale, asset management with clear objectives of the transaction. There are no forgery accounting records and related documents to conceal the actual transaction.
- 4) **Human resource management**
  - 4.1) The Company has established a human resource management process by the recruitment and selection of personnel, promotion, training, employee performance assessment and providing compensation by requiring supervisors at all levels to communicate and understand with employees about the anti-corruption policy in order to use in the business activities under their responsibility and supervise to be effective.
  - 4.2) The Company has an orientation for new employees in order for employees to understand about anti-corruption policy, the Company expectations including penalties if employees do not comply with this policy.
  - 4.3) The Company provides a continuous training process for Directors, Executives, employees and staffs of the Company to truly understand about the anti-corruption policy, the Company expectations including penalties if employees do not comply with this policy.
  - 4.4) The Company has established a human resource management process. It is fair and it protects an employee who rejects or reports any corruption related to the Company which will not effect to the position, reduce penalties or negatively affect employees even though the action will cause the Company losing business opportunities. The Company provides channels for reporting clues and protection of the informer when employees need to report information or clues, including recommendations regarding compliance with the anti-corruption policy.

**Monitoring and Reviewing**

1. Nomination, Remuneration and Corporate Governance Committee must review this policy annually and propose to the Board of Director for approval. If there is a change, including the supervision and follow the policy implementation. This issue goes into practice and provide various suggestions continuously.
2. The Internal Auditor will examine the internal control system and processes such as sales, marketing processes, purchasing process, and other support processes of the Company regularly in order to ensure that the control system internal effectiveness is sufficient to combat corruption including discussing the results of the audit with

related parties to find appropriate solutions and inspection reports for the management together with Audit Committee for further acknowledged. If there is an urgent issue, the Internal Audit department will notify directly to Chairman of Audit Committee immediately.

3. Audit Committee will review the adequacy along with appropriateness of the internal control system and the risk management process of the Company in order to ensure the efficiency and effectiveness of the Company's operations are transparency.
4. The Internal Auditor will monitor the progress of the corrective approach that is properly resolved and report the results. Follow-up to the management team and Audit Committee for further acknowledgment.

#### **Auditors and Auditor fee**

##### **1) Auditor fee**

The Company paid audit's remuneration to auditors for the accounting period ended 31 December 2020 in total of 1,750,000 Baht and costs related to the audit by the actual cost at 2,760 Baht in the amount of 1,752,760 Baht.

##### **2) Other charges**

The Company paid audit fee to auditors for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the accounting period ended 31 December 2020 in the amount of 100,000 Baht.

#### **Corporate Social Responsibility**

The Company is committed to conduct business with recognizing the consequence that occurs at all time and to be a leading of packaging manufacturer. We have defined the Social responsibility as a framework of the Company in order to perform in conjunction with Good corporate governance principles throughout the customer, employee and stakeholder of the Company. The report and detail of the social responsibility will disclose in a separate report on website of the Company: <http://www.thantawan.com> under the social responsibility.

#### **Internal Control and Risk management**

##### **The opinion of BODs concerning company's internal control system**

The Company has focused on an internal control system, with the Company's internal audit department inspecting the Company's working systems to focus on having an adequate internal control system that is appropriate for business operations and preventing damages by reporting directly to the Audit Committee.

The Board of Directors' Meeting No. 3/2021 held on March 5, 2021, there were 3 independent directors who were audit committee members attended the meeting, considering the results of the assessment of the adequacy of the internal control system in accordance with the Securities and Exchange Commission (SEC) assessment and The Committee of Sponsoring Organizations of the Treadway Commission is 5 elements: control environment, risk management, operational control, and operational control in accordance with the Enterprise Risk Management (ERM) framework. The Board of Directors and the Audit Committee have a clear opinion that the Company's internal control system is adequate and suitable for business operations, effectiveness and operational efficiency. Resources are used to maintain assets, preventing or minimizing errors by accounting systems and financial reports is accurate

and reliable including compliance with the laws and regulations related to the business operation of the Company. Significant issues or glitches were not found.

The essence of the Company's internal control system and internal audit is set out as follows:

**1) Internal Control Organization**

- An organization structure has been structured that enables management to operate efficiently. It is always reviewed appropriately.
- The Board of Directors and the executives establish guidelines and practices based on integrity and ethical treatment for covering daily duties, making decisions on matters and guidelines for all partners, customers and stakeholders with fairness and transparent.
- The Board of Directors has supervised that there are clear and measurable business goals to guide employees. the Executive Committee prepare the guideline and propose to the Board of Directors.
- Determine a careful review of operational goals, including the feasibility of them without setting targets that incentivize or provide undue remuneration benefits or may lead to fraudulent acts, misconduct.  
Thus, the goals have to take the business environment into account.
- Have an ethics and requirements prohibit management and employees from behaving in a manner that may cause conflicts, written corporate interests, including a ban on corruption that damages the organization.
- The Board of Directors has established a good corporate governance policy, Code of Conduct and Anti-Corruption Guidelines for Directors, the Company's management and employees adhere to the guidelines for the implementation of such policies by communicating and promoting such policies to all executives and employees by publishing them on the Company's website and conducting regular training on such policies.

**2) Risk Assessment**

- Assess and review risks in various areas regularly both Internal and external risks, including assessments of corruption risks by executives from various departments, and risk management department has been presented an overview of the Company's risk management to the Risk Committee every quarter.
- Provide measures to track and monitor events which cause risk factors and measures to mitigate such risk.
- Notify all employees to follow the risk management measures prescribed, including monitoring that the measures have been complied.
- The Company complies with generally accepted accounting standards and is suitable for the company's business characteristics.

**3) Control activities**

- The Company has prepared various rules, regulations and operating manuals, as well as reviewed in accordance with the changing structure and operation, such as establishing written policies and procedures covering important transactions of the Company and general administration.
- Determined the scope of authority and authorization limits in financial of the management at each level is clearly defined and written.

- Allocated three areas of responsibility for the job: approval duties, duties to record account statements and information, and duties to maintain the storage of assets clearly in order to check on each other.
- Determined clear measures in the event that the Company conducting transactions, there are strong measures for the transaction to go through the approval process as required.

#### **4) Information Systems and Information Communication**

- Adequately present important information for the Board of Directors to make decisions.
- Prepared an invitation letter with supporting documents, including the minute of the Board of Directors' meeting and the minutes of the shareholders' meeting which will be presented to the Board of Directors and shareholders, as the case may be, to consider prior to the meeting within a reasonable period of time and as required by law.
- The Company has implemented accounting policies in accordance with financial reporting standards and is suitable for business, additionally all accounting documentation is stored and kept as a category.
- Data security is controlled by assigning access rights to access data in different systems in accordance with the principles of separation of duties and operations.
- There are effective channels for in-house communication, such as sending emails, public relations through events and holding meetings, to coordinate and be able to achieve the goals as planned.
- For communicating with people outside the organization, investor relations department is responsible for disclosing information and communicating to stakeholders thoroughly and clearly.
- The Company has established a whistleblowing policy or complaints and guidelines for receiving complaints. Including clearly establishing the management procedures for complaints in order to ensure that complaints are considered transparently and fairly.

#### **5) Monitoring and Evaluation**

- The Company has organized a process to monitor compliance with business ethics and prohibition requirements for management and employees who behave in a manner that may cause conflicts of interest, the 2020 Annual Report
- Assigned an internal auditor to review and evaluate the internal control of activities according to the audit plan approved by the Audit Committee, and provide recommendations to increase the effectiveness of internal control and communicate to the management for improvement by reporting the audit results to the Audit Committee so that internal auditors can operate their duties independently and present reports directly on a quarterly basis.
- When a significant defect is detected, it will be reported to the Audit Committee / the Board of Directors to consider and order amendments within a reasonable period of time.
- The Audit Committee will continuously review the internal control system and monitor its operations, as well as acknowledge reports of significant defects detected and summary reports to the Board of Directors to consider and order amendments within a reasonable time.
- The Company has been certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) through the self-assessment process. It has been reviewed by the Audit Committee and the Chairman of the Board of Directors to confirm that the Company has established policies

and guidelines, including having measures are in place to prevent corruption as well as conduct business in good corporate governance principles.

External audit by independent auditors and appointed by the Annual General Meeting of Shareholders to monitor and express opinions on the Company's financial statements. In recent years, there have been no observations regarding the deficiencies of internal control within the Company.

Internal audit, the company has appointed. Ms. Wachiraporn Seri to serve as internal audit manager of the Company which the Audit Committee shall considers and approves the appointment, removal, relocate or terminate and evaluate the performance of internal audit managers as stated in [Attachment 3](#).

In 2020, the Audit Committee reviewed the internal control system, which was evaluated by the management and internal audit department. No significant issues or deficiencies were found in line with the opinions of the Company's auditors.

#### **Connected Transaction in the past three years**

- None -

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Mr. Praisun Wongsmith</b> Independent directors / Chairman of the Board of Director  Shareholders' equity: None Appointed on April 28, 2014  There is no relationship with other directors and executives	61	<ul style="list-style-type: none"> <li>- Master of Economics University of Oklahoma State, USA</li> <li>- Advanced Security Management Program (ASMP) Class 5,</li> <li>- The Association National Defense College of Thailand under the Royal Patronage of his majesty the king</li> <li>- Capital Market Academy Leader Program Class 14, Capital Market Academy</li> <li>- The Leadership, Grid Teamwork Co., Ltd.</li> </ul> <p><u>Thai Institute of Director (IOD)</u></p> <ul style="list-style-type: none"> <li>- Boardroom Success Through Financing and Investment Class 9/2020</li> <li>- Digital Transformation – A Must for all companies 2018</li> <li>- IT Governance and Cyber Resilience Program (ITG) 8/2018</li> <li>- Advanced Audit Committee Program Class 24/2016</li> <li>- Director Briefing Class 4/2016 (Managing Technology &amp; Disruption)</li> <li>- Boards that Make a Difference (BMD) Class 1/2016</li> <li>- Role of the Chairman Program (RCP) Class 37/2015</li> <li>- Director Certification Program (DCP) Class 92/2007</li> <li>- Director Accreditation Program (DAP) Class 12/2004</li> </ul>	2018-Present	Independent director / Audit Committee	S Hotels And Resorts Co.,Ltd.
			2018-Present	Independent director / Chairman of Audit Committee	Jakpaison Estate Co., Ltd.
			2018-Present	Director	P advisory Co.,Ltd.
			2016-Present	Independent director	TMB Bank PLC.
			2015-Present	Chairman of the Board /Independent director	Thantawan Industry PLC.
			2012-Present	Chairman of the Board Independent director	P.W. Consultant Co.,Ltd.
			2017-Present	Independent director	I-EA-T Operation Center.
			2017 - Present	Independent director	Islamic Bank Asset Management Co., Ltd.
			2016– 2018	Independent director	CAT telecom Public Company Limited
			2016– 2017	Advisor to the Vice Minister of Ministry of Industry	Ministry of Industry
			2015 – 2016	Advisor to the Vice Minister of Ministry of Digital Economy and Society.	Ministry of Digital Economy and Society.
			2014 – 2015	Audit Committee	Thantawan Industry PLC.
			2014– 2015	Chairman of NPL monitoring and compliance,	Small and Medium Enterprise Development Bank of Thailand.
			2012 – 2016	Chairman of Executive director	SCMB Co.,Ltd.

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Mr. Sayan Satangmongkol</b> Independent director  Shareholders' equity: None Appointed on July 1, 2015  There is no relationship with other directors and executives.	73	<ul style="list-style-type: none"> <li>- Master of Business Administration Program(MBA) Thammasat University</li> <li>- Bachelor of science (Agricultural Economic) Kasetsart University</li> <li>- Capital Market Academy Leader Program Class 17, Capital Market Academy</li> </ul> <b>Thai Institute of Directors (IOD)</b> <ul style="list-style-type: none"> <li>- Advanced Audit Committee Program Class.37/2020</li> <li>- Board that Make a Difference (BMD) Class 1/2016</li> <li>- Role of the Nomination and Governance Committee (RNG) Class 6/2014</li> <li>- Role of Chairman Program (RCP) Class 25/2011</li> <li>- Audit Committee Program (ACP) Class 34/2011</li> <li>- DCP Re-Refresher Course DCP (DCP Re) Class 1/2008</li> <li>- Role of the Compensation Committee (RCC) Class7/2008</li> <li>- Finance for Non – Finance Directors (FND) Class 9/2004</li> <li>- Directors Certification Program (DCP) Class 43/2004</li> </ul>	2019 - Present	Independence Director and Chairman of the Board	PCN Corp PLC.
			2018 - Present	Independence Director and Chairman of Audit Committee	Thantawan Industry PLC.
			2017 – Present	Director of Nomination, Remuneration and Corporate Governance Committee	Thantawan Industry PLC.
			2015 – Present	Independent director / Director Audit Committee	Thantawan Industry PLC.
			2017 – 2019	Independent director / Chairman of the Board	PCN Corp PLC.
<b>Mr. Asdakorn Limpiti</b> Independent director  Shareholders' equity: None Appointed on August 1, 2016  There is no relationship with other directors and executive	66	<ul style="list-style-type: none"> <li>- Master of engineering, Michigan, Ann Arbor University, USA</li> <li>- Bachelor of engineering, Michigan, Ann Arbor University, USA</li> <li>- Advance Management Program (AMP) Class 167/2014 Harvard Business School</li> <li>- Capital Market Academy (CMA) Class 17/2013, Capital Market Academy</li> <li>- Thailand Energy Academy (TEA) Class 1/2012</li> </ul> <b>Thai Institute of Director (IOD)</b> <ul style="list-style-type: none"> <li>- Advanced Audit Committee Program (AACP) 25/2017</li> <li>- Director Certification Program (DCP) Class 75/2006</li> </ul>	2017 - Present	Chairman of Risk Management Committee	Thantawan Industry PLC.
			2017 – Present	Director of Nomination, Remuneration and Corporate Governance Committee	Thantawan Industry PLC.
			2016 – Present	Independent director/ Audit Committee / Director of Risk Management Committee	Thantawan Industry PLC.
			2015 – 2016	Advisor	PTT Exploration and Production Public Company Limited
			2014 – 2015	Executive Vice President, Strategy and Business Development Group / Acting Executive Vice President, Technology and Sustainability Development Group	PTT Exploration and Production Public Company Limited
			2010-2013	-Executive Vice President, Strategy and Business Development Group	PTT Exploration and Production Public Company Limited

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Ms Sasitorn Wongvilai</b> (Formerly name is Ms Sasitorn Funprom) Independent director  Shareholders' equity: None Appointed on April 24, 2018  There is no relationship with other directors and executive	54	<ul style="list-style-type: none"> <li>- Doctor of Public Administration University of Northern Philippines (UNP)</li> <li>- Master's degree in Applied Statistics National Institute of Development Administration (NIDA)</li> <li>- Bachelor's Degree in Accounting Faculty of Commerce and Accountancy Chulalongkorn University</li> <li>- Bachelor's Degree in Public Administration Ramkumhang University</li> <li>- Capital Market Development Auditor Project</li> <li>- Tax laws certifications, Central Tax Court of Thailand</li> <li>- <u>Thai Institute of Director (IOD)</u></li> <li>- Directors Certification Program Class 283/2019</li> <li>- Director Accreditation Program Class 150/2018</li> <li>- Advanced Audit Committee Program Class 31/2018</li> </ul>	Present	Independent director/ Director of Audit Committee / Director of Nomination, Remuneration and Corporate Governance Committee	Thantawan Industry PLC.
			Present	Certified Public Accountant	C.P.A. (Thailand)
			Present	Cooperative Auditor	Ministry of Agriculture and Cooperatives.
			Present	Director	IAS Business Consulting Co., Ltd.
			Present	Director	Aviso (Thailand) Co., Ltd.
			Present	Director	Aners Co., Ltd.
			Present	Lecturer	Faculty of Economics; Srinakharinwirot University
			Present	Committee on Border Trade and Cross Border Trade (Myanmar)	Board of Trade of Thailand
			2544 - Present	Advisor teams	Association for the Promotion of Thai SMEs
<b>Mr. Sivasan Nagadatta</b> Director  Shareholders equity: None Appointed on April 24, 2019  There is no relationship with other directors and executive	40	<ul style="list-style-type: none"> <li>- Terralax Leadership program, Harvard Business School, USA</li> <li>- LL.M, in intellectual Property Law, Tulane University, New Orleans, Louisiana, USA</li> <li>- LL.M, in Commercial and European Law, The University of Sheffield, England</li> <li>- Bachelor of Law, Thammasart University</li> <li>- <u>Thai Institute of Director (IOD)</u></li> <li>- Director Accreditation Program (DAP) No. 96/2012</li> </ul>	2019 – Present	Director	Thantawan Industry PLC.
			2014 – Present	Ind. Director / Director of Audit Committee	Woraluk Property Public Company Limited
			2008 – Present	Director	Bangkok Anthony Company Limited
			2008 – Present	Managing Director	NAGADATTA AND DOYLE Company Limited
			2001 - Present	Partnership	SERI MANOP & DOYLE CO., LTD.
			2011 - 2013	Director of Audit Committee	A.L.T. Corporation Company Limited



Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Mrs. Pojanard Prinyapatpakorn</b> Authorized Directors Managing Director  Shareholders' equity: None  There is no relationship with other directors and executive	65	<ul style="list-style-type: none"> <li>- Master of Social Administration, Thammasat University</li> <li>- Master of Housing Development, Chulalongkorn University</li> <li>- Energy Literacy for senior executive Class No. 12/2018</li> <li>- Senior executive Program in Industrial Development and Investment Class 3/2016, Institute of Business and Industrial Development</li> <li>- Capital Market Academy Leader Program Class 17/2014, Capital Market Academy</li> <li><u>Thai Institute of Director (IOD)</u></li> <li>- Strategic Board Master Class (SBM) Class.9/2020</li> <li>- Advanced Audit Committee Program (AACP) 25/2017</li> <li>- Board Nomination and Compensation Program (BNCP) 1/2017</li> <li>- Boards that Make a Difference (BMD) Class 1/2016</li> <li>- Role of the Chairman Program (RCP) Class 36/2015</li> <li>- Successful Formulation &amp; Execution of Strategy (SFE) Class 21/2014</li> <li>- How to Develop a Risk Management Plan (HRP) Class 2/2012</li> <li>- Role of the Compensation Committee (RCC) Class 14/2012</li> <li>- Finance for Non-Finance Directors (FND) Class 25/2006</li> <li>- Director Certification Program (DCP) Class 35/2003</li> </ul>	2017 – Present	Independent Director / Director of Audit Committee / Director of Nomination and Remuneration Committee /Chairman of the Corporate Governance & Sustainable Development Committee	Nirvana Daii Public Company Limited
			2017 – 2018	Director of Risk Management Committee	Thantawan Industry PLC.
			2014 – 2017	- Chairman of Risk Management Committee	Thantawan Industry PLC.
			2010 – Present	- Director / Managing Director	Thantawan Industry PLC.
			2010 – Present	- Director / Managing Director	Bangkok Terminal Company Limited
<b>Mr. Detbordin Riensubdee</b> Authorized Director Executive Committee Deputy of Managing Director, (Acting) AMD Business Operation Group, (Acting) AMD Marketing and Innovation Group  Appointed on August 1, 2016 Shareholders' equity: None  1) Be the brother in law of Ms. Narissai Mahathitirat. 2) Ms. Napasiri Mahathitirat's husband	45	<ul style="list-style-type: none"> <li>- Master of Business Administration (M.B.A), Sasin Graduate Institute of business Administration of Chulalongkorn University</li> <li>- Mechanical Engineer Milwaukee School of Engineering (U.S.A)</li> <li><u>Thai Institute of Director (IOD)</u></li> <li>- Successful Fomation &amp; Execution of Strategy (SFE) Class 32/2020</li> <li>- Boardroom Success Through Financing &amp; Investment (BFI) 5/2018</li> <li>- Risk Management Program for Corporate Leaders (RCL) 6/2017</li> <li>- Director Certification Program (DCP) 234/2017</li> <li>- Family Business Governance (FBG) 9/2017</li> </ul>	2016- Present	Director / Director of Risk Management Committee	Thantawan Industry PLC.
			2014 - 2015	Finance and Business Development Manager	Nawanakorn Plastic Company Limited
			2013 – 2013	Business Development Manager	SCG Chemical Company
			2009 – 2012	Marketing Manager / Company Secretary	Mehr Petrochemical Company
			2004 – 2007	Business Analysis	SCG Chemical Company
			1998 - 2008	Export Sale Executive SEA Sea region	SCG Chemical Company

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1.

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Ms. Narissai Mahathitirat</b> Authorized Directors and Executive Committee  Shareholders' equity: None 1) Be the sister of Ms. Napisiri Mahathitirat. 2) Be the sister in law of Mr.Detbordin Riensubdee	51	- Master Of Business Administration, Thammasat University - Master of Computer Science, University of Pennsylvania, U.S.A. - CSR DAY for Directors Program,Thaiapat Institute & CSRI <u>Thai Institute of Director</u> - Director Accreditation Program (DCP) 267/2018 - Director Accrediation Program (DAP) 71/2008	2010 – Present	- Director	Thantawan Industry PLC.
			2006 – 2010	- Deputy Managing Director	Thantawan Industry PLC.
			1999 – 2003	- Assistant Director of Coordination	Bangkok terminal Company Limited
<b>Mr. Thitisak Skulkroo</b> Director And Executive Committee  Appointed on June 1, 2019  Shareholders' equity: None There is no relationship with other directors and executive.	65	- Bachelor of Art (Accounting), Chiangmai University - Certificate of Mini M.B.A. No.26, Kasetsart University <u>Thai Institute of Director</u> - Risk Management Program for Corporate Leaders (RCL) Class.20/2020 - Board Nomination & Compensation Program (BNCP) No.1/2017 - Director Certificate Program Update(DCPU)No.2/2014 - Financial Statements for Directors (FSD) No. 6/2009 - Role of the Chairman Program (RCP) No. 13/2006 - Director Certification Program (DCP) No. 62/2005 - Director Accreditation Program (DAP) No. 13/2004	2019 – Present	Director	Thantawan Industry PLC.
			2019 – Present	Director	Sky ICT Co.Ltd
			2018 - Present	Chairman of the Board of Director	Advanced Connection Corporation Public Company Limited
			2019 - Present	Chairman of Audit Committee	Eureka Design Public Company Limited
			2018 – 2018	Corporate Governmace Committee	Civil Aviation Training Center
			2017 - 2020	Director / Vice chairman of Director and chairman of the Board of Director	Beginstics Public Company Limited
			2015 - Present	Executive Director Chairman of the Executive Director	Creative Power Company Limited
			2013 – 2014	Director / Chairman of the Board of Director	Million miles Company Limited
			2015 – 2019	Director and Vice president	Tong Hua Holding Public Company Limited
			2015 – 2017	Executive Director	DD Tunkarn Company Limited
			2010 – 2011	Executive Director	Siriproject Constrction Company Limited
			2005 – 2015	Executive Director	Krithong Property Company Limited
			2003 - 2015	Executive Director	Siam Generation Factoring Public Company Limited

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Mr. Teerachai Siritunyanont</b> Company Secretary, AMD of Managing Director office  Shareholders' equity: None There is no relationship with other directors and executive.	55	- Master Of Business Administration, University of the Thai Chamber of Commerce  - Bachelor of Accountancy, Dhurakij Pundit University  - CSR DAY for Directors Program Thaipat Institute & CSRI  - Corporate Social Responsibilities for Sustainable Development, Corporate Social Responsibility Institute <u>Thai Institute of Director (IOD)</u> - Board Report Program (BRP) 23/2017 - Director Accreditation Program (DAP) 142/2017 - Company Secretary Program (CSP) 84/2017	2005 - 2019	Director	Thantawan Industry PLC.
			2007 - Present	Company Secretary	Thantawan Industry PLC.
<b>Mr. Surasak Luangaramsri</b> AMD of Sales Group, Risk Management Committee  Shareholders' equity: None There is no relationship with other directors and executives.	53	- Master of Business Administration in International Business, Mercer University of Atlanta, Georgia, U.S.A.  - CSR DAY for Directors Program Thaipat Institute & CSRI <u>Thai Institute of Director (IOD)</u> - Director Accreditation Program (DAP) 146/2018 - Risk Management Program for Corporate Leaders (RCL) 12/2018	2018- Present	Director of Risk Management Committee	Thantawan Industry PLC.
			2012 - 2019	Director	Thantawan Industry PLC.
			2011 – 2015	General Manager	Thantawan Industry PLC.
			2004 - 2009	Managing director	MDS Group Thailand

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (In the 5 years past)		
			Period	Position	Name / Company / Kind of Business
<b>Ms. Napasiri Mahathitirat</b>  AMD of Managing Organization Group  Assigned as the highest responsibility in finance and accounting ( <b>Chief Financial Officer (CFO)</b> )  Shareholders' equity: None  1) Be the sister of Ms. Narissai Mahathitirat 2) Mr. Detbordin Riensubdee's wife.	43	- Master of Finance and Marketing Sasin Graduate Institute of Business Administration of Chulalongkorn University <u>Thai Institute of Director (IOD)</u> - Anti-Corruption: The practical guide (ACPG) 43/2018 - Financial Statements for Directors (FSD) 33/2017 - Boardroom Success through Financing & Investment (BFI) 1/2017 <u>Continuous accounting knowledge improvement training</u> - TFRS 15 Revenue from contracts with customers (6 hours) - Customs duties that an accountant must know (6 hours)	2016-Present	AMD Business Line: Accounting and Financial	Thantawan Industry PLC.
			2012 – 2015	Vice President	TMB Bank Public Company Limited
			2009 – 2012	Assistant Vice President	TMB Bank Public Company Limited
<b>Ms. Kantapak Kasamaniti</b>  Accounting Manager Supervisors of Accounting  Shareholders' equity: None There is no relationship with other directors and executives.	35	- Bachelor of Accountancy, Bangkok University <u>Continuous accounting knowledge improvement training</u> - New TFRS for 7 hours. - Update tax law, symptoms, 2019, with issues of tax inspection for the past for 3 hours - Important accounting issues related to the 6-hour digital era of BOI's investment promotion benefits. - The Thailand e-Tax Symposium 2019 for 6 hours - Transfer pricing - All accounting standards announced TFRS for PAEs - All TFRS editions 2/2561 for 30 hours - Preparation of Operational Consolidated Financial Statements, Class 2/2018 for 12 hours	2018 – 2018	Assistant Director of Accounting	Thai Plastic and Packaging Public Company Limited
			2018 – 2018	Professional in accounting, administration and budgeting	Mitsubishi Motors (Thailand) Company Limited
			2015 – 2017	Assistant Manager in Accounting, Administration and Budgeting	Mitsubishi Motors (Thailand) Company Limited
			2008 – 2015	Auditor assistant	KPMG Phoomchai Audit Company Limited
<b>Mr.Poravee Renasatarn</b>  Risk Management Committee  Shareholders' equity: None There is no relationship with other directors and executives	51	- Master Degree, Industrial Managing Engineer King Mongkut's University of Technology North Bangkok - Bachelor Degree, Industrial Engineer King Mongkut's University of Technology North Bangkok	2019 - Present	Production Manager	Thantawan Industry PLC.
			2017 – 2019	Assistant Manager	Homeproduct Co.Ltd (Malaysia)
			2017 – 2017	Supplychain Manager	Kagil meat (Thailand) Co.Ltd
			2016 – 2017	Demand and Supply Manager	Betagro Public Company Limited

Details of Directors in related companies.

Attachment 2

Name	Thantawan Industry PLC.									
	The Board of Director		Audit Committee		Nomination Remuneration and Corporate Governance Committee		Risk Management Committee		Executive Committee	
	Chairman	Director	Chairman	Director	Chairman	Director	Chairman	Director	Chairman	Director
1. Mr. Praisun Wongsomth	/									
2. Mr. Sayan Satangmongkol		/	/			/				
3. Mr. Asdakorn Limpiti		/		/		/	/			
4. Ms. Sasitorn Wongvilai		/		/	/					
5. Mr. Sivanas Nagadatta		/								
6. Mr. Thitisak Skulkroo		/								/
7. Mrs. Pojanard Prinyapatpakorn		/							/	
8. Mr. Detbordin Riensubdee		/						/		/
9. Ms. Narissai Mahathitirat		/								/
10. Mr. Surasak Luangaramsri								/		
11. Mr. Poravee Renasatarn								/		
12. Ms. Napisiri Mahathitirat										/

Remark Only Mrs. Pojanard Prinyapatpakorn is the director of relative companies as follows;

1. Thantawan Group Co.,Ltd
2. Sunflower Enterprise Co., Ltd
3. Bangkok Terminal Co., Ltd
4. Sunflower Co., Ltd

## Profile of Company's Internal Audit

Attachment 3

In the internal control system of the Company for transparency, the Company has set up an internal audit department which is independent and provide a direct reporting line to Audit Committee by attending the meeting to report the auditing results to Audit Committee every quarter.

The consideration, approval, appointment, removal, transfer of the position of the Internal Audit manager of the Company must be approved by Audit Committee. The details of the Internal Audit Department Manager are as follows;

### Ms. Wachiraporn Seri

The Internal Audit Manager and Secretary of Audit Committee

49 Years old

Proportion of securities held in the company: None

### Education

- Master of Business Organization Management (English Program); University of Assumption
- Bachelor of Human Resource, Valaya Alongkorn Rajabhat University

### Experience

2018 – Present	Manager of Internal Audit	Internal Audit	Thantawan Industry Public Company Limited
2016 – 2017	Assistant Vice President	Internal Audit	Homeproduct Center Public Company Limited
2003 – 2017	Auditor(Elementary Management Lv.2)	Audit Department 1	SCB Public Company Limited
1998 – 2003	Auditor	Audit Department	TMB Public Company Limited

### Training Program:

- Develop the scope of modern audit services - The Institute of Internal Auditors of Thailand
- IA 'New Value Proposal and After the Crisis - The Institute of Internal Auditors of Thailand
- Road to Certify CAC and working papers for anti-corruption measures in the organization - Thai CAC
- Business management training course For Sustainable Development 2019 - The Stock Exchange of Thailand
- IT Risk Management - National Science and Technology Development Agency
- Evaluating Internal Controls: A COSO-Based Approach (Institute of Internal Auditors of Thailand)
- Risk assessment for planning of internal auditing (Institute of Internal Auditors of Thailand)
- Internal Audit Standard (Institute of Internal Auditors of Thailand)
- Audit Working Papers and Audit Evidence
- Audit Report Writing
- Auditor In-Charge Tools and Techniques
- Risk-Base Internal Audit Plan
- Control Self-Assessment
- Internal Audit Management
- Audit Manager tools and Techniques
- Leadership Skills for Auditors
- Anti-Money Laundering, FATCA.

- Frauds Prevention, Advance Trade Finance, Auditing on Market and Liquidity Risk
- Road to Certify CAC – Thai CAC
- Paper making for measures against corruption – Federation of Accounting Professions of Thailand
- Training Courses on Business Management for Sustainable Development 2019 –  
The Stock Exchange of Thailand

**Duties and responsibilities of Head of Internal Audit:**

- To comply with the audit charter approved by Audit Committee and the audit charter is considered annually
- To check the internal control system of the Company including follow-up of system improvement and perform the duties as assigned by Audit Committee
- Secretary of Audit Committee

## Management Discussion and Analysis for 2020

### A) Results of Operations

The net profit after tax of Year 2020 was THB 347.8 million which increased by THB 103.3 million or 42.2% compared to Year 2019. Earnings per share was THB 4.35 higher than Year 2019 by THB 3.06 mainly because of the revenue increased by THB 170.8 or 5.6% and reduction of COGS. Detail will be described below:

- Overall product sales increased by 5.6% compared to Year 2019 summarized as below.

Sales Revenue	Bags		Drinking Straw		Other Products		Total Sales Revenue	
	2020	2019	2020	2019	2020	2019	2020	2019
International sales	2,554.8	2,317.3	85.6	143.0	129.5	120.3	2,769.9	2,580.6
Domestic sales	246.2	248.3	123.0	139.6	57.6	57.4	426.8	445.3
Total sales	2,801.0	2,565.6	208.6	282.6	187.1	177.7	3,196.7	3,025.9
Inc.(Dec)								
International sales		10.2%		-40.1%		7.6%		7.3%
Domestic sales		-0.8%		-11.9%		0.3%		-4.2%
Total sales Inc.(Dec)		9.2%		-26.2%		5.3%		5.6%

- In the midst of the pandemic of Coronavirus 2019 or Covid-19 affected the demand in the first half year of 2020 to be lower than usual but in the second half many countries adapt as circumstances change. Resulting in demand for reusable bags grown up from household use during lockdown and for hygiene purpose resulting in the revenue of reusable bags growth by 9.2% in Year 2020 and the overall of revenue increased by 5.6%
- Own brand is still the core strategy of the company. The company categorizes 3 main brand groups for variety consumer purpose. “SUN Mum&Baby” the product for mother and baby such as breast milk storage bags, “SUN Kitchen” the product for the kitchen such as zipper bag, life extending fresh&fresh product bag, garbage bag and “SUN Eco” 100% compostable product<sup>1</sup> for consumers who care for the environment. The flagship product of the company is still SUNMUM. Even though, COVID-19 pandemic limited various marketing activities, overall own brand income still maintains sales at the same level as last year and reduction was mainly from department stores' sales, while sales from online channel and export grown up 73%.
- The company's overall expenses increased by 1.1% compared to Year 2019, mainly due to
  - Selling and distribution expenses increased by THB 10.0 million or 10.6% compare to Year 2019 mainly increased from promotion and marketing expenses.
  - Administrative expenses slightly increased by THB 1.2 million or 0.5% because the company tried to reduce operating expenses. However, the company had a one-time expense of THB 9.2 million

<sup>1</sup> Compostable product can be degraded itself in the right temperature and humidity.



regarding to reserve for unutilized fixed assets, as part of our factory expansion plan in 2021 onward. Consequently, total administrative expenses were slightly increased.

- Cost of sales increased by 0.8% in line with the revenue increases but lower percentage than sales. As a result, gross profit margin in 2020 was 23.5% increased by 3.7% compare to 2019. 2 main reasons were 1) the price of key raw materials declined, while the selling price was gradually raise up, and 2) from continuous orders after COVID-19 led to efficient production and less production waste. Currently, the average price of key raw material has increased from Q3/2020 by 16% and will be impact to gross profit next quarter from not be able to adjust the selling price in time.

## **B) Financial position**

### **Assets**

As of December 31, 2020, Company's total assets were THB 2,511.5 million, increased from December 31, 2019 by THB 304.8 million or 13.8%. Significant changes in assets were followings;

- 1.) Total current assets were THB 1,559.7 million, increased by THB 257.7 million or 19.8% mainly due to cash and cash equivalent increased by THB 361.6 million or 108.0% compared to December 31, 2019.
- 2.) Total non-current assets were THB 951.8 million, increased by THB 47.1 million or 5.2%. The main reason from right-of use-assets which increased from the impacted of adoption in TFRS16 in the amount of THB 62.6 million.

### **Liabilities and Shareholders' Equity**

As of December 31, 2020, company's total liabilities were THB 497.4 million, increased from December 31, 2019 amount of THB 99.0 million or 24.9% mainly due to 1.) liabilities under lease agreement which increased from the impact from the adoption in TFRS16 by THB 46.1 million 2.) Accrued income tax increased by THB 10.5 million from the net profit increased 3.) Provision for long-term employee benefits increased by THB 7.4 million from assumption change and 4.) increased from other accrued expenses in line with the expenses increased.

Shareholders' equity as of December 31, 2020 was THB 2,014.1 million, increased by THB 205.8 million or 11.4% compared to December 31, 2019 totally added up from the comprehensive income for the year 2020.

Disclosure guidance regarding effects of COVID-19

Please consider the factors below to assess the impact of Covid-19 of the Company, and please fill up which impacted factors has been affect to the decision of investors significantly together with explaining such impact and significant change numbers (if any) in 56-1 for investors in acknowledging and considering the business status of the company currently as well as being able to assess risk factors of the Company's operations.

ผลกระทบจากเหตุการณ์ COVID-19 (effects of Covid-19)		Affected	Unaffected
<b>1. การดำเนินงาน (operation)</b>		<input type="checkbox"/> กระทบ	<input checked="" type="checkbox"/> ไม่กระทบ
<input type="checkbox"/> ความต้องการสินค้าและบริการ (demand for goods & services) <input type="checkbox"/> การเปลี่ยนแปลงแผนงานหรือเป้าหมายที่เคยรายงานไว้ (changes to previously announced plans, projects or targets) <input type="checkbox"/> การปิดหรือหยุดดำเนินงาน (halting of operations) <input type="checkbox"/> ข้อจำกัดในการดำเนินงาน (operation constraints) (เช่น การ work from home, แผน BCP ที่ไม่ได้รับรองรับสถานการณ์ COVID-19)	<input type="checkbox"/> การระบาดของโรคในกลุ่มพนักงาน (pandemic outbreak among employees) <input type="checkbox"/> ห่วงโซ่อุปทาน (supply chain) (เช่น ผลกระทบจากลูกค้าที่ได้รับผลกระทบจาก COVID-19 การขาดแคลนวัตถุดิบจากผู้ส่งวัตถุดิบ ปัญหาในการขนส่งวัตถุดิบ/สินค้า) <input type="checkbox"/> อื่น ๆ		
<p><b>Explanation:</b> The Company has been operated normally which did not stop manufacturing and there is no transmission of Covid-19 among our employees. However, the Company has been faced with the container shortage which affect export performance which the government is solving this problem.</p>			
<b>2. การเงิน (financial)</b>		<input type="checkbox"/> กระทบ	<input checked="" type="checkbox"/> ไม่กระทบ
<input type="checkbox"/> ความสามารถในการชำระหนี้ (ability to fulfil obligations) <input type="checkbox"/> การปฏิบัติตามเงื่อนไขสัญญาเงินกู้และหุ้นกู้ (debt covenants) <input type="checkbox"/> ความสามารถในการจ่ายเงินปันผล (ability to pay dividend)	<input type="checkbox"/> สภาพคล่อง (liquidity) <input type="checkbox"/> อื่น ๆ		
<p><b>Explanation:</b> The Company is responsible for an account payable and accrued expense which is the regular obligation in operating and the Company still has sufficient financial liquidity.</p>			
<b>3. ฐานะทางการเงินและผลการดำเนินงาน (balance sheet and performance)</b>		<input type="checkbox"/> กระทบ	<input checked="" type="checkbox"/> ไม่กระทบ
<input type="checkbox"/> การด้อยค่าของสินทรัพย์ (impairments of assets) <input type="checkbox"/> การได้มาหรือจำหน่ายสินทรัพย์ไปของสินทรัพย์ไม่เป็นไปตามแผน (acquisition or disposal of assets that otherwise not have occurred)	<input type="checkbox"/> การเปลี่ยนแปลงประมาณการทางบัญชีที่เคยเปิดเผยไว้ (changes in accounting estimates previously disclosed) <input type="checkbox"/> การเปลี่ยนแปลงรายจ่ายฝ่ายทุนที่เคยวางแผนไว้ (changes to capex previously planned for) <input type="checkbox"/> อื่น ๆ		
<p><b>Explanation:</b> There is no impact on the Company's financial position and operating result significantly.</p>			

		Affected	Unaffected
<b>4. ภาระผูกพันตามสัญญา (contractual obligations)</b>		<input type="checkbox"/> กระทบ	<input checked="" type="checkbox"/> ไม่กระทบ
<input type="checkbox"/> ความเสี่ยงในสิทธิหรือภาระผูกพันในสัญญา (threats to contractual rights, ability to fulfil obligations) <input type="checkbox"/> การเปลี่ยนแปลงข้อตกลงที่สำคัญ (changes to material contractual terms)	<input type="checkbox"/> บริษัทหรือคู่สัญญาใช้สิทธิตามสัญญาในการปลดปล่อยภาระผูกพันเป็นการชั่วคราว สิทธิเรื่องเหตุสุดวิสัย หรือสิทธิเลิกสัญญาที่สำคัญ (temporary relief, force majeure clauses or termination of obligations) <input type="checkbox"/> อื่น ๆ		
<p><b>Explanation:</b> There is no impact on contractual obligations of the Company. The Company, contract parties or trade receivable still has been performed their business and have a capability to fulfilling its obligation under the contract.</p>			
		Affected	Unaffected
<b>5. ความเสี่ยงต่อความอยู่รอดของกิจการ (threats to viability)</b>		<input type="checkbox"/> กระทบ	<input checked="" type="checkbox"/> ไม่กระทบ
<input type="checkbox"/> การดำเนินงานต่อเนื่อง (ability to operate as a going concern) <input type="checkbox"/> ผลกระทบต่อบริษัทใหญ่ บริษัทย่อย บริษัทร่วมและบริษัทที่เกี่ยวข้อง (effects on related companies)	<input type="checkbox"/> การเปลี่ยนแผนทางธุรกิจเพื่อจัดการต้นทุนในระยะสั้น (changes to business plan in order to manage near-term costs) <input type="checkbox"/> อื่น ๆ		
<p><b>Explanation:</b> Currently, the Company has no affiliates, consolidated subsidiaries, joint venture or related company and the Company is able to operate its business as plan continuously.</p>			
<b>6. อื่น ๆ (โปรดระบุ) (Any matter (if any))</b>			
คำอธิบาย _____ _____ _____			

## Report of the Board of Director's Responsibilities for Financial Statement

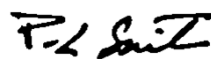
The Board of Director of The Thantawan Industry Public Company Limited responsible for the financial statement of the Company which have been prepared in accordance with the Financial Reporting Standards in Thailand under the Accounting Act B.E.2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Accounting Policies pursued and deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements. The external auditor has audited the financial statements and expressed an opinion in the auditor's report.

The Board of Director has provided appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Director has appointed an Audit Committee to be responsible for reviewing the accounting policy financial reports, review internal controls, internal audit. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company have been examined by an external auditor, EY Office Limited to conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Director believes that the Company's overall internal control system is sufficiently effective to ensure the integrity and reliability of Thantawan Industry Public Company Limited financial statements for the year ended December 31, 2020. The Board of Director also believes that all these financial statements have been prepared in accordance with Financial Reporting Standard and related regulations.



Mr.Praisun Wongsmit

Chairman of the Board of Director

Thantawan Industry Public Company Limited

Thantawan Industry Public Company Limited.

Report and financial statements

31 December 2020

**Independent Auditor's Report**

To the Shareholders of Thantawan Industry Public Company Limited

**Opinion**

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thantawan Industry 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matter**

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

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

Key audit matter and how audit procedures respond for this matter is described below.

**Revenue recognition**

Revenues from contracts with customers are significant amounts in the financial statements and directly affect profit or loss of the Company. In addition, the sales and services transactions of the Company are made with a large number of domestic and overseas customers and there are a variety of arrangements and conditions. As a result,

the Company's recognition of revenues from contracts with customers are complex. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the Company's revenue recognition by assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making inquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks. I applied a sampling method to select sales and services transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales and services transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

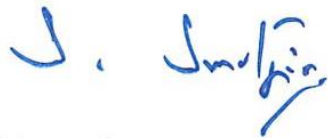


I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

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



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 15 February 2021

## Thantawan Industry Public Company Limited

## Statement of financial position

As at 31 December 2020

		(Unit: Baht)	
	Note	2020	2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	696,570,823	334,927,417
Current investments	9	-	232,393,447
Trade and other receivables	10	325,268,911	323,804,202
Inventories	11	437,757,690	397,900,904
Other current financial assets	12	90,129,855	-
Other current assets		10,005,141	12,969,469
<b>Total current assets</b>		<b>1,559,732,420</b>	<b>1,301,995,439</b>
<b>Non-current assets</b>			
Other non-current financial assets	12	32,570,418	-
Investment property	13	43,140,261	43,140,261
Property, plant and equipment	14	777,732,092	815,805,120
Intangible assets	15	22,030,703	24,993,249
Right-of-use assets	16	62,590,534	-
Deferred tax assets	23	11,719,930	7,339,286
Other non-current assets		2,000,000	13,418,513
<b>Total non-current assets</b>		<b>951,783,938</b>	<b>904,696,429</b>
<b>Total assets</b>		<b>2,511,516,358</b>	<b>2,206,691,868</b>

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

Thantawan Industry Public Company Limited

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	17	257,969,882	250,568,126
Accrued expenses		83,896,540	57,838,116
Current portion of liabilities under finance lease agreements	18	-	2,833,036
Current portion of lease liabilities	16	16,575,852	-
Accrued income tax		37,733,720	27,248,377
Other current financial liabilities		1,656,747	-
Other current liabilities		5,022,016	5,162,969
<b>Total current liabilities</b>		<u>402,854,757</u>	<u>343,650,624</u>
<b>Non-current liabilities</b>			
Liabilities under finance lease agreements -			
net of current portion	18	-	4,728,822
Lease liabilities, net of current portion	16	37,037,178	-
Provision for long-term employee benefits	19	57,493,985	49,995,395
<b>Total non-current liabilities</b>		<u>94,531,163</u>	<u>54,724,217</u>
<b>Total liabilities</b>		<u>497,385,920</u>	<u>398,374,841</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
80,000,000 ordinary shares of Baht 1 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued and fully paid up			
80,000,000 ordinary shares of Baht 1 each		80,000,000	80,000,000
Share premium		136,800,000	136,800,000
Retained earnings			
Appropriated - statutory reserve	20	10,000,000	10,000,000
Unappropriated		1,787,330,438	1,581,517,027
<b>Total shareholders' equity</b>		<u>2,014,130,438</u>	<u>1,808,317,027</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,511,516,358</u>	<u>2,206,691,868</u>

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

Thantawan Industry Public Company Limited

## Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenue from contracts with customers	26	3,196,743,033	3,025,905,118
Other income	21	13,596,088	32,892,575
<b>Total revenues</b>		<u>3,210,339,121</u>	<u>3,058,797,693</u>
<b>Expenses</b>			
Cost of sales and services	22	2,444,779,628	2,424,630,529
Selling and distribution expenses		103,432,056	93,464,295
Administrative expenses		257,021,403	255,766,287
<b>Total expenses</b>		<u>2,805,233,087</u>	<u>2,773,861,111</u>
<b>Operating profit</b>		<u>405,106,034</u>	<u>284,936,582</u>
Finance cost		(2,189,959)	(1,861,607)
<b>Profit before income tax expenses</b>		<u>402,916,075</u>	<u>283,074,975</u>
Income tax expenses	23	(55,110,446)	(38,555,151)
<b>Profit for the year</b>		<u>347,805,629</u>	<u>244,519,824</u>
<b>Other comprehensive income :</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years</i>			
Actuarial loss on defined employee benefit plans		(2,490,272)	(1,389,882)
Less: Income tax effect	23	498,054	277,976
Other comprehensive income not to be reclassified to profit or loss in subsequent years - net of income tax		(1,992,218)	(1,111,906)
<b>Other comprehensive income for the year</b>		<u>(1,992,218)</u>	<u>(1,111,906)</u>
<b>Total comprehensive income for the year</b>		<u><u>345,813,411</u></u>	<u><u>243,407,918</u></u>
<b>Earnings per share</b>	25		
Basic earnings per share			
Profit		<u>4.35</u>	<u>3.06</u>

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

Thantawan Industry Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	80,000,000	136,800,000	10,000,000	1,438,109,109	1,664,909,109
Profit for the year	-	-	-	244,519,824	244,519,824
Other comprehensive income for the year	-	-	-	(1,111,906)	(1,111,906)
Total comprehensive income for the year	-	-	-	243,407,918	243,407,918
Dividend paid (Note 28)	-	-	-	(100,000,000)	(100,000,000)
Balance as at 31 December 2019	80,000,000	136,800,000	10,000,000	1,581,517,027.00	1,808,317,027
Balance as at 1 January 2020	80,000,000	136,800,000	10,000,000	1,581,517,027	1,808,317,027
Profit for the year	-	-	-	347,805,629	347,805,629
Other comprehensive income for the year	-	-	-	(1,992,218)	(1,992,218)
Total comprehensive income for the year	-	-	-	345,813,411	345,813,411
Dividend paid (Note 28)	-	-	-	(140,000,000)	(140,000,000)
Balance as at 31 December 2020	80,000,000	136,800,000	10,000,000	1,787,330,438	2,014,130,438

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

## Thantawan Industry Public Company Limited

## Statement of cash flows

For the year ended 31 December 2020

		(Unit: Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>			
Profit before tax		402,916,075	283,074,975
Adjustments to reconcile profit before tax to			
net cash provided by (paid from) operating activities:			
Depreciation and amortisation	14, 15, 16	122,800,935	98,594,594
Transfer from intangible assets to expenses		44,000	-
Increase (decrease) in allowance for doubtful accounts		(66,661)	66,661
Increase in allowance for expected credit losses			
of trade receivables	10	25,370	-
Increase in reduction cost of inventories to			
net realisable value	11	7,115,482	2,273,574
Amortisation of discounts on current investments		-	(1,575,553)
Increase in impairment loss on equipment	14	9,222,426	-
(Gain) loss on disposals and write-off of			
property, plant and equipment		(296,477)	1,219,968
Unrealised (gain) loss on exchange		399,420	(382,850)
Provision for long-term employee benefits	19	4,712,214	15,817,547
Interest income	21	(5,341,022)	(6,665,150)
Finance cost	16, 19	2,189,959	1,861,607
Profit from operating activities before			
changes in operating assets and liabilities		543,721,721	394,285,373
Operating assets (increase) decrease:			
Trade and other receivables		(126,418,383)	(163,246,922)
Inventories		(46,972,268)	41,021,876
Other current assets		1,964,328	(1,691,812)
Other current financial assets		(130,064)	-
Other non-current assets		-	(67,884)
Operating liabilities increase (decrease):			
Trade and other payables		2,654,305	(2,908,767)
Accrued expenses		26,058,424	1,509,057
Other current liabilities		(140,953)	(3,781,573)
Cash flows from operating activities		400,737,110	265,119,348
Cash paid for employee benefits	19	(710,000)	(10,943,041)
Cash paid for corporate income tax		(46,855,981)	(24,694,341)
Cash received from VAT refundable		122,772,718	128,391,963
<b>Net cash flows from operating activities</b>		<b>475,943,847</b>	<b>357,873,929</b>

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

Thantawan Industry Public Company Limited

Statement of cash flows (continued)

For the year ended 31 December 2020

			(Unit: Baht)
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>			
Cash received from interest income		5,601,445	6,285,096
Cash paid for current investments		-	(490,903,710)
Purchase of financial instruments		(78,021,841)	
Proceed from fixed deposits		135,000,000	-
Proceed from disposals of current investments		-	530,000,000
Proceed from investment in debt securities		57,263,592	-
Cash paid for acquisitions of property, plant and equipment		(77,394,165)	(143,962,684)
Cash paid for acquisitions of intangible assets		(660,000)	(2,279,733)
Increase in deposits for acquisition of land		(2,000,000)	-
Proceeds from disposals of equipment		457,517	1,739,783
<b>Net cash flows from (used in) investing activities</b>		<b>40,246,548</b>	<b>(99,121,248)</b>
<b>Cash flows from financing activities</b>			
Payment of principal and interest of lease liabilities	16	(17,237,889)	-
Cash paid to settle liabilities under finance lease agreements		-	(2,540,940)
Cash paid for interest expenses		-	(237,165)
Dividend paid		(137,309,100)	(100,108,107)
<b>Net cash flows used in financing activities</b>		<b>(154,546,989)</b>	<b>(102,886,212)</b>
<b>Net increase in cash and cash equivalents</b>		<b>361,643,406</b>	<b>155,866,469</b>
Cash and cash equivalents at beginning of year		334,927,417	179,060,948
<b>Cash and cash equivalents at end of year</b>	8	<b>696,570,823</b>	<b>334,927,417</b>
<b>Supplemental disclosures of cash flows information:</b>			
Non-cash related transactions			
Increase in assets under finance lease agreements		-	5,235,978
Increase in accounts payable under lease agreements	16	344,134	-
Increase in accounts payable for acquisitions of			
building improvement and equipment		3,279,856	2,970,411
Dividend payables		7,394,362	4,703,462

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

## Thantawan Industry Public Company Limited

## Notes to financial statements

For the year ended 31 December 2020

**1. General information**

Thantawan Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is The Sunflower Company Limited, which was incorporated in Thailand. The ultimate parent company of the group is Thantawan Group, which was incorporated in Thailand. The Company is principally engaged in the manufacture and sales of plastic products e.g. drinking straws and general plastic bags. Its registered address of the Company is at 143-144, Moo 8, Soi Kangwal 2, Phetkasem Road, Omyai, Sampran, Nakornpratom.

**2. Basis of preparation**

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

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

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

**3. New financial reporting standards****(a) Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised (revised 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 Company’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
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TFRS 9	Financial Instruments
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#### Accounting standard:

TAS 32	Financial Instruments: Presentation
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#### Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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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.

These standards do not have any significant impact on the Company's 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 Company recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment as at 1 January 2020, and the comparative information was not restated.

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

## (b) Financial reporting standards that will become 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 Company has evaluated that these standards do not have any significant impact on the Company'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 standards

As described in Note 3 to the financial statements, during the current year, the Company has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment 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)				
		The impacts of		
	31 December	Financial reporting		1 January
	2019	standards related		
		to financial	TFRS 16	2020
		instruments		
Statement of financial position				
Assets				
Current assets				
Current investments	232,393	(232,393)	-	-
Other current financial assets	-	232,393	-	232,393
Other current assets	12,970	-	(1,000)	11,970
Non-current assets				
Other non-current financial assets	-	4,419	-	4,419
Property, plant and equipment				
(Note 14)	815,805	-	(7,238)	808,567
Right-of-use assets (Note 16)	-	-	79,687	79,687
Other non-current assets	13,419	(4,419)	(9,000)	-

(Unit: Thousand Baht)

	The impacts of			
		Financial reporting standards related		
	31 December 2019	to financial instruments	TFRS 16	1 January 2020
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of liabilities under finance lease agreements	2,833	-	(2,833)	-
Current portion of liabilities under lease agreements (Note 16)	-	-	16,663	16,663
<b>Non-current liabilities</b>				
Liabilities under finance lease agreements - net of current portion	4,729	-	(4,729)	-
Liabilities under lease agreements - net of current portion (Note 16)	-	-	53,348	53,348

#### 4.1 Financial instruments

As at 1 January 2020, classifications and measurement of financial assets required by TFRS 9 and the former carrying amounts, are as follows:

	(Unit: Thousand Baht)	
	The former carrying	Classification and
	amount	measurement in
		accordance with
		TFRS 9
		Amortised cost
<b>Financial assets as at 1 January 2020</b>		
Cash and cash equivalents	334,927	334,927
Trade and other receivables	323,804	323,804
Other current financial assets	232,393	232,393
Other non-current financial assets	4,419	4,419
<b>Total financial assets</b>	<b>895,543</b>	<b>895,543</b>

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

## 4.2 Leases

On adoption of TFRS 16 the Company recognised lease liabilities in relation to lease that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Company recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	51,264
Add: Option to extend lease term	38,879
Less: Short-term leases and leases of low-value assets	(50)
Contracts reassessed as service agreements	(24,971)
Deferred interest expenses	(2,673)
Increase in lease liabilities due to TFRS 16 adoption	62,449
Liabilities under finance lease agreements as at 31 December 2019	7,562
Lease liabilities as at 1 January 2020 (Note 16)	70,011
Weighted average incremental borrowing rate (percent per annum)	1.9
Comprise of:	
Current lease liabilities	16,663
Non-current lease liabilities	53,348
	70,011

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

	(Unit: Thousand Baht)
Land	42,139
Buildings	18,545
Equipment	354
Motor vehicles	18,649
Total right-of-use assets (Note 16)	79,687

## 5. Significant accounting policies

### 5.1 Revenue and expense recognition

#### *Sale of goods*

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

#### *Rendering of services*

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

#### *Interest income*

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).

#### *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 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.

### 5.3 Inventories

Finished goods and work in process are valued at the lower of cost (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 cost of raw materials, labour and factory overhead.

Raw materials, chemicals, packing materials, spare parts and factory supplies are valued at the lower of cost (weighted average method) and net realisable value and are charged to production costs whenever consumed.

#### 5.4 Investment properties

Investment properties are initially measured 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).

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 year when the asset is derecognised.

#### 5.5 Property, plant and equipment and depreciation

Land is stated at cost. Plant 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 estimated useful lives as follows:

Buildings and improvements	5, 10 and 20 years
Machinery and equipment	5 to 14 years
Tools and equipment	3 to 10 years
Office furniture, fixtures and equipment	5 and 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and machinery under installation.

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.

#### 5.6 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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 for 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 assets with finite useful lives is as follows:

Computer software	5 years
License	3 to 10 years

No amortisation is provided on intangible assets under development.

## 5.7 Leases

At inception of contract, the Company 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 Company as a lessee

#### Accounting policies adopted since 1 January 2020

The Company 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 Company 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.

Land	3 to 17 years
Buildings	6 years
Equipment	2 to 5 years
Motor vehicles	3 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

***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, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company'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, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

***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 and 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 shorter of the useful life of the asset and the lease period.

Leases of property, plant and 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.

**5.8 Related party transactions**

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



They also include associated companies and individuals 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.

#### 5.9 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency. Items included in the financial statements are measured using that functional currency.

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

Gains and losses on exchange are included in determining income.

#### 5.10 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an 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.

#### 5.11 Employee benefits

##### *Short-term employee benefits*

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

##### *Post-employment benefits*

###### *Defined contribution plans*

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

###### *Defined benefit plans*

The Company has obligation in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats this severance payment obligation 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.

#### 5.12 Provisions

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

#### 5.13 Income tax

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

##### Current tax

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

##### Deferred tax

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

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

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

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

#### 5.14 Financial instruments

##### Accounting policies adopted since 1 January 2020

The Company 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 Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

##### ***Financial assets at amortised cost***

The Company 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 at FVTPL***

These financial assets include derivatives.

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.

#### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Company'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 Company takes into account any discounts or premiums on acquisition and 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 Company has transferred substantially all the risks and rewards of the asset, or the Company 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 Company 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 Company 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. 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 Company 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 Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company 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.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

*Accounting policies adopted before 1 January 2020***Trade accounts receivable**

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

**Investments**

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium or discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income.

**5.15 Derivatives**

The Company uses derivatives, which is 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 non-current financial assets or non-current financial liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current financial assets or current financial liabilities.

**5.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques 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 categories of input to be used in fair value measurement as follows:

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

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

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

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

## 6. Significant accounting judgements and estimates

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

### Leases

#### *Determining the lease term with extension and termination options - The Company as a lessee*

In determining the lease term, the management is required to exercise judgement in assessing whether the Company 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 Company to exercise either the extension or termination option.

#### *Estimating the incremental borrowing rate - The Company as a lessee*

The Company 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 Company 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.

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

**Property plant and equipment and depreciation**

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

In addition, the management is required to review property, plant and equipment 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Post-employment benefits under defined benefit plans**

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

**7. Related party transactions**

During the years, the Company had no business transactions with related party.

**Directors and management's benefits**

During the year ended 31 December 2020 and 2019, the Company had employee benefit expense payable to their directors and management as below:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	40,160	48,711
Post-employment benefits	<u>2,832</u>	<u>2,505</u>
Total	<u><u>42,992</u></u>	<u><u>51,216</u></u>

**8. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Cash	120	120
Bank deposits	<u>696,451</u>	<u>334,807</u>
Total	<u><u>696,571</u></u>	<u><u>334,927</u></u>

As of 31 December 2020, bank deposits in saving accounts carried interest at the rate between 0.04 and 0.50 percent per annum (2019: between 0.15 and 1.40 percent per annum).

## 9. Current investments

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	31 December 2019
Fixed deposits	1.70 - 1.85	135,000
Debentures	1.98 - 3.21	97,393
Total		232,393

## 10. Trade and other receivables

(Unit: Thousand Baht)

	2020	2019
<b>Trade accounts receivable - unrelated parties</b>		
Aged on the basis of due dates		
Not yet due	278,869	254,504
Past due		
Up to 3 months	35,211	58,272
3 - 6 months	239	1,835
6 - 12 months	8	133
Total	314,327	314,744
Less: Allowance for expected credit losses		
(2019: Allowance for doubtful accounts)	(25)	(67)
Total trade accounts receivables - unrelated parties, net	314,302	314,677
<b>Other receivables</b>		
Other receivables - Revenue Department	10,146	7,589
Advances	187	654
Other receivables - unrelated parties	23	12
Interest receivables	611	872
Total other receivables	10,967	9,127
Total trade and other receivables - net	325,269	323,804

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



(Unit: Thousand Baht)

	<u>2020</u>
As at 1 January 2020	-
Provision for expected credit losses	25
As at 31 December 2020	<u>25</u>

## 11. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	184,640	115,740	(6,218)	(5,622)	178,422	110,118
Work in process	18,529	17,915	-	-	18,529	17,915
Raw materials	186,249	166,265	(8,149)	(1,629)	178,100	164,636
Factory supplies	16,587	13,993	-	-	16,587	13,993
Goods in transit	46,120	91,239	-	-	46,120	91,239
Total	452,125	405,152	(14,367)	(7,251)	437,758	397,901

During the current year, the Company recorded the reduced cost of inventories by Baht 7.1 million, to reflect the net realisable value. This was included in cost of sales (2019: Baht 2.3 million).

## 12. Other financial assets

(Unit: Thousand Baht)

	31 December <u>2020</u>
<u>Debt instruments at amortised cost</u>	
6-months fixed deposits	50,000
Investment in corporate bonds due within one year	40,130
Investment in corporate bonds due in the year 2024	<u>27,832</u>
Total	<u>117,962</u>
<u>Financial assets at amortised cost</u>	
Deposits and guarantees	<u>4,738</u>
Total financial assets at amortised cost	<u>4,738</u>

Total	122,700
Comprise of:	
Current	90,130
Non-current	32,570
	122,700

### 13. Investment property

Investment property of the Company is represented land which is not held for operation and is located at Kabinburi district, Prachinburi province. The net book value and fair value of investment property as at 31 December 2020 and 2019 are presented below.

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Net book value (Cost)	43,140	43,140
Fair value of land	188,961	188,961

In July 2017, the Company arranged for an independent professional appraiser to reappraise the value of land using the market comparison approach.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and improvements	Machinery and equipment	Tools and equipment	Office furniture, fixtures and equipment	Vehicles	Construction in progress and machinery under installation	Total
<b>Cost</b>								
1 January 2019	101,463	332,972	600,495	85,997	37,164	29,475	198,853	1,386,419
Additions	-	485	2,912	9,978	740	5,238	110,258	129,611
Disposals and write-off	-	(23,218)	(3,431)	(3,745)	(1,413)	(900)	-	(32,707)
Transfer in (out)	-	177,195	102,168	7,290	15,525	-	(302,178)	-
31 December 2019	101,463	487,434	702,144	99,520	52,016	33,813	6,933	1,483,323
Adjustments due to TFRS 16 adoption (Note 4)	-	-	-	-	-	(17,093)	-	(17,093)
1 January 2020	101,463	487,434	702,144	99,520	52,016	16,720	6,933	1,466,230
Additions	-	4,144	14,121	8,902	3,959	319	49,230	80,675
Disposals and write-off	-	-	(12,096)	(308)	(600)	-	-	(13,004)
Transfer in (out)	-	4,079	10,670	585	12,209	-	(27,543)	-
31 December 2020	101,463	495,657	714,839	108,699	67,584	17,039	28,620	1,533,901

(Unit: Thousand Baht)

	Land	Buildings and improvements	Machinery and equipment	Tools and equipment	Office furniture, fixtures and equipment	Vehicles	Construction in progress and machinery under installation	Total
<b>Accumulated depreciation</b>								
1 January 2019	-	228,575	291,600	47,589	10,588	21,112	-	599,464
Depreciation for the year	-	23,157	49,132	11,785	6,357	4,374	-	94,805
Depreciation on disposals and write-off	-	(22,408)	(3,408)	(2,291)	(741)	(900)	-	(29,748)
31 December 2019	-	229,324	337,324	57,083	16,204	24,586	-	664,521
Adjustments due to TFRS 16 adoption (Note 4)	-	-	-	-	-	(9,855)	-	(9,855)
1 January 2020	-	229,324	337,324	57,083	16,204	14,731	-	654,666
Depreciation for the year	-	26,670	52,850	12,337	8,746	1,522	-	102,125
Depreciation on disposals and write-off	-	-	(11,939)	(302)	(600)	-	-	(12,841)
31 December 2020	-	255,994	378,235	69,118	24,350	16,253	-	743,950

Construction in  
progress and  
machinery  
under

[illegible]

As at 31 December 2020, the Company had the outstanding allowance for impairment of machinery of Baht 12.2 million (2019: Baht 3.0 million) which they are not used in the Company's operation.

As at 31 December 2020, 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 406.7 million (2019: Baht 351.9 million).

As at 31 December 2019, the Company had vehicles with net book value of Baht 7.2 million which were acquired under finance lease agreements.

## 15. Intangible assets

(Unit: Thousand Baht)

	Computer software	License	Computer software under development	Total
<b>Cost</b>				
1 January 2019	32,744	8,087	176	41,007
Additions	-	672	1,608	2,280
Transfer in (out)	880	779	(1,659)	-
31 December 2019	33,624	9,538	125	43,287
Additions	-	71	589	660
Transfer in (out)	-	81	(125)	(44)
31 December 2020	33,624	9,690	589	43,903
<b>Accumulated amortisation</b>				
1 January 2019	10,442	4,062	-	14,504
Amortisation for the year	2,650	1,140	-	3,790
31 December 2019	13,092	5,202	-	18,294
Amortisation for the year	2,534	1,044	-	3,578
31 December 2020	15,626	6,246	-	21,872
<b>Net book value</b>				
31 December 2019	20,532	4,336	125	24,993
31 December 2020	17,998	3,444	589	22,031

## 16. Leases

## The Company as a lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 3 to 17 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)				
	Land	Buildings	Equipment	Motor vehicles	Total
31 December 2019	-	-	-	-	-
Adjustments due to					
TFRS 16 adoption (Note 4)	42,139	18,545	354	18,649	79,687
1 January 2020	42,139	18,545	354	18,649	79,687
Depreciation for the year	(7,208)	(3,088)	(180)	(6,621)	(17,097)
31 December 2020	34,931	15,457	174	12,028	62,590

## b) Lease liabilities

	(Unit: Thousand Baht)
	31 December 2020
Lease payments	55,559
Less: Deferred interest expenses	(1,946)
Total	53,613
Less: Current portion	(16,576)
Liabilities under lease agreements - net of current portion	37,037

Movements of liabilities under lease agreements account during the year ended 31 December 2020 were summarised below.

	(Unit: Thousand Baht)
Balances as at 1 January 2020 (Note 4)	70,011
Add: Interest expenses under lease agreements	1,184
Less: Cash paid for rental fees during the year	(17,238)
Decrease liabilities under lease agreements	(344)
Balances as at 31 December 2020	53,613

A maturity analysis of lease payments is disclosed in Note 31.2 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

Depreciation expense of right-of-use assets	17,097
Interest expense on lease liabilities	1,184
Expense relating to short-term leases	616
Expense relating to leases of low-value assets	363

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 18.2 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

17. Trade and other payables

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Trade accounts payable - unrelated parties	221,963	226,365
Other payables - unrelated parties	36,007	24,203
Total trade and other payables	<u>257,970</u>	<u>250,568</u>

18. Liabilities under finance lease agreements

(Unit: Thousand Baht)

31 December 2019

Liabilities under finance lease agreements	8,019
Less: Deferred interest expenses	(457)
Total	7,562
Less: Current portion	(2,833)
Liabilities under finance lease agreements - net of current portion	<u>4,729</u>



The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are 4 years.

Future minimum lease payments required under the finance lease agreements of the Company were as follows:

(Unit: Thousand Baht)			
2019			
	Less than		
	1 year	1 - 4 years	Total
Future minimum finance lease payments	3,082	4,937	8,019
Deferred interest expenses	(249)	(208)	(457)
Present value of future minimum finance lease payments	2,833	4,729	7,562

#### 19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follow:

(Unit: Thousand Baht)		
	2020	2019
<b>Provision for long-term employee benefits</b>		
<b>at beginning of year</b>	49,995	42,107
Included in profit or loss:		
Current service cost	4,712	6,510
Interest cost	1,006	1,624
Past service cost	-	9,307
Included in other comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumptions changes	(3,016)	(3,708)
Financial assumptions changes	1,651	4,055
Experience adjustments	3,856	1,043
Benefits paid during the year	(710)	(10,943)

## Provision for long-term employee benefits

at end of year	57,494	49,995
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On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 9.3 million as a result. The Company has reflected the effect of the change by recognising past service costs as expenses in the comprehensive income statement for the year 2019.

The Company expects to pay Baht 8.9 million of long-term employee benefits during the next year (2019: Baht 0.7 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 14 years for monthly staffs and 13 years for daily staffs (2019: 15 years for monthly staffs and 12 years for daily staffs).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2020	2019
Discount rate	1.49 and 1.50	1.84 and 1.83
Salary increase rate	4.98 and 2.30	4.98 and 2.46
Turnover rate	0 to 36	0 to 41

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)			
	2020		2019	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2.5)	2.6	(2.4)	2.6
Salary increase rate	2.5	(2.4)	2.5	(2.3)
Turnover rate	(2.6)	2.8	(2.6)	2.7

**20. Statutory reserve**

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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

**21. Other income**

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Interest income on debt instruments measured at amortised cost	5,341	6,665
Gain on exchange rate	3,246	20,147
Others	5,009	6,081
Total other income	<u>13,596</u>	<u>32,893</u>

**22. Expenses by nature**

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Salaries and wages and other employee benefits	497,574	470,977
Depreciation and amortisation expenses	122,801	98,595
Raw materials and packaging used	1,584,108	1,513,962
Changes in inventories of finished goods and work in process	76,032	15,755
Rental expenses and service fee from operating lease and service agreements	18,452	35,559
Impairment loss for machineries	9,222	-

**23. Income tax**

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Current income tax:		

Current income tax charge	58,993	39,835
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(3,883)	(1,280)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>55,110</b>	<b>38,555</b>

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)	
	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial loss	(498)	(278)
	<u>(498)</u>	<u>(278)</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Accounting profit before tax	402,916	283,075
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	80,583	56,615
Adjustment in respect of income tax of previous year	-	3,679
Effects of:		
Promotional privileges (Note 24)	(19,878)	(17,102)
Non-deductible expenses	359	193
Additional expense deductions allowed	(5,954)	(4,830)
Total	(25,473)	(21,739)
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>55,110</b>	<b>38,555</b>

The components of deferred tax assets and deferred tax liabilities are as follows:

		(Unit: Thousand Baht)	
		Statements of financial position	
		2020	2019
<b>Deferred tax assets</b>			
Allowance for expected credit losses			
(2019: Allowance for doubtful accounts)		5	13
Allowance for diminution in value of inventories		2,873	1,450
Allowance for impairment of assets		2,444	599
Provision for long-term employee benefits		11,499	9,999
Lease		136	65
Total		16,957	12,126
<b>Deferred tax liabilities</b>			
Accumulated depreciation - equipment		(5,237)	(4,787)
Total		(5,237)	(4,787)
<b>Deferred tax - net</b>		<b>11,720</b>	<b>7,339</b>

#### 24. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of ECO-friendly products, pursuant to the investment promotion certificate No. 2103(1)/2554 issued on 2 March 2010. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (23 April 2017) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's operating revenues for the years ended 31 December 2020 and 2019, divided between promoted and non-promoted operations, are summarised below.

	Promoted operations		Non-promoted operations		(Unit: Thousand Baht) Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales						
Export sales	521,661	530,201	2,239,588	2,042,562	2,761,249	2,572,763
Domestic sales	966	1,591	425,837	443,695	426,803	445,286
Total sales (Note 26)	<u>522,627</u>	<u>531,792</u>	<u>2,665,425</u>	<u>2,486,257</u>	<u>3,188,052</u>	<u>3,018,049</u>

## 25. 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.

## 26. Business 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 Company is organised into one operating segment to manufactures and sell plastic products and the single geographical area of its operation is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements pertain to the aforementioned reportable operating segment and geographical area.

### Production information

The Company manufactures and sell plastic products, which dividend into two main products are plastic bag and straw products. Other products are Zipper tape and resin scrap, etc.

The following tables present revenue and profit information regarding the Company's products for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)							
	Plastic bag		Straw		Others		Total
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u> <u>2019</u>
Revenue from contracts with customers							
Revenue from external							
- Overseas	2,554.8	2,317.3	85.6	143.0	129.5	120.3	2,769.9   2,580.6
- Local	<u>246.2</u>	<u>248.3</u>	<u>123.0</u>	<u>139.6</u>	<u>57.6</u>	<u>57.4</u>	<u>426.8</u> <u>445.3</u>
Total revenue from contracts with customers	<u>2,801.0</u>	<u>2,565.6</u>	<u>208.6</u>	<u>282.6</u>	<u>187.1</u>	<u>177.7</u>	<u>3,196.7</u> <u>3,025.9</u>
Gross profit	653.8	510.2	42.8	50.3	55.4	40.8	752.0   601.3
Other income							13.6   32.9
Selling and distribution expenses							(103.5)   (93.4)
Administrative expenses							(257.0)   (255.8)
Finance cost							(2.2)   (1.9)
Income tax expenses							<u>(55.1)</u> <u>(38.6)</u>
Profit for the year							<u>347.8</u> <u>244.5</u>

(Unit: Thousand Baht)	
	<u>2020</u> <u>2019</u>
Timing of revenue recognition:	
Sales (Note 24)	3,188,052   3,018,049
Services income	<u>8,691</u> <u>7,856</u>
Total revenue from contracts with customers - recognised at a point in time	<u>3,196,743</u> <u>3,025,905</u>

## Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)	
	<u>2020</u> <u>2019</u>
Europe	1,765,697   1,775,267
Thailand	426,804   446,272
Australia and New Zealand	155,347   227,408
Asia	398,032   257,720

America	449,808	318,157
Africa	1,055	1,081
Total	3,196,743	3,025,905

Property, plant and equipment

All property, plant and equipment of the Company are located in Thailand.

Major customers

For the year 2020 and 2019, the Company has revenue from two major customers, arising from sales of plastic bag and straw products.

## 27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 3 percent of basic salary and employees contribute to the fund monthly at the rate of 3 to 15 percent of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 4.7 million (2019: Baht 4.6 million) were recognised as expenses.



## 28. Dividends

Dividend declared for the years ended 31 December 2020 and 2019 consist of the following:

	Approved by	Total Dividend (Million Baht)	Dividend per share (Baht)	Paid on
<b><u>2020</u></b>				
Final dividend on 2019 income	Board of Director Meeting on 1 April 2020	100.00	1.25	30 April 2020
interim dividend on earnings for six-month period of 2020	Board of Director Meeting on 10 August 2020	40.00	0.50	9 September 2020
Total dividend paid for the year ended 31 December 2020		140.00	1.75	
<b><u>2019</u></b>				
Final dividend on 2018 income	The Annual General Meeting of the shareholders on 24 April 2019	100.00	1.25	22 May 2019
Total dividend paid for the year ended 31 December 2019		100.00	1.25	

## 29. Commitment and contingent liabilities

The Company has commitments and contingent liabilities other than those disclosed in other notes as follows:

## 29.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of approximately Baht 30.1 million, relating to the acquisition of land and building improvement (2019: Baht 18.6 million, relating to the acquisition of building improvement)

## 29.2 Lease of the low-value assets and other service commitments

The Company has entered into several agreements in respect of the lease of the low-value assets and other services. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2020, the Company has future lease payments and service fee payables under these lease and service agreements were summarised below:

(Unit: Million Baht)

Payable:

In up to 1 year	16.0
In over 1 and up to 3 years	4.1
	<hr/>
	20.1
	<hr/>

### 29.3 Bank Guarantees

As at 31 December 2020, the Company had outstanding bank guarantees of approximately Baht 18.9 million (2019: Baht 19.2 million) issued by banks on behalf of the Company, in respect of guarantee electricity use, purchase of raw material and performance guarantees as required in the normal course of business.

### 30. Fair value hierarchy

As at 31 December 2020 and 2019, the Company had the assets that was disclosed fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

Fair value hierarchy

Level 2

	2020	2019
<hr/>		
<b>Assets for which fair value are disclosed</b>		
Financial assets measured at amortised cost		
6-months fixed deposits	50,000	-
Debt investments	68,980	-
Investment property	188,961	188,961
 <b>Liabilities for which fair value are disclosed</b>		
Derivatives		
Foreign currency forward contracts	1,657	18

### 31. Financial instruments

#### 31.1 Derivatives

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
<b>Derivative liabilities</b>		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	1,657	18
<b>Total derivative liabilities</b>	<u>1,657</u>	<u>18</u>

#### Derivatives not designated as hedging instruments

The Company 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 1 to 6 months.

#### 31.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable and investment. The financial risks associated with these financial instruments and how they are managed is described below.

##### Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, 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 Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

##### *Trade receivables*

The Company 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 and any shipments to major customers are generally covered by other forms of credit insurance obtained from reputable banks and other financial institutions.

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

Company classifies customer segments by customer type and rating. 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 one year and not subject to enforcement activity.

#### *Financial instruments and cash deposits*

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Market risk**

There are two types of market risk comprising currency risk and interest rate risk.

#### *Foreign currency risk*

The Company's exposure to the foreign currency risk relates primarily to import or export of goods that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	Amount		Exchange rate	
	as at 31 December		as at 31 December	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Baht per unit of foreign currency)	
<b>Financial assets</b>				
US dollars	2.79	1.64	29.7749	29.8855
Euro	0.03	0.12	36.3751	33.2713
<b>Financial liabilities</b>				
US dollars	3.32	4.18	30.2068	30.3313
Japanese yen	1.68	1.68	0.2944	0.2796
Euro	0.01	0.03	37.2578	34.0846
Swedish Krona	0.48	0.13	3.7088	3.2711

#### *Foreign currency sensitivity*

As at 31 December 2020, the Company's exposure to foreign currency changes is not material.

#### *Interest rate risk*

The Company's exposure to interest rate risk to be low relates to the Company's financial assets and liabilities which have bear floating interest rates or fixed interest rates which are close to the market rate. As at 31 December 2020, the Company's exposure to interest rate changes is not material.

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: Million Baht)

	2020					
	Fixed interest rates		Floating			Effective
	Within	More than	interest	Non- interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(Percent per annum)
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	695.3	1.3	696.6	0.04 - 0.50
Trade and other receivables	-	-	-	325.3	325.3	-

(Unit: Million Baht)

2020						
	Fixed interest rates		Floating		Total	Effective interest rate
	Within 1 year	More than 1 - 5 years	interest rate	Non- interest bearing		
Other current financial assets	90.1	32.6	-	-	122.7	1.00 - 3.21
	90.1	32.6	695.3	326.6	1,144.6	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	258.0	258.0	-
Lease liabilities	16.6	37.0	-	-	53.6	1.60 - 4.75
Other current financial liabilities	-	-	-	1.7	1.7	-
	16.6	37.0	-	259.7	313.3	

(Unit: Million Baht)

	2019					
	Fixed interest rates		Floating	Non- interest	Total	Effective interest rate
	Within 1 year	More than 1 - 5 years	interest rate	bearing		(Percent per annum)
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	323.1	11.8	334.9	0.15 - 1.40
Current investments	232.4	-	-	-	232.4	1.70 - 3.21
Trade and other receivables	-	-	-	323.8	323.8	-
	232.4	-	323.1	335.6	891.1	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	250.6	250.6	-
Liabilities under finance lease agreements	2.8	4.7	-	-	7.5	1.47 - 4.75
	2.8	4.7	-	250.6	258.1	

**Liquidity risk**

The Company monitors the risk of shortage of liquidity position by maintain level of cash and cash equivalent and has credit lines with various banks. As at 31 December 2020, the Company has assessed the sufficient of the Company's net working capital to refinancing its debt in financial statements and concluded it to be low.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	2020		
	Within 1 year	More than 1 - 5 years	Total
<b>Non-derivatives</b>			
Trade and other payables	257,970	-	257,970
Lease liabilities (Note 16)	17,479	38,080	55,559
<b>Total non-derivatives</b>	<b>275,449</b>	<b>38,080</b>	<b>313,529</b>
<b>Derivatives</b>			
Derivative liabilities: net settled	1,657	-	1,657
<b>Total derivatives</b>	<b>1,657</b>	<b>-</b>	<b>1,657</b>

**31.3 Fair values of financial instruments**

Since the majority of the Company's financial instruments is short-term in nature or carrying interest at rates close to the market interest rates, its fair value is not expected to be materially different from the amounts presented in the statement of financial position.

**32. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company's debt-to-equity ratio was 0.2:1 (2019: 0.2:1).

**33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2021.

# 2020 ANNUAL REPORT

THE FUTURE OF PLASTIC  
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FOR CIRCULAR ECONOMY

รายงานประจำปี 2563