cpL
Creative Performance Lifestyle

รายงานประจำปี 2562

ANNUAL REPORT 2019

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CPL Group Public Co.,Ltd.
ANNUAL REPORT 2019

CREATIVE
PERFORMANCE
LIFESTYLE

CPL PANGOLIN

Creative Performance Lifestyle

Messages from the Chairman

Year 2019 was the year that demand for leather and shoes market as the market has slowed down significantly. It was quite a challenge that the company was still able to market well in the tanning business with the order volume of 20-24 million square feet per year. The number is considered that the company could still remain the order volume, even though the tanning business is in a slowdown due to external economic problems that have an impact whether it is a matter of trade war between the United States and China, including environmental management system in each country and the European economic problems causing the global economy to slow down, including fluctuations in exchange rates.

Despite the difficult conditions, CPL Group is confident in marketing, sales and relationship management with main customers. Our products are still trusted by the world's leading manufacturers, who continue to send orders. We are able to support our customers' needs during this difficult time. It has been a result of continuous efforts to improve production and sales in the past 2-3 years, in which the company has expanded investment and improved standardized production systems by at least 30% of the total to acquire the ability to better manage products and more efficient inventory management.

Likewise, the Safety Products business under the brand "Pangolin", another business that has grown larger, CPL Group in the past year has been able to maintain satisfactory growth due to the increasing demand for personal protective equipment from both various public and private projects, especially the progress of the Eastern Economic Corridor Project or EEC, which will also have a large project construction, including entrepreneurs, who are beginning to be aware of safety standards in the workplace. There is a continuous growing demand for safety products. While Pangolin is a manufacturer and distributor of safety products. Pangolin has been operating continuously for over 30 years, making customers confident in products and services, resulting in Pangolin being a stronger brand with continuous sales growth.

In the midst of challenges in the past year, there was something to be pleased for us as a leader in the tanning industry in the Southeast Asian region when CPL Group received the CSR-DIW Award 2019 Corporate Social Responsibility Standard Award, which is the award that is awarded to organizations that are committed to complying with laws and

regulations related to social responsibility, including participation in community development and adhering to environmentally friendly business practices. This has reflected that throughout the past, CPL Group has focused on creating sustainability in the industry without neglecting to look after the environment, which results in us being accepted by leading international clients around the world.

Meanwhile, in the past year, Safety Products of "Pangolin" received a plaque from Thailand Institute of Occupational Safety and Health, and working environment as 1 in 5 manufacturers, who was the first group that has been participating as a prototype for certification of S-MARK textile product safety standards to improve safety. The safety protection equipment certified by S-MARK has been recognized as the highest quality equipment because it helps to prevent accidents, including reducing loss of life and property.

All of these reflect commitment, determination, and dedication to grow the business along with community and social responsibility under our environmental friendly policy.

Mr. Suwatchai Wongcharoensin
Chairman

Audit Committee's Report

To The Shareholders

The Audit Committee of CPL Group Public Company Limited was appointed by a resolution of the Board of Director and consists of three independent directors. Mr.Supapat Ongsangkoon was appoint as Chairman of the Audit Committee and Pol. Lt. Gen Chayoot Thanataweeruch and Dr. Mongkol Laoworapong were appoint as members. The secretary of the Committee is Mrs. Miss Walairat Silapachavakijja , who also serves as Internal Audit Division Manager of the Company

The Committee preformed its duties and responsibilities as assigned by the Board of Directors and set forth in the Audit Committee Charter. The Committee gave precedence to found good internal control framework and operation system, including review suitable corporate governance, adequacy of risk management, efficiency and effectiveness of internal. Control.

In 2019, the Committee held a total of 4 meeting. The Committees significant activities in 2019 are summarize below.

1. To review the quarterly and annual financial statements before submission to the Board of Directors approval. The Audit Committee has been concerned with the implementation of accounting standards that are generally accepted, disclosure adequate in particular, transactions and items that may pose a conflict of interest.

2. Review the adequacy and appropriateness of internal control mechanisms. The opinion that the Company's internal control systems are appropriate and sufficient to run the business. The company has prepared a plan for monitoring the internal control system and review performance reports quarterly review.

3. Review of the Charter of the Audit Committee by the Audit Committee has reviewed the charter. In order to improve the properties on the role and powers of the Audit Committee. To comply with the rules and practices of good corporate governance and the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission.

4. Review the policy governance, Code of Business Ethics Policy, information Core policy against corruption. Policies to protect the information and investigation of complaints. To comply with the performance and the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission.

5. Provide a Self-Assessment Audit Committee of the Board shows that the Audit Committee has fully performed his duties as assigned by the Board

of Directors and operations consistent with best practices.

6. To consider transactions or transactions that may have conflicts of interests of the Company according to the rules and regulations of the Capital Market Supervisory Board and other related determined to ensure that such transactions are reasonable, transparent and adequate disclosure and a benefit to the company with reasonable prices and conditions as with the outsiders.

7. The Audit Committee has oversight of business operations in accordance with the law on Securities and Exchange Commission, terms of the Exchange or laws relating to business of the company for the year 2020, the Audit Committee has considered and recommended to the Board of Directors to appoint Ms. Wanraya Puttasatien CPA No. 4387, Ms. Waraporn Intraprasit CPA No. 7881 and Ms. Chonticha Lertwilai CPA No. 12258 from CWW P Co., Ltd. for the fiscal year ended December 31,2020 as the auditor of the Company.

In summary, the Committee fully performed its duties independently by using knowledge abilities and prudence in providing opinions and creative recommendations for the fair benefit of all interested parties. The Committee view that the Company's financial statement were correct and reliable ibn compliance with the financial reporting standards and the generally accepted accounting standards, The board of director and all managements goal is to achieve the Company's target and also focus on effectiveness, transparence and reliability of corporate governance and sufficiency and efficiency of internal control systems.

Mr.Supapat Ongsangkoon
Chairman of the Audit Committee

The Board of Directors' Report on the Accountability of the Company's Financial Reports

The Board of Director is accountable for correctness of financial statements of CPL Group Limited Company including financial information presented in the Annual Report and form 56 – 1. The Company has adopted appropriate accounting policies consistently applied and conformed to generally accepted accounting standards. Also, significant information was sufficiently disclosed in notes to financial statement for proper benefits to shareholders, investors and stakeholders.

Financial Statement of the Company has been audited by CWWP Company Limited auditor of the Company. The Board of Directors has supported the auditor will all necessary information and documents so that external auditor could audit the and express his opinion in accordance with accounting standards. The external auditor has expressed his opinion in Auditor's Report.

The Board of Director has appointed an Audit Committee to be responsible for the reviewing accounting policies, quality of financial reports, internal control system, and risk management system. The Audit Committee has expressed their opinion in the Audit Committee's Report as shown in this Annual Report.

The Board of Director opines that managerial structure and internal control system of the Company was satisfactory. The Company's auditor did not qualify or raised any specific observation the Company's financial statement. So we could assured that financial statement of CPL Group Public Company Limited as at 31 December 2019 present fairly in all material respects the financial position, performance, and cash flow in accordance with generally accepted accounting principles and other relevant laws and regulations.

Mr. Puvasith Wongcharoesin
Chief Executive Officer

General Information and Other information

Company Name	CPL GROUP PUBLIC COMPANY LIMITED
Symbol	CPL
Type of Business	Leather Manufacturing, Manufacturer and distributor of safety equipment. Personal protective equipment unified international standards
Address	700 moo 6, Sukhumvit Road, Tambol Bangpoomai, Ampour Muang, Samutprakarn 10280
Company Registered No	0107537000289
HOMEPAGE	WWW.CPL.CO.TH
Tel.	(66) 2 709 5633 – 8
Fax.	(66) 2 709 6033
Registered Capital	439,844,340 baht
Paid up Capital	439,844,284 baht
Par Value	1.00 baht
Contain	Common stock
Certified Public Accountant	CWWP Company Limited 17 th.fl.PayataiPlaz Building No. 128/180 – 181 Tel. 02-216- 2268 – 9, Fax 02-216 -2286
Custodian	Thailand Securities Depository Co.Ltd. 93 Ratchadapisek Road, Din Deng, Bangkok 10400 Tel. 02 009 9000, Fax. 02 009 9991
Lawyer	Payab Kamart Lawyer Office 45/15 Moo 1 Bangrateak Sampran Nakornpatom 73210 Tel. 081 – 814 -0793

Summary of Financial Information

Description	2019	2018	2017
	Million Baht	Million Baht	Million Baht
Total assets	2,231	2,822	2,067
Total liabilities	1,316	1,738	992
Total shareholders' equity	915	1,084	1,075
Revenue from sales	2,430	2,898	2,275
Total revenue	2,459	2,922	2,379
Gross profit	(164)	12	(103)
Comprehensive income	(161)	12	(96)
Earnings per share (Baht)	(0.37)	0.03	(0.25)
Book value per share (Baht)	2.08	2.47*	25.66

Financial Ratios		31 December 2019	31 December 2018	31 December 2017
Liquidity ratio	(Times)	1.44	1.60	1.55
Net profit margin	(%)	(6.78)	0.41	(4.54)
Return on equities	(%)	(18.05)	1.10	(9.60)
Return on assets	(%)	(7.39)	0.42	(4.99)
Debt to equity ratio	(Times)	1.44	0.11	0.92
Dividend	(Baht)	-****	0.02***	0.05**

* 1) On 25 January 2018, the Extraordinary General Shareholders' Meeting of the Company No.1/2018 has approved the change in the par value of shares of the Company from original Baht 10.00 per share to be Baht 1.00 per share, by increase of ordinary shares from the existing 41,889,937 shares to be 418,899,370 shares. The Company has registered the change in the par value with Department of Business Development, Ministry of Commerce on 31 January 2018.

** 2) On 26 February 2018, the Board of Directors' Meeting of the Company No.1/2018 has approved the dividend paid by common shares to the Company's shareholders at ratio 20 existing common shares per 1 share dividend at par value 1.00 THB total not exceeding 20,944,970 shares; calculated to be dividend ratio at 0.05000 THB per shares, or not exceeding 20,944,970 THB. In addition, In case any shareholder obtains fraction of shares from calculation in accordance with such shares allocation, the Company shall eliminate the said fraction and provided dividend payment made by cash at ratio 0.00556 THB, or equivalent to not exceeding 2,329,081 Baht.

*** 3) On 27 February 2019, the Board of Directors Meeting of the Company No. 1/2019 has passed the significant resolution to approve to propose the Annual General Meeting of Shareholders of the Company for 2019 to approve the appropriation of profit for 2018 as legal reserve in amount of Baht 598,848.94 and the dividend payment at the rate of Baht 0.02 per share in amount of Baht 8,796,885.68, which specifies the record date for the right to receive the dividend payment on 13 March 2019 and the dividend will be paid on 21 May 2019.

**** 4) On February 24, 2020, the Board of Directors Meeting of the Company No.1/2020 has pass the resolution to approve to propose the Annual General Meeting of Shareholders of the Company for 2020 to approve of no allocation of the net profits as the legal reserve the year ended December 31,2019 and no dividend payment

On 27 January 1994, CPL Group Company Limited registered the Company with the capital of Baht 180 million by Charoensin Family, Pan Oversea Cooperation, and Lien Dah Ltd. The Company operates the fully integrated tannery. Its process starts from the salting fermentation of raw cowhide to the tanning through production procedures required high skills and experiences so that all finished leathers have the high quality. This is because finished leather is the major raw material for manufacturing leather shoes, leather bags, and all types of leather products which real cowhide is used as the element. On 19 December 1994, the Company transformed to public company limited named "CPL Group Public Company Limited". Now, the official name was modified to "CPL Group Public Company Limited".

In 2001, the Company expanded business by joint venture with 3 companies in China which involved in tannery industry and shoe factory. The tannery named "C.P.L. International Company Limited" was opened in Guangzhou, China to support the purchase order of customers in China. Currently, this factory is terminated and it is in the process of business restructuring. Currently, there was a business discussion with the new potential investor in China.

In 2016, the Company invested with a business partner in Hong Kong established a company named "Integrated Leather Business Company Limited" that engages in import and sales of leathers. The Company held 40% of total registered shares because the Company saw the potential opportunities in leather business and reduced the restrictions on the grade of leather that will be used in the production process.

On 23 February 2017, the Extraordinary General Shareholder's Meeting of the Company No. 1/2017 has passed the special resolutions to accept the entire business transfer of Pangolin Safety Products Company Limited and the entering into of the relevant agreements for the purposes of the Group restructuring by the acceptance of the entire business transfer of Pangolin Safety Products Company Limited with the totaling value in amount of Baht 530,995,211.76, which will issue 15,489,942 new ordinary shares of the Company, with the par value of Baht 10.00 per share in lieu of cash and specify the price of the increase authorized share capital at Baht 34.28 per share and to dissolve Pangolin Safety Products Company Limited after the entire business transfer, which Pangolin Safety Products Company Limited has registered the dissolution with the Department of Business Development, Ministry of Commerce on 6 March 2017 and been notified the tax exemption by the Revenue Code from entire business transfer from the Revenue Department on 3 April 2017. Presently, it is in the process to transfer of assets under the entire business transfer agreement. After that the Company has adjusted the internal structure by dividing the business into 3 parts as follows: 1. Finished Leather Business, 2. Tanning Service Business, and 3. Safety Shoe and PPE.

Vision and Mission

Vision

The Company is committed to develop for the unity in the global leading leather tanning industry with the management competency and qualified production process, timely delivery, creation of friendship and reliability to customers, and paying attention to the environment.

"Innovative Solutions to your Sustainable Growth
Creative Performance Lifestyles in Leather & Safety Products"

Mission

- To develop businesses in the fields of tannery in pursuit of Asian leadership position.
- To diversify and invest in strategic businesses to enhance competitiveness.
- To provide a variety of quality products and services with commitment, reliability and flexibility.
- To conduct business in a socially, ethically and environmentally responsible manner.
- To build sustainable value for shareholders, customers, business partners, employees, local communities, and to be a good citizen to host governments.

Objectives and targets

For business operations during 2018-2021, the Company regularly monitors the economic situation in Thailand and the world economy in order to analyze the situation of using leather and to be used in planning for maximum efficiency. The main purpose is to balance three aspects which are procurement and reserve, production and quality, and sales. There are the targets as follow:

- Procurement and reserve: The Company has a policy to maintain the level of rawhide and semi-finished leather at least 4 months because a purchase of raw or semi-finished leather from overseas takes time for transportation. However, this reserve will decrease in the future since the Company can buy leather through the associated company resulted in the lead time shortened including the Company can match the characteristics of the leather with order from customers.

- Production and quality: From the current plan, the Company focused on production levels and strategies for future growth. Currently, the Company has production target at 25 million square feet. However, as part of the economic downturn, the Company expects the capacity at approximately 20-22 million square feet. Furthermore, the Company improved its operating system for maximum efficiency including machinery replacement in order to bring sustainable and stable

growth of the organization. On the other hand, safety shoe also expected to produce around 600,000-800,000 pairs per year with a huge market opportunity in the ASEAN region which will be one of the main economies of the world. From expanding the customer base to foreign countries, the Company expects that the sales of PPE will be supported by the expansion of this market as well.

• Sales: The Company aims to continuously expand overseas market, especially those from China who uses a lot of leather. However, the Company is still focusing on brand which is expecting to be able to increase sales based on a better economic outlook. The price is not a concern because the Company can bargain with customers to adjust price in accordance with the price of rawhide in the world market.

For the strategy, the Company has strategies in order to meet target as follows;

• Increase the supply of rawhide and semi-finished leather and procedures for screening the qualified leather in according to the needs customers

• Sustainable growth and value-added strategies include sustainable growth, managerial balance all Stakeholders, corporate social responsibility and environment, corporate governance, and Investment expansion by focusing on strategically important businesses

• Creating value added business, reducing cost, and increase return on investment by developing the capabilities of the organization since the ability of the organization is crucial to the effectively company's strategic plan by accelerating the development of the organization's capabilities in the following areas;

- o Financing and financial risk management: The Company plans to provide source of fund to be in line with investment plan by considering the financial management, investment, and financial ratios such as debt to equity in order to maintain a high level of creditworthiness and manage the financial risk of exchange rate, interest rate, and liquidity as well as developing the treasury and accounting to be global.
- o Accelerating the learning curve, technology, and research capabilities of the organization to be in line with the Company's growth plan by developing a maximum capacity plan and technology to support critical tasks that impact on growth, strategic plans, and R&D as a source of organizational research including the development of information technology and Enterprise Resource Planning (ERP) to keep up with changes quickly.
- o System development, work in progress, and organizational structure to be in line with the business strategies and plans for oversea investment and operations such as structuring and modeling for offshore operations.
- o Human resource management and corporate development to be internationally competitive by preparing adequate personnel, human resource development, and leadership including retaining employees to work with organization by building relationship with them. To define and structure the organization to the same standard to support business growth and sustainability of the organization as well as cultivating the value and culture of the organization to be consistent with the values. This is an important foundation for effective development and growth.
- o Sustainable management by realizing the role of organization towards social, community, and environmental through social responsibility and quality of life. Sustainable use of natural resources, health and safety, occupational health, and environmental impacts of water use, waste disposal, and pollution to the air and soil which is recognized and protected from the social in every operating area by measuring the sustainability of the organization internationally.

Important Changes and Development

- On 24 February 2020, the Board of Directors Meeting of the Company No. 1/2020 has passed the significant resolution to approve to propose the Annual General Meeting of Shareholders of the Company for 2019 to approve not to paid the dividend due to the fact that the Company had significant loss last year.
- In 2019, the Finished Leather Business Unit had to encounter difficult times due to the global economic conditions, exchange rate, and an overview of its industry causing the amount of leather used in the world market to decrease. In addition, the price of rawhide in the world market was low resulting in the current selling price.
- In 2019, Safety Shoes and Safety Product Business Unit could do the best work. However, the Company still expects that the Finished Leather Business Unit will be able to overcome the crisis due to the global market stagnation and low movie prices throughout the year in the near future.
- In 2019, the Tanning Service Business Unit was also very difficult because customers reduced the amount of tanning orders resulting in a significant decrease in the amount of tanning services. However, at present, the management has contacted a new customer which is in the process of price negotiation. During this time, the Company has adjusted its contracting capacity to make leather for using in the Finished Leather Business Unit instead.

Shareholding Structure of Company's Group

The major shareholders are Charoensin Group and Chen Family which holds 73.43% and 15.24 % respectively (Information from Thailand Securities Depository as of closing book December 31, 2019). The holding structure of the Company is as follows;

No.	Company Name	Share Proportion	Relationship
1.	Integrated Leather Network Company Limited	40%	Associate Company

Relationship with Business Groups of Major Shareholders

In 2019, the Company had significant business transactions with related parties. Such transactions are based on commercial terms and bases agreed upon between the Company. With those parties which are typically based business. The company has complied with the rules relating to the transactions strictly for clarity and transparency with the related companies. Tanning business is part of Charoensin Group which is a major shareholder who invested in all upstream and downstream business. It consists of direct investment and indirect investment through other businesses under Charoensin Group.

In 2019, the Company provided raw materials to the related companies which are Pangolin Safety Products Co., Ltd. and Manwood Intertrade Co., Ltd., with reasonable terms and prices, and/or arm's length

basis. For the procurement of raw materials used in the production process with related companies, from Integrated Leather Network Co.Ltd, Eagle chemical Industry Co., Ltd. the Company strictly adheres to the rules governing connected transactions in order to be clarity and transparency. The related companies include:

No.	Company Name	Relationship	Nature of Business
1.	Integrated Leather Network Co., Ltd.	Associated company that the Company holds 40% shares and to have the same director and/or management	Importer and distributor all leathers
2.	Eagle Chemical Industries Co., Ltd.	To have the same director and/or management	Distributor of chemical for industries
3.	Applied DB Industrial Co., Ltd.	To have director and/or management as shareholder	Manufacturer and distributor of silicone for surface mounting
4.	Mimi Industrial Co., Ltd.	To have director and/or management as shareholder	Manufacturers and import-export Leather products, artificial leather, and rubber products
5.	Manwood Intertrade Co., Ltd.	To have the same director and/or management	Manufacturer and distributor of fashion shoes
6.	Thai Wiring System Company Limited	To have the same director and/or management	Manufacturer and distributor construction part
7.	Thai Technical Nonwoven Co.,Ltd	To have the same director and/or management	Manufacturer and distributor of synthetic fiber and nonwoven fabric
8.	Jingdong CS Rubber Company Limited	Related party with ultimate shareholder of associated company	Manufacturer and distributor rubber part
9.	CS Rubber Industry Company Limited	Related party with ultimate shareholder of associated company	Manufacturer and distributor rubber part
10.	Charoensin Asset Company Limited	To have the same director and/or management	Property
11.	Charoensin Holding Company Limited	To have the same director and/or management	Holding Company
12.	Charoensin Thanee Company Limited	To have the same director and/or management	Property
13.	Charoensin Condotown Company Limited	To have the same director and/or management	Property
14.	VT Brother Company Limited	To have the same director and/or management	Manufacture Concrete
15.	Furano Air Company Limited	To have the same director and/or management	Distributor Air Condition and service
16.	Tanning Industry Charoensin Company Limited	To have the same director and/or management	Holding Company
17.	Smart Sense Industrial Design Co., Ltd.	To have director and/or management as shareholder	Electronic Design Service
18	Khun Puvasith Wongcharoensin	As Director and Shareholder	Loan
19	Khun Nattajak Wongchaoroensin	Shareholder of the Company and Director and Shareholder of the Related Entity	Rental
20	Khun Thavatchai Wongchaorensin	As Shareholder and Ex-Director of the Company	Consultant
21	Khun Chi Hsing Lai	A Shareholder and Ex-Director of the Company	Consultant
22	Khun Artid Chenpreecha	As Shareholder and Ex-Director of the Company	Consultant

Nature of Business and Business Performance

CPL Group is a world-class leather tannery providing finished cow leather to customers' needs. Initially, the processes of manufacture are the selection and the import of quality rawhides – are mainly from USA; and tanning chemicals are also the main raw material of operations imported from Europe and USA. With the experienced and expert staffs to tanning the leather and modern technology of the sufficient machines and devices to perform potential operations, CPL's products are granted with high quality by reputed customers. Most 90 percent of all products are supplied for sell to reputable shoe manufacturers like Adidas, Timberland, Mark & Spenser, Lacoste, and other brand shoes manufacturers. The production capacity is approximately 2,500,000 square feet per month and the Company maintains these volumes to retain and improve the quality of products in the future.

Currently, the Company has expanded its business to the tanning service. The contract foresees that the market is becoming more popular tanning in the Company's foreign. The Company has invested more equipment to expand production and reorganized machines. In addition, the new machines could produce doubly. On the other hand, the pig skin tanning factory was built up near the existing plant. Currently, it can operate with full capacity.

In addition, the Company has been transferring all of Pangolin Safety Products Co., Ltd., including the signing of a relevant agreement of s Pangolin Safety Products Co., Ltd. is a subsidiary of Charoensin Group. It has expanded its network to businesses, products, safety shoes on behalf of "Safety Shoes Company Limited" on June 1, 1983 with a registered capital of Baht 10 million. After that the business respond reflected to the rapid growth on manufacturing and the Company increased a registered capital of Baht 80 million on October 2, 2002. In 2006, the Company has expanded its product line into the helmet of Pangolin branded (PANGOLIN) by Standard TIS. 368-2538. With a commitment to work with an experienced management team and staff and all strong support of our customers in various industry sectors, the Company has grown continuously and steadily for a long time. On September 1, 2011, the Company expanded by establishing the company named "Pangolin Safety Products Co., Ltd" with a registered capital of Baht 20 million to become the "manufacturer and distributor of safety equipment and personal protective equipment with an international standards. The safety footwear accessory brand PANGOLIN was the first one to be certified standard TIS. 523-2558, Standard Quality Management System ISO 9001: 2008 by Bureau Veritas, and a leading enterprise and a member of the SATRA Technology Center demonstrating the importance of the quality of products PANGOLIN. Pangolin is also the market leader in manufacturing and distribution in Thailand and is a manufacturer of safety shoes and a helmet then. Furthermore, the Company is an official distributor of safety equipment from manufacturers such as Sundstrom, Singing Rock, and 3M. Currently, Pangolin products have been sold to various industrial segments and enterprises nationwide including Indochina.

The performance of CPL Group Public Company Limited fully intends to the quality of products and employees training. They become the overwhelming supports of the Company's growth to get the certification from many institutions with a reputation for quality management systems; for example, a certificate from URS offers ISO9001: 2008, ISO: TS16949: 2009, ISO14001: 2004. In addition, CPL Group has been certified a gold coin from a world-class institution – BLC, on environmental management as well as from SATRA institution on research and development of leathers isolation. Such above standards are the systems that CPL Group continually strives, develops, and operates each year to retain and better improve the system for the international standard of further operations.

The revenue structure in the past 3 years could be summarized as followed;

Item	2019 Million Baht	%	2018 Million Baht	%	2017 Million Baht	%
Revenue from sales	2,430.10	97.75	2,897.55	99.17	2,275.80	96.59
Others						
Gain on FX	28.54	1.15	3.00	0.10	34.26	1.45
Interest income	0.15	0.01	0.92	0.03	2.20	0.10
Tax refund	2.61	0.10	1.71	0.06	12.68	0.56
Others	24.59	0.99	18.73	0.64	31.26	1.30
Total	2,485.99	100	2,921.91	100	2,356.20	100

Global exporting market that CPL Group has supplied to is mostly China, Vietnam, Indonesia, India, Cambodia, and Bangladesh etc. In addition, the Company earns in the sale of safety shoes and safety equipment. The market share is at the top of the country. However, the Company's sales channels for foreign countries already there. In the near future, management expect to be able to deliver products, safety shoes and safety device to compete with neighbor countries

Products and Services

The Company's products are finished leather; such as Full Grain Leather and Suede Split Leather. The distinctive qualities of finished cow leather distributed to both domestic and international shoes manufacturers are Nubuck Leather, Oil&Wax Leather and Water Proof Leather. The Company can manufacture as customers' needs.

The feature of all finished leather is a sheet that will initially be measured in feet before distribution. The unit of measurement is a square feet. Production lead time, manufacturing process to finished leather, is approximately 23 days and the process of delivery to both domestic and international customers then will be the next procedure

The company is a manufacturer and distributor of products for safety, health and environment in the workplace. The company is divided into two main product categories, as detailed below.

1. Products Safety shoes (Safety Shoe)

a product manufactured by the company's factory is Pangolin and Safety Products is divided into 3 groups.

1.1. ***Premium*** is the safety shoes that are durable and comfortable to wear and use, it also has beautiful shapes and colors as well as materials that increase the quality. The price is higher than Medium, and Low include the Harrier, Soft Plus.

1.2. ***Medium*** is the safety shoes that provide durable and comfortable to wear. For customers who want to motivate employees to wear. Prices are moderate version include Lady Sizzler, Heavy, Sport.

1.3. ***Low*** safety shoes that are durable. For customers who want to save statement. There is a lot of traffic At its lowest level in three groups: Model Standard, Safety Plus, Classic, Safelight.

2. Equipment PPE (Personal Protective Equipment - PPE)

is the product of the Company. Produced and purchased - sold. Both imported from abroad and domestic. As well as product manufacturing outsourcing (OEM: original equipment manufacturer) brand was expensive and Pangolin. This product group is the people, the workers used to wear on any part of the body organs or parts together while working. To prevent potential environmental work recognized hazards such as heat, light, sound, toxins, chemicals, etc. used in this personal protective equipment. You can use a device that protects the body from head to toe in 11 categories.

2.1 Head & Face Protection
2.2 Hearing Protection
2.3 Eye Protection
2.4 Hand Protection
2.5 Respiratory Protection
2.6 Safety Clothing
2.7 Foot Protection
2.8 Fall Protection
2.9 Gas Detector
2.10 Workplace Safety
2.11 Safety Sign & Traffic

Marketing and Competition

The overview of leather manufacture, the market demand maintained due to economic situation, the exchange rate still impacted to selling price that caused the overall sales and selling price decrease comparing to prior year although customers turned to use more full grain leather and split leather. However, the Company could sell finished leathers more than last year.

For foreign competitors, most of them were located in China and their capacity also maintained because of the world economy. Although the production cost was lower due to rawhide price, most of premium brands, who ordered big lot, required the quality of products including product development which means that if the Company could maintain this high standard, the Company can be competent and compete with others. Anyway, the location is one of the key factors that are the current advantage of the Company because most of company located in China which stability is less than Thailand.

For domestic competitors, there was less impact to the Company as in the past. This is because the capacity of factory was small and their main business is to focus local customers. Therefore, the raw material were provided by local or purchase from Asian countries. However, the quality of products was not met the standard criteria and the selling price was low, so the product was appropriate to small order. Then, CPL Group did not pay attention to local sales much.

According to the above, the group of customers that the Company focuses is the factories manufactured for well-known brands such as Adidas, Timberland, Marks & Spencer, and etc. which are the high quality brand. Due to the decrease in demand for this group, the Company is trying to find the new reliable major customers. The ratio of oversea to local sales is 80:20.

The industry trend and competitive conditions in the future remain high since most shoe brands pay attention to the use of fabric because of the cheaper cost. As a result, the usage of leather consumption may be moving down. However, the Company plans to handle the incident by procuring raw materials from reliable sources that meet the needs of customers including the focus on efficient production to reduce production costs which lead to the better quality of products and prices to compete with competitors.

For business products, safety shoes and safety equipment has a merit of the recovery of the domestic economy. The overall sales were higher than the year before. The Goliath is divided into 4 channel sales channel, which accounted for as sales.

1. Domestic Sales

2. Store Sales Showroom

3. International Sales and Retail Sales

4. Modern (Modern trade) by sales channel that can make the rate of sales growth was highest in sales to foreign groups Safety Shoe from Myanmar into the channel and country the growth of such the goal is to focus on finding new customers. And to maintain and increase sales from existing customers

5. Customers in the industrial areas such as Samutprakarn, Bang Prakong, Bangna Rd., Chon Buri, Prajeenburi, and Rayong, which sales significantly increased due to sales focus to reach more customers in such areas. The first customer group which is divided by business type was the group that purchased from dealers. The following next 4 rankings were automotive, manufacturing, construction materials, food and agriculture and metal. The popular premium safety shoe was 0283UZG, 2001C, 2012C, 0282UG etc. and medium safety shoe which is still the most popular model was the 9501U.

PPE is grown from the sales-service solutions (Solution & Service) including sales and survey of safety shower, renting equipment of Gas Detector terms 4 years (INET), the exploration and install equipment that preventing fell from the stairs, gas detection system (fixed system), demonstration and training both before and after use, organize the seminars to raise awareness among customers which help the customer confidence in products and services of Pangolin. Another two highlighted products were OEM products under Pangolin brand which were two types of gloves that could perform well in the automotive glove and general PLPU glove.

Description / Year	2019 (million Baht)	2018 (million Baht)	Increase (Decrease) (million Baht)
Revenue from sales	2,430	2,898	(468)
Cost of goods sold	(2,184)	(2,484)	300
Gross profit	246	414	(168)

Revenue

The main business of the Company can be divided into three main divisions. Firstly, it is finished leather business that was accounted for 67% of the total revenue of the Company. This product category can be divided into two groups which are skin leather and split leather. Unit of sales is area which is called "square foot". The second source is tanning service which is included cow skin and pig skin was accounted for 9% of total revenue. Last but not least, the safety shoes and safety products were accounted for 24% of the total revenue of the Company.

1.1 Finished Leather

For the year ended 31 December 2019, the Company's sales was Baht 1,622 million (31 December 2018: Baht 1,942 million) which decreased by 320 MB comparing to the same period of prior year. The main reason is due to the current economic situation which was stagnant resulting in decreased purchase orders. Especially, the Company has been affected by the exchange rate causing the revenue to decrease compared to last year.

1.2 Tanning Service

For cow tanning business, during the past two years, the Company has invested more machinery to expand production capacity. By last year, the Company was able to proceed in accordance with the anticipated production capacity. However, customers slowed down their imports due to having to wait and see the global economic direction for this year which was expected that customers will start to fully deliver next year. Furthermore, the management foresees this gap and therefore ordered rawhides to do tanning process for their own use that will help the Company to reduce the cost of finished leather.

The pig tanning service had a good direction as they have been sent to China. However, in the past year, there was a problem of the Africa pig epidemic in Japan causing pig skin raw materials to be quite shortage, so the amount of bleaching to be less than the target set even though the target customers have a lot of orders. At this time, customers are trying to find pig skins to replace in many ways.

For the year ended 31 December 2019, the Company had revenue from tanning service amounted to Baht 127 million (31 December 2018: Baht 257 million). As a result, the Company had negative gross profit Baht 7 million (31 December 2018: Baht 11 million)

1.3 Safety Shoes and Safety Products

The Company could generate a regular revenue from safety shoes and other safety products. For the year ended 31 December 2019, the revenue slightly decreased to Baht 681 million (31 December 2018: Baht 698 million). The major decrease came from the economic situation causing the decrease in purchasing power.

1.4 Other income

Type of Income	2019 (ล้านบาท)	2018 (ล้านบาท)
Gain (Loss) from exchange rate	29	3
Other incomes	27	21
Total other incomes	56	24

Additionally, the Company also had other incomes that were interest from investment in bond, compensation for tax 19 bis, and gain (loss) on foreign currency translation. The company imported raw materials and exported finished products using US dollar under the credit system, so either import raw materials or export finished goods, it has a difference in the time of repayment which the Company was effected from daily foreign exchange rate. Therefore, the Company has to recognize gains or losses on this kind of transaction. However, the Company has already hedged by doing the forward contracts with financial institutions. For the year ended 31 December 2019, the Company had other income Baht 56 million (31 December 2018: Baht 24 million).

Cost of sales

The cost of sales of finished leather business consists of the cost of rawhide, chemicals, and other costs such as compensation of employees in the factory, and depreciation of plant, equipment and machinery used in manufacturing. An approximately proportion of the above cost of sales was 70:20:10, respectively. During this period, the average cost in the system is gradually decreased because of the reduction in rawhide price. Currently, the average price is close to the appropriate level, so the profit should reflect the overall business than last year.

The cost of sales of safety shoes consists of leather cost, outsole cost, and other costs as finished leather business. An approximately proportion of the above cost of sales was 55:20:25, respectively. For the safety products, the Company is authorized distributor from the top safety product manufacture around the world such as 3M, Sundstrom, Drager, Singing Rock, and Industrial Scientific. In overall, the cost of goods sold of safety shoes and safety products were normal at approximately 60%.

Gross profit margin

The gross profit margin decreased from 14% to 10% because the Company was impacted from exchange rate and the reduction in selling price which management has already negotiated with customers. As a result, management team has a plan to decrease the production by promoting an efficient plan including change in machines for long-term result.

Gross profit margin

Description	2019 (Million Baht)	%	2018 (Million Baht)	%	Increase (Decrease) Million Baht)
Selling expenses	241	51	186	41	55
Administrative expenses	188	39	201	52	(13)
Finance cost	47	10	36	7	11

Expenditures

Selling and administrative expenses consists of 1) export expenses that the Company negotiates with customers to eliminate double expenses which include transportation. The Company has punctuality policy for delivery goods to customers to avoid expressed delivery by plane because it is very expensive. 2) agent fee 3) travelling expenses to meet customers, find new customers, and business trip to study new technology to improve efficiency 4) compensation to employee and management and related payroll expenses, and other expenses i.e. depreciation and amortization, and repair and maintenance.

For the year ended 31 December 2019, the selling expenses were accounted for 9.90% (31 December 2018: 6.40%). The increase in amount came from claims and employee benefit obligation (400 days). On the other hand, administrative expenses were accounted for 7.73% (31 December 2018: 6.95%) to sales. An increase in amount came from the employee benefit obligation (400 days). However, if considering only the second half year, we found that the selling and administrative expenses reduced from the same period of last year.

In 2015, the Company did joint venture agreement with business partner in Hong Kong established Integrated Leather Network Company Limited (ILN) that engages in import and distribute all leathers. The Company holds 40% of total shares since the Company realizes an opportunity for trading leather business and reduces restrictions on the grade of leather using in the production process. Now, the installation of machinery is completed, so ILN can move forward with full capacity around end of 2017. During 2017, the ultimate shareholder would like ILN to be only serviced company, so they decided to sell all inventories and also the Company changed the method of calculation for services that started in Q4'2017. For the year ended 31 December 2019, the Company had loss sharing from associate company amounted to Baht 4.4 million (31 December 2018: Baht 0.53 million). The reason came from the fact that customer sent significantly less than expectation.

The Company's financial costs include interest from the trust receipts which are short-term loans with terms of repayment from financial institutions for purchase of raw materials imported from abroad, bank fees for Open PLC, and transferred fees between banks. The Company's finance costs increased slightly from the volume of raw materials imported from abroad and from factory expansion. For the year ended 31 December 2019, the financial cost was Baht 47 million (31 December 2018: Baht 36 million).

Description	2019 / (Million Baht)	2018 / (Million Baht)
Revenue from sales	2,430	2,898
Cost of goods sold	(2,184)	(2,484)
Gross profit	246	414
Other incomes	56	24
Total revenue	302	438
Selling and administrative expenses	(429)	(387)
Loss for Subsidiary	(4)	1
Cost of finance	(47)	(36)
Operating profits	(178)	16
Income tax expenses	14	(4)
Net profit (loss)	(164)	12

Earnings Before Interests and Taxes (EBIT) and Net Profit (Loss)

The Company's net loss for the year ended 31 December 2019 was Baht 163.89 million (2018: Net profit Baht 11.98 million), or equivalent to net loss margin at 6.78% (2018: net profit margin 0.41%) which decreased by Baht 175.87 million comparing to the prior year. In summary, the factors that impacted to the financial performance in this year came from 3 factors which were the decrease in overall selling price due to an exchange rate, no new incoming order for tanning service, and recognition of claims and employee benefit obligation (400 days).

Analysis of statement of financial position as of 31 December 2019

Assets

Assets	2019 / (Million Baht)	2018 / (Million Baht)
Cash and cash equivalent	42	146
Accounts receivable - net	240	710
Inventory – net	1,099	1,130
Investment in associate	-	4
Investment properties – net	127	127
Property, plants, and equipment – net	638	629
Other assets	85	76
Total assets	2,231	2,822

Total assets of the Company as at 31 December 2019 were Baht 2,231 million (31 December 2018: Baht 2,822 million). The major decrease came from cash and cash equivalent amounted to Baht 104 million, trade receivables and other receivables amounted to Baht 470 million, inventory amounted to Baht 31 million, but increase in properties, plants and equipment amounted to Baht 9 million. However, the Company could collect cash from these account receivables. Furthermore, an decrease in inventory came from the change in price that dropped this year.

Liabilities and shareholders' equity

Liabilities and shareholders' equity	2019 / (Million Baht)	2018 / (Million Baht)
Borrowing from financial institutions	861	1,200
Accounts payable	296	391
Other liabilities	70	24
Non-current liabilities	89	122
Total liabilities	1,316	1,738
Shareholders' equity	915	1,084
Total liabilities and shareholders' equity	2,231	2,822
Total Debts to total assets (times)	0.59	0.62
Debt to equity ratio (times)	1.44	1.60

Total liabilities of the Company as at 31 December 2019 were Baht 1,316 million (31 December 2018: Baht 1,738 million). The major items are trust receipts which are short-term loans with a repayment condition with financial institutions for purchasing raw materials from foreign funds amounted to Baht 801 million (31 December 2018: Baht 1,200 million) and accounts payable and other payable amounted to Baht 296 million (31 December 2018: Baht 391 million). Normally, when the Company received payment from the debtor, the Company will choose to pay trust receipts prior to maturity date in order to reduce the interest burden. However, the significant increase of total liabilities came from an expansion of normal business operation both assets and liabilities. Thus, the ratio of total liabilities to total assets of the Company slightly decreased from 0.62 times to 0.59 times.

Related Transactions

Related party transactions with persons that may have conflicts

The company has entered into related transactions with related parties or persons. In which the mutual transactions necessary and reasonable in entering into the transaction trading of goods is a normal business practice of the company. The transaction is a normal business transaction with general trading conditions. It is the market price and has trading conditions that can be compared with transactions made with other third parties that are not related to the company which are all reasonable and fair transaction does not cause the company to lose any benefits

By the resolution of the Board of Directors Meeting No. 1/2020 on February 24, 2020, with the Audit Committee which is an independent director attending the meeting has considered the connected transaction above Have an opinion that it is necessary and reasonable as well as beneficial to the company

Policy for future related transactions

Policy and procedures for approving related party transactions with persons who may have conflicts of interest or may have conflicts of interest in the future, such as major shareholders, directors, executives with controlling power related persons or related persons, etc. The company will comply with the law on securities and stock exchange, regulations, announcements, orders or requirements of the Securities and Exchange Commission. The Capital Market Supervisory Board and the Stock Exchange of Thailand related to the said matter including the compliance with regulations regarding disclosure of connected transaction information of the company In accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditors of Thailand. In this regard, any person who may have a conflict of interest or having interest in the transaction will not be able to participate or have no right to approve the said transaction

In the event that the law requires approval from the Board of Directors or the shareholders' meeting of the company. The company will have an audit committee to attend the meeting to give an opinion on the necessity of the transaction and the reasonability of such transaction.

However, the connected transaction is a commercial transaction that has general trading conditions. And making commercial transactions that are not general trade conditions or other transactions shall have the following principles

Commercial transactions with general trade conditions

The transaction is a commercial transaction with general conditions. That occurred between companies with persons who may have conflicts of interest have interest or there may be conflicts of interest in the future The company has specified the said transaction framework. which has been considered and approved by the audit committee Has been approved by the Board of Directors which when doing the said transaction Company management being able to approve a transaction by doing so must have a formal agreement that does not influence the status of a director, executive or related person. And must be a normal business transaction for the business or for a trade transaction which has fair prices and conditions and does not lead to a transfer of benefits, including the following commercial conditions

1. Prices and conditions that the company received or offered to general people
2. Prices and conditions that connected persons with the general public
3. Price and conditions that the company can show that Business operators in the same way as the company for general people

However, when making transactions with trade agreements above the management of the company will decide. After the approval has been approved by the management team, a summary report of the connected transactions will be made to report to the Board of Directors to acknowledge the list in the event that the Audit Committee and the Board of Directors find that operations are not in accordance with the established policies The Audit Committee and the Board of Directors will work together to find solutions.

Commercial transactions that are not general commercial conditions or other transactions.

Any commercial transaction that is not a general trade condition or other transaction that occurs between the company and a person that may have a conflict of interest, has a vested interest or may have a conflict of interest in the future must be proposed to Audit Committee consider and approve the necessity and appropriateness of the transaction as well as the appropriateness of the price and conditions of the transaction, and compare it with the price made with a third party or market price before presenting to the faculty Company Directors and / or Shareholders' Meetings as the case may be for further approval in the event that the Audit Committee is not skilled in making decisions on related party transactions. The company may have independent experts or external auditors of the company give opinions on the said transactions for use in the consideration of the audit committee. Board of directors and / or the meeting of shareholders as the case may be, for further approval who have conflicts of interest or the interested persons in the transaction will not be able to participate in or have the right to approve the said transaction

The company will disclose the connected transaction in the notes to the financial statements which have been audited by the auditor of the company. Annual report and Form 56-1

Business transactions with related parties

The company has significant business transactions with related parties. The said business transaction is in accordance with the commercial conditions and criteria as agreed between the company with those related parties which are in the normal course of business which can be summarized as follows

Nature of Relationship of the Company

Names of Related Parties	Nature of Relationship
Integrated Leather Network Company Limited	Associate by Direct Shareholding
Eagle Chemical Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Applied DB Public Company Limited	Related Entity by Common Group of Shareholders and Executives
Mimi Industrial Company Limited	Related Entity by Common Group of Shareholders and Executives
Manwood Intertrade Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Wiring System Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Technical Nonwoven Company Limited	Related Entity by Common Group of Shareholders and Executives
CS Rubber Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Jingdong CS Rubber Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Asset Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Holding Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Thanee Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Condotown Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Tanning Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
V T Brother Company Limited	Related Entity by Common Group of Shareholders and Executives
Furano Air Company Limited	Related Entity by Common Group of Shareholders and Executives
Smart Sense Industrial Design Company Limited	Related Entity by Common Group of Shareholders and Executives
Khun Puvasith Wongcharoensin	Related Person by being the Director and Shareholder of the Company
Khun Natthajak Wongcharoensin	Related Person by being the Shareholder of the Company and Director and Shareholder of the Related Entity
Khun Thavatchai Wongcharoensin	Related Person by being the Shareholder and Ex-Director of the Company
Khun Lai Chi-Hsiang	Related Person by being the Shareholder and Ex-Director of the Company
Khun Artid Chenpreecha	Related Person by being the Shareholder and Ex-Director of the Company

Risk Factors

Risk management is an important process that the Company pays attention as an importance to management in order to promote the sustainability. The risk management of the organization is under the executive management at all levels and the supervision of the Executive Committee. The Risk Management Committee holds meetings every quarter in order to monitor risks and the results of management according to the risk mitigation plan including the risk management review report for the Internal Audit Committee of the Company and the Board of Directors on a quarterly basis.

In addition, the Company follows up the operation in accordance with the action plan, analyzes and manages risks at the operational level in order to ensure that the risk management that may occur from both internal and external factors are managed efficiently and controlled to an acceptable level to comply with the Company's policy that focus on to risk management and to keep up with the situations and trends of rapidly change and complex.

1. Strategic risk

a) Risk from the formulation of an unsuitable strategic plan

The Company has created systems and processes to periodically review the Company's strategic plan in order to manage the risk from the formulation of strategic plans that are not suitable for the situation that may arise from the forecasting of economic and business related situations, such as meetings that assess various situations and trends of change on a monthly basis, compare data from trusted institutions and sources, and develop tools that help predict economic conditions systematically in order to make decisions.

b) Reputation risk

The Company pays attention to an importance to risk management regarding the reputation and image of the organization that can effect quickly severe both short-term and long-term and cannot be assessed in monetary form. The Company has also focused on the implementation of the Company's sustainable development policy as a suitable business strategy transparency and fairness in business operations, safety at work, environmental responsibility, acceptance from communities and society, and the continuous development of the employees' potential for mutual development including a creation of sustainable value for all stakeholders and good relationships with all groups of stakeholders.

c) Quality of raw material risk

The risk of raw material quality remains an important problem for each purchase of finished leather. Due to being unable to check the condition of the purchased raw material completely and immediately in each order, quality cannot be controlled. Therefore, the Company have to bear the risk of the quality of the raw materials ordered each time.

d) Returns and delay delivery risk

Since the finished leather is made to order, the customer determines the special characteristics of the product such as color and pattern, so it sometimes may take more time to produce. Therefore, there is a risk of late delivery and the quality risk because customers may not accept the product or return them as it does not meet the requirements of the customer causing to affect the company's performance.

e) Employee skill risk

The Company has guidelines for resolving the problem of lack of skilled labor by providing training for staff in positions that require skills and competence and their special expertise. In the tanning factory, the important thing is not only the machinery and raw materials for production but also requires the skills and experience of employees with knowledge and expertise in their work. Therefore, if skilled staff is not enough for production needs, it considered as another form of risk.

2. Financial risk

a) Financing risk

The Company managed financing risk to ensure that the Company has enough liquidity and to align with investment plan. Also, the financial strategy would be aligned with business plan to cope with internal and external scenario. Moreover, the Company builds relationship with financial institutions in order to have strong financial back-up and this will help continuously managing cash flow.

b) Foreign currency exchange risk

Due to the purchase and procurement of raw materials and chemical, most of them are imported from abroad. Therefore, the purchase transaction is in foreign currency, and also most of the products are sold in 90% of exports. The Company is therefore exposed to risk of foreign exchange gains and losses. In order to prevent such matters, the Company is using financial instruments to intervene appropriately if the exchange rates are highly volatile.

c) Interest rate risk

The Company manages the interest rate risk by monitoring the trend of interest rates in the market and allocates both short-term and long-term loans in both fixed and floating interest rates in proportion to the investment type of the business including the development of the use of financial tools to create financing options and managing the debt structure in every country appropriately such as interest rate swap that is used to reduce the impact of interest rate fluctuations and in line with the situation.

d) Price risk

The current rawhide price has dropped dramatically after the year 2012. However, after that the Company has closely monitored to ensure that it can be controlled at all times as rawhide price is the main raw material. The Company has ways to reduce the risk by specifying the amount of inventory that is appropriate to the situation in order to average the cost of raw materials not too high and at the same time to adjust the product price fairly and reasonably.

Securities Details and Shareholding Structure

The Company has a paid-up capital of Baht 439,844,340 Paid up consists of Baht 439,844,284 divide to 439,844,284 share with Baht 1.- per share.

Group of Top Ten Shareholders as of December 31, 2019

Name of Shaeholders	Total Shares	%
1. Chareonsin Holding Co.,Ltd.*	175,937,736	40.00
2. Mr. Chen, Yu Yu	29,764,350	6.767
3. Mr. Wiwat Wongcharoensin	28,837,502	6.556
4. Mr. Issara Wongcharoensin	18,633,749	4.236
5. Thai NVDR Co.,Ltd	15.941.965	3.624
6. Mr. Suwatchai Wongchaorensin	14,467,488	3.289
7. Mr. Puvasith Wongchaorensin	12,337,141	2.805
8. Mr. Natakit Wongcharoensin	9,401,364	2.137
9. Mr. Chen Rui Teng **	8,835,750	2.009
10. Mr Veerachai Wongcharoensin	8,425,357	1.916

Note: * 1. Charoensin Holding Co., Ltd engages in property business that all shareholders are Chareonsin family.

** 2. Number of shares of MR.Chen Rui Teng has on Thai NVDR limited 14,422,100 shares

Dividend Policy

Our Board of Director may consider making an annual dividend payment upon the approval of the shareholder at a shareholders meeting. An interim dividend payment can be approved by the Board of Directors from time to time, provided that we have adequate profit and liquidly. The Board of Director will inform shareholders of any interim dividend payment at the next shareholders meeting.

Our current dividend policy is to pay a total dividend of not less than 60% of net profit after deductions of tax and the legal reserve fund as a required by applicable law and our Articles of Association and setting aside amounts required for working capital, capital expenditure and business expansion requirements. The Board of Director will take shareholders' interests into the account when considering the dividend payment, ensuring that such a payment will not materially and adversely affect our ordinary course of business. Dividend payments are subject to change based on our performance, financial condition, liquidity, business expansion plans and future needs as our Board of Director and/or shareholders deem appropriate.

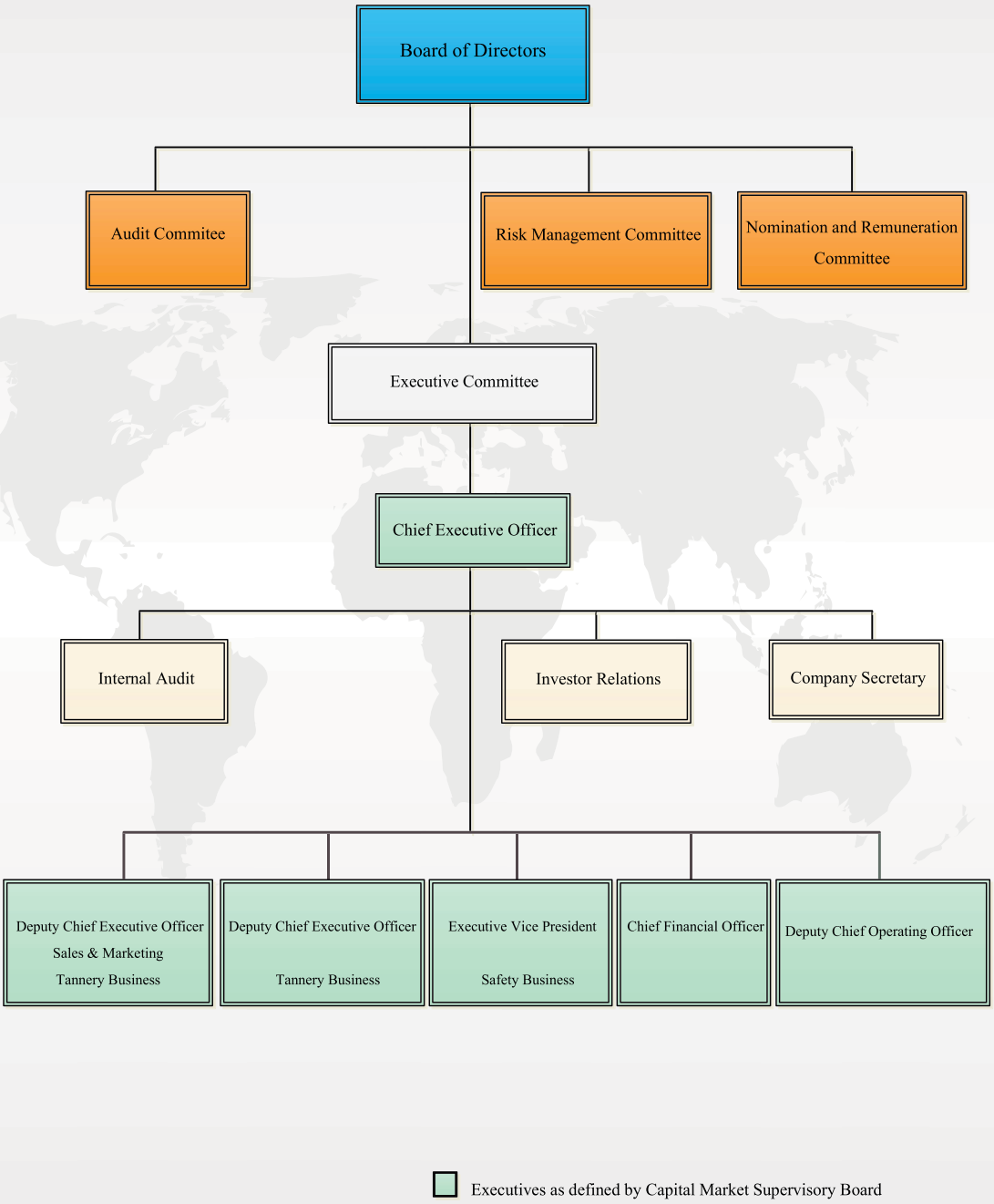
The Company have dividend policy to share Below table is dividend history from the past 5 years.

Year	Net profit per share	Dividend payment per share	Payment ratio of net profit	Total dividend payment (Million Baht)
2015	1.33	1.50	113	39.60
2016	(2.14)	-	-	-
2017	(0.25)	0.05	-	20.94
2018	0.03	0.02*	67	8.80
2019	(0.37)	-**	-	-

* On February 27, 2019, the Board of Directors Meeting of the Company No. 1/2019 has passed the significant resolution to approve to propose the Annual General Meeting of Shareholders of the Company for 2019 to approve the appropriation of profit for 2018 as legal reserve in amount of Baht 598,848.94 and the dividend payment at the rate of Baht 0.02 per share in amount of Baht 8,796,885.68, which specifies the record date for the right to receive the dividend payment on 13 March 2019 and the dividend will be paid on 21 May 2019.

** On February 24,2020, the Board of Directors Meeting of the Company No. 1/2020 has the passed the significant resolution to approve to propose the Annual General Meeting of Shareholders of the Company for 2020 to approve of no allocation of the net profits as the legal reserve the year ended December 31,2019 and no dividend payment.

The Organization Chart of the Company as of December 31,2019 are as follow :



Management Structure

Mr. Suwatchai Wongcharoensin
Chairman

Mr. Puvasith Wongcharoensin
Chief Executive Officer

Mr. Kuo Shih Lun
Director / Deputy Chief Executive Officer

Mr. Kitichai Wongcharoensin
Director / Deputy Chief Executive Officer

Ms. Yun Wen Chen
Director

Mr. Vivat Wongcharoensin
Director

Mr. Supapat Ongsangkung
Chairman of Audit committee / Independent Director

Pol.Lt. Gen. Chayoot Thanataweeruch
Audit committee / Independent Director

Dr. Mongkon Laoworapong
Audit committee / Independent Director

Board of Directors' Structure

1. Composition of the Board of director

1.1 The Board of Director of CPL Group Public Company Limited consist of at least 5 (five) Director. At least one-third (1/3) of the total number of Directors, but not less than 3 (three) Directors must be Independent Directors the conform to the criterial of the Securities and Exchange Commission (SEC). Whereby, the Board of Directors of CPL Group Public Company Limited is the professional for part of business, accounting and finance that related and supports the business of the company. CPL Group Public Company Limited have the another 3 sets of Sub – Committee such as the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee.

1.2 Chairman of the Board of Director, Chief Executive Officer (CEO), Chairman of the executive director have the different duties and responsibilities. The Board of Director has clearly assigned the authority, duties and responsibilities of the Chairman of the Board of Director, Chief Executive Officer (CEO), Chairman of the executive director are one of the abovementioned position will be protected from having the authority with unlimited stage.

1.3 The Company has appoint the Company Secretary to give advice on issued regarding laws and other regulations for acknowledgement by the Board of Director. Also he/she has performs duties to take care of the activities of the Board of Director coordination for compliance with the resolution of the Board of Director.

2. Qualification of Director

2.1 All Directors must possess the qualifications and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities.

2.2 All Directors have the experience, knowledge, capabilities in related fields of business and industry for the overall interests of the Company and must be able to perform duties in and efficient manner, to present the point of view which will be benefit to the handing of significant risks. Moreover, they must have the honesty, trustworthy and good ethical behavior.

3. Board of Director Meetings

3.1 The Company has regularly held the Board of Director Meetings with at two (2) months per time for every period of one (1) year and there may have the additional extraordinary meeting as necessary that determined advance schedule on November every year. All members of the Board of Director give priority attending in every meeting unless otherwise in the necessary case. The Company should deliver the invitation letter or notice for meeting with clearly specified the agenda in advance before the date of meeting at least seven (7) days in order for the Director have enough time to consider or study the meeting agenda and the supporting document for the meeting.

3.2 During the Board of Director Meeting, all Directors can express their opinions with clearly and independence. This is the written record as the minute of the meeting and be kept the minute of the meeting and be kept the minute of the meeting: that was certified by the Board of Director for the Director and the relevant party of verify. In addition, the top executive may participate in some agenda of the meeting to give the detailed information or more helpful information as the concern party. He/she may acknowledge the policies directly in capable to perform with the efficiency.

3.3 The President is the person who considers selecting the issued into the agenda of the Board of Director have independence to propose the issued into the meeting agenda.

3.4 The Board of Director have access right entering to the information. In case of additional require and necessary, by requested from CEO or the Company Secretary or the other executive has been assigned within the specific extent of policies. In the necessary case, the Board of Director may prepare for the independent opinion from the advisor or the outside professional services with the Company's expense.

3.5 During the process for resolution in the meeting, the Board of Director had held the majority vote by one (1) Director has one (1) voting right. Whereas the Director who has the issued as the conflict of interest., will not attend in the meeting and does not use the right to vote for that issue. If there is the equality in voting right . Chairman in the meeting will use his additional one (1) vote as casting vote.

3.6 During each meeting, the Secretary of the Board of Director attends in the meeting as the recorder for minute of the meeting and submits to the President of the company sighing for attestation and proposes for affirmative by the meeting in the 1st agenda of the next meeting. Moreover, he/she will be the information collector or keep the document regarding the meetings for convenience to explore with reference.

Orientation for the New Director

CPL Group Public Company Limited has determined the orientation for newly appointed Director by providing the explanation for presenting the overview of company business to newly appointed Director for acknowledgement in the following topics;

1. Business entity framework (Laws, Articles of Association of the Company, regulation)
2. Information about the business operation and activities
3. Organization development, business development
4. Good Corporate Governance
5. Social Responsibilities

Self – Assessment of the Board of Directors

CPL Group Public Company Limited have the policies for the Board of Directors to evaluate the result of self-assessment with at least once a year in order to assist the Board of Directors considering or revising their work or performance, the issues and the other obstacles during the previous year. In addition, it will increase the working efficiency of the Board of Directors. Then, it will prepare in two (2) aspects as follows;

1. The entire board performance evaluation will evaluate in various parts such as
   1.) Structure and Characteristics of The Board
   2.) Roles, Duties and Responsibilities of the Board
   3.) The Board of Directors Meeting preparation
   4.) The Board's performance of duties
   5.) Relationship with management
   6.) Self-development of Directors and Executive Development
2. The individual performance evaluation for each member of the Board will evaluate in various parts such as
   1.) Preparation of the Director
   2.) Strategic planning and business planning
   3.) Risk Management and Internal Controls
   4.) Caring for matter relating to conflict of interest
   5.) Follow-up the financial reports and operation
   6.) The Board of Directors Meetings
   7.) Others, etc.

The Board of Director

As of December 31, 2019, the Board of Directors structure of the Company consists of 1)Board of Director and 2) sub-committee which are four committees, namely Audit Committee, Executive Committee and Nomination and Remuneration Committed, Risk Management Committee and 2) Managements.

Board of Directors

As of December 31, 2019, the Board of Director consists of 9 members are as follows:

Name	Position
1. Mr. Suwatchai Wongcharoensin	Chairman
2. Mr. Puvasith Wongcharoensin	Chief Executive Officer
3. Mr. Kuo Shih Lun	Director
4. Mr. Kitichai Wongcharoensin	Director
5. Ms. Yun Wen Chen	Director
6. Mr. Vivat Wongcharoensin	Director
7. Mr. Supapat Ongsangkoon	Independent director
8. Pol.Lt. Gen. Chayoot Thanataweeruch	Independent director
9. Dr. Mongkon Laoworapong	Independent director

Mr. Suwatchai Wongcharoensin, Mr. Puvasith Wongcharoensin, Mr. Kuo Shin Lun and Mr. Kitichai Wongchareonsin are authorized directors who can sign on behalf of the Company and jointly sign with the company's seal affixed.

Director Attendant the Meeting

The details of Director Attendant the Meeting are follows

Name	No. of Attendant the Meeting
1. Mr. Suwatchai Wongcharoensin	6/6
2. Mr. Puvasith Wongcharoensin	6/6
3. Mr. Kuo Shih Lun	6/6
4. Mr. Kitichai Wongcharoensin	5/6
5. Ms. Yun Wen Chen*	4/6
6. Mr. Wiwat Wongcharoensin	6/6
7. Mr. Supapat Ongsangkoon	6/6
8. Pol. Lt. Gen. Chayoot Thanataweeruch**	4/6
9. Dr. Mongkon Laoworapong	6/6

The details of Director attendant the Meeting are as follows

* Ms. Yun Wen Chen has been appoint to member as on July 12, 2019 and

** Pol. Lt. Gen. Chayoot Thanataweeruchhas been appoint to member as on May 13, 2019

Ms. Arjaree Suphasinwongchai is the secretary to our Board of Director and the Company's secretary.

Audit Committee

As of December 31, 2019, Audit Committee consists of 3 members are as follow

Name	Position
1. Mr. Supapat Ongsangkoon	Chairman of Audit Committee/Independent Director
2. Pol. Lt. Gen. Chayoot Thanataweeruch	Audit Committee /Independent Director
3. Dr. Mongkon Laoworapong	Audit Committee /Independent Director

Dr. Mongkon Laoworapong have knowledge and experience in matters of accounting and finance to audit the reliablitity of the finance statement. Dr. Mongkon Laoworapong has a in Doctorate in Business Administration International Program Faculty of Commerce and Accountancy. Thammasat University

The Details of Audit committee attendant the Meeting are as follow

Name	No. of Attendant the Meeting
1. Mr. Supapat Ongsangkoon	4/4
2. Pol. Lt. Gen. Chayoot Thanataweeruch*	2/4
3. Dr. Mongkon Laoworapong	4/4

* Pol.Lt. Gen. Chayoot Thanataweeruch has been appoint to member as on May 13, 2019

Ms. Walairat Silapachavakijja as the secretary of the committee

Nomination and Remuneration Committee

As of January 31, 2019, Nomination and Remuneration committee consists of three member are as follows.

Name	Position
1. Mr. Vivat Wongcharoensin	Chairman of the Nomination and Remuneration Committee
2. Dr. Mongkon Laoworapong	Nomination and Remuneration Committee
3. Mr. Puvasith Wongchaorensin	Nomination and Remuneration Committee

The Details of Nomination and Remuneration committee attendant the Meeting are as follow

Name	No. of Attendant the Meeting
1. Mr. Vivat Wongcharoensin	3/3
2. Dr. Mongkon Laoworapong	3/3
3. Mr. Puvasith Wongcharoensin	3/3

Ms. Arjaree Suphasinwongchai as secretary of the committee

Risk Management Committee

As of December 31, 2019, Risk Management Committee consists of four members are as follow

Name	Position
1. Mr. Chi Hsing Lai	Chairman of the Risk Management Committee
2. Mr. Artid Chenpreecha	Risk Management Committee
3. Mr. Puvasith Wongchaorensin	Risk Management Committee
4. Dr. Mongkon Laoworapong	Risk Management Committee

The Details of Risk Management committee attendant the Meeting are as follow

Name	No. of Attendant the Meeting
1. Mr. Chi Hsing Lai	1/1
2. Mr. Artid Chenpreecha	1/1
3. Mr. Puvasith Wongchaorensin	1/1
4. Dr. Mongkon Laoworapong	1/1

Mr. Niteepong Tachamontrikul as secretary of the committee

Executive Director

As of December 31, 2019, Executive Director consists of four members are as follow

Name	Position
1. Mr. Puvasith Wongcharoensin	Chief Executive Officer
2. Mr .Kitichai Wongcharoensin	Executive Director
3. Mr. Kuo Shih Lun	Executive Director
4. Mrs. Sripa Suriyapantamlai	Executive Director

Ms. Arjaree Suphasinwongchai as secretary of the committee

Managements

As at December 31, 2019, Management team includes 8 people as follows;

Name-Surname	Position
1. Mr. Puvasith Wongcharoensin	Chief Executive Officer
2. Mr. Kuo Shih Lun	Executive Vice President - Sales & Marketing
3. Mr. Kitichai Wongcharoensin	Executive Vice President - Chief Operating Officer
4. Mrs. Sripa Suriyapantamlai	Executive Vice President - Safety Product
5. Ms. Chutima Kititarakul	Assistant Vice President - Oversea
6. Mr. Theerawat Wongcharoensin	Assistant Vice President - Marketing & Development
7. Mr. Niteepong Techamontrikul	Deputy Chief Financial Officer and Acting Accounting Manager
8. Ms. Arjaree Suphasinwongchai	Company Secretary

Whereby he varying set of the Committees of CPL Group Public Company Limited has a term to hold the position and scope of delegation of authority for each set or the committees as follows

The Board of Director

Term of Office for the Board of Directors

The Board of Directors has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, a Director who leaved from the Office by the reason of rotation, he/she may be reappointed to take a position of the Director.

Scope of authority, duties and responsibilities of the Board of Directors

1. Must perform duty in compliance with the law, objective, regulation of the company, as well as shareholders meeting's resolution, except for the matter that requires approval from shareholders meeting before operation such as the matter that the law requires shareholders meeting's resolution, connected transaction, and buying or selling significant asset according to the rule of SET, or as determined by other state agencies, etc.
2. Determine or change the name of authorized director.
3. Determine policy, strategy, and direction of the company's business operation, and regulate management's operation to ensure that it is according to the determined policy, strategy, and direction efficiently and effectively to add maximum economic value for shareholders and sustainable growth.
4. Consider making decision on significant matters such as business plan, budget, large investment project, management power, and other items as determined by the law.
5. Evaluate performance and determine consideration for the management.
6. Responsible for performance and operation of management with determination and care in the operation.
7. Provide reliable accounting system, financial report and accounting audit, as well as provide a process for assessing suitability of internal control, and internal audit to ensure efficiency and effectiveness, risk management, financial report, and result monitoring.
8. Prevent conflicting interest between stakeholders and the company.
9. Regulate business to ensure ethical operation.
10. Determine internal regulation or rule of the company in various matters.
11. Report responsibility of the Board of Directors in preparing financial report by presenting it together with the auditor's report in the annual report, and cover important matters according to the policy of good practice for director s of listed company in SET.

The Audit Committee

Term of Office for the Audit Committee

The Audit Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, Chairman of Audit Committee and Audit Committees members, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Independent Director.

Scope of authority, duties and responsibilities of the Audit Committee

1. Reviewed financial reports to ensure that. is accurate and reliable. Including adequate disclosure by coordinating with the external auditors. And the executive responsible for preparing financial reports, quarterly and annual basis.

2. To review the Company's internal control system (Internal Control) and internal audit (Internal Audit) to be appropriate and effective. And consider the independence of internal audit. As well as to approve the appointment, transfer and dismissal of the head of internal audit. or any other agency responsible for internal audit. And may suggest To review or inspect any items that are necessary and important. Along with the recommendation regarding the revised system of internal control is important and necessary to the Board of Directors. By the review with the external auditor. And Internal Systems Audit Manager.

3. To review compliance with the Securities and Exchange Law the requirements of the Stock Exchange of Thailand regulations and other laws relating to the Company's business.

4. Consider and nominate the person who is to act as an independent auditor as well the remuneration of the auditor. The Board of Directors including attendance with the external auditors without management in attendance at least 1 time per year.

5. To review the Company's internal audit plan. According to generally accepted standards.

6. Consider Transactions or items that may have a conflict of interest as provided by law. And the requirements of the Stock Exchange of Thailand as well as the disclosure of information on such matters there. The accuracy and completeness This is to ensure that such transactions are reasonable and in the best interests of the Company.

7. Review the Company's risk management systems are appropriate and effective.

8. Report on the work of the Audit Committee to The Board of Directors at least 4 times a year.

9. To prepare a report of the Audit Committee to be disclosed in the annual report of the Company must be signed by the Chairman of the Audit Committee and must contain at least the following.

(A) an opinion on the accuracy, completeness and reliability of financial reporting of the Company.

(B) an opinion on the adequacy of the internal control of the company.

(C) an opinion on the lawfulness of the Securities and Exchange Commission. Terms of the Stock Exchange or the laws relating to the Company's business.

(D) an opinion on the suitability of an auditor.

(E) an opinion on the transaction. Or transactions that may have conflicts of interest.

(F) Number of meetings of the Audit Committee and attendance of each member of the Audit Committee.

(G) an opinion or observation by the Audit Committee receives from performing its duties under the Charter.

(H) Other matters that shareholders and investors should know. Under the scope of duties and responsibilities assigned by the Board of Directors.

10. Contribute to the evaluation of the appointment and removal of officials of the departments of internal audit.

11. In the performance of duties. The Audit Committee has the authority to invite the management executives, employees of the company concerned to make comments attend or send a document that relevant or necessary.

12. Authority to hire a consultant or third parties by the Company to provide opinions or advice if needed.

13. The Audit Committee shall evaluate the performance by self-assessment. And Assessment Report the problems in the operations that may cause a performance not achieved. Objectives of the Audit Committee, the Board of Directors every year.

14. Review and update the Charter of the Audit Committee.

15. Preform other duties as assigned by the Board of Director within the scope of duties and responsibly of the Audit Committee.

The Executive Committee

Term of Office for the Executive Committee

The Executive Committee has a term of office to hold the position for three (3) year since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, member of the Executive Committees, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Director.

Scope of authority, duties and responsibilities of the Executive Committee

1. Determine policy, direction, strategy, and structure of main work management in the company's business operation that is determined to be consistent and supportive of economic condition and competition determined and stated to shareholders to propose for Board of Directors' approval.

2. Determine business plan, budget, and management powers of the company to propose to Board of Directors for approval.

3. Determine organizational structure and determine manpower policy, which shall cover the overview in selecting, training, hiring, creating replacement executive, as well as result evaluation and rule for determining consideration of employee at all level.

4. Verify and monitor policy and guideline for management in various aspects of the company determined to be efficient and facilitative to business operation condition.

5. Verify and monitor the company's performance determined to be in according to approved business plan.

6. Prepare financial transaction with financial institution in opening account, loan, pledge, mortgage, guarantee and other actions including trading and registering any land ownership according to the objective for the interest of the company business operation under determined amount.

7. Monitor result of management system development and other operations as assigned by the Board of Directors from time to time.

The Nomination and Remuneration Committee

Term of Office for the Nomination and Remuneration Committee

Member of the Nomination and Remuneration Committee Has a term of 3 years. Member of the Nomination and Remuneration Committee. The remuneration may be re-appointed to continue the position as The Board of Directors deems it appropriate. Apart from vacating the positions under Member of the Nomination and Remuneration Committee will be vacated when

1. Resign
2. The Board of Directors resolved to vacate the office

Board of directors has the power to appoint Member of the Nominating and Compensation Committee for the purpose of implementation Or for replacement Member of the Nomination and Remuneration Committee Who vacates office under the provisions of the person appointed The Nomination and Compensation Committee will hold office for the remaining term of the Nomination and Compensation Committee. In which he was the only representative.

Scope of authority, duties and responsibilities of the Nomination and Remuneration Committee

Nomination and Remuneration Committee Perform duties as assigned by the Board of Directors which has the Scope of authority, duties and responsibilities as follows

Recruitment

1. Specify criteria and policies for nominating directors. And sub-committee by considering the appropriateness of the number, structure and composition of the board of directors Specify qualifications of directors To propose to the Board of Directors And / or propose for approval to the shareholders' meeting, as the case may be

2. Consider, select, select and propose the suitable person for the position. Directors who have completed their terms and / or are vacant and / or appointed

3. To perform any other duties regarding the nomination as assigned by the Board of Directors.

4. Evaluate the performance of the top management of the company to propose to the meeting of the Board of Directors for acknowledgment and approval

In terms of compensation

1. Establishing rules and policies for determining the remuneration of the Board of Directors and sub-committees. to propose to the Board of Directors and / or propose for approval to the shareholders' meeting, as the case may be.

2. Set necessary and appropriate compensation, both monetary and non-monetary, of the Board of Directors individually. By determining the remuneration of the Board of Directors, consider the appropriateness with the duties. Responsibility, portfolio and compare with companies in similar businesses and the benefits expected from the directors to propose to the Board of Directors to consider and propose to the shareholders' meeting for approval.

3. Responsibility to the Board of Directors and responsible for providing explanations answering questions about the remuneration of the directors at the shareholders' meeting

4. Report of policy, principles / reasons for the remuneration of directors and executives According to the regulations of the Stock Exchange of Thailand, disclosed in the annual registration statement (56-1) and the company's annual report

5. To perform any other duties related to the compensation as assigned by the Board of Directors of the management and various departments must report or present relevant information and documents to Nomination Committee and Determine remuneration to support the work of Nomination and remuneration Committee as assigned.

The Chairman of The Board of Director

Scope of authority, duties and responsibilities of the Chairman of the Board of Director

1. The Chairman must not be the Executive Director and must not be the same person as Managing Director and there is no any relationship with the Management group.

2. Encourage, assist, and supervise the business operation of the Management group through Managing Director. However, he will not overlap the routine work or daily operation; that is under the responsibilities of the Managing Director.

3. The Chairman act as both the Committee and in the Shareholders Meeting.

4. The Chairman is the casting vote in case that the voting vote of both parties, in the Board of Directors Meeting, is equal.

5. The Chairman is responsible as leader of the Board of Directors in controlling, follow-up and monitoring the administration work of the Executive Committee and the other Sub-committees to achieve the objective according to specified plan.

The Chief Executive Office-CEO

Scope of authority, duties and responsibilities of the Chief Executive Office-CEO

1. Defines the policies, strategies, structure and authority including be responsible for preparation the strategic plan and annual budgeting plan proposed by the Management group for further consideration by the Board of Directors of the Company.

2. Control, monitor, operate and/or manage the general tasks complying with the policies, work plan and budget approved by the Board of Directors of the Company.

3. Being the Company's attorney in administer the Company's enterprise to comply with the objectives, rules, policies, regulation, requirements, order, the resolution of the Shareholders Meeting and/or the resolution of the Board of Directors.

4. Has the authority to execute and present own self as the Company representative contacting with third parties in the related enterprise and be benefit to the Company.

5. Consider for approval the operation plan of each department and consider for approval on and request from each department in case of over the Command/authorization of that department.

6. Mandate or issue the order, regulation, notification, memorandum for controlling the operation to comply with the Company's policies and benefits and also maintain the working discipline and regulation of the organization.

7. Assign the authority to the employee in the management level to perform as acting authority for one or more issues as seemly appropriate.

8. Approve the appointment for advisors in varying parts that are necessary to the Company's operation and be consistent with the regulation for the Securities and Exchange Commission (SEC) or the Stock Exchange of Thailand (SET).

9. Have the authority, duties and responsibilities to manage the Subsidiaries Companies and other departments in the Company.

10. Operate in other areas assigned by the Board of Directors on occasionally.

Company Secretary

According to the Board meeting No. 7/2017 dated 11 August 2017, the Board of Directors resolved to appoint Ms. Arjaree Suphasinwongchai as the Company Secretary under Section 15/89 of the Securities and Exchange Act B.E. 2535, as amended by the Securities and Exchange Act BE 2535 No.4 B.E. 2551 which stated the scope of authority and responsibility as follows;

1. Providing basic advice to the Board of Directors and Management who have to follow the Company's Article of Association, rules of SEC and SET, and any new regulation that may be relevant to the Company.
2. Being responsible for disclosing the Company's information in line with SET's and SEC's regulation and other regulatory bodies.
3. Preparing and storing the following important documents

3.1 Registration of the Company's director

3.2 Invitation letter and minute of the Board of Directors Meeting

3.3 Invitation letter and minute of the Shareholders' Meeting

3.4 Annual report

3.5 Conflicts of interest report filed by Directors and the management.

Director and Executive Recruitment

For recruiting person to be the company's director, the company allows shareholders to nominate qualified person who has experience and suitable potential to be the company's director in the annual general meeting of shareholders. Each shareholder may cast available vote to select one person or many persons to be directors. However, votes may not be divided unequally, which those with skill and experience necessary for the company's business operation will be prioritized, which the following qualities;

1. Having quality according to Limited Public Company Act, Security and Exchange Act, Rule of SEC, rule of SET, and the company's good corporate governance.
2. Having variety of knowledge, ability, and experience in various fields of occupation that will be useful and add value for the company.
3. Having attributes the supports and encourages business regulation to create value to the company, perform duty with Accountability, Care and Loyalty, and fully dedicated.

Election and appointment Board of Directors in accordance with the methods specified in the Articles of Association of the Company and the directors appointed must be approved by the shareholders' meeting and resolution of holding a majority of the shareholders present at the meeting and entitle to vote as following;

1. The Board of Directors of the Company not less than five directors and not less than one-half of the directors must be resident in the country and the directors must be qualified under the law governing public companies and the law with the Securities and Exchange Act determined.
2. The shareholders meeting shall appoint the directors by a majority vote under the rules and how to follow it.

(1) Each shareholder has votes equal to the number of shares held

(2) Each shareholder must use all his votes under (1) to elect one or more directors, but voter are split among the candidates is not much

(3) The person receiving the highest votes in descending order is elected as a Director of the Board of Directors and shall have a casting vote at the meeting. If the person elected in descending order of votes equal to the number of directors appointed or elected on that occasion, the chairperson has the final vote.

3. In every Annual General Meeting, at least one third of the directors must retire. If number of directors cannot be divided into three parts, number of closest to one third shall apply. Director that must resign in the first year and the second year after the company's registration, a draw must be made to select who will be resigning. For the subsequent years, directors in the position the longest shall retire. However, retired director may be reelected as director.
4. The Committee shall be entitled to compensation from the Company in the form of prize money, bonuses, attendance fees gratuities, or other benefit in other ways. Regulations or by the shareholders meeting will consider. This could be defined as an amount or a predetermined criteria and will from time to time, or give or take effect until it is changed. In addition, they could receive various allowances and benefits according to the Company.
5. Any directors who will resign by submitting his resignation to the Company, it will be effective from the date of his resignation to the Company.
6. In cases where the position is vacant due to other reasons than retirement by rotation. The Board of Director may choose someone who is qualified and not disqualified under the Public Limited Company Act and the Securities and Exchange Commission as a representative to the committee at the next meeting. If the term of directors is less than two months, the new director can stay in the position only for the remaining term and the Board of Directors shall consist of not less than 3 in 4 of the remaining directors.
7. At the shareholders' meeting, it may vote for any directors who retire from positions before expiration of the term but the vote is not less than three-fourths of the shareholders who attended the meeting and entitled to vote and holding shares amounting to not less than one-half of the shares held by the shareholders present at the meeting and entitle to vote.

Independent Director

Independent Director of the Company determines components for Board of Directors to be consisting of at least 1/3 of independent of total number of the company's directors.

Board of Directors determines qualities of independent director as follows;

1. Hold shares no more than 0.5% of total number of share with voting right of the company, head office, subsidiary, joint company, major shareholder, or person with power to control the company, which shall also include shareholding of related person of that independent director.

2. Not being or never been a director involved in management, employee, consultant who receives regular salary, or person with controlling power of the company, head office, subsidiary, joint company, subsidiary at the same level, major shareholder, or of person with controlling power of the company, except being freed from such characteristic for at least 2 years before being appoint as independent director.

3. No blood relationship or by registration according to the law in the manner of father, mother, spouse, sibling, and child, including spouse of the child, of executive, major shareholder, person with controlling power, or person to be nominated as executive or person with controlling power of the company or subsidiary.

4. Not having or never have business relationship with the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company in the manner that is preventing one's independent judgment, including not being or never been implied shareholder or person with controlling power of the company, except being freed from such characteristic for at least 2 years before being appoint as independent director.

5. Not being or never been an auditor of the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company, and not being implied shareholder, person with controlling power, or partner of audit firm that has auditor of the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company, except being freed from such characteristic for at least 2 years before being appoint as independent director.

6. Not being or never been service provider in any profession, including providing service of legal advisor or financial advisor who receive service fee of more than THB 2 million per year from the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company, and not being implied shareholder, person with controlling power, or shareholder of service provider in that profession, except being freed from such characteristic for at least 2 years before being appoint as independent director.

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

8. Not operating a business that has the same condition, and is an implied competition with business of the company or subsidiary, or not being an implied partner in a partnership, or is a director involved in management, employee, employee, consultant who receives regular monthly salary, or hold share more than 0.5% of total shares with voting right of other company, which operate a business that has the same condition, and is an implied competition with business of the company or subsidiary.

9. Not having any other characteristic that cannot provide independent comment regarding the company's operation. Audit Committee Board of Directors appoints at least 3 audit committee members to be the company's audit committee members. Each audit committee member must be an independent director and must not be a director assigned by Board of Directors to make decision in business operation of the company, head office, subsidiary, joint company, subsidiary at the same level, major shareholder, or person with controlling power of the company, and not being a director of the company, head office, subsidiary, joint company, subsidiary at the same level, especially listed company, which the audit committee member must be qualified according to the Securities and Exchange Act, as well as notification, regulation, and/or rule of SET, which determine qualification and scope of operation of Audit Committee.

Succession Plan

The company foresees the necessity and importance of succession. In the event that there is a vacancy In addition to the company setting up a Nomination and Remuneration Committee In order to be responsible for the recruitment, selection and proposal of persons to be directors and senior management the Company has also created a succession plan. By selecting the person who will perform the duties in the said position and develop to prepare to be able to take up the position in the future this is to build confidence for investors, shareholders as well as employees. That the company's operations will be carried on in a timely manner In this regard, the company has a succession plan as follows

1) Chairman of the Executive Committee

When the position of Chairman of the Executive Committee or those in positions unable to perform duties the Company will have a system for similar or secondary level executives to be in charge of the position until the recruitment and selection of qualified persons according to the criteria set by the company.

2) Executive Committee

When the vacancy is at the executive level or those in positions unable to perform duties the company has succession planning as follows

1. Assess the readiness of manpower to be in line with both short-term and long-term strategies.
2. Determine the plan to create the readiness of manpower by developing staff or recruiting.
3. Create employee recruitment plans and develop training in advance.
4. Select, evaluate the work and assess the potential of the employees to consider the suitability development of the director and the executives.

Development of directors and executives

1. Encourage and facilitate to have the training and education for all related concerns regarding to the Corporate Governance of the Company such as Directors members of the Audit Committee, Executive, the Company Secretary, etc. Training and education will enable all aforesaid concerns to improve their performance continuously, and it can be set either in-house course of the Company or use the training service by outsource institute.

2) The Management group should provide all documents and useful information in performing duties for the new Directors. In every time of the appointment, including an introduction about the Company regrading to the nature of business and guideline for business operation to new Director.

Remuneration of Board of Director and Executive

1. Set remuneration for directors and executives in a manner comparable to those in the industry, experience, duties, scope of roles and responsibilities. Including the expected benefits of each director The additional assigned laborers, duties and responsibilities, such as members of sub-committees, should receive appropriate additional remuneration.

2. To arrange for the remuneration of the Chief Executive Officer and the high-ranking executives in accordance with the policy principles set by the Board and for the best interest of the Company. The compensation levels which are salaries, bonuses and incentive compensation are in line with the performance of each executive and must take into account the benefits that shareholders receive.

3. All non-executive directors or the compensation committee will evaluate the directors and executives annually. In order to be used to consider the remuneration of directors and executives By using the norms which have been agreed in advance with the directors and executives according to concrete criteria Which includes financial performance Contributions regarding the implementation of long-term strategic objectives Executive development, etc. and propose evaluation results to the Board for approval

Remuneration of Board of Director

Monetary Remuneration

As of December 31, 2019 the total remuneration paid by the Company 11 members of the Board of Directors total amount 4.93 million Baht as follow:

Remuneration (Baht) as of December 2019

Name	Board of Director	Meeting Attendant	Bonus of the year 2019	Total
1. Mr. Suwatchai Wongcharoensin	240,000.00	105,000.00	350,000.00	695,000.00
2. Mr. Puvasith Wongchaooensin	240,000.00	105,000.00	350,000.00	695,000.00
3. Mr. Kuo Shih Lun	240,000.00	70,000.00	350,000.00	660,000.00
4. Mr. Kitichai Wongcharoensin	240,000.00	60,000.00	250,000.00	550,000.00
5. Ms. Yun Wen Chen*	120,000.00	70,000.00	250,000.00	440,000.00
6. Mr. Vivat Wongcharoensin	240,000.00	70,000.00	100,000.00	410,000.00
7. Mr. Supapat Ongsangkoon	240,000.00	150,000.00	100,000.00	490,000.00
8. Pol.Lt. Gen.Chayoot** Thanataweeruch	160,000.00	70,000.00	40,000.00	270,000.00
9. Dr. Mongkon Laoworapong	240,000.00	110,000.00	100,000.00	450,000.00
10. Assoc. Prof. Dr. Ruth Banomyong***	80,000.00	30,000.00		110,000.00
11. Mr. Chi Hsiang Lai****	120,000.00	40,000.00		160,000.00
	2,160,000.00	880,000.00	1,890,000.00	4,930,000.00

*has been appointed on July 12, 2019, **has been appointed on May 13,2019,
***has been resigned on May 7,2019, ****has been resigned on July 12,2019.

Non-monetary remuneration

Board of directors Receive the right to reimburse medical expenses equal to the amount paid and dental treatment fees, including annual health checkups and position buses.

Executive remuneration

Monetary Remuneration

As of December 31, 2019, the company has paid remuneration to executives total amount is 35.51 million baht. The Remuneration is paid in the form of salary, bonus, retirement compensation and other compensation.

The Company has established a provident fund for directors and executives contributing at the rate of 3% of their basic salaries.

Employee

As of December 31, 2019, there were a total number of 1,054 employees by divided into 2 production lines as follow:

1. Tannery Business locate at Samutprakarn Province

Department	2019	2018
Management	11	9
Secretary	1	1
Business strategy	1	1
Accounting and Finance	10	12
Compliance	4	4
Human Resources Department and information technology	21	42
Sale and Marketing	23	24
Research and Development and Testing Laboratory	26	26
Quality Assurance and Quality Control	68	77
Engineering	28	42
Purchasing	8	11
Planning	19	21
Production	352	432
Total	572	702

2. Shoes and safety equipment Business Unit at Bangkok and Chonburi Province

Department	2019	2018
Internal Control	4	4
Accounting and Finance	28	28
Human Resources Department and information technology	31	27
Sales and Marketing	72	68
Purchasing	6	5
Production	246	248
Warehouse and Logistic	95	100
Total	482	480

Remuneration for employees

In the year 2019, the company paid remuneration to 1,054 employees in the amount of 388.43 million baht and in 2018 paid to 1,182 employees in the amount of 327.52 million baht in term of Salary, overtime, Bonus. Allowance, Social Security, provident fund and other type remuneration.

Statistical training data for 2018 – 2019 Leather Manufacturing

Description	2019	2018
Number of training courses	14	20
Average training hours /course	6	6
Training Costs	250,000	230,000
Number of Employee training	544	477
Total number of employees	572	673
% Employee training	95	71
Average Training hours / persons	6.50	6.50

Statistical training data for 2018 – 2019 Manufacturer and distributor of safety equipment

Description	2019	2018
Number of training courses	23	24
Average training hours /course	15	10
Training Costs	306,630	560,478
Number of Employee training	332	308
Total number of employees	482	480
% Employee training	68.88	64.17
Average Training hours / persons	14.68	7.7

Labor disputes

During the past three years until December 31, 2019, the company has no labor disputes in which the company is a party or party that may have a significant impact on the business operations.

Policy on Safety, Occupational Health and Working Environment

The Company is committed to safeguarding the safety, occupational health and working environment of personnel. Assets and work processes at every step the policy is to support activities that enhance safety, occupational health, as well as maintain a working environment that is safe for life and property of employees, communities and the society at all times. By establishing policies and establishing a safety committee occupational health and working environment to develop a safety management system control, improve, and fix hazards from the operations of the company, including organizing activities to promote knowledge and understanding about work safety for all personnel.

In the year 2019, the company has collected statistics regarding accidents during work 6 times, which recorded accidents and analyzed the causes of occurrences and managed accident prevention plans to prevent them from occurring again. By the company safety officer calculated as the accident frequency 3.32

Board of Director as of December 31, 2019

Mr. Suwatchai Wongcharoensin	Director / Chairman of the Board Appointed as a director Since March 3, 2000
Age	47 Year
Highest education	Master of Business Administration Program in Small and Medium Sized Enterprise Bangkok University Bachelor of Business Administration Bangkok University
Work Experience Position In Other Companies	Director Manwood Intertrade Company Limited Director Holyason Enterprise Company Limited Director Thai Technical Nonwoven Company Limited Director IB Recycle (Thailand) Company Limited Director Kata Talad Suan Company Limited Director Song Mao Nonwoven Company Limited Director Sunshine Plastic Products Company Limited Director CS Polymer Company Limited Director Trinity International Company Limited Director Furano Air Company Limited Director Mitiyom (Manwood) Company Limited Director Mimi Industrial Company Limited Director Eagle Chemical Industry Company Limited Director Eastern Fiber Products Company Limited President of the Thai Tanning Industry Association Chairman of the Leather and Leather Product Industry Group, The Federation of Thai Industries
Position in other listed companies	-No-
Director Training and other training courses	- Advanced Certificate Course in Public Economic Management for Executive Class 12 King Prajadhipok's institute - Advanced Certificate Course Public Economic Management for Executives Class 12 King Prajadhipok's institute - Training Course "Entrepreneur of the Future", Class 3 - Future Entrepreneurs Forum (FEE) Bangkok University - Director Certification Program – Class 46/2004 - Finance for Non – Finance – FN 2003 - Successful Formulation & Execution of Strategy 15/2012 - Measure the Success of Corporate Strategy (HMS) 2/2013 - Role of the Chairman Program (RCP) Class 43/2018 - Oxford Program me on Negotiation Batch 2
Holding of Shares in the Company As of 31 December 2019	14,467,488 (3.289%)
Family relation Between directors/ Executives	Brother : Mr. Puvasith Wongcharoensin Mr. Kitichai Wongcharoensin Younger Brother : Mr. Vivat Wongcharoensin

Mr. Puvasith Wongcharoensin	Director / Chief Executive officer Appointed as a director Since March 1, 2013
Age	46 Year
Highest education	Master of Business Administration University of nevada, las vegas Master of Public Administration Politics and Governance Course Ramkhamhaeng University Bachelor of Business Administration Assumption University
Work Experience Position In Other Companies	Director UR Family Company Limited Director Charoensin Holding Company Limited Director The Love Marks Company Limited Director SK Ryo Asset Company Limited Director Manwood Intertrade Company Limited Director Sang Burapa Rubber Company Limited Director Holyason Enterprise Company Limited Director IB Recycle (Thailand) Company Limited Director Kata Talad Suan Company Limited Director CS Polymer Company Limited Director Trinity International Company Limited Director Mitiyom (Manwood) Company Limited Director Miracle Jewelry Company Limited Director UR Services Company Limited Director Smart Zen Industrial Design Company Limited Director Integrated Leather Network Company Limited Director Eagle Chemical Industry Company Limited Director Charoensin Tanning Industry Company Limited
Position in other listed companies	-No-
Director Training and other training courses	Future Entrepreneurs Forum 2/2014 Bangkok University Certificate of Director Development Program Thai Institute of Directors Association Director Certification Program – 88/2007 Audit Committee Program – 18/2007 Fnd 38/2007 Boardroom Success through Financing and Investment (BFI) Class 5/2018
Holding of Shares in the Company As of 31 December 2019	12,337,141 (2.805%)
Family relation Between directors/ Executives	Younger Brother : Mr.Suwatchai Wongcharoensin Mr.Vivat Wongcharoensin Brother : Mr. Kitichai Wongcharoensin

Mr. Kitichai Wongcharoensin	Director Appointed as a director Since April 25, 2005
Age	44 Year
Highest education	Master Management Industrial Management Hua Chiew University Bachelor of Business Administration University
Work Experience Position In Other Companies	Director Charoensin Holding Company Limited Director Sang Burapa Rubber Company Limited Director Jing Dong CS Rubber Company Limited Director CS Rubber Industrial Company Limited Director CS Unitel Technology Company Limited Director Integrated Leather Network Company Limited Director VR VARA Company Limited Director KM 34 Tanning Industry Zone Company Limited Vice President Shoe Industry Group The Federation of Thai Industries
Position in other listed companies	-No-
Director Training and other training courses	Young – FTI The Federation of Thai Industries Certificate of Director Development Program Thai Institute of Director Association Director Accreditation Program 64/2007 Director Certification Program – 187/2014 Advanced Certification Course King Prajadhipok's Institute Class 14 Public Management Public for executives during the Brain Class 3 Business Revelation and Innovation Network The Federation of Thai Industries Politics and Governance in Democratic Systems Program For Senior Management 23
Holding of Shares in the Company As of 31 December 2019	5,363,002 (1.219%)
Family relation Between directors/ Executives	Younger Brother : Mr.Suwatchai Wongcharoensin Mr.Puvasith Wongcharoensin Mr.Vivat Wongcharoensin

Mr. Kuo Shih Lun	Director Appointed as a director Since December 13, 1994
Age	66 Year
Highest education	Diploma Shu The Junior College of Technology
Work Experience Position In Other Companies	1988-1989 Marketing Manager Pan Overseas (Thailand) Company Limited 1976-1988 Purchasing Manager ADI Group (Taiwan)
Position in other listed companies	-No-
Director Training and other training courses	Certificate of Director Development Program Thai Institute of Director Association Director Accreditation Program – Class 65/2007
Holding of Shares in the Company As of 31 December 2019	5,366,980 (1.220%)
Family relation Between directors/ Executives	-No-

Ms. Yun Wen Chen	Director Appointed as a director Since July 12, 2019
Age	43 Year
Highest education	Carnegie Mellon University PA, USA
Work Experience Position In Other Companies	Owner Fay Cuisine Italian Restaurant, Taipei
Position in other listed companies	-No-
Director Training and other training courses	Certificate of Director Development Program Thai Institute of Director Association Director Accreditation Program – Class 65/2007
Holding of Shares in the Company As of 31 December 2019	-No-
Family relation Between directors/ Executives	-No-

Mr. Vivat Wongcharoensin	Director Appointed as a director Since April 27, 2017
Age	49 Year
Highest education	Master of Art Political Science Ramkhamhaeng University Bachelor of Art Political Science Ramkhamhaeng University Diploma Martin College Business and Technology Training From Australia
Work Experience Position In Other Companies	Executive Chairman CS Unitel Technology Company Limited Executive Chairman CS Rubber Industry Company Limited Chairman Manwood Intertrade Company Limited Chief Executive officer Charoensin Holding Company Limited Executive Chairman Jingdong CS Rubber Company Limited Chairman Charoensin Thanee Company Limited Chairman Charoensin Condotown Company Limited Director Charoensin Tanning Industry Company Limited Director Charoensin Asset Company Limited Director Charoensin Pattana Company Limited Director Sang Burapa Rebber Company Limited Director Charoensin Tanning Factory Company Limited Director Thai Technical Nomwoven Company Limited Director IB Recycle (Thailand) Company Limited Director Kata Talad Suan Company Limited Director Sunshine Plastic Products Company Limited Director CS Mitsufuku Elastomers Company Limited Director Trinity Industrial Company Limited Director Furano Air Company Limited Director Mitiyom Industrial Company Limited Director Mimi Industrial Company Limited Director VT Brother Company Limited Director Eagle Chemical Industry Company Limited Director Easterm Fiber Products Company Limited
Position in other listed companies	-No-
Director Training and other training courses	Certificate of Director Development Program Thai Institute of Director Association Board Nomination & Compensation Program (BNCP 4/2018X) Director Accreditation Program (DAP) 59/2006
Holding of Shares in the Company As of 31 December 2019	28,837,502 (6.556%)
Family relation Between directors/ Executives	Brother : Mr. Suwatchai Wongcharoensin Mr. Puvasith Wongcharoensin Mr. Kitichai Wongcharoensin

Mr. Supapat Ongsangkoon	Director / Member of Audit Committee Independent Director Appointed as a director Since October 12, 2016
Age	59 Year
Highest education	Master of Business Administration (Finance) Westcoast University U.S.A. Bachelor of Science (Business Administration) Pepperdine University U.S.A.
Work Experience Position In Other Companies	Consulate (Commercial Division) Royal Thai Consulate-General in Hong Kong, Senior Director Department of International Trade Deputy Director-General, Department of International Trade Commercial Advisor Ministry of Commerce Inspector Ministry of Commerce
Position in other listed companies	-No-
Director Training and other training courses	Financial Statements for Directors (FSD) 39/2019 Director Certification Program – 234/2017 Thailand National De fence College 2012
Holding of Shares in the Company As of 31 December 2019	-No-
Family relation Between directors/ Executives	-No-

Pol.Lt.Gen.Chayoot Thanataweeruch	Director / Member of Audit Committee Appointed as a director Since May 13, 2019
Age	64 Year
Highest education	Bachelor of Public Administration Royal Thai Police Academy Bachelor of Laws from Sukhothai Thammathirat Open University Master of Political Science (Public Administration) Thammasat University
WORK EXPERIENCE POSITION IN OTHER COMPANIES	2016 - Present Retired Government Official 2015-2016 Chief Commissioner of Inspector General 2014-2015 Commissioner of Inspector General 2013-2014 Deputy Commissioner of Metropolitan Police Bureau 2007-2013 Deputy Commissioner of Provincial Police region
Position in other listed companies	-No-
Director Training and other training courses	Director Accreditation Program (DAP) 162/2019
Holding of Shares in the Company As of 31 December 2019	-No-
Family relation Between directors/ Executives	-No-

Dr. Mongkon Laoworapong	Director / Member of Audit Committee / Risk Management Committee Appointed as a director Since January 18, 2011
Age	50 Year
Highest education	Doctorate in Business Administration International Program Faculty of Commerce and Accountancy. Thammasat University Master of Accounting Faculty of Commerce and Accountancy Thammasat University Bachelor Faculty of Commerce and Accountancy Thammasat University
Work Experience Position In Other Companies	2015 – Present Auditor Karin Audit Company Limited 2009 – Present Lecturer in Accounting Faculty of Commerce and Accountancy Thammasat University Independent Director / Audit Committee, Sahakol Equipment Public Company Limited Independent Director / Chairman of the Audit Committee / Chairman of Risk Management Committee / Investment Advisory Committee of Applied DB Public Company Limited Independent Director / Audit Committee Aeon Thana Sinsap (Thailand) Public Company Limited Independent Director / Audit Committee / Risk Management Committee Charoensin Asset Co., Ltd.
Position in other listed companies	-No-
Director Training and other training courses	Accounting standards and auditing standards Federation of Accounting Professions, Total 64 hours Year 2019 Certified Public Accountant Certificate of Director Development Program Thai Institute of Directors Association Director Accreditation Program (DAP) BJC/2004 Director Certification Program (DCP) 88/2007 Audit Committee Program (ACP) 18/2007 course Monitoring the Internal Audit Function (MIA) 03/2008 Successful Formulation & Execution of Strategy (SFE) 15/2012 How to Measure the Success of Corporate Strategy (HMS) 03/201 Chartered Director Class (CDC) 08/2014 หลักสูตร Boardroom Success through financing and Investment (BFI) 5/2018
Holding of Shares in the Company As of 31 December 2019	-No-
Family relation Between directors/ Executives	-No-

Shareholding of the board of directors and executives

No.	Name-Surname	Number of Shares			
		December 31, 2018	Trading during the year		December 31, 2019
			Buy more	Distribute	
1	Mr.Suwatchai Wongcharoensin (Chairman of the Board)	21,556,458	396,200	7,485,170	14,467,488
	Spouse	235,200	-	-	235,200
	Child	-	-	-	-
2	Mr. Shih Lun Kuo (Director)	5,366,980	-	-	5,366,980
	Spouse	-	-	-	-
	Child	-	-	-	-
3	Mr.Puvasith Wongcharoensin (Director)	19,822,288	-	7,485,147	12,337,141
	Spouse	1,663,200	-	-	1,663,200
	Child	-	-	-	-
4	Mr.Kitichai Wongcharoensin (Director)	4,940,302	422,700	-	5,363,002
	Spouse	630	3,000	-	3,630
	Child	-	-	-	-
5	Mr.Vivat Wongcharoensin (Director)	35,739,060	583,600	7,485,158	28,837,502
	Spouse	-	-	-	-
	Child	-	-	-	-
6	Ms.Yun Wen Chen (Director)	-	-	-	-
	Spouse	-	-	-	-
	Child	-	-	-	-
7	Pol.Lt.Gen.Chayoot Thanataweeruch (Audit Committee)	-	-	-	-
	Spouse	-	-	-	-
	Child	-	-	-	-
8	Mr.Supapat Ongsangkung (Audit Committee)	-	-	-	-
	Spouse	-	-	-	-
	Child	-	-	-	-
9	Dr.Mongkol Laowarapong (Audit Committee)	-	-	-	-
	Spouse	-	-	-	-
	Child	-	-	-	-

Anti Corruption Policies

CPL Group Public Company Limited engages the business operation with transparency under the principle in Good Corporate Governance, opposed the bribery and the corruption, support all level of personnel to consider as the importance and also has to consciousness to oppose the corruption.

Guideline in Protection and Anti Corruption

Any action performs along with the Anti Corruption Policies must be used the guideline according to the handbook for the Company's business code of conduct, policies, and practical guideline for each varying group of stakeholder include the regulation and relevant operational handbook throughout the other practical guideline that specified by the Company. So as to clarify in execution with the high level of fraudulent risk, then the Company has set the following policies

1. Sticky comply with the policies that conform to the Protection and Anti Corruption including rules, regulation and requirements in all format, either direct or indirect method.
2. Do not perform any action that intents to be fraudulent to the stakeholders, whom relate with the Company, in subject to won duties or responsibilities, either direct or indirect method, to the Company, to acquire the benefit for the organization, one self or the concerns.
3. Do not neglect or ignore since found any action: be within the scope of fraudulent relating with the Company, then it will be considered as the suitable duty informing to the Secretary of the Corporate Governance committee or the other whistle blowing channel of the Company as appropriate and should give the cooperation to examine the facts.
4. The Company will support and encourage all levels of personnel to consider this as importance and have the consciousness in Anti Corruption including providing the internal controls for protection in all formats of fraudulent.
5. Any person, who commits the fraud case, will be investigated, no matter what is the position of that persons, because if it considered as commit a crime according to the working regulations governing the personnel management, is enforced with all classes of employee, Therefore, that person must be considered the specified discipline including may be punished by laws. It was action is illegal, too.
6. The Company will give fairness and protect employees or any person who inform the clue of fraud evidence regarding the Company or a staff who refuses to commit fraud according to the measurement to protect the complainant or cooperator in reporting the fraud case according to the policies relating with the complaint and protections to the complainant.
7. The Company will regularly review the guideline and operational measurement for conform to the changing in laws and nature of business.

Policies and guideline towards, Charity Donation and Funding

The Company will have more careful in transaction of charity donation and funding because it is the activities regarding spending money with the tangible compensation and lead to be the fraud risk. Then every charity donation and funding of the Company must be transparent, must not be against the laws and morality and that transaction must be approved by the Company's authorized person with reviewable and traceable for all documents as evidence. However, charity donation and funding must be under the following conditions as shown the source and clear objective of that operation project such as record the requestor in application form, name of project owner, objective, success, benefit received from the project and attached with the supporting documents. Besides, the project must not have the characteristic presenting any action have the other benefits that then to be the fraud case.

Policies and guideline towards Giving or Receiving Gifts, Entertainment and other expense

1. The Company had set guideline for the following transaction Giving or Receiving Gift, and/or for Entertainment and/or other expense, to /from any person must be comply with type and worth, and have the suitable in accordance with the traditions.

2. Prohibit all levels of staffs and employees to request or receive the gifts, entertainment, other services charge with unsuitable in order for persuading to practice or ignore the practice including any benefits from the contractor, subcontractor, customer, trader, supplier or all group of the Company's stakeholders. No matter what is the case.

Policies and practices regarding non-infringement of intellectual property such as copyright, patents, trademarks

1. Raise awareness among company directors, executives and all employees. To honor and respect the intellectual property rights of others Including the company must authorize the person who is the owner of those intellectual property before being used.

2. Prohibiting all parties in the company from doing anything which is a violation of the intellectual property of others whether violating trademark, copyright, patent etc.

3. Not allowing any use which is a violation of the intellectual property rights of others.

4. Promote and support all employees in the company to create work related to the company's products in new ways. Not the same as works with trademarks, copyrights, or patents of other people

5. The company will maintain the confidentiality of customers. including information of all individuals and stakeholders of the company except with permission from the data owner the utmost care must be taken to ensure that the confidentiality of customers and / or the interested parties is not known to third parties.

6. Providing regulations on the use of computers and the internet within the company in accordance with the Computer Crime Act which the company strictly abides by the said matter.

Whistle Blowing Policies and mechanism to safeguard the whistle-blower

The Board of Directors had prescribed the channel for whistle blowing in to 2 levels by 1st Channel in level of the Executive such as the chief/commander or supervisor in each level, Internal Audit Committee and 2nd Chanel inn level of the Company Director such as the Board of Directors such as The Board of Directors, Audit Committee.

The Company prepares the channel for receiving complaints, comments and recommendation throughout the clue of illegal action or performs the wrong code of conduct and also misconduct of the person in the Company or behavior which tends to be fraud. Moreover, the Board prioritizes on keeping the information as the complaint to be secret and it will be recognized only the appointed group of persons in order for cratering the confidence for the complainant.

Compensation Policy for Directors, Chief Executive Officer, Executives and Staff

The company has a policy to consider compensation for Company Directors, Chief Executive Officers, Executives and Staff In which the committee The Chief Executive Officer will consider the Nomination and Compensation Committee must consider in accordance with responsibilities. Knowledge Intention of the committee type and size of business of the company, market and competitors. Company performance and the company's profitable growth the said remuneration must be at an appropriate level and sufficient to motivate and maintain quality directors for executives and employees, consideration will be made by supervisors. Which will be paid in accordance with the performance, both the quantity and quality of work

that can be done this is to increase efficiency, quality and create fairness in the long run. It also creates a concrete compensation system. To work to achieve the organization's goals. Annual compensation and salary adjustment will occur after a systematic evaluation of performance by establishing key success indicators (KPI) that promote the organization's goals It is accepted between workers and supervisors. In order to create empirical evidence, the measurable, evaluated, combined with the CORE COMPETENCY of the organization in order to get a skilled and good worker at the same time. The company has internal fairness. By considering paying the same compensation for people with equal performance and pay higher compensation for people who do better work, more or more difficult, which must pass a pay analysis And evaluate the work transparently comparable between all jobs in the organization. Because everything and every aspect is important to the organization at all It will only vary depending on the function.

Policy for participation with stakeholders

The company has stipulated a policy of participation with interested parties, applicable to external stakeholders. which affects the business operations of the company or affected by the business operations of the company Including those who may have interests or influence the operations of the group companies such as customers, communities, shareholders, business partners, and government agencies, etc. with the objective of creating an understanding of various issues of external stakeholders and the expectations of those people , to receive and maintain trust and respect from stakeholders , to help build confidence among stakeholders that they will receive good results and to ensure quality and access to company services.

Communication and contact channels

The company provides channels for the interested parties to send suggestions, comments or questions, including complaints to the company, via closed letters to the board or the chief executive officer or email to the chairman, Chairman of the Audit Committee. The company has a measure to keep the information of the complainant confidential to build confidence for the complainant.

Corporate Governance and Supervision on the use of inside information

1.

Corporate Governance

CPL Group Public Company Limited is a company that has focused on business operations in accordance with good corporate governance principles. By aiming to build confidence in all aspects to investors, stakeholders as well as those involved With business management which is production and distribution of finished leather as well as personal safety equipment by taking into account long-term good performance and business sustainability from the reasons mentioned above the Board of Directors therefore deems it appropriate to adopt good corporate governance principles. For the listed company 2017 (Corporate Code Policy or GC Code) issued by the Securities and Exchange Commission to formulate a good corporate governance policy as approved in the Board of Directors' Meeting No. 1/2019 held on February 27, 2019 as follow:

Principle 1: Establish Clear Leadership role and responsibilities of the Board
Principle 2: Define Objectives Promote Sustainable Value Creation
Principle 3: Strengthen Board Effectiveness
Principle 4: Ensure Effective CEO and People Management
Principle 5: Nurture Innovation and Responsible Business
Principle 6: Strengthen Effective Risk Management and Internal Controls
Principle 7: Ensure Disclosure and Finance Integrity
Principle 8: Ensure Engagement and Communication with shareholders

Principle 1 Establish Clear Leadership role and responsibilities of the Board.

Principle 1.1 Duties and responsibilities of the Board of Directors that want to create value for sustainable business. Board of Directors are important role in corporate governance for good management in order to maintain the company in the long run, the committee should understand the role and awareness of responsibility, as a leader to supervise the organization has good management which covers:

(1) Defining objectives and target with business operations.
(2) Formulate strategies for operating policies to be a framework for the organization to lead the objectives and goals fulfillment, as well as giving importance to resource allocation in a cost-effective manner and for maximum benefits.
(3) Focus on continuous quality improvement by creating added value in products and perform effectively.
(4) Adhering to corporate governance and have social responsibility.
(5) Follow-up the evaluation and review of strategies and policies in operating regularly, and overseeing the performance reports for the best interest of the company and all stakeholders.

Principle 1.2 The duties of the Board of Directors to governance and create value for the business to be stable and sustainable way in the long run.

(1) The Board of Directors give importance to the business profit with adhering the competition framework that conforms to the trade rules and business ethics that are consistent with law, principles of transparency and fairness.
(2) The Board of Directors give importance to supervising directors to be a role model as a leader and a role in creating and driving culture in the organization with adhering to ethical business principles, respect for rights and responsibility to shareholders and stakeholders, including adhering to the principles of good corporate governance to achieve the objectives and goals of creating value for the sustainable business.
(3) Conducting the business to operate without affecting the society as a whole, Board of Directors therefore set a policy of business ethics to be used as a guideline for directors, executives and employees.

(4) Conducting the business can be able to adapt according to rapidly changing factors, the Board of Directors therefore supervises and communicates to all directors, executives and employees to understand, preparation of potential changes and regularly follow up the results and review the policy.

Principle 1.3 Responsibility of the Board of Directors.

The Board of Directors is responsible for supervising directors, executives and employees at all levels, perform duties with responsibility according to the assigned duties, be careful and honest with duties that the organization has. Comply with regulations, laws and rules associated as well as the resolution of the shareholders' meeting.

Principle 1.4 Scope of responsibility and assignment.

The Board of Directors understands their scope of duties and responsibilities, determine the scope of assignments and responsibility to the Chief Executive Officer and management, as well as follow up and supervise to perform the duties as assigned.

Principle 2 Define Objectives Promote Sustainable Value Creation.

Principle 2.1 Manage to be in accordance with the objectives and main goals of the business for sustainability.

The Board of Directors determined that the company has the goal of the organization to operate in the business, with stability, reliability and being accepted meet customers around the world (Global Brand). Develop new products with excellent features to strive to be one of the successful tanning business with the vision is "Innovative Solutions to your Sustainable Growth Creative Performance Lifestyles in Leather & Safety products"

The Company has various policies to improve and develop work processes to be fast and accurate, using modern information technology to create products that meet customers' groups, have quality control and inspection to continuously strive improve the quality, creating products by added value in products that meet customer needs, generate satisfactory returns to shareholders with regard to good governance and social responsibility which leads to the sustainability of the business.

Principle 2.2 Ensuring that objective and goals as well as the strategy of the company, in accordance the objectives and main goals of the business with using innovation and technology to appropriately and safely.

The Board of Directors supervises to determine the goals that always carried out with reliability and trust of customers, maintain standards of product quality, focus on meeting customer needs, Creating profit for shareholders with the development of production processes, reduce the process and cost of work by developing information technology systems to be able to support production work.

Principle 3 Strengthen Board Effectiveness.

Principle 3.1 Responsibility in determining and reviewing the structure of the Board of Directors to be appropriate, to lead the organization to objectives and goals that determined.

(1) Qualification; the Board of Directors is a person with various qualifications and suitable in terms of knowledge, skills, experience, ability and the specific qualifications that related with business operations of the company, as skills, knowledge and expertise in tanning and related businesses, have an understanding of the business of the organization, have a broad vision able to provide independent opinions and effective business practices.

(2) Structure; the Board of Directors must comply with the company's regulations, which are The company must have at least 5 directors and not less than half of the total number of directors, must reside in Thailand, for appropriateness in reviewing various policies and being able to perform their duties efficiently.

(3) Balance of the power; Board of Directors, Directors who are executives and are not executives in proportion of 1 in 3, which is considered to reflect the appropriate balance of the power.

(3.1) Non-executive director able to freely give preference about the work of the management.

(3.2) The independent directors of the company are 3 persons, which is in accordance with the Company's articles of association; there are at least 1 in 3 independent directors of the total number of directors, not less than 3 persons and fully qualified according to the regulations of the office of the Securities and Exchange Commission and the stock exchange of Thailand, Independent directors can work with the Board of Directors effectively and can express opinions freely

(4) Information disclosure; the Board of Directors has disclosed the structure of the Board of Directors, including details of director information, age, sex, education history, experience, shareholding proportion, number of years as a director and holding this positions in other listed companies in the annual report.

Principle 3.2 Consideration of the selection for the Chairman, independent separation of duties and responsibilities with the Chief Executive Officer to increase efficiency in decision making.

The Chairman of the Board not the same person as the Chief Executive Officer, in order to segregate the duties of policy and routine management and to give an independent opinion. The Chairman is a person with knowledge, skills, abilities and experience, to effectively lead the organization to its objectives and goals. The Board of Directors has defined the roles and duties of the Chairman and Chief Executive Officer as follows.

(1) Roles and duties of the Chairman as the leader of the Board of Directors.

(1.1) Regulate and monitor the performance of the Board of Directors to be effective and achieve according to the objectives and main goals of the organization.

(1.2) Supervise and encourage all directors to participate in supporting a culture in an organization that is ethical and has good corporate governance.

(1.3) Have discuss with the Chief Executive Officer to determine the agenda of the Board of Directors meeting. And have measures in the supervision of important matters has been included in the agenda.

(1.4) Have sufficient allocation and control the time for the management to present the matter, suitable for directors who will thoroughly discuss important issues, encourage directors to exercise their discretion carefully and provide independent opinions.

(1.5) Giving importance to enhancing good relations between executive directors and non-executive directors and between the board and management.

(2) Role of the Chief Executive Officer.

(2.1) The Chief Executive Officer reports directly to the Board of Directors.

(2.2) The Chief Executive Officer is a member of the Executive Committee.

(2.3) Have the power to manage, control, approve and be responsible for the operations as defined in the business plan, strategy, budget management, working, investment and various operate to reduce the burden of the company.

(2.4) Have the power to perform that assigned by the Board of Directors.

(2.5) Have the power to appoint a committee at various operational levels as appropriate for the job.

(2.6) Have the power to approve and manage expenses in the amount specified in the approval regulation, not exceeding the power assigned.

(3) The Board of Directors has appoint a sub-committee for important matters to be carefully considered, scrutinizing information and proposing guidelines for consideration before proposing to the Board of Directors for further approval.

Principle 3.3 Supervise the recruitment and selection of directors that are transparent and clear, in order to obtain a board with appropriate qualifications as specified.

(1) The Board of Directors has a duty to consider, appoint or approve persons who are suitable to be directors of the Company. Therefore established the Nomination and Selection Committee

with a transparent and clear process, in order to obtain qualified persons in accordance with the specified elements and present to the Board of Directors for consideration, appointment or approval.

(2) The Nomination and Remuneration Committee held a meeting to consider the criteria and recruitment methods for qualified directors, to set the Board of Directors have the appropriate elements and consider the history of recruiting individuals, propose opinions to the directors before presenting to the shareholders' meeting to appoint as a director and has disclosed the history of the directors who are proposed to be appointed to the shareholders' meeting to acknowledge adequately for decision making.

(3) The Nominating Committee has reviewed the criteria and procedures for nomination of directors, to propose to the Board of Directors before the nomination of directors will complete the term and taking into account the performance of the same director who has proposed to the next term.

Principle 3.4 Considering of remuneration for the Board of Directors.

(1) The Board of Directors is responsible for considering the remuneration for the Board of Directors to have structure and remuneration with appropriate the same conditions industry and to the responsibility to motivate the Board of Directors to lead the organization to run the business meet both short and long term goals.

(2) The Board of Directors has established a Nomination and Remuneration Committee that acting as the primary consideration of remuneration and presenting to the Board of Directors for consideration and approval of the shareholders' meeting, the remuneration will be at the appropriate level which can be compared to the same industry, take into account the appropriateness, conformity with the duties and responsibilities, sufficient to retain the directors with the required qualifications, but at the same time must consider the operating results of the company as well.

(3) Shareholders will approve the remuneration of directors both monetary and non-monetary forms. The Board of Directors will consider each type of remuneration to be appropriate for both fixed and remuneration based on the company's performance.

(4) The Board of Directors has disclosed the criteria for determining the remuneration of directors that reflect the duties and responsibilities of each committee including forms and amount of remuneration.

Principle 3.5 Controlling and overseeing the responsibility of performing duties and allocating time for appropriate directors to bring benefits to the company and all concern persons.

(1) The Board of Directors supports and encourages the Board to understand their roles and duties.

(2) The Board of Directors arranges for reporting of other positions of directors and discloses in the annual report.

(3) The Board of Directors has provided written control measures for the use of internal information, in order to prevent executives and employees from using internal information for their own benefit or others in a wrongful way before the information are publicly disclosed.

(4) Each director attended at least 75% of the total number of board meetings held during the year.

Principle 3.6 Arrange for the evaluation of the performance of the Board of Directors both group and individual, in order to improve the performance.

The Board of Directors arrange for the evaluation of the performance of duties of both the Board of Directors both group and individuals on an annual basis, use self-assessment methods to review and commenting on various issues related to the roles and responsibilities of the Board of Directors, with agreeing to use revised the evaluation form of the Corporate Governance Development Center of the listed company in the Stock Exchange of Thailand, and disclosed the evaluation in the annual report. The evaluation results of the committee are used to consider the appropriateness of the board composition.

Principle 3.7 Encourage directors to have knowledge and understanding of the roles and duties of businesses and related laws. Encourage the directors to receive skills enhancement and knowledge for performing duties as a director of the company.

In the case of new directors, the Company has provided the director handbook and useful information for the performance of the new director as well as regulations, related laws, provides knowledge and understanding about the business of the company to enhance the performance of the directors' duties and to understand the roles and duties.

The company has a policy to encourage the directors, executives and company secretary have been trained to increase knowledge from external institutions, such as the Thai Institute of Directors or IOD and organize training within the company to improve the operation to be more efficient and keep up with the current situation, disclosing training information and continuously developing the knowledge of the Board of Directors in the annual report.

Principle 3.8 Supervise the operation of the company to be in good order and appoint the company secretary to support access to important information of the Board of Directors.

(1) The Board of Directors determine the Board Meeting shall be held not less than 6 times a year and the invitation letter and meeting agenda will be sent at least 7 days prior to the meeting. In the case, the director is unable to attend the meeting, notify the secretary knows before the meeting, and the company secretary must inform the meeting result to the director who has not attended the meeting.

(2) The Board of Directors encourage The Chief Executive Officer to invite senior executives to attend the meeting to provide more detailed information as directly related to the issue, and as an opportunity to consider succession plans.

(3) The Board of Directors can access important and necessary information from the Chief Executive Officer, company secretary and assigned executives.

The Board of Directors has appointed the Company Secretary which is qualified necessary experience and appropriate to perform duties that giving advice on laws and regulations that the Board of Directors must know to support the operations of the Board of Directors, disclosed the qualifications and experience of the company secretary in the annual report.

The company secretary has been encouraged to develop knowledge continuously on a regular basis, to benefit the duties.

Principle 4 Ensure Effective CEO and People Management

Principle 4.1 Recruitment and development of Chief Executive Officer and high-level executives that needed to drive the organization to the goal.

(1) The Board of Directors assign the Nomination and Remuneration Committee perform the operation consider criteria according to the nomination process approved by the Board of Directors. In order, to get the qualified person to be the Chief Executive Officer and follow up to the Chief Executive Officer to consider the qualified person according to the criteria to be a high level executive.

(2) The company has established a succession plan for the management policy, to be continued in the top management positions and key employees positions to acknowledge, that he is obliged to submit a work transfer plan according the time frame specified company, which consists of processes, work procedures, details of the outstanding work, communication methods for requesting information on transfer work with notifying the company when they are out of position, The company has a system for selecting personnel to take responsibility to important job position, appropriate in every levels, able to work effectively, to create confidence for investors, shareholders and employees that the operation of the company will be continued in a timely manner.

(3) The Board of Directors promoting and supporting the Chief Executive Officer and senior

management have been trained and developed, increasing knowledge and experiences that are beneficial to the operation.

Principle 4.2 Determine the compensation structure and evaluation that is appropriate for the organization.

(1) The Board of Directors has determined the compensation structure that is an incentive for the Chief Executive Officer, senior manager and personnel at all levels in the organization, to perform duties appropriately, in accordance with the objectives and main goal of the organization and in line with the long-term business interests, including;

(1.1) Consideration of the appropriateness ratios of monthly compensation and bonus.

(1.2) Determination of compensation policy, the Board of Directors consider the remuneration factors at the same level as the same industry, along with the company's performance.

(2) The Board of Directors plays a role in determining the compensation and evaluation of the Chairman of the Board of Directors in the following matters:

(2.1) Approve with the evaluation criteria of the Chief Executive Officer, which the evaluation criteria is satisfactory to the administration according with the objective, strategy, main goals of the organization and the long-term business interests.

(2.2) Evaluation of the Chief Executive Officer every year.

(2.3) Approve the annual compensation of the Chief Executive Officer by considering the evaluation results, duties and other factors together.

(3) The Board of Directors is the person who approves the criteria and factors in evaluating the performance and approving the compensation of the Chief Executive Officer as proposed by the Nomination and Remuneration Committee. And assign the Chief Executive Officer to consider the compensation structure of the entire organization.

Principle 4.3 To make understanding of the structure and relationships of shareholders that may affect the management and operation of the business.

The Board of Directors understands the structure and relationships of shareholders that may be in the form of an agreement within the family business whether written or not , shareholder agreement , or the policy of the parent company group which affects to the power of control the management in the business. The Board of Directors supervises to not let the agreement to hinder to the performance of the Board of Directors and supervise the disclosure of information as it affects the control of the business.

Principle 4.4 Monitor and supervise the management and development of personnel to have the knowledge, skills, experience and appropriate motivation for the benefit of organizational development.

The Board of Directors has given importance to human resources which considered an important resource of the company. Encourage the development of personnel to have knowledge, skills and to enhance work experience according with the responsibilities, the strategic direction of the organization and business competition, In order to bring knowledge and ability to develop themselves and organizations, to be more efficient and has established a provident fund to allow employees to have enough money to support retirement and encouraging employees to have knowledge and ability in managing money.

Principle 5 Nurture Innovation and Responsible Business

Principle 5.1 Should give importance to support the creation of innovations, that create value for the business together with creating benefits for customers or all concern and has a responsibility to society and the environment.

The Board of Directors supports the creation of quality new products, aim to meet the needs of global customers (Global Brand), develop the potential in product quality and not harmful to users of the product. The company is a member of the global audit organization of the world, Leather Working Group (LWG), which must pass the international standard examination in all environmental systems, as well as being certified ISO 14001 in the first tanning factory in Thailand.

Principle 5.2 The management department operates business with responsibility to society and the environment are have reflected in the operational plan, ensure that all departments of the organization are in line with the objectives, main goals and strategic plans of the business.

Principle 5.3 Provide supervision and management of enterprise information technology including supervising the use of all company technologies and information to increase opportunities of business, improve operations and risk management to enable the business to achieve its objectives and the main goal of the organization.

(1) The Board of Directors provide organization risk management covering information technology of management and risk management, to prepare a technology risk report, report to the risk management committee regularly.

(2) The Board of Directors provide information security policy and privacy policy to be used as a measure to maintain the security of information systems. In using corporate information to maintain confidentiality and availability of information, including with preventing misuse of information or altering information without permission.

Principle 6 Strengthen Effective Risk Management and Internal Controls

Principle 6.1 The Company has a risk management system and internal control that will achieve the objectives efficiently, and have to comply with relevant laws and standards.

The Board of Directors supervise the company to identify risks that may have a serious impact on the company with including risk assessment effects, opportunities for risk and have appropriate risk management methods, as well as monitoring and reviewing the risk management of the company. Assigning the risk management to committee responsible for determining risk management policies of strategies, report risk management, acceptable risk levels and risk management results to the Board of Directors and allow all departments to review the risk assessment once a year to collect and report the report to the risk management committee and the Board of Directors

Principle 6.2 Establish an audit committee that can perform duties independently.

The Board of Directors has established the audit committee that consists of at least 3 independent directors, one of which is selected by the Board of Directors, acting as the chairman of the audit committee. The audit committee has duties, responsibilities according to charter of the audit committee, have complete qualifications and duties in accordance with the regulations of the Securities and Exchange Commission. The duties and responsibilities of the audit committee have been defined in writing in accordance with the practice of good corporate governance principles; define regular meetings of the audit committee 4 times a year, each term of office and qualifications must be independent.

Principle 6.3 The Board of Directors should monitor and manage conflicts of interest that may occur in the company including the prevention of undue use of property and transactions with persons connected with the company in an inappropriate manner.

(1) The Board of Directors provide information security system with written control measures for internal use to prevent executives and employees from using internal information for their own benefit or others in a wrongful way before the information is disclosed to the public which is taking advantage of the shareholders. Requiring the directors and executives report on the holding of securities of their own company, including spouses and children who have not yet reached the Securities and Exchange Commission in accordance with Section 59 of the securities and exchange Act BE 2535, within 3 days from the date of the change in securities holding and sending a copy of the securities holding report to the office of corporate secretary to be kept as information. Preparing the change report and summary the number of shares of the directors on an individual basis to be presented to the Board of directors in board of directors meeting when changing securities holdings and board meetings in the first time of the year and disclosed in the annual report and Form 56-1.

(2) The Board of Directors provide security policy for information systems and privacy policy used to support the core operations of the company, comply with the law and for the benefit of the company and shareholders, monitoring the actions that cause conflicts of interest including complying with the rules of office of the Securities and Exchange Commission and the Stock Exchange of Thailand Re: Acquisition and disposition of assets and connected transactions.

Principle 6.4 Board of Directors supervises to establish anti-corruption policies, communicate at all levels of the company and outsiders for real implementation.

The Board of Directors supervise to have a policy on anti-corruption, in order to prevent and control the risks arising from corruption including the impact on reputation and credibility on the integrity of the company in business operations, adapted to human resource management from the recruitment process or staff selection which selected employees must not commit a disciplinary offense or be punished for corruption-related offenses. In addition promotion, performance evaluation and reward the company must consider the performance in accordance with the policy and no record of corruption or behavior that hinders the implementation of this policy, as well as communicating policies and raising awareness to gain knowledge and understanding about anti-corruption measures by orientation for new employees and training process to test knowledge about policy.

Principle 6.5 The Board of Directors supervises the company to have mechanism for receiving complaints and actions in the case of corruption clues.

(1) The Board of Directors supervise to have a process for receiving complaints of stakeholders with channels for reporting clues and complaints about corruption in various channels, including disclosing a channel to certify complaints and the annual report of the company on the website as well as accepting suggestions about anti-corruption measures from alliances and stakeholders.

(2) The Board of Directors supervise the management of complaints in a systematic manner, to protect the rights of the complainant and the information provider acting in good faith, which prohibiting the disclosure of information to other persons who do not have relevant duties, unless it is a lawful disclosure according to the court order or the relevant regulatory authorities.

Principle 7 Ensure Disclosure and Finance Integrity

Principle 7.1 The Board of Directors supervises and is responsible for the preparation of financial reports and disclosures of information accurately, adequately, timely. And in accordance with the rules, related standards and practices

(1) Board of Directors supervise to have knowledgeable personnel in appropriate experience for their responsibilities, and there is a sufficient amount for the part relating to the preparation and disclosure of information. In approving the disclosure of information The Board of Directors considers the relevant factors as follows.

(1.1) The evaluation results of the adequacy of the internal control system.

(1.2) The auditor's opinion on the financial report and the auditor's observations regarding the internal control system.

(1.3) Opinion of the audit committee.

(1.4) Consistency of objectives, main goal, principles, strategies and policies of company.

(2) The Board of Directors ensuring information disclosure which includes financial statements, annual report and Form 56-1 that reflect sufficient financial status and operating results. As well as supporting the management's explanation and analysis (management discussion and analysis or MD&A) for the disclosure of financial statements.

Principle 7.2 Monitoring the adequacy of financial liquidity and debt repayment ability.

(1) The Board of Directors supervise the management to monitor and evaluate the financial status of the business and regularly report to the Board of Directors, together with finding solutions quickly if there are signs indicating financial liquidity problems.

(2) The Board of Directors ensuring that the list is presented or comments for the shareholders' meeting to approve. The Board of Directors is confident that it will affect the continuity of business operations or financial liquidity.

Principle 7.3 Preparing of plans and mechanisms for solving financial problems if the business faces financial problems.

The Board of Directors has monitoring to ensure that the business is operated with care closely. In the event that the business tends to experience problems or likely to have financial problems, shall providing a sound risk management system in every aspect of the company by assigning the risk management committee to formulate risk management policies for the Board of Directors including supervising, reviewing and giving recommendations on policies, standard practices, strategies and risk indicators overall that covers the entire organization. Assess the performance of the risk management policy set to ensure that risks are within the acceptable risk framework of the company and regularly report to the Board of Directors.

Principle 7.4 Preparing of a report of standing as appropriate for the company.

The Board of Directors considers creating a social responsibility policy for sustainable organizational development in line with the vision of the organization: "Innovative Solutions to your Sustainable Growth Creative Performance Lifestyles in Leather & Safety Products" has been linked to the work of various departments in the organization, to be a driving force and drive the process of creating sustainability for the organization by conducting business with social responsibility and sustainability reports that are suitable for the business of the company, which adheres to the principles of information disclosure of compliance with laws, ethics, anti-corruption policy, employee treatment and stakeholders fairly including social and environmental responsibility.

Principle 7.5 Provide an investor relations unit to act as a contact communication between companies with shareholders and stakeholders.

The Board of Directors establish appropriate communication policies and information disclosure policies to third parties as appropriate, timely, and appropriate channels. Protect the confidential information that may affect the price of securities and assign the Chief Executive Officer. And the chief financial officer of the company is a person who provides information to third parties, also provided the management to determine the direction, support of the investor relations work so that communication and effectively information disclosure.

Principle 7.6 Encourage the use of information technology to disseminate company information.

The Board of Directors considers the disclosure of information to stakeholders both inside and outside the organization, which contains information both in Thai and English language, regularly through the channels of the Stock Exchange of Thailand and the company website for information to be current.

Principle 8 Ensure Engagement and Communication with shareholders

Principle 8.1 Open the opportunity for shareholders to participate in making decisions on important issue of the company.

(1) The Board of Directors supervise and gives importance to all important issues, both issues that are defined in the law and issues that may affect the direction of the business, be included as a meeting agenda for shareholders' meeting to consider and / or approve such important matters.

(2) The Board of Directors supports various shareholders' participation as follows:

(2.1) Open opportunity and set criteria for minority shareholders to propose meeting agenda in advance of the meeting date, the Board of Directors will consider issue proposed by the shareholders, whether it should be included in the meeting agenda or not, if it is not appropriate, should be clarified in writing to the shareholders who have proposed the agenda and disclosed in the website.

(2.2) Open Opportunity and criteria for minority shareholders to nominate persons to be as a director in advance, which the criteria are disclosed on the website of the company for shareholders to know in advance.

(3) The Board of Directors supervise to prepare the invitation letter for the shareholders meeting which that correct information, completed and sufficient to exercise the rights of shareholders.

(4) The Board of Directors supervise the submission of meeting documents and related documents to shareholders not less than 14 days in advance, publicize on the company's website for 15 days before the meeting and not less than 7 days before the meeting for English meeting documents.

(5) The Board of Directors open opportunity shareholders to submit questions in advance of the meeting date, with setting criteria for sending questions in advance and publishing on the website of the company.

(6) Invitation letter to the shareholders' meeting and related documents have been prepared in both of Thai and English, and published on the company website.

Principle 8.2 Supervising that the operation of the shareholders' meeting is achieved to completed, transparency and conducive to the exercise of shareholders' rights.

(1) The Board of Directors has set the appropriate date and time, following the discussion and determine the meeting place that is convenient to meeting place.

(2) No limit to the opportunity for attend meetings or make a burdens for shareholders, there is no requirement for shareholders or the proxy must bring more documents or evidence of identification than specified.

(3) The Board of Directors encourages the use of ballots and using technology in the Annual General Meeting of shareholders by using barcode to register, voting, vote counting and show the result for quick, convenience and accurate.

(4) The Chairman of the board is the chairman of the shareholders' meeting, acting to ensure that the meeting is in accordance with the law relevant rules and company regulations as well as allocating time for each agenda appropriately, and allow shareholders to express their opinions and ask questions at the meeting in relation to the company.

(5) No additional agenda other than those specified in the meeting invitation, or additional documents at the meeting which is considered to deprive the rights of shareholders who can't attend the meeting in person.

(6) Directors, executives, auditors and witnesses in the vote counting are join the Annual General Meeting of Shareholders every year.

(7) Before the meeting, The meeting will inform the proportion number of shareholders to attend the meeting in person and the shareholder's proxy, Meeting method, Voting and vote counting.

(8) In the agenda of election of directors, the chairman of the meeting gives shareholders the right to appoint directors individually.

(9) Have use ballots and the independent person to witness the vote counting and disclosing the results of the votes of approval, disapproval, abstention and invalid ballots in each agenda for the meeting to acknowledge and recorded in the minutes.

Principle 8.3 Ensuring that the resolution of meeting are disclosed and the minutes of meeting are accurate and complete.

(1) The Board of Directors supervise the disclosure of the meeting resolutions with the voting results within the next day after the meeting date, through the news system of the Stock Exchange of Thailand and on the company website.

(2) Send a copy of the minutes of the shareholders' meeting to the Stock Exchange of Thailand within 14 days from the meeting date.

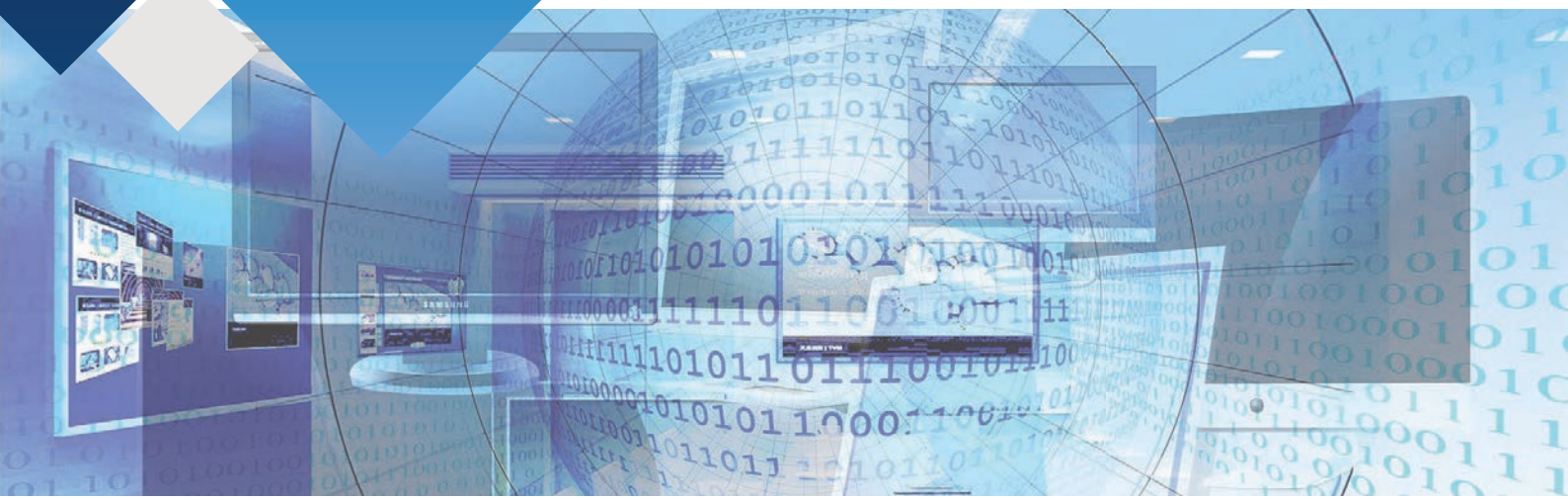
(3) Ensuring that the minutes are recorded as follows:

(3.1) List of directors, executives attending the meeting and the proportion of directors attending the meeting and not attending the meeting.

(3.2) Voting method and vote counting, resolution of the meeting and voting results of each agenda.

(3.3) Issues about questions and answers in the meeting, including the name-surname of questioner and respondent.

Supervision on the use of inside information



The company attaches importance to information disclosure and transparency by specifying the disclosure policy, transparency, financial report disclosure of financial information and other information relevant to the business operations and performance of the company. In terms of accuracy, completeness, adequacy, reliability, and consistent timeliness to shareholders, investors, securities analysts, and the general public. The Board of Directors is committed to ensuring compliance with laws, regulations and regulations related to the disclosure of information and transparency strictly when the board of directors or executives have changed in trading of shares in accordance with the regulations of the Securities and Exchange Commission (SEC), the company requires that directors and executives have to report the information to the supervising department. All the time, strictly

In overseeing the use of inside information of the company. The company has measures to protect internal information by specifying as a guideline in the business ethics manual. On the topic of conflict of interest and confidentiality especially the use of company information The company is considered the responsibility of the directors, executives and employees to strictly keep the confidential information of the company. Especially inside information that has not been made public. or information that affects business operations or stock prices as for the directors, there are rules in the guidelines of the Board of Directors. And stipulated in the Code of Business Ethics with the following requirements

1. Executive Committee and employees at all levels must not use the company's inside information that is material and not yet disclosed to the public for the benefit of themselves or others.

2. Employees at all levels of the company must maintain and keep client and commercial information confidential. Must not reveal customer secrets to employees and unrelated outsiders, except as required by law to disclose. Disclosure for litigation purposes or for approval by the Board of Directors.

3. Prohibiting executive directors Company employees and persons involved with information disclosure or pass data or the secrets of the company to unrelated parties Which includes people in the family, relatives, siblings, friends, etc.

4. Disclosure of information must be done by a company employee with authority and duty. General staff are not responsible for disclosing information. When asked to disclose information that he does not have a duty to disclose, advise the questioner to ask the person in charge of the disclosure in order to provide accurate and consistent information.

5. Not giving advice on trading in company securities unless it is related to the work assigned from the company

6. The company will issue a prohibition to buy / sell securities during the quarterly and yearly financial statements preparation. Through communication channels within the organization to the directors Executives and company employees until announced in writing to the date of purchase / sale as usual

7. Directors, executives, employees from departmental manager level up when trading company securities to make a trading report within 3 business days and the report of securities holding of one's own or related persons according to Regulations of the Securities and Exchange Act quarterly to the company secretary.

In addition, the company has stipulated a corporate governance policy that would not allow directors executives and employees take advantage of being directors. executives or company employees seeking personal benefits by prohibiting the directors to run a business that competes with the company avoiding connected transactions that may cause conflicts of interest with the company In the case that it is necessary to do the said transaction. The company must ensure that transactions are conducted with transparency and fairness, like transactions with third parties. Directors, executives, or employees with vested interests in that transaction must not be involved in the approval process. If that program is considered a connected transaction under the announcement of the Stock Exchange of Thailand and must strictly comply with the rules, procedures and disclosure of connected transaction information of listed companies. In addition, the Board of Directors has established guidelines for directors if they know information that has not been disclosed to the public and that There has been a report of changes in securities holding of directors and executives.

With regard to the development of internal information control systems, the Company has implemented information technology (IT) systems, such as systems to prevent access to company information from third parties. System to control the level of access to information of the company of employees at various levels To match responsibility supervising the use of internal information of that company The company has specified in the work regulations of employees at all levels.

Corporate Social Responsibilities: CSR

CPL Group implements a policy of Corporate Social Responsibilities (CSR) and generates profitable business under principles. According to corporate governance, CPL has full responsibilities for society and environment. All staffs will be encouraged to participate actively in social movements and be responsible for society in relation to overall public performances as well as considering the negative effect on involved people such as stakeholders, employees, communities, customers, partners, and governors as well as a social and a country.

CPL Group does not prepare a social responsibility report but has implemented and implemented responsibility for the cucumber by showing the framework of social responsibility operations in a structured manner to the vision " Innovative Solutions to your Sustainable Growth Creative Performance Lifestyles in Leather & Safety Products" CPL intends to operate business according to the eight principles of social responsibilities as following;

(1) Fairness: a company has concentrated intently on the trying to be a great master of leather tannery in Thailand. The Company have built up the implicit trust for our stakeholders and made a considerable commitment to develop and manage a business successfully. CPL has been done to international standard that come with the guarantee of work and with potential of a company that is totally reliable and accepted in social widely. CPL aims to ensure the fairness and transparent honesty, and provides clear and accurate disclosures significantly.

(2) Anti-corruption policy: Board of Directors has considered and approved the anti-corruption policy In the 4th meeting, Mao, on 14 August 2018, was announced on 1 September 2018 and supervised all relevant agencies to adhere to and stated in the Business Ethics Guide as follows

1) Do not claim any items or other benefits from other persons who have a duty or business. Associated Regardless of whether by yourself or others
2) Do not accept any other goods or benefits from other persons who have a duty or business related to the organization unless on occasion or a festival which is a tradition that people should treat each other by things or other benefits However, such receipt must not have any influence on any decision which is unfair to the performance of duties.
3) Receiving of goods or other benefits that are not in accordance with the criteria in Article 2) is necessary to maintain good relations between individuals. Let the recipient report his supervisor
4) Receiving items or other benefits that are given to each other in various activities Between organizations or as a link good relations between the organization and the recipients to report to their supervisors.

The company gives the opportunity for stakeholders to notify the company via E-mail and prescribe protection of the notification person. Anti-corruption policy which has detailed procedures for receiving complaints And considering complaints Which was announced on 1 September 2018 Corruption has been a major problem in Thailand for long times. CPL Group fully realizes such problem of a country, then, CPL has formulated a policy and practical guideline as part of corporate governance.

(3) – (4) Human rights respecting and labors fairness treating: CPL Group greatly respects the dignity of all employees. A company has precisely defined in terms of participation of committee, executives, and employees to respect human rights and works. The organization operates a policy to control a strict adherence to the rule of law and establishes a basic principle of human rights as universal criteria-without discrimination on the groups of native habitat, race, gender, age, complexion, religion, disability, status, ancestor, and education, and with equality encouragement and no child labor. All conditions are detailed as follows;

- Not support forced labor or penal colony, not take physical disciplinary action or no threat or other abuses like physical, emotional, sexual, or verbal.
- Resist child labor by not hiring a person less than 15 years of age in all cases – full time and part time as well as working with wages and unpaid.
- Hiring foreign workers, CPL Group has fully agreed on a legal action under the labor law.
- In all fairness, CPL Group will hire selective persons by taking into account the properties of each qualification, experience, and requirement that are required for works. All employees will be observed equally without discrimination on the groups of genders, age, race, religion, education, or other status that not involved working.

CPL Group realizes the importance of employees have skills to work with stability, so the Company will:

- give an appropriate compensation right as their responsibilities
- organize the orientation and hand the manual to all employees to perceive and understand their rights on hiring in all fairness, and adhere strictly to the labor law.
- continue to improve and coach all employees in order to have more sufficient potential on works and to encourage employees in considerable progress that a company will consider promoting each year.
- establish a fund to encourage employees save their long-terms money for themselves and their family. Employee will get all saving money when resigning, retirement, or disability, or death.

CPL group has assigned board to maintain properly working on safe environments for life and properties of employees.

CPL group will preserve an individual privacy of all employees; such as biography, work history, and others. Disclosures or data transfers to public could be revealed only in the permission of each employee. All this, violation is the disciplinary offense excepting legal action.

(5) Consumer responsibilities: It assumes the total responsibilities towards a quality and a property of products manufactured by CPL Group, that all products must not be dangerous for consumers or users. The manufacturing process should not adversely affect social, environment, and nature as well. CPL Group has made a very certain that all of manufactured products have been done as international standard and have been thoroughly checked by some international institutes. All this clearly shows that CPL Group has always strictly take the responsibilities for social and committed all conditions defined by partners and customers.

In the year 2018, the company joined the Greenhouse Glass Management Organization. In order to reduce the amount of greenhouse chimneys by registering the company's products, namely, Nature Back cowhide leather to reduce production costs due to improved production processes increase the use of

renewable energy and show the intention to be responsible for society and create a good image for the company By being allowed to use the carbon footprint mark from July 31, 2018 to July 30, 2020

(6) Environmental Responsibilities: CPL Group has safely installed the environmental system and formally introduced a policy of environment in public. A company has assigned a team to be mainly responsible for supporting and operating internal and external environmental movements. As all this, employees are very important to realize on the range of environment issues, who seriously are willing to cooperate and attend to such issues.

CPL has been granted by URS Institution offers an ISO: 14001: 2008 on the standard of environmental system, and has been certified a gold coin from a world-class institution on checking environment system of leather tannery – BLC Leather Technology Centre Ltd. Moreover, CPL has been guaranteed by Industrial Ministry to be one of green industries on level 3. As all certifications issued, CPL can earn great trusts and a company intends to preserve, attend, and protect environments effectively, and will keep operating this movement everlastingly like it said "good environment, good employee".

(7) Social or Community Development: CPL is centrally located in a community, which understands all manners of problem and community's needs clearly. Executives have then shaped a conscious policy to help society; for examples, education, culture, social, religion. A company is also as a central on collecting information of participation on social activities like donations and community development, by always sending the representatives to join such activities – both organization of government and enterprises.

Internal control and risk management.

The Company has an internal audit, which is an independent party of the company, to monitor the operation of all departments to comply with the policies and to assess the effectiveness and adequacy of internal control system. This allows the management to ensure that the system is practical and used consistently and appropriately, as well as, to seek weaknesses and procedure to develop existing operations in order to be more efficient. The internal audit department has an authority to do checks and balances and directly report to the Board of Directors. Additionally, the committee uses the internal control guideline of SEC to assess the adequacy of the internal control system of the Company.

In the Board of Directors No.1/2019 where the Audit Committee also attended, the Board reviewed the adequacy of internal control within the Company as presented by the Audit Committee in a format prescribed by the Securities and Exchange Commission based on COSO'S internal control framework. The framework incorporates 5 follows questions: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities. Following the review, the Board is of the opinion that the Company's internal control system was sufficiency and effectiveness and safeguard the asset form fraud. The financial report of the Company was accurate and reliable in accordance with the financial reporting standards and the generally accepted accounting standards.

Chief of Internal Audit

As the Audit Committee meeting was appioint Miss Walairat Silapachavakijja as the position Head of Internal Audit of the Company and Audit committee Secretary because have experience in auditing operations and understand the activities and operations of the company as well. Therefore deemed that it was appropriate to perform such duties appropriately in order to supervise the operation to be in accordance with the rules of the supervisory authorities of the company while considering and approving the appointment, removal, transfer, the head of the internal audit office of the company must be approved (or get approval) from the Audit Committee

Regulatory Compliance

The company has a Compliance Department responsible for control and monitoring for management to prevent the risk of legal compliance. Compliance risk, including compliance with anti-corruption policies and other policies

Chief of Compliance

The Company has appointed Mrs. Jiraporn Kongkeaw in position of Chief of Compliance Department to oversee the compliance of the regulatory authorities responsible for overseeing the Company's business operations.

Auditor's remuneration

At the 2017 annual general meeting of shareholders, the company appointed CWP Company Limited, a certified public accountant from the Securities and Exchange Commission being a company auditor for the year ending as of December 31, 2017 the Company has paid compensation of Baht 1.93 million without other compensation.

At the 2018 annual general meeting of shareholders, the company appointed CWWP Company Limited, a certified public accountant from the Securities and Exchange Commission being a company auditor for the year ending as of December 31,2018 the Company has paid compensation of Baht 1.80 million without any other compensation.

At the 2019 Annual General Meeting of Shareholders, the company appointed CWWP Company Limited, a certified public accountant from the Securities and Exchange Commission being a companyauditor Is independent and has expertise in auditing and has no relationship or interest with the company, executives, major shareholders or those related to Is responsible for auditing, with remuneration for auditing the company For the year ended December 31,2019, the company paid compensation of Baht 1.85 million without any other compensation

Creative Performance Lifestyle

CPL GROUP
PUBLIC COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

CPL Group Public Co.,Ltd.

[Translation]

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of CPL Group Public Company Limited

Opinion

I have audited the financial statements of CPL Group Public Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its 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* paragraph of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

<u>Inventories</u>

As in Notes 5.6, 5.21, 8 and 28.2 to the financial statements, the Company presents inventories in the statement of financial position as at 31 December 2019 in the amount of Baht 1,098.59 million, which is measured at the lower of cost by weighted average method and net realizable value. The management of the Company has estimated the net realizable value of inventories from the estimated selling price in the ordinary course of business less the estimated necessary costs to complete and sell those inventories.

I have focused on the estimating the net realizable value of inventories because the most revenue of the Company is revenue from business segment of tannery industry which make the transaction in United States Dollar that is fluctuated by the exchange rate at that time, while the Company has the financial performance for the year ended 31 December 2019 of that business segment as gross loss in the amount of Baht 32.43 million, including the measurement of inventories in the statement of financial position as at 31 December 2019 in the amount of Baht 1,098.59 million, are material to the financial statements.

Therefore, my audit procedures have included the audit procedures which affects the most significant to the assessment of sufficiency and appropriateness of obtained audit evidence relating to inventories as follows:

- Performing the understanding of the process of production, control and measure the inventories of the Company.
- Performing the test of control regarding the inventories of the Company.
- Attending to observe the physical inventory counting of the Company.
- Evaluating the appropriateness of the method that the management of the Company used in estimating the net realizable value.
- Examining the calculation of the net realizable value of the inventories of the Company which is prepared by the management of the Company.
- Comparing the estimated selling price of the inventories which the management of the Company has used in the estimating with the selling price after the reporting period which is translated in Thai Baht.
- Evaluating the sufficiency of disclosure in notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon, which 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

CPL Group Public Co.,Ltd.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 judgment and maintain professional skepticism throughout the audit. I also:

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

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

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

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

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

(Cherdsakul Onmongkol)

Certified Public Accountant Registration No. 7195

CPL Group Public Co.,Ltd.

CWWP Company Limited

Bangkok,

24 February 2020

CPL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019	31 December 2018	1 January 2018
		Baht	Baht	Baht
Assets				
Current Assets				
Cash and Cash Equivalents	6	42,353,886.80	145,638,243.37	109,170,886.43
Current Investments		-	-	16,000,000.00
Trade and Other Current Receivables	7	240,153,573.40	709,976,753.08	266,021,762.13
Inventories	8	1,098,589,628.27	1,129,868,606.97	1,023,061,052.66
Current Tax Assets		648,803.26	661,662.61	7,446,148.44
Other Current Assets		184,319.91	143,581.63	117,764.62
Total Current Assets		**1,381,930,211.64**	**1,986,288,847.66**	**1,421,817,614.28**
Non-Current Assets				
Investments in Associates	9	-	4,438,208.60	3,997,735.34
Long-Term Loans to Employees		327,610.00	141,147.00	266,035.71
Investment Property	10	127,452,206.14	127,452,206.14	127,452,206.14
Property, Plant and Equipment	11	637,825,133.60	628,536,248.15	455,937,606.30
Leasehold Rights		49,605.13	250,224.80	450,844.47
Other Intangible Assets		5,929,591.38	6,439,288.52	6,864,974.62
Deferred Tax Assets	26.3	68,967,602.84	54,914,054.68	57,433,241.59
Other Non-Current Assets				
Prior Period Tax Assets		661,662.61	7,446,148.44	163,615.69
Prepayments for Assets		5,524,047.34	4,483,752.00	-
Others		2,443,026.82	1,926,659.46	1,749,066.06
Total Non-Current Assets		**849,180,485.86**	**836,027,937.79**	**654,315,325.92**
Total Assets		**2,231,110,697.50**	**2,822,316,785.45**	**2,076,132,940.20**

Notes to the financial statements are an integral part of thses financial statements.

CPL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019	31 December 2018	1 January 2018
		Baht	Baht	Baht
Liabilities and Shareholders' Equity				
Current Liabilities				
Defaulted Liabilities	13	21,562,032.28	-	-
Overdrafts and Short-Term Borrowings from Financial Institutions	14	779,218,169.46	1,200,386,786.29	649,082,803.45
Trade and Other Current Payables	15	295,992,796.95	391,078,554.59	259,691,105.75
Short-Term Borrowings	30.3	60,000,000.00	-	-
Current Portion of Long-Term Liabilities				
Long-Term Borrowings	16	60,451,000.00	13,404,000.00	8,004,000.00
Finance Lease Liabilities	17	10,247,970.43	10,916,045.67	2,527,237.66
Total Current Liabilities		**1,227,471,969.12**	**1,615,785,386.55**	**919,305,146.86**
Non-Current Liabilities				
Long-Term Borrowings	16	14,654,000.00	41,108,000.00	30,662,000.00
Finance Lease Liabilities	17	15,667,531.13	25,119,296.23	3,369,711.81
Deferred Tax Liabilities	26.4	2,822,327.43	1,952,896.32	-
Non-Current Provisions for Employee Benefits	18	55,533,693.02	53,561,969.99	47,477,149.00
Other Non-Current Liabilities		221,500.00	221,500.00	305,500.00
Total Non-Current Liabilities		**88,899,051.58**	**121,963,662.54**	**81,814,360.81**
Total Liabilities		**1,316,371,020.70**	**1,737,749,049.09**	**1,001,119,507.67**
Shareholders' Equity				
Share Capital	19			
Authorized Share Capital				
439,844,340 Ordinary Shares, at Baht 1.00 per Share		439,844,340.00	439,844,340.00	-
41,889,937 Ordinary Shares, at Baht 10.00 per Share		-	-	418,899,370.00
Issued and Paid-Up Share Capital				
439,844,284 Ordinary Shares, at Baht 1.00 per Share		439,844,284.00	439,844,284.00	-
41,889,937 Ordinary Shares, at Baht 10.00 per Share		-	-	418,899,370.00
Share Premium on Ordinary Shares		574,095,791.76	574,095,791.76	574,095,791.76
Discount on Business Combination under Common Control		(242,518,625.38)	(242,518,625.38)	(242,518,625.38)
Retained Earnings				
Appropriated				
Legal Reserve	20	29,539,593.15	28,940,744.21	28,940,744.21
Unappropriated		113,868,652.87	284,295,561.37	295,596,151.94
Other Components of Shareholders' Equity		(90,019.60)	(90,019.60)	-
Total Shareholders' Equity		**914,739,676.80**	**1,084,567,736.36**	**1,075,013,432.53**
Total Liabilities and Shareholders' Equity		**2,231,110,697.50**	**2,822,316,785.45**	**2,076,132,940.20**

CPL Group Public Co.,Ltd.

Notes to the financial statements are an integral part of thses financial statements.

CPL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
		Baht	Baht
Revenue from Contracts with Customers	28.2	2,430,098,909.62	2,897,548,258.28
Costs of Sales and Rendering of Services		(2,183,834,503.22)	(2,483,561,309.94)
Gross Profit		**246,264,406.40**	**413,986,948.34**
Gain (Loss) on Exchange Rate		28,539,864.73	3,000,278.90
Other Income	23	27,353,267.04	21,358,834.18
Distribution Costs		(240,513,212.97)	(185,587,028.56)
Administrative Expenses		(187,700,886.20)	(201,311,357.99)
Finance Costs		(47,289,999.33)	(35,528,225.61)
Share of Profit (Loss) of Associates		(4,438,208.60)	530,492.86
Profit (Loss) before Income Tax		**(177,784,768.93)**	**16,449,942.12**
Tax (Expense) Revenue	26.1	13,898,012.65	(4,472,963.23)
Profit (Loss) for the year		**(163,886,756.28)**	**11,976,978.89**
Other Comprehensive Income			
Items that will be reclassified subsequently to Profit or Loss			
Share of Other Comprehensive Income of Associates - Net of Tax	26.2	-	(90,019.60)
Total Items that will be reclassified subsequently to Profit or Loss		**-**	**(90,019.60)**
Items that will not be reclassified subsequently to Profit or Loss			
Gain (Loss) on Remeasurement of Defined Benefit Plans - Net of Tax	26.2	2,855,582.40	(3,520.00)
Total Items that will not be reclassified subsequently to Profit or Loss		**2,855,582.40**	**(3,520.00)**
Total Other Comprehensive Income for the year		**2,855,582.40**	**(93,539.60)**
Comprehensive Income for the period		**(161,031,173.88)**	**11,883,439.29**
Basic Earnigns (Loss) per Share	27	(0.37)	0.03

Notes to the financial statements are an integral part of thses financial statements.

CPL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019

	Notes	Issued and Paid-Up Share Capital	Share Premium on Ordinary Shares	Discount on Business Combination under the Common Control	Retained Earnings		Other Components of Shareholders' Equity			Total Shareholders' Equity
					Appropriated Legal Reserve	Unappropriated	Other Comprehensive Income		Total Other Components of Shareholders' Equity	
							Share of Other Comprehensive Income of Associates	Total Other Comprehensive Income		
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning Balance as at 1 January 2018		**418,899,370.00**	**574,095,791.76**	**(242,518,625.38)**	**28,940,744.21**	**295,596,151.94**	**-**	**-**	**-**	**1,075,013,432.53**
Comprehensive Income for the year										
Profit (Loss) for the year		-	-	-	-	11,976,978.89	-	-	-	11,976,978.89
Other Comprehensive Income for the year		-	-	-	-	(3,520.00)	(90,019.60)	(90,019.60)	(90,019.60)	(93,539.60)
Total Comprehensive Income for the year		**-**	**-**	**-**	**-**	**11,973,458.89**	**(90,019.60)**	**(90,019.60)**	**(90,019.60)**	**11,883,439.29**
Transactions with Owners										
Contributions and Distributions										
Dividends	21.2	20,944,914.00	-	-	-	(23,274,049.46)	-	-	-	(2,329,135.46)
Total Contributions and Distributions		**20,944,914.00**	**-**	**-**	**-**	**(23,274,049.46)**	**-**	**-**	**-**	**(2,329,135.46)**
Total Transactions with Owners		**20,944,914.00**	**-**	**-**	**-**	**(23,274,049.46)**	**-**	**-**	**-**	**(2,329,135.46)**
Ending Balance as at 31 December 2018		**439,844,284.00**	**574,095,791.76**	**(242,518,625.38)**	**28,940,744.21**	**284,295,561.37**	**(90,019.60)**	**(90,019.60)**	**(90,019.60)**	**1,084,567,736.36**
Comprehensive Income for the year										
Profit (Loss) for the year		-	-	-	-	(163,886,756.28)	-	-	-	(163,886,756.28)
Other Comprehensive Income for the year		-	-	-	-	2,855,582.40	-	-	-	2,855,582.40
Total Comprehensive Income for the year		**-**	**-**	**-**	**-**	**(161,031,173.88)**	**-**	**-**	**-**	**(161,031,173.88)**
Transactions with Owners										
Contributions and Distributions										
Dividends	21.1	-	-	-	-	(8,796,885.68)	-	-	-	(8,796,885.68)
Total Contributions and Distributions		**-**	**-**	**-**	**-**	**(8,796,885.68)**	**-**	**-**	**-**	**(8,796,885.68)**
Total Transactions with Owners		**-**	**-**	**-**	**-**	**(8,796,885.68)**	**-**	**-**	**-**	**(8,796,885.68)**
Appropriation of Legal Reserve	21.1	-	-	-	598,848.94	(598,848.94)	-	-	-	-
Ending Balance as at 31 December 2019		**439,844,284.00**	**574,095,791.76**	**(242,518,625.38)**	**29,539,593.15**	**113,868,652.87**	**(90,019.60)**	**(90,019.60)**	**(90,019.60)**	**914,739,676.80**

Notes to the financial statements are an integral part of thses financial statements.

CPL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
		Baht	Baht
Cash Flows from Operating Activities			
Profit (Loss) before Income Tax		(177,784,768.93)	16,449,942.12
Adjustments for reconcilation to Cash Generated from (Used in) Operations			
Depreciation		73,928,517.39	60,421,861.58
Amortization of Leasehold Rights		200,619.67	200,619.67
Amortization of Other Intangible Assets		1,968,666.92	1,755,334.10
Amortization of Prepaid Expenses		778,725.42	12,182,177.91
Bad Debts		4,533.86	8,753.16
(Reversal of) Doubtful Accounts		35,426,914.94	302,756.06
(Reversal of) Loss on Devaluation of Inventories		28,759,459.39	(143,001,898.35)
Unrealized (Gain) Loss on Exchange Rate		(244,115.56)	(446,720.06)
(Gain) Loss on Sale of Property, Plant and Equipment		(291,118.42)	(1,933,047.39)
Loss on Write-off of Property, Plant and Equipment		1,289,492.77	2,726,987.27
Loss on Write-off of Other Intangible Assets		328,630.22	2.00
Loss on Write-off of Prior Period Tax Assets		-	163,615.69
Share of (Profit) Loss of Associates		4,438,208.60	(530,492.86)
Employee Benefit Expenses		23,600,764.03	6,226,520.99
Interest Income		(152,509.23)	(923,120.33)
Interest Expenses		44,867,270.24	32,659,822.40
(Increase) Decrease in Operating Assets			
Trade and Other Current Receivables		430,617,175.20	(468,224,260.27)
Inventories		(4,827,854.69)	36,194,344.04
Other Current Assets		(40,738.28)	(597,347.15)
Other Non-Current Assets		(584,330.00)	80,662.90
Increase (Decrease) in Operating Liabilities			
Trade and Other Current Payables		(100,442,592.76)	141,412,196.67
Non-Current Provisions for Employee Benefits		(7,997,344.50)	(146,100.00)
Other Non-Current Liabilities		-	(84,000.00)
Cash Generated from (Used in) Operations		353,843,606.28	(305,101,389.85)
Cash Payments for Income Tax		(648,803.26)	(661,662.61)
Cash Receipts from Refund of Income Tax		7,446,148.44	-
Net Cash Generated from (Used in) Operating Activities		**360,640,951.46**	**(305,763,052.46)**

Notes to the financial statements are an integral part of thses financial statements.

CPL GROUP PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
		Baht	Baht
Cash Flows from Investing Activities			
Cash Receipts from Redemption of Debt Instruments		-	16,000,000.00
Cash Payments for Long-Term Loans to Employees		(480,000.00)	(245,000.00)
Cash Receipts from Long-Term Loans to Employees		293,537.00	369,888.71
Cash Receipts from Receivables from Sale of General Investments		-	3,178,108.50
Cash Payments for Purchase of Property, Plant and Equipment		(72,311,908.00)	(238,816,699.22)
Cash Receipts from Sale of Property, Plant and Equipment		296,126.17	2,022,968.32
Cash Payments for Purchase of Other Intangible Assets		(2,027,600.00)	(577,900.00)
Cash Payments for Prepayments for Assets		(5,524,047.34)	(4,483,752.00)
Cash Receipts from Interest		152,509.23	1,191,218.94
Net Cash Generated from (Used in) Investing Activities		**(79,601,382.94)**	**(221,361,166.75)**
Cash Flows from Financing Activities			
Increase (Decrease) in Overdrafts		12,128,430.68	(452,490.80)
Cash Receipts from Short-Term Borrowings from Financial Institutions		1,225,127,088.59	2,605,856,035.96
Cash Payments for Short-Term Borrowings from Financial Institutions		(1,636,484,045.21)	(2,051,880,346.94)
Cash Receipts from Short-Term Borrowings		60,000,000.00	-
Cash Receipts from Long-Term Borrowings from Financial Institutions		40,000,000.00	27,000,000.00
Cash Payments for Long-Term Borrowings from Financial Institutions		(19,407,000.00)	(11,154,000.00)
Cash Receipts from Sale and Leaseback under Finance Lease Liabilities		-	33,329,652.89
Cash Payments for Finance Lease Liabilities		(11,084,887.06)	(7,490,325.88)
Cash Payments for Interest		(45,844,412.78)	(30,335,440.55)
Cash Payments for Dividends		(8,796,667.68)	(1,982,479.01)
Net Cash Generated from (Used in) Financing Activities		**(384,361,493.46)**	**562,890,605.67**
Net Increase (Decrease) in Cash and Cash Equivalents before Effect of Exchange Rate		**(103,321,924.94)**	**35,766,386.46**
Effect of Exchange Rate on Cash and Cash Equivalents		37,568.37	700,970.48
Net Increase (Decrease) in Cash and Cash Equivalents		**(103,284,356.57)**	**36,467,356.94**
Cash and Cash Equivalents at the Beginning of the year		**145,638,243.37**	**109,170,886.43**
Cash and Cash Equivalents at the End of the year	6	**42,353,886.80**	**145,638,243.37**

CPL Group Public Co.Ltd.

Notes to the financial statements are an integral part of thses financial statements.

CPL GROUP PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. General Information

CPL Group Public Company Limited ("the Company") is a juristic person incorporated in Thailand which was registered as a public company limited in accordance with Public Limited Companies Act. The address of the registered head office of the Company locates at 700 Moo 6 Sukhumvit Road, Bangpoo-Mai, Mueang Samutprakan, Samutprakan, Thailand.

The Company was listed on the Stock Exchange of Thailand on 19 December 1994.

The Company has operations and principal activities to engage in businesses of manufacturing and distribution of leather products, rendering of tanning service and manufacturing and distribution of personal protective equipment.

As at 31 December 2019 and 2018, the major shareholder of the Company is Wongcharoensin Group.

2. Basis of Preparing the Financial Statements

2.1 These financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King ("Federation of Accounting Professions"), and applicable rules and regulations of the Securities and Exchange Commission.

2.2 The classification in the financial statements is in compliance with the Notification of the Department of Business Development regarding mandatory summary items in a financial statement.

2.3 These financial statements are presented in Thailand Baht, which is the functional currency and the presentation currency of the Company.

2.4 The financial statements in Thai language is the official statutory financial statements of the Company. The financial statements in English language has been translated from the financial statements in Thai language.

3. Adoption of New Financial Reporting Standards

The Company has applied the new and revised financial reporting standards which are effective for accounting period beginning on or after 1 January 2019 with no material impact on the financial report that include applying Thai Financial Reporting Standard 15 "Revenue from Contracts with Customers" which supersedes other standards as follows:

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

In applying of Thai Financial Report Standard 15 "Revenue from Contracts with Customers", the Company is required to adopt the new accounting policies as in Note 5.16 and 5.17.

The Company has elected to apply Thai Financial Report Standard 15 "Revenue from Contracts with Customers" retrospectively with the cumulative effect of initially applying Thai Financial Report Standard 15 "Revenue from Contracts with Customers" recognized as at 1 January 2019 as an adjustment to the opening balance of retained earnings (or other components of shareholders' equity, as appropriate) of the financial statement for the year ended 31 December 2019. However, the Company does not have any adjustment to the opening balance as at 1 January 2019 of retained earnings nor other components of shareholders' equity because such cumulative effect is immaterial.

For the year ended 31 December 2019, there is no material effect on the financial report for the current period by the application of Thai Financial Report Standard 15 "Revenue from Contracts with Customers" as compared to other standards that were in effect before the change.

4. New Financial Reporting Standards that have been issued but are not yet effective

The Federation of Accounting Professions has issued the new and revised financial reporting standards which are effective for accounting period beginning on or after 1 January 2020 which the Company has not early adopted and expects to adopt in the period when they become effective.

New financial reporting standards which are expected to have the impact on the financial statements when they become effective, are summarized as follows:

4.1 Thai Financial Reporting Standards – Group of Financial Instruments

This group financial reporting standards consists of:

Thai Accounting Standard 32	"Financial Instruments: Presentation"
Thai Financial Reporting Standard 7	"Financial Instruments: Disclosures"
Thai Financial Reporting Standard 9	"Financial Instruments"
TFRIC Interpretation 16	"Hedges of a Net Investment in a Foreign Operation"
TFRIC Interpretation 19	"Extinguishing Financial Liabilities with Equity Investments"
Thai Accounting Guidance "Financial Instruments and Disclosures for Insurance Business"	

This group financial reporting standards supersedes other standards as follows:

Thai Accounting Standard 101	"Doubtful Accounts and Bad Debts"
Thai Accounting Standard 103	"Disclosures in the Financial Statements of Banks and Similar Financial Institutions"
Thai Accounting Standard 104 (revised 2016)	"Accounting for Troubled Debt Restructuring"
Thai Accounting Standard 105 (revised 2016)	"Accounting for Investments in Debt and Equity Securities"
Thai Accounting Standard 106	"Accounting for Investment Entities"
Thai Accounting Standard 107 (revised 2016)	"Financial Instruments: Disclosure and Presentation"
Thai Interpretation 9	"Assets Transferred by Debtors for Debt Settlement"
Thai Accounting Guidance "Derecognition of Financial Assets and Financial Liabilities"	
Thai Accounting Guidance "Insurance Business to Designation of Financial Instruments at Fair Value through Profit or Loss"	
Thai Accounting Guidance "Treasury Stock"	

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In applying of this group of financial report standards, the Company will be required to change the accounting policies related to the transactions as follows:

- Classification and measurement of investments in debt and equity instruments which has to classify as financial assets measured at amortized cost, financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income. If the Company has elected to present subsequent changes in fair value of any investments through other comprehensive income, it is irrevocable.
- Impairment of financial assets which has to recognize the allowance for expected credit losses on financial assets that no longer necessary for an incurred credit loss event to have occurred, and will be remeasured on every reporting date to reflect the changes in credit risk since initial recognition.

Presently, the management of the Company is evaluating the impact on the financial statements from the adoption of this group of financial reporting standards in the period when they become effective.

4.2 Thai Financial Reporting Standard 16 "Lease"

This financial reporting standard supersedes other standards as follows:

Thai Accounting Standard 17 (revised 2018)	"Leases"
TSIC Interpretation 15 (revised 2018)	"Operating Leases – Incentives"
TSIC Interpretation 27 (revised 2018)	"Evaluating the Substance of Transactions Involving the Legal Form of a Lease"
TFRIC Interpretation 4 (revised 2018)	"Determining whether an Arrangement contain s Lease"

In applying of this financial report standard, the Company will be required to change the accounting policies related to the accounting for lessee which has to recognize assets and liabilities for all leases that have the lease term more than 12 months except for which the underlying assets are of low value. Where the Company is lessee, has to recognize a right-to-use asset that represents a right to use an underlying asset and a lease liability that represent an obligation to lease payments.

Presently, the management of the Company is evaluating the impact on the financial statements from the adoption of this financial reporting standard in the period when they become effective.

5. Summary of Significant Accounting Policies

5.1 Measurements Bases used in preparing the Financial Statements

Measurement bases used in preparing the financial statements are historical cost measurement basis and combination of variety measurement bases used. For items that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

5.2 Foreign Currency Transactions

Foreign currency transactions are initially recognized by translated into Thailand Baht using the spot exchange rate at the date of the transaction.

Foreign currency monetary items at the end of period are translated into Thailand Baht using the closing rate.

Exchange rate differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss for the period which the transactions occur.

5.3 Financial Instruments

Non-derivative financial instruments will be recognized in the statement of financial position. Derivative financial instruments will not be recognized in the statement of financial position.

Financial assets which are recognized in the statement of financial position consist of cash and cash equivalents, trade and other receivables and loans. Financial liabilities which are recognized in the statement of financial position consist of defaulted liabilities, overdrafts trade and other payables borrowings and finance lease liabilities. The particular accounting policies have been disclosed in each relating item.

Foreign currency forward contracts have been used to manage the risk from the fluctuation of exchange rate which foreign currency forward contracts will set the future exchange rate that assets or liabilities denominated in foreign currencies will be received or paid. Fair value of foreign currency forward contract at the end of the period will be presented in the notes to the financial statements and realized gain or loss on foreign currency forward contracts will be recognized in profit or loss for the period which they are received or paid.

5.4 Cash and Cash Equivalents

Cash and cash equivalents include financial institution deposits in type of current accounts, savings accounts, and not over than 3 months fixed accounts without guarantee obligation, excluding overdrafts which are presented as current liabilities.

5.5 Trade and Other Receivables

Trade and other receivables are stated at the net realizable value.

Allowance for doubtful accounts is estimated from each receivable that are not expected to be repayable.

5.6 Inventories

Inventories are stated at the lower of cost by weighted average method or net realizable value.

5.7 Investments in Associates

Investments in associates are stated by equity method which is initially recognized at cost and adjusted after the acquisition date by recognition of the Company's share of profit or loss or other comprehensive income of associates in these associates. Distribution or dividend received from associates will be reduced the carrying amount of those investments in associates.

When the Company's share of loss of a associate equals or exceeds the Company's interests in that associate (together with any long-term interests that, in substance, form part of the Company's net investment in that associate), the Company will discontinue recognizing the Company's share of loss in excess of the interests in that associate. After the Company's interests is reduced to zero, the Company will recognize share of additional loss as liabilities only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the Company's associate subsequently reports profit, the Company's will resume recognizing the Company's share of profit only after the share of profit equals the share of loss not recognized.

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5.8 Investment Property

Investment property is land and land improvements which the Company has currently held without specific purpose of use in the future and/or to earn rental income or for asset appreciation, is stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives of 10 – 30 years.

5.9 Property, Plant and Equipment

Property, plant and equipment are stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives as follows:

- Buildings and Building Improvements	3 – 20 years
- Machines and Equipment	5 – 20 years
- Tools	5 years
- Fixtures and Office Equipment	3 – 10 years
- Vehicles	5 – 7 years

There is no depreciation for land and land improvement and assets under construction.

Depreciation of assets arising in the period which it is used to produce other asset are capitalized as part of cost of that other asset which will cease the capitalization when that other asset is ready for intended use.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably.

Repair and maintenance are recognized as expenses in profit or loss for the period in which they are incurred.

The carrying amount of property, plant and equipment will be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of property, plant and equipment is the difference between the net disposal proceeds (if any) and the carrying amount of that asset and recognized in profit or loss when that asset is derecognized.

5.10 Intangible Assets

Intangible assets which are separately acquired with definite useful lives are stated at initial cost deducted by the accumulated amortization and the accumulated impairment loss (if any).

Amortization is calculated on a straight-line method over the approximate useful life of 5 years.

5.11 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss will be recognized immediately in profit or loss.

Recoverable Amount

Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use of an asset by estimating the present value of expected future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

An asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for a cash-generating unit to which the asset belongs.

Reversal of Impairment Loss

Impairment loss of assets other than goodwill recognized in the prior period shall be reversed if, and only if, there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized, which shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

Reversal of impairment loss shall be recognized immediately in profit or loss.

5.12 Leases

Where the Company as Lessee

Leases which transferred substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases, are recognized as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be recognized as expenses in profit or loss for the period in which they are incurred. The assets acquired under finance leases will be depreciated or amortized throughout the useful lives of leased assets. However, if there is no reasonable certainty that the Company will be obtain the ownership by the end of the lease term, depreciation or amortization shall be fully calculated over the shorter of the lease term or the approximate useful life of leased asset.

Leases which the substantial risks and rewards incidental to ownership still remain with the lessor are classified as operating leases. Payments under operation lease (net of any incentives received from the lessor) are recognized as expenses in profit or loss on a straight-line method over that lease term.

5.13 Employee Benefits

Short-Term Employee Benefits

Short-term employee benefits are recognized as expenses in profit or loss for the period in which they are incurred.

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Post-Employment Benefits

- Defined Contribution Plans

The Company has obligations under the defined contribution plan for monthly contribution payable to the provident fund which the Company and employees have jointly established in accordance with the provident fund law that the employees are taken the significant actuarial risk and investment risk. The employees will obtain only the retirement benefits from the assets of the provident fund which are separate from the assets of the Company in accordance with the regulation of the fund.

Contributions for defined contribution plan are recognized as expenses in profit or loss for the period in which they are incurred.

- Defined Benefit Plans

The Company has obligations under the defined benefit plan for severance pay which have to pay to employees when retirement in accordance with the labour law that the Company is taken the significant actuarial risk and investment risk. The Company has to provide the agreed benefits to employees.

Defined benefit liability is determined the present value of defined benefit obligations by actuarial techniques using the projected unit credit method.

Service costs and interest costs on defined benefit liability are recognized as expenses in profit or loss in which they are incurred.

Gain or loss on remeasurement of defined benefit liability is recognized in other comprehensive income for the period which it occurs and shall not be reclassified to profit or loss in a subsequent period which is included immediately in retained earnings (deficits).

5.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, which 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. Reimbursement is recognized as a separate asset, when, and only when it is virtually certain that reimbursement will be received if the Company settles the obligation, but not exceed the amount of related provision.

5.15 Appropriation of Legal Reserve

Appropriation of legal reserve is in accordance with the public limited companies law, which will be appropriated when it is approved by the shareholders' meeting. This legal reserve shall not be distributed as dividend.

5.16 Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the Company satisfies a performance obligation by transferring a promised goods or service (i.e. an asset) to customer which an asset is transferred when the customer obtains control of that asset, and measured at the amount of the transaction price that is allocated to that performance obligation.

- Revenue from Sales of Goods

The Company has charged the goods from customers for promised goods to customers which are typically performance obligations satisfied at a point in time.

The Company has the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product, thence the transaction price includes a variable consideration of refunds, credits or price concessions to customer which the Company has estimated the amount of variable consideration by using the most likely amount method to recognize the refund liabilities and the related right to recover returned products.

Revenue from sales of goods are recognized when the goods are transferred to customers.

- Revenue from Rendering of Services

The Company has charged the services from customers for promised services to customers which the Company has rights to consideration from customers in the amounts that corresponds directly with the value to the customers of the Company's performance completed to date which are typically performance obligations satisfied over time.

Revenue from rendering of services are recognized when the services are rendered to customers in the amounts to which the Company has rights to invoice.

Rental Income

Rental income is recognized by a straight-line method over the lease term.

Interest Income

Interest income is recognized on the effective interest rate.

Dividend Income

Dividend income is recognized when the Company has the right to receive dividend.

5.17 Incremental Costs of Obtaining Contracts with Customers

- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of over 1 year, are recognized as assets and amortized as expenses on a straight-line basis throughout the period of contracts with customers.
- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of 1 year or less, are recognized as expenses when incurred, as the practical expedient.

5.18 Income Tax

Income tax comprises current tax and deferred tax, is recognized in profit or loss except to the extent that it related to a business combinations, or items recognized in other comprehensive income or recognized directly in shareholders' equity which shall be also recognize in other comprehensive income or recognized directly in shareholders' equity.

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Current Tax

Current tax is recognized at the amount expected to be paid to or recovered from the taxation authorities which is calculated in respect of the taxable profits in accordance with the regulation in tax laws using the tax rates that have been enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized by the statement of financial position liability method, based 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.

Deferred tax assets will be recognized only if it is probable that future taxable profit will be available to utilize the tax benefits. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period to the extent that equals to the probable amount of sufficient future taxable profit which the tax benefits can be utilized.

5.19 Earnings (Loss) per Share

Basic earnings (loss) per share are calculated by dividing profit or loss for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There is no calculation of diluted earnings (loss) per share because it has no dilutive potential ordinary shares.

5.20 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies a quoted market price in an active market to measure the 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 will measure fair value using valuation technique that are appropriate in the circumstances and maximizes 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 categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 inputs are unobservable inputs for the assets or liabilities.

At the end of each reporting period, the Company will determine the necessary of any transfers between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5.21 Significant Accounting Judgments and Estimates Used

In order to prepare the financial statements to comply with financial reporting standards, the management of the Company always has to use judgments and estimates on uncertainties. These judgments and estimates used may have an effect on the amount and disclosures shown in the financial statements. The actual result may differ from the estimated amount.

Significant Judgments Used

Information about the significant judgments used in the process of applying the accounting policies that have significant effects on the amounts recognized in the financial statements is as follows:

- Variable Consideration from Sales of Goods

  The management of the Company has used the judgment in assessing the variable consideration of refunds, credits or price concessions to customer in accordance with the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product so as to estimate the amount of variable consideration from sales of goods by using the most likely amount method to include as transaction price in the recognition of revenue from sales of goods, refund liabilities and the related right to recover returned products.

- Leases

  The management of the Company has used the judgment in assessing the terms and conditions of each lease so as to classify the lease as finance lease or operating lease.

Key Assumptions and Estimation Uncertainties

Information about the key assumptions and estimation uncertainties that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next accounting year is as follows:

- Variable Consideration from Sales of Goods

  In the sale of goods, the Company has the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product which the complaint on quality will mostly occur within 3 months after the goods delivery.

  The management of the Company has used the comparing the rate of returned goods and discount on sales for the last 3 months of each reporting period and the returned goods and discount after that reporting period and the rate of cost of returned goods as key assumptions in estimating the amount of variable consideration from sales of goods to include as transaction price in the recognition of revenue from sales of goods, refund liabilities and the related right to recover returned products..

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- Net Realizable Value of Inventories

In the sale of goods, the Company has the pricing in foreign currencies on the market price which is fluctuated by the economic circumstances and exchange rate at that time.

The management of the Company has used the selling price and cost directly relating to the sale of goods occurring after the ended of reporting period, the rate of distribution costs for the year and exchange rate at that transaction date as key assumptions in estimating the value of net realizable value of inventories.

- Post-Employment Benefits – Defined Benefit Plans

In the determining of present value of defined benefit obligations, the Company has to set the actuarial assumptions which are the best estimate on salary increase rate, mortality rate, disability rate and employee turnover rate used in estimating the expected future cash flows and discount rate used in determining the present value of expected future cash flows.

The management of the Company has used the yield on the government bonds that have term to maturity similar to the weighted average duration of defined benefit obligations which reflects the present economic circumstances as discount rate and expected salary increase rate, employee turnover rate, disability rate and mortality rate in the long-run view to comply with the characteristic of the plan which has the long term as key assumptions in the determining of present value of defined benefit obligations.

- Deferred Tax Assets

In the recognition of deferred tax assets, the Company has considered the probable amount of sufficient future taxable profit that can utilize the tax benefits from deferred tax assets which will be reviewed at the end of each reporting period.

The management of the Company has used the financial performance projection as key assumption in the estimating of recognized deferred tax assets in the financial statements.

6. Cash and Cash Equivalents

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Cash	790,259.40	1,355,657.60
Deposits at Financial Institutions – Current Accounts	13,779,486.43	82,368,727.59
Deposits at Financial Institutions – Savings Accounts	27,023,938.58	61,913,858.18
Matured Cheques Receivable	760,202.39	-
Total	42,353,886.80	145,638,243.37

7. Trade and Other Current Receivables

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Trade Receivables		
Trade Receivables – Domestic	117,667,732.44	105,364,502.49
Trade Receivables – Overseas	122,319,149.19	354,238,129.66
Post-Date Cheques Receivable	4,516,576.00	14,160,043.22
Returned Cheques Receivable	58,753.70	100,146.65
Total	244,562,211.33	473,862,822.02
Allowance for Doubtful Accounts	(15,005,033.78)	(474,973.63)
Net	229,557,177.55	473,387,848.39
Other Receivables	31,493,250.64	236,588,904.69
Allowance for Doubtful Accounts	(20,896,854.79)	-
Net	10,596,395.85	236,588,904.69
Total	240,153,573.40	709,976,753.08

As at 31 December 2019 and 2018, trade receivables are classified by aging as follows:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Unbilled	410,325.76	868,771.87
Within Due	102,112,179.11	155,872,810.08
Overdue 1 – 30 days	66,957,661.32	140,461,423.62
Overdue 31 – 60 days	26,653,634.96	104,504,538.58
Overdue 61 – 90 days	14,096,486.23	35,179,715.69
Overdue 91 – 180 days	7,568,568.74	27,269,100.07
Overdue 181 – 365 days	11,758,321.43	8,710,726.66
Overdue more than 365 days	15,005,033.78	995,735.45
Total	244,562,211.33	473,862,822.02
Allowance for Doubtful Accounts	(15,005,033.78)	(474,973.63)
Net	229,557,177.55	473,387,848.39

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As at 31 December 2019 and 2018, other receivables consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Prepaid Expenses	3,921,553.55	3,831,056.85
Prepayment for Goods	22,672,070.28	215,789,669.54
Revenue Department Receivable	363,814.74	11,100,259.22
Others	4,535,812.07	5,867,919.08
Total	31,493,250.64	236,588,904.69
Allowance for Doubtful Accounts	(20,896,854.79)	-
Net	10,596,395.85	236,588,904.69

For the year ended 31 December 2019 and 2018, allowance for doubtful accounts have the movement as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Beginning Balance	(474,973.63)	(172,217.57)
Addition	(36,004,563.44)	(395,636.12)
Reverse	577,648.50	92,880.06
Ending Balance	(35,901,888.57)	(474,973.63)

For the year ended 31 December 2019 and 2018, a part of trade receivables in the amount of Baht 4,533.86 and of Baht 8,753.16 respectively, are written-off as bad debts.

8. Inventories

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Finished Goods	386,566,409.75	376,639,322.24
Semi-Finished Goods – Cow Nappa	372,594,108.01	372,286,024.95
Semi-Finished Goods – Cow Split	28,658,589.23	43,204,431.61
Semi-Finished Goods – Personal Protective Equipment	41,710,760.35	25,928,419.27
Work-in-Process	166,424,126.00	205,245,171.92
Raw Materials	61,022,755.22	51,005,202.12
Chemicals	31,810,618.86	27,831,191.39
Supplies	20,545,808.83	13,785,804.98
Goods-in-Transit	36,307,349.14	35,546,381.26
Right to Recover Returned Products	4,271,975.20	960,070.16
Total	1,149,912,500.59	1,152,432,019.90
Allowance for Devaluation of Inventories	(51,322,872.32)	(22,563,412.93)
Net	1,098,589,628.27	1,129,868,606.97

For the year ended 31 December 2019 and 2018, allowance for devaluation of inventories have the movement as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Beginning Balance	(22,563,412.93)	(165,565,311.28)
Addition	(64,046,705.39)	(68,257,949.98)
Reverse	35,287,246.00	211,259,848.33
Ending Balance	(51,322,872.32)	(22,563,412.93)

As at 31 December 2019 and 2018, the beneficiary from insurance for inventories in the insurance contract amount of Baht 1,180.30 million and of Baht 1,038.10 million respectively, are the collateral pledged as security against all liabilities with the financial institutions as in Note 12.

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9. Investments in Associates

9.1 Detail of associates

Entity's Name	Type of Business	Country of Incorporation	Paid-Up Capital		Investment and Voting Right Ratio		Equity Method	
			As at 31 December 2019 Baht	As at 31 December 2018 Baht	As at 31 December 2019 %	As at 31 December 2018 %	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Integrated Leather Network Company Limited	Rendering of services of grading and distribution of leather products	Thailand	100,000,000.00	100,000,000.00	40.00	40.00	-	4,438,208.60
Total							-	4,438,208.60

The above investments in associate are accounted for using the equity method.

As at 31 December 2019 and 2018, the Company has no investments in associate which is listed company and no quoted market price, thence there is no disclosure of fair value of investments in associate.

9.2 Summarized financial information of Associates

Summarized financial information of significant associate is as follows:

	Integrated Leather Network Company Limited	
	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Current Assets	41,291,324.92	72,782,457.62
Non-Current Assets	49,728,336.46	48,553,616.14
Current Liabilities	(125,289,029.78)	(108,079,825.11)
Non-Current Liabilities	(1,658,485.15)	(3,520,402.54)
Net Assets	(35,927,853.55)	9,735,846.11
	For the year ended	For the year ended
	31 December 2019	31 December 2018
	Baht	Baht
Revenue	52,218,604.80	579,5947,209.77
Profit (Loss) for the year	(43,632,652.66)	57,637.42
Other Comprehensive Income for the year	(2,031,047.00)	(225,049.00)
Total Comprehensive Income for the year	(45,663,699.66)	(167,411.58)
Dividend from Associates during the year	-	-

As at 31 December 2019 and 2018, the reconciliation of the summarized financial information to the carrying amount of investments in associates which are recognized in the financial statements are as follows:

	Integrated Leather Network Company Limited	
	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Net Assets	(35,927,853.55)	9,735,846.11
Investment Ratio (%)	40.00	40.00
Net Assets by Investment Ratio	(14,371,141.42)	3,894,338.44
Ending (Gain) Loss on Assets	640,903.40	543,870.16
Ending Allowance for Doubtful Accounts on Assets	7,848,458.82	-
Ending Unrecognized Share of Loss	5,881,779.20	-
Carrying Amount of Investments in associates	-	4,438,208.60

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For the year ended 31 December 2019 and 2018, investments in associate have the movement as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Beginning Carrying Amount	4,438,208.60	3,997,735.34
Recognized Share of Profit (Loss)		
Recognized in Profit (Loss) for the year	(4,438,208.60)	530,492.86
Recognized in Other Comprehensive Income	-	(90,019.60)
Dividends Received	-	-
Ending Carrying Amount	-	4,438,208.60

9.3 Unrecognized Share of Loss of Associates

For the year ended 31 December 2019 and 2018, unrecognized share of loss of associates have the movement as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Beginning Balance	-	-
Unrecognized Share of Profit (Loss)		
Unrecognized in Profit (Loss) for the year	(12,917,819.22)	-
Unrecognized in Other Comprehensive Income	(812,418.80)	-
Recognized Share of (Profit) Loss		
Recognized as Allowance for Doubtful Accounts		
Prepayment for Goods	7,848,458.82	-
Ending Balance	(5,881,779.20)	-

10. Investment Property

Consist of:

	Land and Land Improvements	
	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Beginning Balance		
Cost	127,452,206.14	127,452,206.14
Carrying Amount	127,452,206.14	127,452,206.14
Transactions during the year		
Beginning Balance	127,452,206.14	127,452,206.14
Ending Balance	127,452,206.14	127,452,206.14
Ending Balance		
Cost	127,452,206.14	127,452,206.14
Carrying Amount	127,452,206.14	127,452,206.14

As at 31 December 2019 and 2018, a part of investment property in the amount of Baht 124.99 million equally for both years, is land and land improvements which the Company has held while presently has not yet identified the purpose of future use, has the fair value in the amount of Baht 141.17 million equally for both years. The Company has measured the fair value from the appraisal results by the independence appraiser with the market approach and the cost approach as report dated 4 July 2016 which are Level 3 inputs of the fair value hierarchy.

As at 31 December 2019 and 2018, a part of investment property in the amount of Baht 2.46 million equally for both years, is the land which the Company has entered into an agreement to sell and buy at the price in the amount of Baht 4.50 million and received completely. Presently, the Company is waiting for the appointment to transfer the ownership in that land.

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11. Property, Plant and Equipment

Consist of:

	Land and Land Improvements	Buildings and Buildings Improvements	Machines and Equipment	Tools	Fixtures and Office Equipment	Vehicles	Assets under Construction	Asset-in-Transit	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning Balance As at 1 January 2019									
Cost	98,165,178.96	404,486,024.87	621,514,668.44	6,988,243.54	56,610,603.80	89,342,887.88	19,973,165.85	7,570,319.92	1,304,651,093.26
Accumulated Depreciation	-	(236,785,513.13)	(326,755,364.83)	(5,123,981.73)	(43,912,603.18)	(63,537,382.24)	-	-	(676,114,845.11)
Carrying Amount	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	628,536,248.15
Transactions during the year ended 31 December 2019									
Beginning Balance	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	628,536,248.15
Purchase of Assets	-	671,000.00	23,873,274.00	149,257.90	3,971,011.20	1,935,046.72	43,365,902.71	(657,265.81)	73,308,226.72
Transfer In (Transfer Out)	-	27,683,340.46	43,032,964.44	-	187,237.00	-	(52,854,773.79)	(6,913,054.11)	11,135,714.00
Sale of Assets	-	-	-	(8.00)	(4,996.75)	(3.00)	-	-	(5,007.75)
Write-off of Assets	-	(1.00)	(354,614.76)	(2,949.12)	(108,091.58)	-	(823,836.31)	-	(1,289,492.77)
Depreciation recognized in Profit (Loss) for the year	-	(19,159,837.90)	(42,740,190.37)	(546,189.24)	(5,120,077.64)	(6,294,259.60)	-	-	(73,860,554.75)
Ending Balance	98,165,178.96	176,895,013.30	318,570,736.92	1,464,373.35	11,623,082.85	21,446,289.76	9,660,458.46	-	637,825,133.60
Ending Balance As at 31 December 2019									
Cost	98,165,178.96	432,832,365.33	681,778,678.28	6,992,681.96	55,492,825.89	89,978,487.88	9,660,458.46	-	1,374,900,676.76
Accumulated Depreciation	-	(255,937,352.03)	(363,207,941.36)	(5,528,308.61)	(43,869,743.04)	(68,532,198.12)	-	-	(737,075,543.16)
Carrying Amount	98,165,178.96	176,895,013.30	318,570,736.92	1,464,373.35	11,623,082.85	21,446,289.76	9,660,458.46	-	637,825,133.60

	Land and Land Improvements	Buildings and Buildings Improvements	Machines and Equipment	Tools	Fixtures and Office Equipment	Vehicles	Assets under Construction	Asset-in-Transit	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning Balance As at 1 January 2018									
Cost	98,165,178.96	322,476,077.66	453,325,478.72	6,759,179.83	52,930,827.98	89,865,317.78	106,921,254.66	-	1,130,443,315.59
Accumulated Depreciation	-	(222,920,232.04)	(341,375,709.48)	(5,605,592.81)	(41,340,921.26)	(63,263,253.70)	-	-	(674,505,709.29)
Carrying Amount	98,165,178.96	99,555,845.62	111,949,769.24	1,153,587.02	11,589,906.72	26,602,064.08	106,921,254.66	-	455,937,606.30
Transactions during the year ended 31 December 2018									
Beginning Balance	98,165,178.96	99,555,845.62	111,949,769.24	1,153,587.02	11,589,906.72	26,602,064.08	106,921,254.66	-	455,937,606.30
Purchase of Assets	-	366,883.96	91,795,559.36	1,115,022.43	6,684,305.59	7,657,570.10	121,089,398.21	8,138,678.28	236,847,417.93
Transfer In (Transfer Out)	-	81,643,063.25	123,499,868.61	-	46,905.00	-	(205,704,226.58)	(568,358.36)	(1,082,748.08)
Sale of Assets	-	-	(5,190.14)	-	(84,726.79)	(4.00)	-	-	(89,920.93)
Write-off of Assets	-	-	(28,991.76)	(2,791.87)	(361,941.20)	(2.00)	(2,333,260.14)	-	(2,726,987.27)
Depreciation recognized in Profit (Loss) for the year	-	(13,865,281.09)	(32,451,711.70)	(401,555.77)	(5,176,448.70)	(8,454,122.54)	-	-	(60,349,119.80)
Ending Balance	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	630,999,885.87
Ending Balance As at 31 December 2018									
Cost	98,165,178.96	404,486,024.87	621,514,668.44	6,988,243.54	56,610,603.80	89,342,887.88	19,973,165.85	7,570,319.92	1,304,651,093.26
Accumulated Depreciation	-	(236,785,513.13)	(326,755,364.83)	(5,123,981.73)	(43,912,603.18)	(63,537,382.24)	-	-	(676,114,845.11)
Carrying Amount	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	628,536,248.15

As at 31 December 2019 and 2018, a part of property, plant and equipment in the carrying amount of Baht 168.02 million and of Baht 181.98 million respectively, together with the beneficiary from insurance in the insurance contract amount of Baht 672.70 million and of Baht 654.70 million respectively, are the collateral pledged as security against all liabilities with the financial institutions as in Note 12.

As at 31 December 2019 and 2018, a part of equipment in the carrying amount of Baht 39.93 million and of Baht 48.73 million respectively, are finance leased assets.

12. Credits and Guarantees

As at 31 December 2019 and 2018, the Company has obtained the credit facilities from several financial institutions in form of overdrafts, promissory notes, letters of credit, trust receipts, letters of guarantee and currency forward contracts totaling in the amount of Baht 2,835.00 million and of Baht 2,402.06 million respectively, letters of credit in the amount of USD 3.00 million and corporate credit card in the amount of Baht 1.60 million equally for both periods. Such credit facilities are secured by the collateral as the transferring of beneficiary from insurance for inventories of the Company as in Note 8, property, plant and equipment of the Company together with the transferring of beneficiary from insurance as in Note 11 and the guarantee of the directors of the Company.

13. Defaulted Liabilities

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Trust Receipts	21,435,038.11	-
Accrued Interest Expenses	126,994.17	-
Total	21,562,032.28	-

As at 31 December 2019, the whole amount of trust receipts is trust receipts for ordering the overseas goods by using the credit facilities from a financial institution which is past due, the default interest rate of 18.00% per annum. Presently, the Company already has completed the settlement.

14. Overdrafts and Short-Term Borrowings from Financial Institutions

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Overdrafts	20,576,204.86	8,447,774.18
Promissory Notes	310,000,000.00	319,492,681.18
Trust Receipts	448,641,964.60	872,446,330.93
Total	779,218,169.46	1,200,386,786.29

As at 31 December 2019 and 2018, the whole amount of overdrafts is bank overdrafts, the interest rate of 6.25 – 6.70% per annum and of 6.25 – 7.68% per annum respectively.

As at 31 December 2019 and 2018, the whole amount of promissory notes is promissory notes for 3 – 6 months equally for both years, the interest rate of 3.00 – 4.25% per annum and of 3.00 – 4.00% per annum respectively.

As at 31 December 2019 and 2018, the whole amount of trust receipts is trust receipts for ordering the overseas goods, the interest rate of 1.50 – 3.95% per annum and of 1.50 – 3.57% per annum respectively. Under the terms of trust receipt contracts, the Company has received the ordered goods by using the credit of the financial institutions, thence the Company constitutes obligation to the financial institutions for such goods both that kept or disposed.

As at 31 December 2019 and 2018, overdrafts and short-term borrowings from financial institutions are secured by the collateral as in Note 12.

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15. Trade and Other Current Payables

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Trade Payables		
Trade Payables – Domestic	123,011,775.93	217,946,921.38
Trade Payables – Overseas	39,884,968.96	47,313,598.01
Post-Date Cheques Payable	5,664,264.58	7,322,434.23
Total	168,561,009.47	272,582,953.62
Other Payables	127,431,787.48	118,495,600.97
Total	295,992,796.95	391,078,554.59

As at 31 December 2019 and 2018, other payables consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Refund Liabilities	11,332,425.78	3,704,048.65
Accrued Expenses	44,786,425.80	51,359,213.19
Prereceived for Goods	27,457,665.97	22,445,185.93
Prereceived for Assets	4,499,993.76	4,499,993.76
Assets Payable	2,028,605.40	1,944,738.13
Accrued Interest Expenses	2,549,712.26	3,653,848.97
Dividends Payable	1,014,050.65	1,013,832.65
Accrued Special Severance Pay for Retirement	3,494,000.00	12,675,000.00
Post-Employment Benefits Payable	10,062,218.50	-
Others	20,206,689.36	17,199,739.69
Total	127,431,787.48	118,495,600.97

16. Long-Term Borrowings

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Current		
Breach of the ongoing Financial Covenants	52,447,000.00	-
Not later than 1 year	8,004,000.00	13,404,000.00
Total Current	60,451,000.00	13,404,000.00
Non-Current		
Later than 1 year but not later than 5 years	14,654,000.00	41,108,000.00
Total Non-Current	14,654,000.00	41,108,000.00
Total	75,105,000.00	54,512,000.00

As at 31 December 2019 and 2018, long-term borrowings have the terms of payment as follows:

No.	Total Limit		Outstanding Balance		Terms of Payment
	As at 31 December 2019 Baht	As at 31 December 2018 Baht	As at 31 December 2019 Baht	As at 31 December 2018 Baht	
1	40,000,000.00	40,000,000.00	22,658,000.00	30,662,000.00	The principal and interest shall be paid monthly with the principal repayment in the amount of Baht 667,000.00 per month for a period of 5 years, the interest rate of MLR-1.00% per annum.
2	27,000,000.00	27,000,000.00	18,450,000.00	23,850,000.00	The principal and interest shall be paid monthly with the principal repayment in the amount of Baht 450,000.00 per month for a period of 5 years, the interest rate of MLR-1.00% per annum.
3	40,000,000.00	-	33,997,000.00	-	The principal and interest shall be paid monthly with the principal repayment in the amount of Baht 667,000.00 per month for a period of 5 years, the interest rate of MLR-2.15% per annum.
Total	107,000,000.00	67,000,000.00	75,105,000.00	54,512,000.00	

As at 31 December 2019 and 2018, long-term borrowings have the significant terms and conditions that the Company has to comply the ongoing financial covenants as follows:

- Debt service coverage ratio in the rate not lower than 1.25 times.
- Interest-bearing debt to equity in the rate not exceeding 1.5 times.
- Debt to equity ratio in the rate not exceeding 2.0 times.

For the year ended 31 December 2019, the Company has breached the ongoing financial covenant of debt service coverage ratio, thence the balance as at 31 December 2019 of the related long-term borrowings is reclassified as current portion. Presently, the Company is requesting for waiver of that ongoing financial covenant from the financial institution.

As at 31 December 2019 and 2018, long-term borrowings are secured by the collateral as in Note 12.

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17. Finance Lease Liabilities

Consist of:

	Minimum Lease Payments		Deferred Interest		Present Value of Minimum Lease Payments	
	As at 31 December 2019 Baht	As at 31 December 2018 Baht	As at 31 December 2019 Baht	As at 31 December 2018 Baht	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Current						
Not later than 1 year	11,192,933.64	12,315,432.76	(944,963.21)	(1,399,387.09)	10,247,970.43	10,916,045.67
Total Current	11,192,933.64	12,315,432.76	(944,963.21)	(1,399,387.09)	10,247,970.43	10,916,045.67
Non-Current						
Later than 1 year but not later than 5 years	16,290,397.72	26,631,493.86	(622,866.59)	(1,512,197.63)	15,667,531.13	25,119,296.23
Total Non-Current	16,290,397.72	26,631,493.86	(622,866.59)	(1,512,197.63)	15,667,531.13	25,119,296.23
Total	27,483,331.36	38,946,926.62	(1,567,829.80)	(2,911,584.72)	25,915,501.56	36,035,341.90

18. Non-Current Provisions for Employee Benefits

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Post-Employment Benefits		
Defined Benefit Plans	55,533,693.02	53,561,969.99
Total	55,533,693.02	53,561,969.99

18.1 Characteristic of Defined Benefit Plan

As at 31 December 2019 and 2018, the Company has operated the post-employment benefit plan which is unfunded defined benefit plan according to final salary that the Company has to pay as severance pay to employees on retirement in accordance with the labour law of Thailand. Therefore, the Company consequently has to take the actuarial risk to pay the agreed benefits to employees.

For the year ended 31 December 2019, the Company has amended the post-employment benefit plan to comply with the new labour law of Thailand which is effective on 5 May 2019 by adding the regulation to make the severance pay to the employee with the completion to 20 years or more of employment, not less than 400 days of last wage rate.

18.2 Amounts in the Financial Statements related to Post-Employment Benefit Plans

For the year ended 31 December 2019 and 2018, amounts in the financial statements related to post-employment benefit plan have the movement as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Beginning Balance	53,561,969.99	47,477,149.00
Recognized in Profit (Loss) for the year		
Past Service Costs	15,843,405.78	-
Current Service Costs	6,417,934.25	5,243,836.95
Interest Costs	1,339,424.00	982,684.04
Total Recognized in Profit (Loss) for the year	23,600,764.03	6,226,520.99
Recognized in Other Comprehensive Income		
(Gain) Loss on Remeasurement of Defined Benefit Plans		
Experience Adjustment	(3,569,478.00)	4,400.00
Total Recognized in Other Comprehensive Income	(3,569,478.00)	4,400.00
Benefits Paid	(18,059,563.00)	(146,100.00)
Ending Balance	55,533,693.02	53,561,969.99

As at 31 December 2019 and 2018, the key assumptions used in the actuarial valuation for post-employment benefit plans are summarized as follows:

	As at 31 December 2019	As at 31 December 2018
Discount Rate	2.07% per annum	3.32% per annum
Salary Increase Rate	3.00% per annum	3.00% per annum
Employee Turnover Rate	0.00 – 35.00% per annum	0.00 – 35.00% per annum
Mortality Rate	100.00% of Thai Mortality Ordinary Table 2017	100.00% of Thai Mortality Ordinary Table 2017
Disability Rate	5.00% of Mortality Rate	5.00% of Mortality Rate
Retirement Age	60 years	60 years

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18.3 Sensitivity Analysis of Key Assumptions Used in Actuarial Valuation for Post-Employment Benefit Plans

As at 31 December 2019 and 2018, sensitivity analysis of each key assumption while holding all other assumptions constant which have been affected by changes in the relevant actuarial assumption that were reasonably possible on defined benefit obligations as at the end of the reporting period is summarized as follows:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Discount Rate		
Increased by 1.00%	(3,644,727.00)	(2,561,090.00)
Decreased by 1.00%	4,134,751.00	2,905,156.00
Salary Increase Rate		
Increased by 1.00%	5,194,371.00	3,120,977.00
Decreased by 1.00%	(4,666,269.00)	(2,809,328.00)

18.4 Maturity of Defined Benefit Obligations

As at 31 December 2019 and 2018, weighted average duration of defined benefit obligations is 6.91 years equally for both years.

The Company has not presented the expected maturity analysis of undiscounted cash flows for benefit payment, but provided the sensitivity of several key assumptions.

19. Share Capital

For the year ended 31 December 2019 and 2018, share capital has the movements as follows:

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Par Value	Number of Share	Amount	Par Value	Number of Share	Amount
	Baht per Share	Shares	Baht	Baht per Share	Shares	Baht
Authorized Share Capital						
Beginning Ordinary Shares	1.00	439,844,340	439,844,340.00	10.00	41,889,937	418,899,370.00
Increase of Ordinary Shares from the Change of Par Value	1.00	-	-	1.00	377,009,433	-
Issuance of Ordinary Shares for the Stock Dividend Payment	1.00	-	-	1.00	20,944,970	20,944,970.00
Ending Ordinary Shares	1.00	439,844,340	439,844,340.00	1.00	439,844,340	439,844,340.00
Issued and Paid-Up Share Capital						
Beginning Ordinary Shares	1.00	439,844,284	439,844,284.00	10.00	41,889,937	418,899,370.00
Increase of Ordinary Shares from the Change of Par Value	1.00	-	-	1.00	377,009,433	-
Issuance of Ordinary Shares for the Stock Dividend Payment	1.00	-	-	1.00	20,944,914	20,944,914.00
Ending Ordinary Shares	1.00	439,844,284	439,844,284.00	1.00	439,844,284	439,844,284.00

On 25 January 2018, the Extraordinary General Shareholders' Meeting of the Company No. 1/2018 has passed the resolution to approve the change of par value of shares of the Company from Baht 10.00 per share to be Baht 1.00 per share, by increase of ordinary shares from 41,889,937 shares to be 418,889,370 shares. The Company already has registered the change of par value with the Department of Business Development, Ministry of Commerce on 31 January 2018.

On 26 April 2018, the Annual General Shareholders' Meeting of the Company for 2018 has passed the resolution to approve the increase of the authorized share capital of the Company from the former authorized share capital in the amount of Baht 418,899,370 which was divided into 418,899,370 ordinary shares at the par value of Baht 1.00 per share, to be the new authorized share capital in the amount of Baht 439,844,340.00 which is divided into 439,844,340 ordinary shares at the par value of Baht 1.00 per share, for support of the stock dividend payment. The Company already has registered the change of authorized share capital with the Department of Business Development, Ministry of Commerce on 21 May 2018.

20. Legal Reserve

In accordance with the Public Limited Companies Act B.E. 2535, the Company has to appropriate not less than 5% of its annual net profit less any accumulated losses brought forward (if any) to a reserve account, until this account reaches an amount not less than 10% of the authorized share capital. This legal reserve shall not be distributed as dividend.

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21. Appropriation of Legal Reserve and Dividends

21.1 On 26 April 2019, the Annual General Meeting of the Shareholders of the Company for 2019 has passed the resolution to approve the appropriation of profit for 2018 as legal reserve in the amount of Baht 598,848.94 and dividend payment to the ordinary shareholders of the Company at the rate of Baht 0.02 per share, totaling in the amount of Baht 8,796,885.68.

21.2 On 26 April 2018, the Annual General Meeting of the Shareholders of the Company for 2018 has passed the resolution to approve the appropriation of retained earnings as dividend payment to the ordinary shareholders of the Company as follows:

- Stock dividends by ordinary shares at the ratio of 20 existing ordinary shares per 1 stock dividend at the par value of Baht 1.00 per share, total not exceeding 20,944,970 shares, calculated at the stock dividend ratio not exceeding Baht 0.05 per share, or equivalent to the amount not exceeding Baht 20,944,970.00. In case that any shareholder obtains fraction of shares from calculation in accordance with such share allocation, the Company shall eliminate that fraction.
- Cash dividends at the ratio of Baht 0.00556 per share, or equivalent to the amount not exceeding Baht 2,329,081.00.

22. Capital Management

The primary objectives of the Company's capital management are to maintain the abilities to continue as a going concern and the optimal capital structure.

The Company monitors capital using debt to equity ratio which is calculated by dividing the liabilities as in the statement of financial position with the shareholders' equity as in the statement of financial position.

As at 31 December 2019 and 2018, debt to equity ratio is as follows:

	As at 31 December 2019	As at 31 December 2018
Liabilities (Baht)	1,316,371,020.70	1,737,749,049.09
Shareholders' Equity (Baht)	914,739,676.80	1,084,567,736.36
Debt to Equity Ratio (Time)	1.44	1.60

Under the significant terms and conditions of long-term borrowings, the Company has to comply the ongoing financial covenants as in Note 16 which the Company had complied with the ongoing financial covenants throughout the reporting period for the year ended 31 December 2018, but has not complied throughout the reporting period for the year ended 31 December 2019. Presently, the Company is requesting for waiver of that ongoing financial covenant from the financial institution.

23. Other Income

Consist of:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Interest Income	152,509.23	923,120.33
Rental and Service Income	9,706,711.99	7,525,903.02
Consultancy Income	3,228,482.14	4,751,010.60
Tax Compensation Income	2,605,478.05	1,705,514.58
Gain on Sale of Property, Plant and Equipment	291,115.42	1,637,533.39
Others	11,368,970.21	4,815,752.26
Total	27,353,267.04	21,358,834.18

24. Provident Fund

The Company and its employees has jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, which is contributed by the employees and the Company, and will be paid to the employees upon retirement in accordance with the regulation of the fund.

For the year ended 31 December 2019 and 2018, the Company has recognized the contribution as expenses in the amount of Baht 4.01 million and of Baht 3.78 million respectively.

25. Expenses by Nature

Consist of:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Changes in Finished Goods and Work-in-Process	27,349,376.65	7,911,404.91
Raw Material and Chemical Used	1,679,639,576.31	2,185,852,566.64
(Reversal of) Loss on Devaluation of Inventories	28,759,459.39	(143,001,898.35)
Employee Benefit Expenses	388,723,896.66	379,316,942.22
Managements' Remuneration	38,332,910.00	49,810,309.00
Depreciation	73,941,097.96	60,421,852.48
Amortization of Leasehold Rights	200,619.67	200,619.67
Amortization of Other Intangible Assets	2,734,811.77	1,755,334.10
Bad Debts	4,533.86	8,753.16
Doubtful Accounts	35,426,914.94	302,756.06
Transportation Expenses	21,069,930.30	33,017,930.59
Sale Promotion Expenses	30,415,496.65	29,406,759.74
Other Service Expenses	32,259,375.21	31,011,113.37
Other Production Expenses	96,622,199.91	96,351,094.31
Rental and Utility Expenses	93,442,264.34	88,645,736.58
Travelling Expenses	24,012,166.43	27,232,114.14
Others	39,113,972.34	22,216,307.87
Total	2,612,048,602.39	2,870,459,696.49

26. Tax (Expense) Revenue

26.1 Tax (Expense) Revenue which is recognized in Profit (Loss) for the year

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Current Tax		
Tax (Expense) Revenue for current period	-	-
Deferred Tax		
Tax (Expense) Revenue relating to the Origination and Reversal of Temporary Differences	13,898,012.65	(4,472,963.23)
Total	13,898,012.65	(4,472,963.23)

For the year ended 31 December 2019 and 2018, the relationship between tax (expense) revenue and accounting profit (loss) in the form of reconciliation between tax (expense) revenue and the product of taxable profit by the applicable tax rate at 20% is as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Profit (Loss) Before Income Tax	(177,784,768.93)	16,449,942.12
Tax (Expense) Revenue by the Tax Rate at 20%	35,556,953.79	(3,289,988.42)
Expenses that are not deductible	(1,196,270.42)	(1,289,073.38)
Concessions	1,417,375.22	-
Temporary Differences for which no Deferred Tax Asset is recognized	(887,641.72)	106,098.57
Tax Losses for which no Deferred Tax Asset is recognized	(20,992,404.22)	-
Total	13,898,012.65	(4,472,963.23)

26.2 Tax (Expense) Revenue which is recognized in Other Comprehensive Income

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Amount Before Tax Baht	Tax (Expense) Income Baht	Amount Net of Tax Baht	Amount Before Tax Baht	Tax (Expense) Income Baht	Amount Net of Tax Baht
Share of Other Comprehensive Income of Associates	-	-	-	(90,019.60)	-	(90,019.60)
Gain (Loss) on Remeasurement of Defined Benefit Plans	3,569,478.00	(713,895.60)	2,855,582.40	(4,400.00)	880.00	(3,520.00)
Total	3,569,478.00	(713,895.60)	2,855,582.40	(94,419.60)	880.00	(93,539.60)

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26.3 Deferred Tax Assets which are recognized in the Financial Statements

	For the year ended 31 December 2019			
	Beginning Balance As at 1 January 2019 Baht	Recognized in Profit (Loss) for the year Baht	Recognized in Other Comprehensive Income Baht	Ending Balance As at 31 December 2019 Baht
Allowance for Doubtful Accounts	94,994.73	7,085,382.98	-	7,180,377.71
Allowance for Devaluation of Inventories	4,512,682.58	5,751,891.88	-	10,264,574.46
Sales with Right to Return				
Refund Liabilities	740,809.73	1,525,675.43	-	2,266,485.16
Right to Recover Returned Products	(192,014.03)	(662,381.01)	-	(854,395.04)
Non-Current Provisions for Employee Benefits	10,712,394.00	1,108,240.21	(713,895.60)	11,106,738.61
Tax Losses	39,045,187.67	(41,365.73)	-	39,003,821.94
Total	54,914,054.68	14,767,443.76	(713,895.60)	68,967,602.84

	For the year ended 31 December 2018			
	Beginning Balance As at 1 January 2018 Baht	Recognized in Profit (Loss) for the year Baht	Recognized in Other Comprehensive Income Baht	Ending Balance As at 31 December 2018 Baht
Allowance for Doubtful Accounts	34,443.51	60,551.22	-	94,994.73
Allowance for Devaluation of Inventories	33,113,062.26	(28,600,379.68)	-	4,512,682.58
Sales with Right to Return				
Refund Liabilities	1,853,541.04	(1,112,731.31)	-	740,809.73
Right to Recover Returned Products	(1,089,327.26)	897,313.23	-	(192,014.03)
Non-Current Provisions for Employee Benefits	9,495,429.79	1,216,084.21	880.00	10,712,394.00
Tax Losses	14,026,092.25	25,019,095.42	-	39,045,187.67
Total	57,433,241.59	(2,520,066.91)	880.00	54,914,054.68

26.4 Deferred Tax Liabilities which are recognized in the Financial Statements

	For the year ended 31 December 2019			
	Beginning Balance As at 1 January 2019 Baht	Recognized in Profit (Loss) for the year Baht	Recognized in Other Comprehensive Income Baht	Ending Balance As at 31 December 2019 Baht
Finance Leases	(1,952,896.32)	(869,431.11)	-	(2,822,327.43)
Total	(1,952,896.32)	(869,431.11)	-	(2,822,327.43)

	For the year ended 31 December 2018			
	Beginning Balance As at 1 January 2018 Baht	Recognized in Profit (Loss) for the year Baht	Recognized in Other Comprehensive Income Baht	Ending Balance As at 31 December 2018 Baht
Finance Leases	-	(1,952,896.32)	-	(1,952,896.32)
Total	-	(1,952,896.32)	-	(1,952,896.32)

26.5 Deductible Temporary Differences for which no Deferred Tax Asset is recognized

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Investments in Associates	40,000,000.00	35,561,791.40
Total	40,000,000.00	35,561,791.40

Deductible temporary differences for which no deferred tax asset is recognized, have no expiry date under the current tax legislation.

The Company has not recognized deferred tax asset for the above deductible temporary differences associated with investments in associates, because the Company has not yet intended to dispose these investments.

26.6 Unused Tax Losses for which no Deferred Tax Asset is recognized

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Expiry Year of Tax Benefits		
2024	104,962,021.10	-
Total	104,962,021.10	-

The Company has not recognized deferred tax asset for the above unused tax losses, because the Company is not probable that the future taxable profit will be available that the tax benefits can be utilized.

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27. Basic Earnings (Loss) Per Share

For the year ended 31 December 2019 and 2018, basic earnings (loss) per share calculated from profit (loss) for the year attributable to the ordinary shareholders' equity of the Company and weighted average number of issued ordinary shares during the year by adjusting the number of ordinary shares to reflect the impact of the increase of ordinary shares from the change of par value and the issuance of ordinary shares for the stock dividend payment as in Note 21.2 as if those events occurred at the beginning of the earliest period presented as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Profit (Loss) Attributable to Ordinary Shareholders of the Company (Baht)	(163,886,756.28)	11,976,978.89
Restated Weighted Average Number of Ordinary Shares (Shares)		
Weighted Average Number of Ordinary Shares	439,844,284	400,708,775
Effect of Increase of Ordinary Shares from the Change of Par Value	-	30,987,077
Effect of Issuance of Ordinary Shares for the Stock Dividend Payment	-	8,148,432
Total	439,844,284	439,844,284
Basic Earnings (Loss) Per Share (Baht)	(0.37)	0.03

28. Segment Information

28.1 General Information about Segment

The Company has identified the reportable segments from the structure of internal managerial and financial information system of the Company according to the types of goods and services which are the operating segments that the management of the Company has use the segment profit (loss) before income tax in the financial performance review regularly as follows:

- Tannery industry segment which has revenue from sales of finished leather products and rendering service of tanning.
- Personal protective equipment segment which has revenue from sales of personal protective equipment products.

28.2 Information about Segment Profit or Loss

Inter-reportable segment transactions are carried out at arm's length and are eliminated from the financial statements of the Company.

Segment revenue and profit or loss include items directly attribute to a segment as well as these that can be allocated on a reasonable basis with revenue and profit or loss in the financial statements of the Company.

For the year ended 31 December 2019 and 2018, the segment information is presented as follows:

	For the year ended 31 December 2019					
	Reportable Segment				Eliminated	Total
	Tannery Industry			Personal Protective	Transactions	
	Finished Leather	Tanning	Total	Equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenue from Contracts with Customers						
External Customers	1,621,738	127,446	1,749,184	680,915	-	2,430,099
Inter-Segment	54,493	99,106	153,599	-	(153,599)	-
Total	1,676,231	226,552	1,902,783	680,915	(153,599)	2,430,099
Disaggregation of Revenue from Contracts with Customers						
Geographical Region						
Domestic	261,614	102,343	363,957	652,693	(153,599)	863,051
Overseas	1,414,617	124,209	1,538,826	28,222	-	1,567,048
Total	1,676,231	226,552	1,902,783	680,915	(153,599)	2,430,099
Gross Profit (Loss)	(25,891)	(6,540)	(32,431)	278,688	7	246,264
Gain (Loss) on Exchange Rate			25,471	3,069	-	28,540
Interest Income			33	119	-	152
Other Income			16,326	10,882	(7)	27,201
Distribution Costs			(117,491)	(123,022)	-	(240,513)
Administrative Expenses			(123,128)	(64,573)	-	(187,701)
Interest Expenses			(35,510)	(9,357)	-	(44,867)
Other Finance Costs			(1,852)	(571)	-	(2,423)
Share of Profit (Loss) of Associates			(4,438)	-	-	(4,438)
Profit (Loss) before Income Tax			(273,020)	95,235	-	(177,785)
Tax (Expense) Income						13,898
Profit (Loss) for the year						(163,887)
Depreciation and Amortization			53,626	22,472	-	76,098

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	For the year ended 31 December 2018					
	Reportable Segment				Eliminated	Total
	Tannery Industry			Personal Protective	Transactions	
	Finished Leather	Tanning	Total	Equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenue from Contracts with Customers						
External Customers	1,942,493	256,770	1,646,887	698,285	-	2,897,548
Inter-Segment	28,928	14,484	43,412	-	(43,412)	-
Total	1,971,421	271,254	2,242,675	698,285	(43,412)	2,897,548
Disaggregation of Revenue from Contracts with Customers						
Geographical Region						
Domestic	208,718	14,484	223,202	674,383	(43,412)	854,173
Overseas	1,762,703	256,770	2,019,473	23,902	-	2,043,375
Total	1,971,421	271,254	2,242,675	698,285	(43,412)	2,897,548
Gross Profit (Loss)	116,906	10,788	127,694	286,293	-	413,987
Gain (Loss) on Exchange Rate			(197)	3,197	-	3,000
Interest Income			813	110	-	923
Other Income			11,627	8,809	-	20,436
Distribution Costs			(70,433)	(115,154)	-	(185,587)
Administrative Expenses			(138,232)	(63,079)	-	(201,311)
Interest Expenses			(29,027)	(3,633)	-	(32,660)
Other Finance Costs			(2,200)	(668)	-	(2,868)
Share of Profit (Loss) of Associates			530	-	-	530
Profit (Loss) before Income Tax			(99,425)	115,875	-	16,450
Tax (Expense) Income						(4,473)
Profit (Loss) for the year						11,977
Depreciation and Amortization			35,795	26,382	-	62,177

28.3 Information about Major Customers

For the year ended 31 December 2019 and 2018, information about major customers which amounting to 10% or more of revenue in the financial statements of the Company is as follows:

	Proportion to Total Revenue		Revenue	
	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018
	%	%	Baht	Baht
1st Oversea Customer	13.00	13.35	315,939,957.48	386,837,020.48
2nd Oversea Customer	11.44	11.68	278,045,697.64	338,402,652.25
Total	24.44	25.03	593,985,655.12	725,239,672.73

29. Financial Instruments

29.1 Financial Risk Management Policy

The Company has exposure to interest rate risk, exchange rate risk and credit risk which the Company will consider to use the appropriate financial instruments to manage those risks. However, the Company does not have policy to hold or issue any derivative financial instruments for speculation or trading.

29.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk of the Company is mainly associated with purchase of raw materials and machinery and sale of goods in foreign currencies.

As at 31 December 2019 and 2018, the Company has financial assets and financial liabilities which expose to the currency risk as follows:

Currencies	Financial Assets		Financial Liabilities	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
United States Dollar	3,765,475.89	10,780,174.40	7,344,214.84	11,573,320.63
Euro Zone	5,100.00	2,240.00	136,425.50	306,350.50
China Yuan	30,700.00	-	-	-
Hong Kong Dollar	150.00	-	-	-
Great Britain Pound	-	-	-	1,760.00

As at 31 December 2019 and 2018, the Company has used the derivatives to manage the currency risk as follows:

Risk Managed Currencies	Amounts to be Received (Paid)			
	Buying Contracts		Selling Contracts	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
United States Dollar				
Currency Forward Contracts				
Nominal Amount				
United States Dollar	762,938.08	-	(3,278,449.63)	(2,893,424.63)
Thailand Baht	(23,261,982.06)	-	98,915,002.08	94,022,352.74
Fair Value (Baht)	(293,902.55)	-	418,412.03	477,187.84

As at 31 December 2019 and 2018, fair value of derivatives using to manage the currency risk are measured by using the rates determined by those counterparty financial institutions as at the end of the reporting date which is Lever 2 inputs of the fair value hierarchy.

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29.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2019 and 2018, the Company has financial assets and financial liabilities which expose to the interest rate the risk as follows:

	As at 31 December 2019				
	Interest Bearing		Non-Interest	Total	Interest Rate
	Floating Rate	Fixed Rate	Bearing		
	Baht	Baht	Baht	Baht	% per annum
Financial Assets					
Cash and Cash Equivalents	27,023,938.58	-	15,329,948.22	42,353,886.80	0.050 – 0.712
Long-Term Loans to Employees	-	327,610.00	-	327,610.00	6.00
Financial Liabilities					
Defaulted Liabilities	21,435,038.11	-	126,994.17	21,562,032.28	18.00
Overdrafts	20,576,204.86	-	-	20,576,204.86	6.25 – 6.70
Short-Term Borrowings					
from Financial Institutions					
Thailand Baht	508,350,938.75	-	-	508,350,938.75	2.73 – 4.25
Foreign Currencies	250,291,025.85	-	-	250,291,025.85	1.50 – 3.57
Short-Term Borrowings	-	60,000,000.00	-	60,000,000.00	2.50
Long-Term Borrowings	75,105,000.00	-	-	75,105,000.00	4.875 – 5.000
Finance Lease Liabilities	-	25,915,501.56	-	25,915,501.56	0.35 – 2.75

	As at 31 December 2018				
	Interest Bearing		Non-Interest	Total	Interest Rate
	Floating Rate	Fixed Rate	Bearing		
	Baht	Baht	Baht	Baht	% per annum
Financial Assets					
Cash and Cash Equivalents	61,913,858.18	-	83,724,385.19	145,638,243.37	0.125 – 0.75
Long-Term Loans to Employees	-	141,147.00	-	141,147.00	6.00
Financial Liabilities					
Overdrafts	8,447,774.18	-	-	8,447,774.18	7.675
Short-Term Borrowings					
from Financial Institutions					
Thailand Baht	621,857,571.15	-	-	621,857,571.15	3.00 – 4.00
Foreign Currencies	570,081,440.96	-	-	570,081,440.96	1.50 – 4.14
Long-Term Borrowings	54,120,000.00	-	-	54,120,000.00	5.00 – 5.25
Finance Lease Liabilities	-	36,035,341.90	-	36,035,341.90	0.31 – 2.75

As at 31 December 2019 and 2018, the Company does not use any financial instrument to manage the interest rate risk.

29.4 Credit Risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company is associated with concentrations of credit and default on collection from financial institution deposits and receivables.

As at 31 December 2019 and 2018, the Company has the maximum potential credit loss equals to the carrying amount of financial institution deposits and receivables presented in the financial statements.

As at 31 December 2019 and 2018, the Company has managed the credit risk as follows:

Group of Financial Assets	Credit Risk Management
Financial Institution Deposits	Consideration of the credit rating of financial institutions and credit facilities granted with the Company.
Receivables	Consideration of the credit quality of the receivable from financial position and past experience of collection and required some customers have to open letter of credit or make the advance payment for goods.

29.5 Fair Value

As at 31 December 2019 and 2018, financial assets and financial liabilities are mainly classified in short-term and loans and borrowings are bearing interest rates close to market interest rates. Thence, the management of the Company believes that the carrying amount of those financial assets and financial liabilities are immaterially differed from fair value.

29.6 Fair Value Hierarchy

As at 31 December 2019 and 2018, fair value hierarchy of assets and liabilities in the statement of financial position is as follows:

	As at 31 December 2019				
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	Baht	Baht	Baht	Baht	Baht
Assets					
Not measured at Fair Value but for which the Fair Value is disclosed					
Investment Property	124,988,568.42	-	-	141,170,000.00	141,170,000.00

	As at 31 December 2018				
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	Baht	Baht	Baht	Baht	Baht
Assets					
Not measured at Fair Value but for which the Fair Value is disclosed					
Investment Property	124,988,568.42	-	-	141,170,000.00	141,170,000.00

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30. Related Party Transactions

The Company has significant business transactions with the related parties. Such transactions are concluded on commercial terms and bases agreed upon between the Company and those related parties which are in ordinary course of business, are summarized as follows:

30.1 Nature of Relationship of the Company

Names of Related Parties	Nature of Relationship
Integrated Leather Network Company Limited	Associate by Direct Shareholding
Eagle Chemical Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Applied DB Public Company Limited	Related Entity by Common Group of Shareholders and Executives
Mimi Industrial Company Limited	Related Entity by Common Group of Shareholders and Executives
Manwood Intertrade Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Wiring System Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Technical Nonwoven Company Limited	Related Entity by Common Group of Shareholders and Executives
CS Rubber Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Jingdong CS Rubber Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Asset Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Holding Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Thanee Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Condotown Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Tanning Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
V T Brother Company Limited	Related Entity by Common Group of Shareholders and Executives
Furano Air Company Limited	Related Entity by Common Group of Shareholders and Executives
Smart Sense Industrial Design Company Limited	Related Entity by Common Group of Shareholders and Executives
Khun Puvasith Wongcharoensin	Related Person by being the Director and Shareholder of the Company
Khun Natthajak Wongcharoensin	Related Person by being the Shareholder of the Company and Director and Shareholder of the Related Entity
Khun Thavatchai Wongcharoensin	Related Person by being the Shareholder and Ex-Director of the Company
Khun Lai Chi-Hsiang	Related Person by being the Shareholder and Ex-Director of the Company
Khun Artid Chenpreecha	Related Person by being the Shareholder and Ex-Director of the Company

30.2 Inter-Transactions

	Pricing Policies	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Associates			
Revenue from Sales	Comparable prices with other entities	25,802.50	1,798,423.40
Consultancy Income	Cost plus margin prices	3,228,482.14	4,751,010.60
Rental Income	Mutual agreed prices	-	130,625.00
Purchase of Goods	Mutual agreed prices	-	2,255,053.29
Purchase of Raw Materials	Mutual agreed prices	14,202,664.00	484,074,863.41
Related Entities			
Revenue from Sales	Comparable prices with other entities	1,248,086.65	3,622,703.66
Rental Income	Mutual agreed prices	420,742.32	420,742.32
Sales of Equipment	Mutual agreed prices	481,246.72	-
Purchase of Raw Materials	Mutual agreed prices	341,014,181.98	376,754,225.03
Purchase of Supplies	Mutual agreed prices	2,582,055.54	2,271,850.00
Rental Expense	Mutual agreed prices	6,670,052.00	6,049,616.00
Other Expenses	Mutual agreed prices	1,978,354.91	1,222,341.90
Purchase of Equipment	Mutual agreed prices	977,383.25	-
Related Persons			
Consultancy Expense	Mutual agreed prices	3,600,000.00	-
Rental Expense	Mutual agreed prices	180,000.00	180,000.00
Other Expenses	Mutual agreed prices	423,440.45	352,663.43

30.3 Inter-Outstanding Balances

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Trade Receivables		
Associates	-	41,173.60
Related Entities	196,113.35	1,593,055.80
Total	196,113.35	1,634,229.40
Prepayment for Goods		
Associates	7,848,458.82	7,848,458.82
Related Entities	-	720,000.00
Total	7,848,458.82	8,568,458.82
Allowance for Doubtful Accounts	(7,848,458.82)	-
Net	-	8,568,458.82
Other Receivables		
Associates	180,285.00	43,468.75
Related Entities	2,206.19	2,206.19
Total	182,491.19	45,674.94
Trade Payables		
Associates	2,512,821.80	2,512,821.80
Related Entities	83,470,125.09	151,748,552.10
Total	85,982,946.89	154,261,373.90
Accrued Expenses		
Related Entities	5,070.00	36,280.50
Total	5,070.00	36,280.50
Accrued Interest Expenses		
Related Persons	52,054.79	-
Total	52,054.79	-
Post-Employment Benefits Payable		
Related Persons	8,424,680.00	-
Total	8,424,680.00	-
Other Payables		
Related Entities	122,918.81	168,641.18
Related Persons	28,922.73	10,284.00
Total	151,841.54	178,925.18

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Short-Term Borrowings		
Related Persons		
Beginning Balance	-	-
Additional Borrowings	60,000,000.00	-
Repayment	-	-
Ending Balance	60,000,000.00	-

As at 31 December 2019, the whole amount of short-term borrowings from related persons is borrowings from the directors of the Company in form of loan agreement for 2 months, the interest rate of 2.50% per annum. Presently, the Company already has completed the repayment.

30.4 Inter-Obligations

As at 31 December 2019 and 2018, the Company has obligations in accordance with the land lease contract with related entity as in Note 32.2.

As at 31 December 2019 and 2018, the Company has obligations in accordance with the buildings lease contracts with related parties as in Note 32.3.

As at 31 December 2019, the Company has obligations in accordance with the professional or consultant hire contracts with related persons as in Note 32.5.

30.5 Key Management Personnel Compensation

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Short-Term Employee Benefits	32,216,950.00	40,815,050.00
Post-Employment Benefits		
Defined Contribution Plans	500,592.00	568,464.00
Defined Benefit Plans	3,080,368.00	878,465.00
Special Severance Pay for Retirement	2,535,000.00	7,605,000.00
Total	38,332,910.00	49,866,979.00

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31. Cash Flows Information

31.1 Non-Cash Transactions

Consist of:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Acquisition of Property, Plant and Equipment		
By assuming Assets Payable		
Value of Assets in Property, Plant and Equipment	1,927,641.55	1,896,369.55
Value Added Tax in Trade and Other Current Receivables	100,963.85	48,368.58
By means of Finance Leases	965,046.72	4,299,065.42
Transfer Inventories to Property, Plant and Equipment	7,347,374.00	-
Transfer Property, Plant and Equipment to Other Intangible Assets	-	751,750.00
Transfer Property, Plant and Equipment to Non-Current Assets	-	330,998.08
Transfer Other Intangible Assets to Trade and Other Current Receivables	240,000.00	-
Transfer Prepayments for Assets to Trade and Other Current Receivables	695,412.00	-
Transfer Prepayments for Assets to Property, Plant and Equipment	3,788,340.00	-
Transfer Current Tax Assets to Prior Period Tax Assets	661,662.61	7,446,148.44
Post-Employment Benefits Payable	10,062,218.50	-
Share of Other Comprehensive Income of Associates	-	(90,019.60)
Gain (Loss) on Remeasurement of Defined Benefit Plans which is recognized in Other Comprehensive Income	3,569,478.00	(4,400.00)

31.2 Changes in Liabilities arising from Financing Activities

For the year ended 31 December 2019 and 2018, changes in liabilities arising from financing activities have the movement as follows:

	For the year ended 31 December 2019				
	Beginning Balance As at 1 January 2019	Changes from Financing Cash Flows	Effect of Changes in Foreign Exchange Rates	Other Changes	Ending Balance As at 31 December 2019
	Baht	Baht	Baht	Baht	Baht
Defaulted Liabilities	-	-	-	21,562,032.28	21,562,032.28
Overdrafts and Short-Term Borrowings					
from Financial Institutions	1,200,386,786.29	(399,228,525.94)	(505,052.78)	(21,435,038.11)	779,218,169.46
Short-Term Borrowings	-	60,000,000.00	-	-	60,000,000.00
Long-Term Borrowings					
Current	13,404,000.00	(19,407,000.00)	-	66,454,000.00	60,451,000.00
Non-Current	41,108,000.00	40,000,000.00	-	(66,454,000.00)	14,654,000.00
Finance Lease Liabilities					
Current	10,916,045.67	(11,084,887.06)	-	10,416,811.82	10,247,970.43
Non-Current	25,119,296.23	-	-	(9,451,765.10)	15,667,531.13
Accrued Interest Expenses	3,653,848.97	(45,844,412.78)	-	44,740,276.07	2,549,712.26
Dividends Payable	1,013,832.65	(8,796,667.68)	-	8,796,885.68	1,014,050.65
Total	1,295,601,809.81	(384,361,493.46)	(505,052.78)	54,629,202.64	965,364,466.21

	For the year ended 31 December 2019				
	Beginning Balance As at 1 January 2018	Changes from Financing Cash Flows	Effect of Changes in Foreign Exchange Rates	Other Changes	Ending Balance As at 31 December 2018
	Baht	Baht	Baht	Baht	Baht
Overdrafts and Short-Term Borrowings					
from Financial Institutions	649,082,803.45	553,523,198.22	(2,219,215.38)	-	1,200,386,786.29
Long-Term Borrowings					
Current	8,004,000.00	(11,154,000.00)	-	16,554,000.00	13,404,000.00
Non-Current	30,662,000.00	27,000,000.00	-	(16,554,000.00)	41,108,000.00
Finance Lease Liabilities					
Current	2,527,237.66	(7,490,325.88)	-	15,879,133.89	10,916,045.67
Non-Current	3,369,711.81	33,329,652.89	-	(11,580,068.47)	25,119,296.23
Accrued Interest Expenses	1,329,467.12	(30,335,440.55)	-	32,659,822.40	3,653,848.97
Dividends Payable	667,176.20	(1,982,479.01)	-	2,329,135.46	1,013,832.65
Total	695,642,396.24	562,890,605.67	(2,219,215.38)	39,288,023.28	1,295,601,809.81

CPL Group Public Co.,Ltd.

32. Obligations and Contingent Liabilities

In addition to liabilities in the statement of financial position as at 31 December 2019 and 2018, the Company has obligations and contingent liabilities as follows:

32.1 As at 31 December 2019 and 2018, the Company has obligations and contingent liabilities with financial institutions as follows:

	As at 31 December 2019			As at 31 December 2018		
	Total Limit	Utilized Limit	Remaining Limit	Total Limit	Utilized Limit	Remaining Limit
Overdrafts						
Million Baht	100.00	(20.58)	79.42	100.00	(8.45)	91.55
Promissory Notes, Letters of Credit and Trust Receipts						
Million Baht	1,630.00	(780.09)	849.91	1,637.06	(1,167.28)	469.78
Million United States Dollar	3.00	(1.25)	1.75	3.00	(2.10)	0.90
Letters of Guarantee						
Million Baht	15.00	(7.59)	7.41	15.00	(7.26)	7.74
Currency Forward Contracts						
Million Baht	1,090.00	(122.18)	967.82	650.00	(94.02)	555.98
Corporate Credit Card						
Million Baht	1.60	(0.22)	1.38	1.60	(0.28)	1.32

32.2 As at 31 December 2019 and 2018, the Company has obligations to future land lease payments in accordance with the land lease contract which is classified as operating lease with related entity. The contract is for a period of 15 years ended 30 April 2032, the lease rate is in the amount of Baht 0.06 million per month, which the lessor has the right to increase the lease rate not over than 10% on every 3 years.

32.3 As at 31 December 2019 and 2018, the Company has obligations to future buildings lease payments in accordance with the buildings lease contracts which are classified as operating lease with related parties as follows:

	As at 31 December 2019	As at 31 December 2018
	Million Baht	Million Baht
Not later than 1 year	5.56	5.56
Later than 1 year but not later than 5 years	4.02	8.04
Total	9.58	13.60

32.4 As at 31 December 2019 and 2018, the Company has obligations to future buildings lease and office equipment lease payments in accordance with the buildings lease contracts and the office equipment lease contracts which are classified as operating leases with other entities as follows:

	As at 31 December 2019	As at 31 December 2018
	Million Baht	Million Baht
Not later than 1 year	2.39	2.86
Later than 1 year but not later than 5 years	2.99	3.41
Total	5.38	6.27

32.5 As at 31 December 2019, the Company has obligations in accordance with the professional or consultant hire contracts with related persons. The contracts are for a period of 12 months ended 31 December 2020, the consultancy rate is in the amount of Baht 0.60 million per month.

32.6 As at 31 December 2019 and 2018, the Company has obligations in accordance with the service contracts with other entities in the amount of Baht 6.44 million and of Baht 14.21 million respectively.

32.7 As at 31 December 2019 and 2018, the Company has obligations to future payments for capital expenditure with other entities to acquire significant property, plant and equipment which are not yet recognized as follows:

	As at 31 December 2019	As at 31 December 2018
Million Thailand Baht	1.36	15.50
Million United States Dollar	0.02	0.01
Million Euro Zone	0.11	0.17

33. Reclassifications

The financial information for the prior period which is presented as comparative information has been reclassified for comparability with the classification in the financial statements for the current period, which does not have any effect on profit (loss) for the year or the shareholders' equity already reported, are summarized as follows:

	As Previously Reported Baht	Reclassification Baht	As Currently Report Baht
Statement of Financial Position			
As at 31 December 2018			
Trade and Other Current Receivables	706,272,704.43	3,704,048.65	709,976,753.08
Investment Property	124,988,568.42	2,463,637.72	127,452,206.14
Property, Plant and Equipment	630,999,885.87	(2,463,637.72)	628,536,248.15
Trade and Other Current Payables	387,374,505.94	3,704,048.65	391,078,554.59
Statement of Financial Position			
As at 1 January 2018			
Trade and Other Current Receivables	256,754,056.95	9,267,705.18	266,021,762.13
Investment Property	124,988,568.42	2,463,637.72	127,452,206.14
Property, Plant and Equipment	458,401,244.02	(2,463,637.72)	455,937,606.30
Trade and Other Current Payables	250,423,400.57	9,267,705.18	259,691,105.75

34. Approval of the Financial Statements

These financial statements have been approved for issue by the Board of Directors of CPL Group Public Company Limited on 24 February 2020.

CPL Group Public Co.,Ltd.

CPL PANGOLIN

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