

TYCONS



ANNUAL REPORT 2020

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1. Policy and business operating overview

Background

Tycoons Worldwide Group (Thailand) Public Co., Ltd. (hereinafter called “TYCN”) was established on September 9, 1996. TYCN is 70.30% owned subsidiary of Tycoons Group International Co., Ltd. (hereinafter called “TGI”), which was incorporated in the Cayman Islands and 100% owned by Tycoons Group Enterprise Co., Ltd. (hereinafter called “TGE”). TYCN converted to a public company on July 9, 2003, and became a listed company on December 11, 2003. TYCN’s principal business is to produce and sell wire rod, reinforcing bars (including deformed bars and round bars), annealed wire, screws, bolts and thread rod internationally and in Thailand. TYCN is the only one producer in Thailand who has a world-class midstream to downstream vertically integrated plant. The capacity per year for wire rod, annealed wire, screws and bolts are 360,000 tons, 108,000 tons, 18,000 tons, and 36,000 tons respectively. All of TYCN’s productions are done by its plants in Rayong, Thailand.

1.1 General operating policy

Vertical integration, focus on cost down, catch customer requirements for products indeed, and constantly innovative ideas, raise the bar for ourselves.

1.1.1 Operational visions

1. Follow vertical integration policy to expand into upstream industry be in control of the upstream material, billets.
2. Keep promoting TYCN’s reputation and maintain the leadership in production, sale, and service of wire rods and reinforcing bars in Thailand.
3. Be a sustainable enterprise which takes responsibility for local environment, community and society.

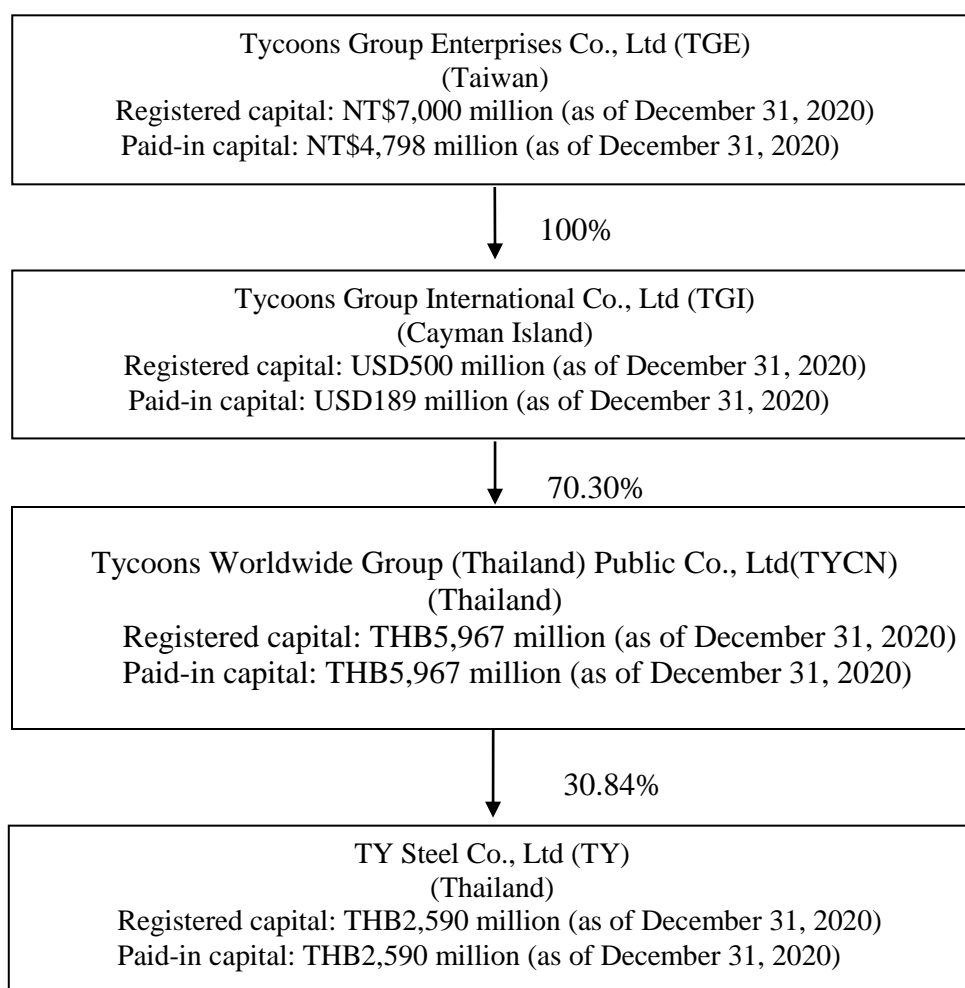
1.1.2 Operational Missions

1. Keep raising product quality, improving efficiency, and lowering production cost. Produce and sell price-competitive steel products which meets customers’ demand.
2. Obey environmental policy, well utilize resources, minimize pollutions, and properly dispose waste in accordance with environmental regulations.
3. Care for social responsibility and make both TYCN and the community everlasting.

1.2 Significant change and development

In year 2011, major shareholder Tycoons Group International Co., Ltd has set aside 60,000,000 shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd (about 9.94% of total outstanding common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd) to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange and has been listed on Sep.29, 2011. Therefore, the shareholding that Tycoons Group International Co., Ltd holds Tycoons Worldwide Group (Thailand) Public Co., Ltd was 70.30% at this moment.

1.3 Structure of the group



TGE was approved to be incorporated by the Ministry of Economic Affairs under the company law of the Republic of China on November 20, 1980. Its total registered capital as of December 31, 2020 was NT\$ 7,000 million, paid-in capital was about NT\$ 4,798 million. Currently, TGE's main business is to produce annealed wire using wire rod, raw material imported from TYCN. TGE also directly sells wire rods and annealed wire to customers in the Taiwan market.

TGE currently has the production facility in Taiwan for production of annealed wire, bolt and the only heat treatment facility in Taiwan for the screws. TGE also took the view that there was further potential for upward integration in its industry. Thus, after consideration, TGE established TYCN in Thailand as its production base for upward integrated products (wire rods as well as annealed wires and screw and bolt). TGE chose Thailand as a production base because Thailand is extremely competitive in terms of logistics and manufacturing cost. TGE's investment in TYCN is done through the TGI to take advantage of advantageous tax treatment. TGE's primary market is limited to Taiwan to avoid so-called cannibalization within its group of companies. In accordance with company policy, management and operation of TGE and TYCN are clearly separated, and the two management teams are independent each other, in order that each company is acting in its own best interests.

1.4 Relationship with the business group of major shareholder

Currently, TYCN's largest customer in Taiwan market, including wire rod and annealed wire, is Tycoons Group Enterprise (TGE), TYCN's indirect majority shareholder via Tycoons Group International Co., Ltd.(TGI), (TGE holds a stake of up to 100% in TGI and TYCN is a 70.30% owned subsidiary of TGI). TYCN's sales to TGE accounted for 4.73% of TYCN's total International sales in 2020, mainly due to the fact that TGE is TYCN's agent who is in charge of business development and marketing in Taiwan, which allows TYCN to rapidly react to the demand and prices in Taiwan market. Therefore, the business relationship between TGE and TYCN will be able to stay mutually beneficial.

In accordance with company policy, management and operation of TGE and TYCN are clearly separated, and the two management teams are independent each other, in order that each company is acting in its own best interests.

2. Nature of the business

Revenue structure

Product	2020		2019		2018	
	MB	%	MB	%	MB	%
Domestic Sales						
1. Wire rod (including reinforcing bar)	3,804	63.54	4,244	44.38	4,745	45.82
2. Annealed wire	126	2.11	83	0.87	99	0.96
3. Fastener	18	0.30	22	0.23	42	0.41
4. Others	481	8.03	2,547	26.64	1,007	9.72
Total domestic Sales	4,429	73.98	6,896	72.12	5,893	56.90
International Sales						
1. Wire rod (including reinforcing bar)	11	0.18	99	1.04	276	2.67
2. Annealed wire	450	7.52	816	8.53	1,119	10.81
3. Fastener	986	16.47	1,589	16.62	2,070	19.99
4. Others	111	1.85	162	1.69	998	9.64
Total International Sales	1,558	26.02	2,666	27.88	4,463	43.10
Total Sale	5,987	100.00	9,562	100.00	10,356	100.00

Based on the figures above, domestic sales generally accounted for a greater proportion of TYCN's total sales than international sales over period from 2018 through 2020, Nonetheless, the relative proportions of wire rod (including reinforcing bar) are mainly sold in the domestic and foreign markets are annealed wire and fastener. Wire rod comprised the largest proportion of sales in 2020, accounting for about 63.72%.

The primary markets for screw in 2020 were the America, Poland and Romania. The primary markets for annealing wire in 2020 is Taiwan. The primary markets for bolt were Germany and England.

2.1 Products

2.1.1 Wire Rods

2.1.1.1 Wire Rods in Coil:

Wire rods in coil, with outer diameter 1250mm and inner diameter 850mm, are made of billets through the process of hot rolling to bars (diameter from 5.5mm to 16mm), coiling and strapping.

2.1.1.2 Bars in Coil:

Bars in coil, also named as BIC, with outer diameter 1400mm and inner diameter 1100mm, are made of billets through the process of hot rolling to bars (diameter from 17mm to 42mm), coiling and strapping.

The company produces low-carbon wire rods in accordance with TISI no.348- 2540, while produces high-carbon wire rods in accordance with TISI no.349-2561.

2.1.2 Reinforcing bars

2.1.2.1 Deformed Bars

Deformed Bars are the product with transverse ribs, longitudinal ribs or gaps on its surfaces, which reinforce the pull strength between deformed bars and concrete. Specifications of Deformed bar product are DB10, DB12, DB16, DB20 and DB25 under Thai SD40 & SD50. Straight deformed bars, with diameter from 10mm to 12mm, are made of billets through hot rolling and flying shears.

2.1.2.2 Round Bars

Round bars are made of bars with smooth surface through coiling and strapping. (Specifications are RB6-RB25).

2.1.3 Annealed Wires

Annealed wires are either finished or semi-finished products which are made of wire rods through complete or partial processes of intermediate drawing, spheroidizing, pickling and coating, and skin-pass. Annealed wires are classified into:

A. Small size annealed wires with diameter no more than 5.5mm

B. Big size annealed wires with diameter from 5.5mm to 29mm.

2.1.4 Fasteners

A. Screws

Screws are made of small size annealed wires through head forming, thread rolling, heat treatment, and surface treatment. Screws can be used together with rivets to fasten multiple parts.

B. Bolts

Bolts are made of big size annealed wires through head forming, thread rolling, heat treatment, and surface treatment. Bolts can be used together with nuts and washers to fasten multiple parts.

C. Thread rods

Thread rods are made of wire rods through cutting, thread rolling, and surface treatment. Thread rods can be used together with nuts and washers to fasten multiple parts.

2.1.5 Product and standardization certification

License granted by TISI

The company produces low-carbon wire rods in accordance with TISI no.348-2559, while produces high-carbon wire rods in accordance with TISI no.349-2561.

The company produces reinforcing bars deformed bars in coil was granted a certification of new standards TIS 24-2559 by TISI. The granted certification of standards by TISI for its deformed bar product category of SD40 and SD50. Specifications of Deformed bar product are DB10, DB12, DB16, DB20, and DB25, with diameter from 10mm to 25mm.

On January 10, 2018, TY was granted a certification of new standards TIS 24-2559 by TISI for its straight deformed bar product category of SD40 and SD50. Specifications of straight deformed bar product are DB10, DB12, DB16, DB20, DB22, DB25, DB28, DB32, DB36 and DB40, with diameter from 10mm To 40mm.

The company produces reinforcing bars round bars in coil was granted a certification of new standards TIS 20-2559 by TISI. The granted certification of standards by TISI for its round bar product category of SR24. Specifications of round bar product are RB6, RB8, RB9, RB12, and RB25, with diameter from 6mm to 25mm. The TY produces reinforcing bars straight round bars product category of SR24. Specifications is RB9, with diameter 9mm.

International Industrial standardization granted:

The company produces screws in accordance with EN 14566 standards, the products specifications are M2.9 - M6.3 granted certification of standards by European inspection and certification company S.A. and EN 14592 standards the products specifications with diameter from 3.0 mm. - 6.0 mm.

The company produces bolts in accordance with EN 15048 standards, the products specifications are M12 – M24 granted certification of standards by Engineering test institute, public enterprise.

International standardization granted:

On October 1, 2001, TYCN was approved with the two ISO: ISO 9001 and ISO 14001 for its excellence in manufacturing process and environmental protection, respectively. On July 13, 2009, TYCN was approved the certification of Laboratory Accreditation of ISO/IEC 17025.

Board of investment privilege:

TYCN was granted the promotional privileges from the Board of Investment (BOI) under a promotion certificate issued on October 11, 1996 to manufacture steel wire rod, annealed wire (<6mm) and screw under category 2.15 manufacture of steel wire, round bar or steel billet and category 4.7 manufacture of metal wire or wire products and a promotion certificate issued on April 9, 2003 to manufacture annealed wire (>6mm) and bolt under category 4.7 manufacture of metal wire or wire products.

2.2 Marketing and competitive environment

2.2.1 Marketing strategies, target clients, distribution channels

2.2.1.1 Domestic market

1. Marketing strategies

A. Wire rod and annealed wire:

TYCN is the only one steel manufacturer with “billet surface grinding” procedure which is able to remove flaws on billets so that the flawless billets can be used for producing CHQ (Cold Heading Quality) wire rods and annealed wires. These products get TYCN into the high-end segment in which there are no domestic competitors. In the segment of ordinary products, TYCN is also the leading manufacturer who produces a variety of high-quality products and makes on-time delivery.

B. Reinforcing bar:

TYCN produces compact rebar in coil, which allows customers to flexibly determine cutting length and minimize production loss.

C. Technical service:

TYCN provides knowledgeable technical team to support technical work such as utilization of TYCN's product with highest efficiency. TYCN is also able to adjust chemical composition according to customers' requirement.

2.Target customers

Wire rod:

TYCN's wire rod is targeted at customers who produce PC (high tensile) wire and steel strand, Motor shaft, Bead wire (tire), wire mesh, fasteners, steel nails, automotive parts and etc. downstream related products of manufacturer.

Annealed wire:

TYCN's annealed wire is targeted at customers who produce screws, bolts, nuts, nails, rivets, auto parts, mechanical parts, and appliance parts.

Reinforcing bar:

TYCN's reinforcing bar is targeted at construction companies and steel wholesalers.

2.2.1.2 Overseas market

1.Marketing strategies

Wire rod and annealed wire:

TYCN's major target market is Taiwan. TGE is not only our major customer, but it is also TYCN's distributor in Taiwan who sells TYCN's wire rod and annealed wire throughout Taiwan.

Reinforcing bar:

TYCN will expand into ASEAN countries such as Myanmar, Laos, and Cambodia through traders and wholesalers.

Fastener:

Fastener products are targeted at European and American market. Fasteners are specifically focused on the regular-specification segment, which allows TYCN to quickly resell them in case of order cancellation. On the other hand, TGE would produce fasteners with special specification for TYCN and then either directly deliver to customers or sell back to TYCN in case TYCN could not produce the products with special specification. TYCN's products have trademarks in so many different countries that the brand "TY" has been highly recognized.

2.Target customers

A. Wire rod and annealed wire:

TGE is the biggest customer by exported wire rod and annealed wire.
In other countries, the product is sold to steel manufacturers.

B. Fastener:

Major customers are overseas distributors, trading companies, and hypermarkets.

3.Distributor

TGE is the distributor in charge of Taiwan market, while TYCN is in charge of other overseas market. TYCN promotes its products by advertising on magazines and journals, and participating in international exhibitions.

4.Market positioning strategy

A. Wire rod and annealed wire:

The exported wire rods and annealed wired are classified as high-quality and high-value products such as CHQ and low alloy products which are major materials used for fasteners and auto parts.

B. Fastener:

TYCN is a professional fastener manufacturer providing a variety of fasteners and satisfying customers' need of one-stop purchase.

5.Customer satisfaction

The company evaluates customer satisfaction on each product in the beginning of each year. In terms of the valuation of customer satisfaction in 2020, the company set the score of no less than 80 for service quality, product quality, and delivery process. Overall, every product passed the evaluation.

2.2.2 Market and competition

Dumping and Capacity cut of China

Due to China's economic slowdown, steel oversupply and subsidies to steel exports, Chinese steel products have been dumped all around the world. Although China has cut 150 million tons of capacity over the past five years, reform of supply side has not been completed. China's target in 2021 is to implement capacity curbs and prevention of new capacity so that China can make sure that steel output of 2021 is less than 2020.

Rise in trade protectionism

Thai government imposed provisional anti-dumping tariffs from 15.59% to 33.55% on imports of Chinese low-carbon wire rods in September of 2015, and then in March of 2016, the final results of its anti-dumping investigation announced the anti-dumping tariffs from 12.81% to 31.15% for five years. In addition, the Thai government announced the "Anti-subsidy Act" and "Anti-circumvention and Subsidy Act" on May 22, 2019, in order to prevent previous attempts to circumvent the anti-dumping law.

Upgrades in infrastructures and industries

In mid 2016, Thai government announced "Thailand 4.0", an economic development plan, which is the blueprint of industry upgrades across 20 years from 2017 to 2036. The plan includes the development of six key area and ten popular industries, and at least 3,000 billion baht in rail way and high way system. The goal of this plan is to make Thailand more attractive to investors, to develop Eastern Economic Corridor(EEC), and to strengthen the country's competitiveness by reducing the transport cost. In order to

speed up EEC, the flagship project, Thai government has invoked the powerful Section 44 to enable authorities to bypass some laws and regulations that may put the project on hold. EEC Projects that has been launched in 2018 include high speed rails linking 3 international airport, Laem Chabang port phase 3, U-tapao airport, Map Ta Phut's port expansion and development of highways and double-track rails in the three EEC provinces. Other projects are eastern airport city, aircraft repair and maintenance hub at U-tapao and the Bangkok-Rayong high-speed rail network. Domestic steel demand will benefit from the launch of those infrastructures before the end of 2021. Therefore, the outlook of Thailand's steel market is expected to bloom in the future.

Bans on Thai steel plant expansion

Steel plant expansion and construction of steel bar plants will be banned for the next five years in Thailand to reduce the domestic surplus, according to an industry Ministry draft regulation the cabinet approved on Jan 29, 2019. The government calls on steelmakers to improve their technology, upgrade steel quality to meet high standards and solve SOx and NOx emission levels to prevent outdated technology from polluting surrounding communities. The new regulation has entered into force on January 11, 2020.

“Made in Thailand” policy

Domestic steel demand will grow under the “Made in Thailand” policy announced recently in January 2021 by the Comptroller-General. Under the policy (Local Content), government agencies have to procure not less than 60 per cent from domestic produce products and have to procure not less than 90 per cent from domestic produce iron or steel of the total value or quantity of government construction projects which FTI the certify party has included steel in the products list. The policy is expected to be effective in February and will give an impetus to use of local steel in construction work.

New capacity in neighboring countries

Vietnam has complete new steel plant with annual capacity of 7.1 million tons in early 2018, Malaysia Alliance Steel also completed a steel plant with an annual capacity of 5 million tons in the first quarter of 2019, The excess capacity from these two countries was dumped to Thailand in 2019, causing Thai steel prices to fall. The company has join with others steel making factory and submitted anti-dumping investigations in these two countries to the Thai government in order to curb improper low-price dumping.

2.3 Procurement of products/services

1. Production

The company could achieve maximum production capacity of 500,000 tons/year if it were to produce only a single type of wire rod (that used for bar in coils), since it is less time consuming to make than other types of wire rods. Actual capacity will be lower, at approximately 360,000 tons/year, if the company produces a combination of mixed product range with different grades. And the company also could achieve maximum production capacity of 144,000 tons/year if it were to produce only a single

process of annealed wire. Actual capacity will be lower, at approximately 108,000 tons/years, if it were produce over a single process of annealed wire.

Production capacity, quantity and utilization rate in the year 2018- 2020

	2020	2019	2018
Full production capacity (Unit: Ton/year)			
- Wire rod	360,000	360,000	360,000
- Annealed wire	108,000	108,000	144,000
- Screw	18,000	18,000	18,000
- Bolt	36,000	36,000	36,000
Real Production (Unit: Ton/year)			
- Wire rod	253,800.69	283,051.37	286,357.56
- Annealed wire	68,256.64	88,174.33	108,784.58
- Screw	5,654.37	6,412.52	11,573.40
- Bolt	26,848.85	35,079.68	41,963.78
% Utilization rate			
- Wire rod	70.50	78.63	79.54
- Annealed wire	63.20	81.64	75.54
- Screw	31.41	35.63	64.30
- Bolt	74.58	97.44	116.57

2. Raw material

Billet and wire rod

TYCN's raw materials sources are diversified by countries such as China, Russia, Oman, and Thailand.

3. Risk factors

3.1 Sales risks

3.1.1 Global economic situation

Steel consumption is closely related to economic growth because economic growth influences industries that consume steel such as construction, automobile, and durable goods. The global economy has recently been in recession, and demand for steel has been weak. The stagnation of demand is likely to make a negative impact on TYCN's revenue and profit. According to the forecast from IMF, global GDP growth rate will be 5.5% in 2021, which higher than 2020. However, There are lots of uncertainties around the world such as COVID-19, geopolitical conflicts, Brexit, Biden's new policies, protectionism, U.S. and European monetary policy etc..

On March 8, 2018, Trump signed steel and aluminum tariffs that imposes 25% duty on steel and 10% charge on aluminum, which took effect on Mar 23, 2018. TYCN's export to U.S. is less than 5% of its sales, therefore the tariff does not bother

TYCN's export. However, the long term influence of US-China trade war cannot be ignored..

Considering the obstacle of China's steel product in US market, TYCN viewed it as a good opportunity. Therefore, TYCN has adjusted its production line and added new equipment in order to produce US standard screws and to take over China's market share in US.

3.1.2 Product and raw material price

TYCN's major raw materials for downstream products are billets and wire rods. Therefore, billet and wire rod prices play an important role when it comes to sales, cost, and profit. TYCN's raw materials sources are diversified by countries such as China, Russia, Oman, and Thailand. As the largest steel producing country, China's policy on producing and selling steel will directly affect global steel prices. TYCN's raw material and product prices fluctuate with global prices, further influencing the company's revenue and profit.

The steel industry still has to be closely monitored vis-a-vis global steel price, which has been steadily rising since the end of 2020, especially due to increasing Chinese demand despite the Covid-19 situation. Demand from China increased by 8 per cent in 2020, compared to 2019, forcing China to import every type of steel.

Meanwhile, many countries faced economic recession, both in Europe and Japan, causing many steel furnaces to be shut down, pushing all types of global steel prices, including construction steel, up by 10 per cent. Global steel prices will continue to rise until the first quarter of 2021 and should fall in the second quarter as steel companies that were shut down due to Covid-19 gradually reopen.

3.1.3 Potential competitors

As the AEC, ASEAN Economic Community, has been setup by ASEAN on January 1st, 2016, China, the U.S., Japan and other countries has launched new ASEAN strategies, pledging that they will strengthen business relationship with the AEC, and the investments in ASEAN has attracted more global attentions. Therefore, the impact of China's capacity-offshoring policy on Thailand and ASEAN's steel industry deserves watching.

3.2 Financial risks

3.2.1 Exchange rate and interest rate

TYCN' foreign exchange position may vary by the ratio of import and export. TYCN can also avoid the foreign exchange risk by signing forward contracts to offset the net foreign exchange position. TYCN group uses USD loans for working capital and long term investment. Therefore, the interest rate should be carefully watched. TYCN can

choose interest rate exchange or repay USD loans by using THB loans to avoid risks of foreign exchange rate and interest rate.

TYCN engages in derivatives trading based on actual need and according to TYCN's 「Procedures of engagement in derivatives trading」. In addition to hedge tools for foreign exchange rate and interest rate, TYCN also take actions such as:

- (1) Set up foreign exchange rate monitor system to get real time information on exchange rate.
- (2) Get reports and hedge strategies about foreign exchange market from banks on a daily basis.
- (3) Check the net foreign exchange position on a daily basis and adjust it according to the updated information.

3.2.2 Credit policy

There is no significant credit risk between TYCN and its customers. TYCN set credit lines for its customers by market, products and payment terms. TYCN controls shipment and collection by using ERP, which allows TYCN to instantly monitor the status of customers' credit lines. An approval is necessary for any shipment which is over credit line. A guarantee deposit, advance payment, or AR insurance is required when a shipment is made with long payment term or to a high-risk market.

3.2.3 Software and Web technology

The whole production and management of TYCN's operation are controlled by ERP and internet system. TYCN has protective measures and backup plan to prevent the company from suffering from unexpected power failure, hardware damages and hacker attacks.

4. General information and other significant information

4.1 General information

4.1.1 Name of the company: Tycoons Worldwide Group (Thailand) Public Company Limited (TYCN)

Type of business: To manufacture and distribute wire rod, reinforcing bars (including deformed bars and round bars), annealed wire, screw, bolt and thread rod.

Location: 99 Moo1, Tumbon Nikompattana Amphur Nikompattana, Rayong 21180 Thailand

Registered share capital: 596,748,900 common shares, 5,967,489,000 Baht.

Issued and paid-up share capital: 596,748,900 common shares, par value 10 Baht, paid-up Capital 5,967,489,000Baht.

Company registration: 0107546000172

Telephone No. : (033)-658-558, (038)-636975

Facsimile No. : (038)-636-977

Home Page: <http://www.tycons.com>

4.1.2 Name of subsidiary and associated company:

TY Steel Co., Ltd. with 30.84% owned by TYCN

Registered address: 99/8 Moo1, Tumbon Nikompattana, Amphur
Nikompattana, Rayong 21180 Thailand

Registered share and capital: 259,000,000 common shares, par value 10 baht,
2,590,000,000 baht

Issued share and paid-up capital: 259,000,000 common shares, par value 10 baht,
2,590,000,000 baht

Type of business: produce and sell billet

Company registration: 0215554004031

4.1.3 Taiwan Depository Receipt (TDR)

Tycoons Group International Co., Ltd, a main shareholder of Tycoons Worldwide Group (Thailand) Public Co., Ltd., has set aside 60,000,000 common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange. Each TDR unit represents two common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd. and has been listed in Taiwan Stock Exchange on 29 Sep. 2011. The depository bank is First Commercial Bank, as Citibank is custodian.

4.2 Reference

4.2.1 Auditor : EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Ratchadaphisek Road
Klongtoey, Bangkok 10110, Thailand.
Tel:66(2)2649090 Fax:66(2)2640789-90

4.2.2 Register : Thailand Securities Depository Co., Ltd.
93, 14th Floor, Ratchadaphisek Road, Dindaeng,
Bangkok 10110, Thailand.
Tel:66(2)2292800 Fax:66(2)3591262

5. Shareholders

Names of the ten largest shareholders of the company on March company on June 29, 2020

Name	Number of shares (shares)	Percentage (%)
TYCOONS GROUP INTERNATIONAL CO., LTD.	389,332,592.00	65.24
CITI (NOMINEES) LIMITED-FIRST COMMERCIAL BANK-TDR	60,000,000.00	10.05
บริษัท ไทยเอ็นวีดีอาร์จำกัด	35,564,580.00	5.96
EUROCLEAR NOMINEES LIMITED	22,564,580.00	3.84
นายจำเริญ รุ่งวัฒนาเศษฐ์	10,064,500.00	1.69
MISS YAO, CHIN-HSIANG	3,431,387.00	0.58
นายวัชร ปัญญาวัฒนา	2,725,500.00	0.46
นายวิศ โพธิ์อบ	2,703,100.00	0.45
MISS SHU-YING TAI	2,427,600.00	0.41
MR. CHIA-TIEN LEE	2,200,000.00	0.37
Other	65,411,441.00	10.96
Total	596,748,900.00	100

Investor can check update information of shareholders from the company's website <http://www.tycons.com> before annual general meeting.

6. Dividend payment policies

The dividend payment policy of the company is that dividends will be paid at a rate of no less than 40 percent of the Company's net profit after corporate income tax each year. However, many factors must be taken into consideration before deciding to pay a dividend, including operation results and financial status, the company's liquidity, business expansion and other factors related to management of the company. In order to pay a dividend, such payment must be agreed upon at a shareholders meeting with consent of the company's board of directors.

If there is any profit after the final accounts of such financial year, the company may allocate the profits in the following orders, provided that the company shall first apply such profits to pay off its tax payment then compensate for its accumulated losses:

- (1) Set five percent of the remaining profits as reserve fund.
- (2) Upon properly reserving the fund for reserve fund, set one percent of the remainder of the profits as directors' bonus.
- (3) Upon properly reserving the fund for reserve fund, the employees' bonus shall be set in the range between two to five percent of the remainder of the profits.
- (4) After the funds for items 1 to 3 are properly reserved, at least forty percent of the remainder of the profits plus the accumulated and undivided profits of previous year shall be set as dividends (deducting the distributed interim dividends). The dividends to be distributed in the form of cash shall not be less than fifty percent of the distributable dividends. No distribution shall be allowed if divided per share is less than THB 0.2.

1. The dividend was paid: the company omitted annual dividend for 2017, 2018 and 2019.
2. The payment rate compared to the net profit: the company omitted annual dividend for 2017, 2018 and 2019.

7. Management structure

The management structure of the company is composed of the Board of Directors, the audit committee and the management team, details of which are as follows:

7.1 Board of Director

The Board of Directors as at Dec 31,2020

No.	Name-Last Name	Position
1	Ms. Lu, Yen-Chuan	Chairman of Board
2	Mr. Huang, Wen-Sung	Director
3	Mr. Natthawat Thanapinyanun	Director
4	Ms. Hwang, Feng-Mei	Director
5	Mr. Surabhon Kwunchaithunya	Independent director and Chairman of the Audit Committee
6	Mr. Jirawat Huang	Independent director and Audit Committee
7	Mr. Phiphat Wangphichit	Independent director and Audit Committee

Independent director

- 1) All Independent Director Members has requisite qualification in accordance with relevant SEC and SET rules and guidelines, (specifically, that such members had one accounting or finance backgrounds is Mr. Surabhon Kwunchaithunya).
- 2) All Independent Director Members have no relationships (e.g., parents, spouses, children, uncles and aunts) between the candidates and the management or majority shareholders of company or its affiliates.
- 3) All Independent Director members have no relationships with Company/ parent company/ affiliated and associated companies or juristic persons with potential conflicts of interest at present and during the past two years, as follows:
 - Executive directors, staff, employees or advisers who earn salaries from Company.
 - Professional service provider.
 - Material business relationships with Company that may affect their independence.

Details of Attendance and service of the Board of Directors

Name	Number of attendances / Total of meeting		Number of years the directors have served
	2020	2019	2020 (years)
1. Ms. Lu, Yen-Chuan	0/8	0/7	17.5
2. Mr. Huang, Wen-Sung	0/8	2/7	17.5
3. Mr. Natthawat Thanapinyanun	8/8	7/7	14.5
4. Ms. Hwang, Feng-Mei	7/8	7/7	4.8
5. Mr. Surabhon Kwunchaithunya	8/8	7/7	17.5
6. Mr. Jirawat Huang	8/8	7/7	17.5
7. Mr. Phiphat Wangphichit	8/8	7/7	17.5

Directors authorized to sign on behalf of the company

The authorized directors who may sign to bind the company are two of the following Mr.Huang, Wen-Sung; Ms.Lu, Yen-Chuan; Mr.Natthawat Thanapinyanun and Miss Hwang, Feng-Mei who must jointly sign, together with the affixation of the official company stamp.

The Executive Board as at Dec 31, 2020

No.	Name-Last Name	Position
1	Ms. Lu, Yen-Chuan	Chairman of Board
2	Mr. Huang, Wen-Sung	Director
3	Mr. Natthawat Thanapinyanun	Director
4	Ms. Hwang, Feng-Mei	Director

The Audit Committee as at Dec 31, 2020

No.	Name-Last Name	Position
1	Mr. Surabhon Kwunchaithunya	Chairman of the Audit Committee
2	Mr. Jirawat Huang	Audit Committee
3	Mr. Phiphat Wangphichit	Audit Committee

Name of the secretary of the audit committee is Miss Huang Tsai – Ting

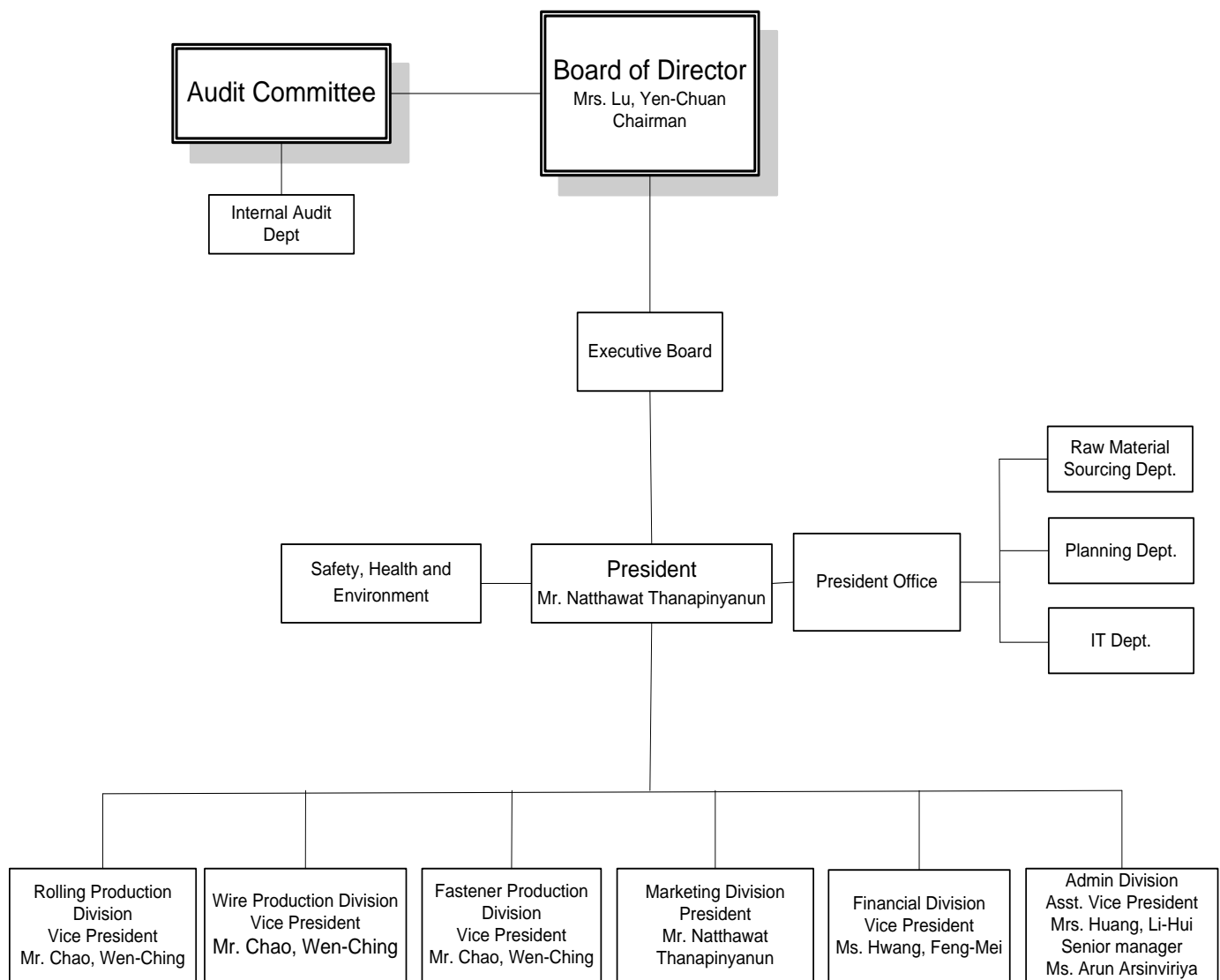
One member of the Audit Committee, Mr. Surabhon Kwunchaithunya, who graduated from University of Washington with MBA degree in finance, has expertise in accounting and finance.

Details of Attendance and service of the Board of Audit Committee

No.	Name-Last Name	Number of attendances / Total of meeting	
		2020	2019
1	Mr. Surabhon Kwunchaithunya	4/4	4/4
2	Mr. Jirawat Huang	4/4	4/4
3	Mr. Phiphat Wangphichit	4/4	4/4

7.2 ManagementNames of the management team as at Dec 31, 2020

No.	Name-Last Name	Position
1	Ms. Lu, Yen-Chuan	Chairman
2	Mr. Huang, Wen-Sung	Director
3	Mr. Natthawat Thanapinyanun	President
4	Ms. Hwang, Feng-Mei	Vice President
5	Mr. Chao, Wen-Ching	Vice President
6	Mr. Huang, Li-Hui	Asst. Vice President
7	Ms. Arun Arsinviriya	Senior Manager

Organization Chart.

CV of Executive and Management team 2020

Director and Management team

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
1. Ms. Lu, Yen-Chuan Chairman /Director (21/08/2019)/(12/08/2003)	66	Ming-Juan Commercial Junior College Electrical Calculation Dept. Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2003 – 2019 2019 – Current 2019 – Current 2009 – 2019 2003 – 2006 2006 – 2009 2005 – 2018 2019 – Current	Director / Tycoons Group Enterprise Co., Ltd. Chairman / Tycoons Group Enterprise Co., Ltd. Chairman / Tycoons Group International Co., Ltd. Director, Vice Chairman / Director, Executive Vice President / Director, President /Tycoons Worldwide Group (Thailand) Plc. Director / Baw Heng Steel (Vietnam) Co., Ltd Chairman / Tycoons Worldwide Group (Thailand) Plc.
2. Mr. Huang, Wen-Sung Director (12/08/2003)	65	Business Professional High School	-	-	2003 – 2019 2019 – Current 2003 – 2019 2009 – 2019 2005 - 2018 2008 – 2018 2011 – Current 2018 – Current 2019 – Current	Chairman / Tycoons Group Enterprise Co., Ltd. Director / Tycoons Group Enterprise Co., Ltd. Director / Tycoons Group International Co., Ltd. Director / Chairman Tycoons Worldwide Group (Thailand) Plc Director, Vice Chairman / Baw Heng Steel (Vietnam) Co., Ltd. Director / ALL Manage International Limited Director / TY Steel Co., Ltd. Viettycoons Steel Co., Ltd. Director / Tycoons Worldwide Group (Thailand) Plc.
3.Mr. Natthawat Thanapinyanun Director/ President (27/03/2006)/(11/05/2012)	40	Seattle University Business Management Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	0.02	Son of Mr.Huang Wen-Sung & Ms. Lu, Yen-Chuan	2006 – 2010 2010 – 2012 2012 – Current 2011 – Current 2018 – 2019	Director, Senior Sale Manager / Director, Assistant Vice President / Director, President /Tycoons Worldwide Group (Thailand) Plc. Director / TY Steel Co., Ltd. President / TY Steel Co., Ltd.
4. Miss Hwang, Feng- Mei Director / Vice President (01/12/2015)	55	National Central University(Taiwan) Business Administration Dept.	-	-	2000 – 2010 2011 - 2015 2015 - 2016 2016- Current	Senior manager of Financial Division / Asst. Vice President of Financial Division / Vice President of Financial Division/ Director / Vice President of Financial Division / Tycoons Worldwide Group (Thailand) Plc.

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
5.Mr. Surabhon Kwunchaithunya Independent Director / Chairman of Audit Committee (12/08/2003)	69	- Master of Business Administration MBA, (sponsored by the University's scholarship), University of Washington, USA - Bachelor of Engineering in Industrial Engineering (sponsored by the University's scholarship), University of Washington, USA - Bachelor of Engineering in Electrical Engineering, University of Washington, USA - Securitization, Fannie Mae of USA - Capital Market Academy 11 (CMA11), Class 11/2010 - Finance and Banking by HSBC (Hong Kong) - Director Accreditation Program (DAP), Class 14/2004 Director Certification Program (DCP), Class 44/2004 Role of the Chairman Program (RCP), Class 32/2013 Corporate Governance for Capital Market Program (CGI), Class 8/2015	-	-	2003 – Current	Independent Director, Chairman of Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
					2006 – 2015	Director and Vice Executive Chairman Country Group Securities Plc.
					2010 – 2012	Director, Thailand Futures Exchange Plc.
					2010 – 2012	Director /Chairman of Risk Management committee/ Member of the Discipline committee of The Stock Exchange of Thailand
					2011 – Current	Director, Management Director, Chairman of the Nomination and Remuneration / Member of the Good Corporate Governance Committee MFC Asset Management Plc.
					2012 – Current	Director / Thai Chamber of Commerce & Industry
					2014 – Current	Vice Chairman /Chairman of Risk Management and Investment Committee of Country Group Holdings Plc.
					2016 – 2018	Director /Triton Holdings Plc.
					2016 – Current	Chairman / Country Group Securities Plc.
					2019 – Current	Independent Director, Audit Committee, Nomination and Remuneration Committee of Thai Rubber Latex Group Plc.
6.Mr. Jirawat Huang Independent Director / Audit Committee (12/08/2003)	65	Chin Yun Industry College (Taiwan) Director's Accreditation Program (DAP) Class 29/2004 Thai Institute Of Directors (IOD)	-	-	2003 – Current	Manager Director / Lee Chemical Products Co., Ltd.
					2003 – Current	Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
7. Mr. Phiphat Wangphichit Independent Director / Audit Committee (12/08/2003)	83	Pingtung Agriculture Collage (Taiwan) Agriculture Dept. Director's Accreditation Program (DAP) Class29/2004, which was organized by Thai Institute Of Directors (IOD)	-	-	2003 – Current	Managing Director / United Industrial Gas Co., Ltd
					2003 – Current	Managing Director / Canking Engineering (Thailand)Co., Ltd
					2003 – Current	Managing Director / Chachoengsao Oxygen Co., Ltd.
					2003 – Current	Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
8. Ms. Huang, Li- Hui Asst. Vice President (01/12/2011)	61	Tamkang University Statistics Dept.	0.1	-	2001 – 2010 2011- Current	Senior manager of IT Dept. Tycoons Worldwide Group (Thailand) Plc Assistant Vice President of Admin Division in Tycoons Worldwide Group (Thailand) Plc
9. Mr. Chao, Wen-Ching Vice President (01/11/2013)	45	Kao Yuan University Department of Mechanical and Automation Engineering	-	-	2011 – 2013 2013 – 2016 2016 – Current	Manager Fastener Division / Tycoons Worldwide Group (Thailand) Plc Assistant Vice President of Fastener and Annealing Wire Division / Tycoons Worldwide Group (Thailand) Plc. Vice President of Fastener and Annealing Wire and Rolling Mill Division /Tycoons Worldwide Group (Thailand) Plc.
10. Miss. Arun Arsinviriya Senior Manager (13/03/2560)	53	Rajabhat University Management Dept.	-	-	2013 – 2015 2015 – Current	Department Manager Admin Division / Senior Manager / Tycoons Worldwide Group (Thailand) Plc.
11. Mr. Wen, Chun – Feng Company Secretary (09/11/2016)	55	National Pingtung Technological College Veterinary Medicine Dept.	-	-	2014 – 2016 2016 – Current	Department Manager of Safety, Health and Environment Dept. / Manager of President Officer / Tycoons Worldwide Group (Thailand) Plc.

7.3 Company Secretary

Name Mr. Wen, Chun-Feng **Age** 55 years **Nationality** Taiwan
Education: Veterinary Medicine Dept./National Pingtung Technological College
Company's Position: Manager / President Office
Working Experience

1999 – 2014	Section Manager/ Purchase Dept. / Tycoons Worldwide Group (Thailand) Plc.
2014 – 2016	Dept. Manager / Safety Health and Environment Dept. / Tycoons Worldwide Group (Thailand) Plc.
2016 – Current	Manager / President Office / Tycoons Worldwide Group (Thailand) Plc.

The scope of work and responsibilities of the Company secretary as follows:

- preparing and keeping the following documents:
 - a register of directors;
 - a notice calling director meeting, a minutes of meeting of the board of directors and an annual report of the company;
 - a notice calling shareholder meeting and a minutes of shareholders' meeting;
- keeping a report on interest filed by a director or an executive;
- performing any other acts as specified in the notification of the Capital Market Supervisory Board.

7.4 Remuneration for director and management

1.Cash Remuneration

Director's and Management remuneration at Dec 31, 2019-2020 as follow.

Type of remuneration	Director's remuneration persons (Baht)		Executives' remuneration persons (Baht)	
	2020(7)	2019(7)	2020(7)	2019(7)
Salary	1,080,000	1,080,000	13,150,651	12,974,003
Bonus	-	-	727,588	636,236
Premium	-	-	-	-
Profit-sharing	-	-	-	-
Other welfare	-	-	-	-
Total	1,080,000	1,080,000	13,878,239	13,610,239

Director's and Management remuneration (Salary& Bonus) in year 2019 and 2020 as above:

The directors' remuneration of the Company has not been approved by Remuneration Committee due to the Company didn't set the Committee up. However, the directors' remuneration has already been compared to other similar industries and taken account of other issues such as business expansion and growing up of profit. Eventually, it is approved by Board of directors with careful consideration and approved by shareholders through shareholders 'meeting.

Name	Position	Salary & Bonus	
		2020	2019
1. Ms. Lu, Yen-Chuan	Chairman of Board	240,000	160,000
2. Mr. Huang, Wen-Sung	Director	120,000	200,000
3. Mr. Natthawat Thanapinyanun	Director	120,000	120,000
4. Ms. Hwang, Feng-Mei	Director	120,000	120,000
5. Mr. Surabhon Kwunchaithunya	Independent director and Chairman of the Audit Committee	240,000	240,000
6. Mr. Jirawat Huang	Independent director and Audit Committee	120,000	120,000
7. Mr. Phiphat Wangphichit	Independent director and Audit Committee	120,000	120,000
Total		1,080,000	1,080,000

2. Other remunerations
-None-

7.5 Staff

- (1) The total number of employees of the company as at Dec 31 2020 and 2019 comprises 767 and 720 persons respectively, the company has paid remuneration to its employees as at Dec 31 2020 and 2019 was 276 and 282 MB. The remuneration included salary, overtime, variable bonus, allowance, social security and provident fund.

	2020	2019
Management Employee (person)	33	35
Supervisory Employee (person)	135	135
Operational Employee (person)	449	399
Employee Headquarter (person)	150	151
Total (person)	767	720
Employee's Remuneration (MB)	276	282

During the past 3 years, the Company has no significant increase or decrease in employee's number and has not received any significant labor disputes.

The provident fund of the company has been in effect since August 1, 2003. Pursuant to the provident fund arrangements, the employees contribute 3% of their monthly compensation to the fund while the company makes a corresponding contribution of 5% of such employee's total monthly compensation.

- (2) The company realizes the importance of its staff as they are considered valuable assets which play a major role in the success and growth of the company. Therefore, the company has a policy to develop the efficiency, knowledge and skill of its staff at all levels by having well-organized annual programs both at in and out of office. Training programs are designed to enrich staff knowledge, skills and develop good work attitude, to promote the

development of staff functions, reserve management and professional personnel at all levels. But also encourage colleagues to learn, to enhance the quality of human resources, development of competition Force of human resources.

Due to the prolonged impact of the Corona virus (COVID-19) infections, causes the main education and training 2020 are as follows:

- On January 20-21, 2020, the company has held training on staff education and training on the (Safety Officer Supervisor Level) with a total of 30 employees to participate in training.
- On February 13, 2020, the company has provided basic firefighting and fire evacuation training, with a total of 50 employees to participate in training.
- On February 27-28, 2020, the company has provided training on the (Forklift driver safety) with a total of 20 employees to participate in training.
- On June 17, 2020, the company has provided training on Hazardous Control of (Industrial Hygiene): Light, Sound, Dust and Heat, with 30 employees participated in the training.
- On June 26, 2020, the company held training on staff education and training on (Organizational communication for better work) in order to improve better working ability. A total of 30 employees participated in the training.
- On July 29, 2020, the company held training on staff education and training on (Beginning learn about Bearing and Maintenance). A total of 20 employees participated in the training.

8. Corporate governance

8.1 Policy of corporate governance

Policy of corporate governance of the Company please refer to our website (www.tycons.com) corporate governance of Investor Relations page.

Report of actions taken in response the corporate governance 2020

Due to the prolonged impact of the Corona virus (COVID-19) infections, causes the Company's Annual General Shareholders' meeting was delayed.

1. Rights of Shareholders

The Company values the right of shareholders by convening the shareholders meeting annually as requested by the law. For year 2020, The Company has held the meeting on August 11, 2020 and 5 directors attended the meeting.

The Company has assigned Thailand Securities Depository Company Limited (TSD), the registrar of The Company security, to distribute all the meeting notice to all shareholders 14 days prior to the meeting (July 27, 2020).

The Company has allowed the shareholders to authorize representatives to attend the shareholders' meeting on their behalf, and if the shareholders cannot find one, The Company also proposes an independent director to take the task. In 2020, Independent director was Mr.Surabhon Kwunchaithunya.

The Company encouraged the shareholders to express their opinions and ask questions during the 2020 annual shareholders' meeting, in which the directors are responsible for answering the questions. For this particular meeting The Company allow the shareholders to propose the agenda of the meeting on December 20, 2019 to January 20, 2020.

The Company has posted the meeting invitation on the website, www.tycons.com, 30 days prior to 2020 annual shareholders' meeting and posted the minutes of meeting 3 days after the meeting.

2. Equitable Treatment of Shareholders

The Company keeps updating its status quarterly through SET website in time as requested.

The policy to allow the shareholders to propose the director candidate prior to the meeting on December 20, 2019 to January 20, 2020.

The Board of Directors does not allow directors, managements and related parties of employees to trade The Company's securities one month prior to the announcement of the company financial statement. In 2020, the given parties have strictly complied with the policy.

The Board of Directors has required its members to disclose any of their information related to the related parties and conflict of interest to the board, so that, for the best of the company's benefit, the board can consider company business activity and take a prompt action that might be affected by that information. In 2020, there was no any of information related to the related parties and conflict of interest to the board.

3. Treatment of stakeholders

The Company has been formulated the policy of corporate social responsibility (refer to item 10 corporate social responsibility), we comprehend the importance of helping and supporting society, community, and maintaining environment continuously; Tycoons also takes consideration of likely influence to stakeholders, such as creditor 、 stockholders 、 employees, the community where we belong, customers, suppliers, government, societies and nations; we formulate the direction that allowed employees can participate our corporate social responsibility policy together.

Besides, the company also provides stakeholders with channels for contact, notice, suggestion, report and complaint. If there are any possible whistle-blowing concerns, stakeholders can contact the company secretary Mr. Wen, Chun-Feng through below channels in order for him to report to the Board of Directors. The contact information is as follows:

Tycoons Worldwide Group (Thailand) Public Company Limited (TYCN)
Address: 99 Moo1, Tumbon Nikompattana Amphur Nikompattana, Rayong
21180 Thailand Tel:(033)-658-558 Ext.1301 Fax:(038)- 636-822
E-mail: wen@tycons.com

4.Guidelines and responsibility to each group of stakeholders are:

SHAREHOLDERS

The Company is committed to create value for all shareholders with fairness by operating business in compliance with good governance and the Company's vision efficiently and treat shareholders with respect and as per the applicable laws and regulations to maximize benefits and values to shareholders continuously. The Company shall inform shareholders of correct and complete information, including disclosing such information in accordance with relevant rules and agreement.

CUSTOMERS

The Company devotes extensive efforts to satisfy our customers in every aspect. It strives to provide products and services to meet the needs of our customers as well as the development of quality products and services with warranty and service for the benefit and satisfaction in terms of quality standards and fair prices. Development of products and services to meet the diverse needs and quality control, complaints about products and services, maintain client confidentiality includes not put customer data to generate benefits are also a return policy if it finds that the product is not quality or inferior.

CREDITORS

The Company strictly complies with the conditions and requirement strictly of both trade creditors and lender and make timely payment, as well as following the affirmatives give to the creditors throughout the liable periods and provide information with accuracy, transparency, equity and fairness.

5. Disclosure and Transparency

The Board of Directors discloses the financial information, business activities, and other business performance accurately, completely, efficiently, and timely that reflects the actual financial status, complies with the Generally Accepted Accounting Principles (GAAP), and is audited by independent auditor. In addition, the audit committee which is composed of independent directors with no involvement with the company management will also help review the give information.

The Company places the timely and accurately disclosure of financial and other information that may affect the share price at priority through SET website. Moreover, the company has also established Investor Relations Office. For investors and those who are interested in obtaining the company's information, they may contact Investor Relation Officer at Tel:033-658-558or fax: 038-636-822 or E-mail Address: iro@tycons.com.

In 2020, IR officer has provided information to parities such as shareholders and analysts in many occasions such as quarterly performance and invest projects.

Director's remuneration; The Board of Directors has disclosed clearly the directors' remuneration policies which is in response to the contributions and responsibilities of each directors and the remuneration is approved by shareholders through shareholders' meeting.

Managements' remuneration: The Board of Directors has developed the management remuneration policy that is fair and attractive enough for qualified people to take the position and perform at high standard.

6. Responsibilities of the Board

The Board of Directors has played a role in setting the company's goal, task, and budget, and moreover oversaw the company operation according to its goal. The Board of Directors has also made comments on the internal control/audit system to manage the risk and maximize the company's profitability.

Risk Management

The Board of Directors has adopted a risk management system for all material and controllable risk and included the reporting and evaluating system in response the current situation. In 2020, the Board of Directors has considered political risk, which now does not affect the company directly. As for economic risk in exchange rate, the company has employed forward contract to minimize the risk. All managements are responsible for risk management. In assessing the risk, the chance of occurring and the impact it might create was examined, then prevention measures were proposed. The Company's internal audit has been performed audit in relation to risk and then reported to the committee, so that the committee could report to the Board of Directors in time.

Code of Ethics

The Board of Directors established the policy that encourage all employees to behave honesty and properly and accountable to stakeholders, and shareholders at all time. This will, in turn, become the organization culture that values social responsible.

Independence and Impartiality of Directors

The Board of Directors has performed its duty and exercised its discretion independently from the managements and major shareholders. Each director has the duty and is independence to ask questions, express opinions, make objection or vote as he/she sees fit in relation to all matters affecting the interests of the company, shareholders or stakeholders.

Qualifications of Directors

The Board of Directors consisted of various qualities including age, profession, and knowledge which are beneficial for the company operation and can bring about fresh perspective. Directors had adequate time to perform their duties to the fullest extent with high ethical standard. In 2020, none of the directors of the Company served as director of other listed company more than 5 companies.

Duties of Chairman of the Board of Directors

Key duties of the Chairman as leader are to ensure effective functioning of the Board. The Chairman is accountable to the board and function as a coordinator between the Board and the management through the President. The Chairman also has duty to further communicate the Board's resolutions as appropriate.

There is distinction of duty between the Chairman as policy leader and the President as leader for day-to-day management of the Company. The Company has a policy to separate the positions of Chairman of the Board and President. This ensures that there is no abuse of the authority and decision making is fair and independent for long term interest of the company.

The Chairman's duties include the following:

- Guiding the Board to ensure its effective functioning.
- Providing independent advice and counsel to the President.
- Consulting with the President and Company Secretary to draw up meeting agendas.
- Encouraging all board members to debate issues freely during meetings, ask questions and express opinions.
- Ensuring effective communication with the shareholders.

Qualifications of Independent Directors

The Board of Directors has set the qualifications of independent directors according to the Stock Exchange of Thailand's requirements. In 2020, Mr. Surabhon Kwunchaithunya, a highly experience person in accounting and financial field, was elected as independent director whose qualification is in line with the requirement.

Composition of the Board of Directors

The Board of Directors has determined the number of the directors in the board according to the size of the company. The board now consists of four executive directors and three independent directors totaled up seven directors. In that, independent directors account for one third of the members.

The Chairman of the Board / the Managing Director

The Board of Directors determined that the MD and the Chairman of the Board are different individuals, and their authorities and duties are clearly separated to ensure balance between management and corporate governance. In 2020, the Company's Chairman of the Board is Ms. Lu, Yen-Chuan, a replacement of Mr. Huang, Wen-Sung with effective on August 21, 2019 and the MD is Mr. Natthawat Thanapinyanun.

Terms of Directorship

The term of directorship is three years. Each year, one third of the directors will complete their terms. In 2020, the followings directors retire by rotation and re-elect to return to the office.

The Annual General Shareholders' Meeting 2020, the number of directors who will retire by rotation in year 2020 is 2 persons consisting of Chairman of Board Ms. Lu, Yen-Chuan, Independent Director Phiphat Wangphichit. Chairman of the Board propose the re-election of the directors, to serve the position of director for another term.

Board of Directors' Meeting

The Board of Directors sets the meeting schedule of entire year in advance. The meeting is usually convened quarterly unless irregular meeting is needed. The chairman or designated director ensures that all directors receive all relevant documents prior to the meeting so that they have sufficient time to study all the issues before attending the meeting or casting their votes. The given documents must be clear, analytical and sufficient of recommendation.

There were 8 times meetings held in 2020. Please see the attendance record of directors.

Name	Position	Time of Attendance
1. Ms. Lu, Yen-Chuan	Chairman of Board	0/8
2. Mr. Huang, Wen-Sung	Director	0/8
3. Mr. Natthawat Thanapinyanun	Director	8/8
4. Ms. Hwang, Feng-Mei	Director	7/8
5. Mr. Surabhon Kwanchaithunya	Independent Director	8/8
6. Mr. Jirawat Huang	Independent Director	8/8
7. Mr. Phiphat Wangphichit	Independent Director	8/8

Scope and Responsibility of the Board

The Board of Directors has set a clear scope of responsibility of the board of directors (refer to page 28-31), which is followed strictly by the board in 2020.

Internal Control/Audit System

The company has developed the internal control system to monitor and audit the area including finance and operation to ensure that they comply with the law and regulations. It would provide the balancing mechanism for the company to protect the shareholders' investment and the company asset. The company established internal auditing unit to audit and ensure that all departments are operated in accordance with the regulations, and moreover to assess the efficiency of the auditing work. The board of directors ensured that the internal auditing unit is independent and can serve as balancing mechanism. In 2020, the internal auditor has presented the report on the efficiency of the control system to the board of audit committee and board of directors for review.

8.2 Sub-Committee of Board of Directors

The scope of work and responsibilities of the Board of Directors, Audit Committee Executive Board, Managing Director in accordance with Public Limited Company Act and related Acts are as follows:

The Board of Directors

1. To perform its duty in the most professional manner to comply with all laws, the company's objectives, articles of association and shareholder's resolutions as well as to preserve the company's benefit and interests.
 2. To determine the company's direction and control all business operations in accordance with the related government entities' rules and regulations. To assure the disclosure of information to shareholders and related entities as well as perform transparency management to achieve optimal benefits to the company.
 3. To ensure that business is operated efficiently and in compliance with all regulatory bodies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
 4. To ensure that the company has effective internal control systems and an internal audit unit that works closely with the audit committee.
 5. The Board of Directors may establish an executive board and a management team or delegate control to other persons to manage the company under the Board of Directors' supervision. The delegation must be accompanied by responsibilities and limitation of the control and must not
-

be delegated to persons in circumstances that would lead to conflicts of interest with the company and its subsidiaries.

6. To have the intention to run the business continuously and conduct themselves with honesty and integrity and to be interested in the business in which they hold the directorship.
7. To be consistently responsive to the shareholders and protect their interests as well as providing to them fair, complete and transparent disclosure.
8. Consider the approval of business plans, annual budgets and sales/acquisitions of the asset exceeding 50 MB, joint ventures in expanding its business and approval of any other loans besides the working capital loans, which are solely authorized by the Executive Board.

All aforementioned responsibilities can be enforced and approved by the Board of Director except for the following items, which require shareholders' approval.

- 1) In compliance with the law, requiring a shareholders' resolution in regard to transfers or disposals of an entity, increases in paid-up capital, merger etc.;
- 2) Connected transactions as set out in SET regulations;
 Apart from the resolution of a shareholder meeting, a vote of not less than three quarters of the total number of votes of shareholders who attend the meeting and have the right to vote is required to approve the following events:
 - 3) The sale or transfer of the whole or important parts of the business of the company to other persons;
 - 4) The purchase or acceptance of transfer of the business of other companies or private companies by the company;
 - 5) The making, amending or terminating of contracts with respect to the granting of a lease of the whole or important parts of the business of the company, the assignment of the management of the business of the company to any other persons or the amalgamation of the business with other persons with the purpose of profit and loss sharing;
 - 6) The amending of the articles of association and memorandum of association;
 - 7) The increase and reduction in company capital;
 - 8) The merger or termination of the company; and
 - 9) Any other relevant issue stipulated by law.

The Audit Committee

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

1. To review the Company's financial process to ensure that it is accurate and adequate
 2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
 3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
-

-
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
 5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company
 6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - (1) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (2) an opinion on the adequacy of the Company's internal control system,
 - (3) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (4) an opinion on the suitability of an auditor,
 - (5) an opinion on the transactions that may lead to conflicts of interests,
 - (6) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (7) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (8) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
 7. Appoint, revoke, transfer or terminate the Director of the Internal Audit Office (if any) or employ or change the employment of other Internal Audit Offices.
 8. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

The Executive Board

1. Prescribe the policy, direction, strategy and structure of major management work for the business operation of the company to respond to and support the economic and competitive situation as prescribed and declared to the shareholders and to propose the same for approval of the Board of Directors.
 2. Prescribe business plan, budget and management power of the company and propose the same for approval of the Board of Directors.
 3. Inspect, follow up the policy and management guidelines in various aspects to determine whether it is properly implemented to benefit the business operation of the company.
 4. Inspect and follow up the results of business operations to determine whether it is in accordance with the approved business plan.
 5. Consider, as a preliminary matter, large investment projects of the company below 50 MB (if greater than 50 MB, it will be forwarded to the Board of Directors).
 6. Perform other duties as being assigned by the Board of Directors from time to time.
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7. In case of such matter is already prescribed in the business plan or budget duly approved by the Board of Directors, the Executive Board shall be entitled to take any action regardless of the amount of money involved.
 8. In any matters other than those specified in clause 7, the Executive Board is empowered to approve items concerning working capital loans (any other loan will be forwarded to Board of Directors for consideration).
 9. Approval on opening an account with any financial institution.

The Managing Director

1. To be a chairman of all management.
2. To approve all operational plans of every department.
3. To manage and run the business according to the normal practices of the company. With respect to any significant matters, adversely affecting the company's reputation and financial status regarding the company's business, the managing director will consult the Board of Directors for their consideration.
4. Follow up the company's business operations to conform them to the company plan and assigned policy.
5. To approve requests from any department over which he has authority.
6. To preliminarily consider and propose investment plans or new businesses together with sales/acquisitions of asset in an amount exceeding 50 million baht before submitting such matters to the Board for approval through Executive Board
7. To propose the annual expense budget to be forwarded to the Board of Directors.
8. To consider merit of, appoint, transfer, punishing, discharging and recruiting managers.
9. To run the business following the policies set out by the Board of Directors.
10. To carry out such duties in good faith and with care to preserve the interests of the company.
11. To authorize the foregoing except the approval of connected transaction as per definition of the office of the Securities and Exchange Commission (SEC).
12. The managing director shall propose any borrowing or lending transactions, solicitation of facilities from financial institutions and granting of guarantees on behalf of any parties, to the Executive Board and/or Board of Directors to obtain approval. Working capital loans from

8.3 Election of the directors and the management

Selection of persons to be appointed as directors of the company does not involve the process of nominating committee whatsoever. Nevertheless, the company has laid down guidelines on the appointment of board of directors as follows:

1. Board of directors shall carry out its duties according to the laws, the objectives and the Articles of Association of the company, including the resolutions of the meetings of shareholders.
 2. At every general shareholder's meeting, one-third of the directors shall vacate their office. In case the number of outgoing directors cannot be divisible by three, the number closet to one-third shall be applied.
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3. The directors who resign at the first and second year, respectively, will be decided by draw. Thereafter, the directors required to resign will be those that have served the longest, but after resignation will be able to be re-appointed the following year.
 4. The general shareholder's meeting may pass a resolution that any director be vacated from office before completing his term, which resolution must be passed by votes of not less than three-fourths of the number of shareholders with the right to vote and attending the meeting and whose shares altogether constitute not less than one-half of the number of shares held by shareholders attending the meeting and have the right to vote.
 5. One shareholder is entitled to one vote per share.
 6. Each shareholder must use all of his votes under (5) to vote for the election of one to be directors. Shareholders must cast all of their votes for one nominee, and may not divide their votes.
 7. The candidates obtaining the highest numbers of votes shall be appointed directors, until all vacancies are filled. Should be a tie vote, the chairman of the Board of Directors will make the determination.

The appointment of president of the Company must be approved the Board of directors, and management of the Company directly appointed by the president.

8.4 Supervision operations of its subsidiaries and associates

The Company investment in subsidiaries or associated company must be approved by the Board of directors and authorized the Chairman/directors on behalf of the Company as the Chairman/directors of the subsidiaries and associated company by the proportion of shareholding.

8.5 Supervision of internal information

1. The company has a policy on supervision of usage of internal company information by its executives and staff for their own benefit. The executives and staff who come to possess internal company information are not permitted to buy or sell the securities of the company 1 month prior to the company announcing its results of operations (financial statements).
 2. Significant information that may affect the price of securities. The company announces its results of operations within 45 days from the end of a financial quarter and 60 days after the end of the accounting year.
 3. The company also requires that its executives prepare and submit to the Office of Securities and Exchange Commission reports on holdings of shares by them, their spouses and underage children, in listed companies in respect of which they are executives (according to the Securities and Exchange Act B.E. 2535 Section 59 and pursuant to Section 275 which stipulates that any director, manager, person who holds a management position or auditor who contravenes or fails to comply with Section 59 shall be liable to a fine not exceeding five hundred thousand Baht and a further fine not exceeding ten thousand Baht for every day during which non-compliance continues).
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8.6 Audit remuneration

1). Audit Fee

The company and its subsidiary financial Statement 2020 annual audited fee and quarterly reviewed fee amount 2,250,000 Baht and the financial Statement 2019 annual audited fee and quarterly reviewed fee amount 2,250,000 Baht.

2). Non-Audit Fee

EY review working paper fee will be paid in 2020 amount 160,000 Bath.

9. Corporate Social Responsibilities: CSR

9.1 Policy of corporate social responsibilities

The Company has been formulated the policy of corporate social responsibility and approved by board of directors on November 13, 2014, we comprehend the importance of helping and supporting society, community, and maintaining environment continuously; Tycoons also takes consideration of likely influence to stakeholders, such as stockholders 、 employees, the community where we belongs, customers, suppliers, government, societies and nations; we formulate the direction that allowed employees can participate our corporate social responsibility policy together, there are the following eight points:

1.Equitable Business:

Tycoons complies with laws and regulations, and when we are in the process of manufacturing, we producing the products with safe, reliable, well packaged, good performance and in accordance with standards. To our customers, we abides by the contracts, competes fairly, do product advertising honestly and sincerely, takes response action immediately while clients complains happened, and provides products information completely and correctly. To our suppliers, we select suppliers fairly. We must follow contracts' arrangements which already committed trading conditions and fulfilled the contracts to complete the transactions. Moreover, we treat suppliers in an impartial manner and create a mutual beneficial situation aggressively. According to corporate governance, we disclose financial information, business situations and organization structure, and respect for intellectual property rights.

2.Principles for countering bribery and against corruption:

We formulate the policy that prohibit company's directors, management levels and staffs conducted or accepted various forms of bribe and corruption, either directly or indirectly, and make sure in accordance with policy to execute and review.

3.Respecting human rights:

We respect the rights of employees and other stakeholders, we have no discrimination with races, colors, religions, genders, nationalities, ages, disability or other situations that been considered as human rights. Our company will esteem human rights appropriately and spread around the corporate operation, to eliminate unfair, discrimination, harass and infringe on various rights.

4.Do justice to employees:

The most important thing in corporate operation is employees, therefore, we should improving employees' job satisfaction and treat every employees in fair, helping their development and obtaining remuneration and appropriate welfare, providing safe and healthy work environment to our employee. The caring responsibilities should include offer necessary facilities of health and emergency first aid, eliminate enforced labor in any forms, repeal child labor, eliminate the discrimination of hired and profession, provide equal opportunities of employment is the company's main responsibilities and regard as the social responsibilities.

5.Take responsible to consumers:

Provide service with high quality, offer safe, useful and applicable products, provide information in correct, on time, and the system of supervision with intact and well-structured, which have characteristics with check and track, it can disclose sufficient information about important issue of company.

6.Environmental protection:

For the sustainable development of the company and the survival of mankind, we fulfill our environmental responsibilities in pollution prevention and environment protection, the Company set up the environmental management system with effective implementation, obey environmental law and enforce to practice, reduce pollution for continuative improvement and pollution prevention of environmental by concerning technique, save resources and valuable resources, enforce prevention of all possible accidents and stop the expanding of accident.

7.Participate community or society developing:

The Company realize level of education, culture, quality of life, safe and sanitation of community, and considering enterprise's operation will influence environment, we will actively participate government and community's activities, contributing to economic welfare of community and social development, encouraging our employees join community's public service activities.

8.Implement innovation about responsibilities for social 、 environmental and stakeholders, and disseminate innovation:

Tycoons will seeking newer, better and timely management and production mode constantly in our operation, improve and implement well corporate governance, create profit to stockholders as feedback, respect the rights of other stakeholders, maintain and improve safety and health of employees, cultivate mutual trust between enterprise and society where we operated in, participation in social care, maintain and improve facilities to saving energy 、 reduce wastewater 、 litter 、 exhaust emissions, reduce pollution, protection of environmental sustainability.

9.2 Implement of corporate social responsibilities 2020

1. Equitable Business:

Our products quality are followed international standard to manufacture, and we acquired certification of ISO9001 quality management systems in 2001 in order to provide safe, effective and applicable products. In year 2020, while our company agree to and sign various kinds of contracts with external parties, we all followed the principle of integrity and mutual benefit, negotiated reasonable contents of contracts, fulfilled commitments of contracts positive. We establish evaluation system for customers and firms for outsourcing, when we signed contracts with others, the rights and obligations for both sides will write down exhaustive. We disclose financial information, business situations and organization structure according to corporate governance.

2. Principles for countering bribery and against corruption:

Our policy for countering bribery and against corruption has been stipulated and approved by board of directors on November 13, 2014. Please refer to our web site (www.tycons.com) corporate governance of investor relations page. In 2020, the company's internal audit unit did not receive any complaints about violations of this policy. The company's internal audit department had no received any complaints about breach of this policy in year 2020.

3. Respecting human rights:

We respect the rights of employees and other stakeholders, we have no discrimination with races, colors, religions, genders, nationalities, ages, disability or other situations that been considered as human rights. Our company will esteem human rights appropriately and spread around the corporate operation, to eliminate unfair, discrimination, harass and infringe on various rights. In year 2020, the company executed in accordance with the stated as above.

4. Do justice to employees

We signed official contract of employment with all employees, accordance with employment laws, we gave appropriate remuneration and welfare to employees, we prepared education and training awareness budget every year, and we dedicated to cultivate staff's abilities and upgrade their value. We also set up infirmary and nurses and host physical examination every year to look after employees' safety and health. We do not force labor to violate labor laws, we do not hire child labor, provide equal opportunities of employment, we have no discrimination of genders and races, we treat employees in fair. In year 2020, the company executed in accordance with the stated as above.

5. Take responsible to consumers:

In year 2020, our products quality are followed international standard to manufacture. We acquired certification of ISO-9001 quality management systems in 2001, and we provide products with safe, effective and applicable. We adopt oracle ERP system and supervise the

information of process of production. We can check and trace the efficient of product's quality

6.Environmental protection:

In year 2020, the company's environmental management is followed in accordance with international standard. The Company acquired the ISO - 14001 certification (Environmental Management System) in year 2001, The Company take care of the environment and properly treat the wastewater and sewage of manufacturing process by waste water treatment plant, through the treatment system and effluent the water will be tested to ascertain that it meets with the official standards. The waste gas is exhausted after the wet scrubber treatment. Industrial waste is entrusted qualified waste transporter and disposer to disposal. Our job is to reduce the energy use, the generation of waste and pollution during the process of manufacturing.

7.Implement innovation about responsibilities for social 、 environmental and stakeholders and disseminate innovation:

Each year, the company will report to board of director to review our well corporate governance policy and implementation status, we keep communicate with stakeholders and respect the rights they owned, improve the safety of employees hearing protection, dissemination of community public service activities and encourage employees to participate, improve the blow and draw system of pool deck of pickling, sustainable development to protect the environment. In year 2020, the company executed in accordance with the stated as above

9.3 Beneficial activities to the community and environment

The Company realize level of education, culture, quality of life, safe and sanitation of community, and considering enterprise's operation will influence environment, we will actively participate government and community's activities, contributing to economic welfare of community and social development, encouraging our employees join community's public service activities.

The company participated community public service activities in year 2020, such as:

- 1) Sponsorship for the school stationary and education Scholarships with gifts and snacks on National Children's Day activities for children to develop their knowledge and talent. As well as having happiness during the Children's day.
 - 2) Join the activity with Rayong Federation of Thai Industries to make merit ceremony and support the organization's New Year sorority gifts sponsorship amount 24,706 baht.
 - 3) Sponsorship 20,000 baht and participated traditional cultural Festival activities with company surrounding community villagers at Baankhai district to preserve Thai local village traditional culture.
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- 4) Provide sponsorship to distribute people's livelihood relief supplies to help and support the disabled residents and the elderly, such as neighbors. The total donation amount is 14,900 baht. To alleviate the suffering of villagers during the spread of COVID-19 virus infection.
- 5) Sponsorship and provide medical material donation 17,000 baht. Donated to Rayong Hospital to build a negative pressure ward to support hospitals lacking medical protection equipment to fight against COVID-19 virus infection.
- 6) Participate in the construction of Wat Khao Pho and Thod Kathin Offerings in Nikompattana County, Rayong Province, providing monk clothes, donate money and to support and promote the traditional culture of Buddhism.
- 7) Sponsorship and provide medical material donation 77,120 baht and donated beds, mattresses and cabinets at the Nikompattana County Health Medical Center in Rayong Province to help those in need build morale and encouragement.
- 8) Providing drinking water to support public community events total value is 30,240 baht. Supporting drinking water for the villagers' funeral and give to government agencies to carry out projects or activities.
- 9) Join the Father's Day tree planting activities sponsorship to be given as a royal charity and to commemorate the occasion of His Majesty the King's Bhumibol Adulyadej. And for the activities income are use as support for academic health promotion activities.



Sponsorship and provide medical material donation



Sponsorship for the school stationary and education Scholarships



Sponsorship merit Buddhism ceremony



Father's Day tree planting activities

10 . Internal control and risk management

10.1 At the company's Board of Director meeting No.1/2021 on February 24, 2021 which was attended by the three independent directors and the audit committee members, the board review the opinion of board of the audit committee and evaluated the internal controls of the company by asking certain information of management. The board reviewed the company's internal controls in five key areas:

- (1) Organization and environment;
- (2) Risk management;
- (3) Management control;
- (4) Information technology and communication measures;
- (5) Follow-up systems.

After such review, the board members were of the opinion that the company had adequate controls in place. The company has policies in place to regulate business transactions with major shareholders, directors and executive management so as to avoid conflicts of interest and to preserve its best interests. Further, the audit committee was of the opinion that the internal control system regarding connected transactions with interested parties (i.e. majority shareholders, directors, management and related persons aforementioned) is sufficient, which opinion was approved by the Board of Directors

10.2 The report of the audit committee of year 2019 as follows:

The audit committee jointly reviewed the 2019 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

The audit committee reviewed the consolidated financial statements and has an opinion that the company prepared financial statements in accordance with generally accepted accounting standards; adequately disclosed information; maintained regulating and supervisory system; internal audit and risk management system is satisfactory with no significant discrepancies are observed.

10.3 Chief of internal auditor of the Company

(1) Name of chief of internal auditor: Miss Huang Tsai - Ting

(2) Opinion of Board of audit committee to the qualifications of chief of internal auditor

Board of audit committee considered the qualifications of education 、 experience of the chief of internal auditor who can perform internal audit positions effectively.

(3) Appointment, transfer and dismissal of the chief of internal auditor must be approved by the Board of audit committee.

11. Connected transactions**11.1 During the year 2020 and 2019, the company has entered into connected transaction with persons/parties, which may create conflict of interest as follows:**

Person who may have conflict of interest Relationship Transaction			Amount of connected transaction (MB)		<i>Pricing policy / Necessity and Appropriateness / Remarks</i>
			2020	2019	
1.Tycoons Group Enterprise (TGE)	Holding 100% Shares of Parent company	Revenue from sale	282	673	The audit committee reviewed and commented as follows: (1) Sales for wire rod and annealed wire : The market in Taiwan is substantially large relative to Thai market, thus motivating TYCN selling to TGE in Taiwan. Some of wire rod and annealed wire sold to TGE will be used internally whilst most of it will be on sold to Taiwanese customers. The logic behind selling through TGE is due to TGE's long-term relationships and profile with Taiwanese customers. It can directly grasp the market information through it, and can avoid the sales expenses of the company to establish the marketing channel again or need to invest in marketing in Taiwan market.
		Total Purchase of raw material and supplies	113	68	
		Purchase of fixed assets	2	6	
2.Tycoons Group International (TGI)	Parent company	Total Purchase of raw material and supplies	-	-	(2) Materials, supplies and fixed assets. : The transactions between the Company and the parent company TGI and the associated company TY STEEL's for raw materials and fixed assets are based on the operation requirements and the transaction price is based on the market price. The raw materials purchased from TGE are mainly used to produce fasteners specifically, the annealed wire chemical component, die and machinery parts cannot be acquired locally, therefore will be sourced in Taiwan via TGE. The main consideration is still based on TGE understanding of the market and bargaining power in purchasing, which can reduce the waste of the company's manpower and time. The audit committee reviewed and commented that purchase item from the parent company is considered to be normal trading. (3) Credit terms for the related party was set to be 30 - 60 days, because of the transportation, inventory and re-sale period of TGE to end-customers.
3.TY Steel Company Limited	30.84% owned of TYCN	Total Purchase of raw material	1,844	2,812	
		Sales	950	84	
		Other income	9	8	
		Purchase of goods	456	2,326	
4.Jing Hai Hardware Co., Ltd.	19.75% owned of parent company	Sales	124	99	(4) The pricing policy for intercompany purchase and sale transactions with its related parties normal are at market price.
		Total Purchase of raw material	1	1	
5. HuangHua Jujin Hardware Products Co., Ltd.	60% owned of parent company	Sales of equipments	-	-	
6. Tycoons Vietnam Co., Ltd.	100% owned of parent company	Total Purchase of raw material	-	-	

11.2 Measures/Procedures of approving connected transactions

The Board of Directors had approved the principle of related party transactions in accordance with the laws and regulations. For normal trading transaction such as inter-company sales and purchases, the Board of Directors will review the general company policies and the specific agreement to determine whether the transaction is proposed to be conducted on a fair basis. If approved, the transaction is permitted to proceed on such terms. The audit committee must attend the Board of Directors meeting and approve the proposed arrangement in order to protect the best interest of the company. For such other significant transactions such as the sales/acquisitions of assets and loans between related companies, details of such transaction must be forwarded to the meeting of board of directors of the company for approval, which meeting must also be attended by the audit committee. Such transactions must also be in compliance with laws on securities and the regulations, announcements, orders and notifications of the SET and SEC.

11.3 Policy or trend of connected transactions

Should there be future connected transaction between the company and its parent company or subsidiaries apart from those normal trades that might involve parties with conflicts of interest, the company will seek the opinion of the audit committee regarding the necessity of and accountability for such proposed transaction. In the event that the audit committee does not have the requisite expertise to evaluate the transaction, the company will seek the opinions of independent experts or its auditors. The board of directors will take into consideration such opinions. The company will also include any such transactions in the notes to its financial statements, which are audited by the company's auditors.

In making future connected transactions, the company's directors will also comply with the laws on securities and the regulations, announcements, orders and notifications of the SET and SEC, as well as the regulations regarding disclosure of connected transactions and acquisitions and dispositions of significant assets of a listed company.

12. Financial statements**1) Financial Report**

('million THB)

Balance Sheet	Consolidated			Separate		
Transactions	2020	2019	2018	2020	2019	2018
<u>CURRENT ASSETS</u>						
Cash and cash equivalents	160.95	424.29	584.72	160.95	424.29	584.72
Trade and other receivables, net	414.68	572.92	826.83	414.68	572.92	826.83
Inventories - net	2,161.35	1,706.37	2,058.31	2,161.35	1,706.37	2,058.31
Other current assets	162.56	45.63	51.88	162.56	45.63	51.88
<i>Total Current Assets</i>	2,899.54	2,749.21	3,521.74	2,899.54	2,749.21	3,521.74
<u>NON CURRENT ASSETS</u>						
Restricted bank deposit	60.00	60.00	60.00	60.00	60.00	60.00
Investment in a subsidiary	-	-	-	-	-	-
Investment in an associated	188.94	378.46	410.24	503.47	730.66	730.66
Other long-term investment	-	60.00	-	-	60.00	-
Property, plant and equipment-net	3,088.48	3,230.05	3,961.44	3,088.48	3,230.05	3,961.44
Intangible assets, net	-	-	-	-	-	-
Deferred tax assets	18.29	25.60	55.87	18.29	25.60	55.87
Other non-current assets	74.33	11.16	11.10	74.33	11.16	11.10
<i>Total Non-current Assets</i>	3,430.04	3,765.27	4,498.65	3,744.57	4,117.47	4,819.07
Total assets	6,329.59	6,514.48	8,020.39	6,644.12	6,866.68	8,340.81
<u>CURRENT LIABILITIES</u>						
Short-term loan from financial institutions	965.90	1,501.83	1,692.82	965.90	1,501.83	1,692.82
Trade payable	326.58	510.52	831.87	326.58	510.52	831.87
Current portion of long-term loans	41.77	56.31	32.00	41.77	56.31	32.00
Current portion of hire purchase creditors	-	-	0.08	-	-	0.08
Other current liabilities	978.16	75.07	103.42	978.16	75.07	103.42
<i>Total current liabilities</i>	2,312.41	2,143.73	2,660.19	2,312.41	2,143.73	2,660.19
<u>NON-CURRENT LIABILITIES</u>						
Hire purchase creditors	-	-	-	-	-	-
Long-term loan	-	41.77	46.00	-	41.77	46.00
Provision of long-term employee benefits	40.42	37.05	22.64	40.42	37.05	22.64
<i>Total Non-current liabilities</i>	40.42	78.82	68.64	40.42	78.82	68.64
Total liabilities	2,352.83	2,222.55	2,728.83	2,352.83	2,222.55	2,728.83
<u>SHAREHOLDERS' EQUITY</u>						
Authorized 596,748,900 common shares, Bath 10 par value	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49
Issued 596,748,900 common shares, fully paid	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49
Premium common shares	-	-	-	-	-	-
Premium on treasury stock	20.02	20.02	20.02	20.02	20.02	20.02
Translation adjustment	-	-	7.27	-	-	-
Retained Earnings	-2,016.63	-1,695.58	-695.95	-1,695.58	-1,343.38	-375.53
Other components of shareholder's equity	5.88	-	-	5.88	-	-
<i>Total shareholders' equity</i>	3,976.76	4,291.93	5,291.56	4,291.29	4,644.13	5,611.98
Total liabilities and shareholders' equity	6,329.59	6,514.48	8,020.39	6,644.12	6,866.68	8,340.81

2) *Income statement and Cash flow*

('million THB)

Income statement and Cash flow	Consolidated			Separate		
Transaction	2020	2019	2018	2020	2018	2018
Revenue from sales-net	5,987.44	9,562.39	10,356.10	5,987.44	9,562.39	10,356.10
Other income	47.74	64.50	105.44	47.74	64.50	98.08
Total revenues	6,035.18	9,626.89	10,461.54	6,035.18	9,626.89	10,454.18
Cost of sales	5,760.09	9,642.31	9,979.93	5,760.09	9,642.31	9,979.93
Selling and administrative expenses	254.72	337.92	360.56	254.72	337.92	360.56
Other expense	25.10	521.01	21.82	320.44	521.01	21.83
Total expenses	6,039.91	10,501.24	10,362.40	6,335.25	10,501.24	10,362.32
Profit before share of loss & finance cost	-4.74	-874.35	99.14	-300.07	-874.35	91.86
Share of loss from investment in an associated	257.66	32.05	49.29	-	-	-
Finance Cost	52.81	60.46	78.30	52.81	60.46	78.30
Profit (loss)before income tax expenses	-315.20	-966.86	-28.45	-352.88	-934.80	13.56
Income tax income (expenses)	5.85	30.82	7.01	5.85	30.82	7.01
Profit (Loss) for the period	-321.05	-997.68	-35.47	-358.73	-965.63	6.55
Basic earning (loss) per share	-0.54	-1.67	-0.06	-0.6	-1.62	0.01
The weighted average number of common shares	596.75	596.75	596.75	596.75	596.75	596.75
Net cash flow from operating	568.84	218.68	572.48	568.84	218.68	565.29
Net cash flow from investing	-205.06	-156.59	-72.85	-205.06	-156.59	-72.93
Net cash flow (used in) from financing	-627.12	-222.53	-378.87	-627.12	-222.53	-378.87
Increase in translation adjustment	-	-	-7.27	-	-	-
Net increase (decrease) in cash and cash equivalents	-263.33	-160.44	113.49	-263.33	-160.44	113.49

3) Financial ratios

Ratios	Consolidated			Separate		
	2020	2019	2018	2020	2019	2018
<u>Liquidity</u>						
Current ratio (times)	1.25	1.28	1.32	1.25	1.28	1.32
Quick ratio (times)	0.25	0.47	0.53	0.25	0.47	0.53
Accounts receivable turnover (times)	11.19	13.66	13.18	11.19	13.66	13.18
A/R collection period (days)	32.18	26.35	27.31	32.18	26.35	27.31
Inventory turnover (times)	2.98	5.12	5.22	2.98	5.12	5.22
Days sales outstanding (days)	120.86	70.28	69.02	120.86	70.28	69.02
Accounts payable turnover (times)	13.76	14.37	17.41	13.76	14.37	17.41
Payment period (days)	26.16	25.06	20.68	26.16	25.06	20.68
Cash Cycle (days)	124.40	71.57	75.65	124.40	71.57	75.65
<u>Profitability</u>						
Gross profit margin (%)	3.80	-0.84	3.63	3.80	-0.84	3.63
Cost of goods sold to sales (%)	96.20	100.84	96.37	96.20	100.84	96.37
Operating profit (Loss) margin (%)	-0.46	-4.37	0.15	-0.46	-4.37	0.15
Net income margin (%)	-5.36	-10.43	-0.34	-5.99	-10.10	0.06
Return on equity (%)	-7.77	-20.82	-0.67	-8.03	-18.83	0.12
Earning Per Share (Weighted Average)	-0.54	-1.67	-0.06	-0.6	-1.62	0.01
Book Value Per Share (BVPS)	6.66	7.19	8.87	7.19	7.78	9.40
<u>Efficiency</u>						
Return on total assets (%)	-5.00	-13.73	-0.45	-5.31	-12.70	0.08
Return on fixed assets (%)	-10.16	-27.75	-0.87	-11.35	-26.85	0.16
Total asset turnover (times)	0.93	1.32	1.31	0.89	1.26	1.26
<u>Financial policy</u>						
Debt to equity ratio (times)	0.59	0.52	0.52	0.55	0.48	0.49
Dividend payout ratio (%)	-	-	-	0	-	-
<u>Growth rate (%)</u>						
Assets	-2.84	-18.78	2.17	-3.24	-17.67	2.71
Liabilities	5.86	-18.55	8.48	5.86	-18.55	8.48
Net Sale	-37.39	-7.66	37.78	-37.39	-7.66	37.78
Cost of goods sold	-40.26	-3.38	43.23	-40.26	-3.38	43.23
Selling and general administrative expenses	-24.62	-6.30	8.43	-24.62	-6.28	8.40
Net income	-67.82	-2,712.74	-118.84	-62.85	-14,842.44	-97.51
Gross profit	-384.47	-121.25	-31.48	-384.47	121.25	-31.48

13. Management discussion and analysis (MD&A)

13.1 Overall past performance

In 2020, sales revenue was 5,987MB decreased by 37.39% compared to 9,562MB in 2019. This in total sales is attributable as to 73.98% to domestic and as to 26.02% in international sales. Mainly due to the decrease in sales of steel products, and the severe economic recession due to the global epidemics of COVID-19. Other income was 47 MB, decreased 16 MB or 25.35% compared to the year 2019, mainly due to gains on disposal of land, building and equipment decrease, coupled with the decrease in foreign exchange gains and other income increased in 2020. The net loss of 2020 was (321)MB decreased by 677 MB or 67.82% compared to (998)MB of 2019. The main reason was due to increasing of gross profit in the year 2020, and disposal of assets which cannot be used and impairment loss of assets amounting to Baht 535 million in 2019.

14.2 Performance by product group

(1) Revenue from sales

Sales revenue of 2020 was 5,987MB decreased by 37.39% compared to 9,562MB of 2019. Mainly due to the severe economic recession due to the global epidemics of COVID-19, which effect the decrease in sales of steel products.

Further details of sales revenue structure can be summarized as follows:

Sales from wire rods

In 2020 was 3,815MB, decreased by 12.16% compared to 2019, and in 2019 was 4,343MB, decreased by 14% compared to 2018.

Sales from annealed wire

In 2020 was 576MB, decreased by 35.93% compared to 2019, and In 2019 was 899MB, decreased by 26% compared to 2018.

Sales from Fastener

In 2020 was 1,004 MB, decreased by 37.68% compared to 2019, and in 2019 was 1,611 MB, decreased by 24% compared to 2018.

(2) Expenses

Cost of sales

Cost of sales is primarily composed of conversion cost and raw materials, of which billet is the main component. In year 2020, costs of sales were 5,760MB, decreased by 40.26% compared to year 2019. This was mainly because the sales volume decreased.

Selling and administrative expenses (SG&A)

In year 2020, selling and administrative expenses were 255MB, and 24.62% decrease from year 2019, The ratio of SG&A/Sales was 4.25% in 2020 and 3.53% in 2019. The major components of SG&A are depreciation, salary and wages as well as transportation costs, which vary directly with sales volume. The decrease in SG&A in 2020 is mainly caused by the-decrease in sales volume and the decrease in local transportation and export related expenses.

(3) Profit

Gross profit

In 2020, gross margin was 227MB. The rate increased from (0.84)% of 2019 to 3.80% of 2020, mainly due to the year 2020, mainly due to the gross profit of wire rod and deformed bar increased due to the increasing of trend steel price.

Operating profit

Operating loss in 2020 was 27MB, the rate decreased from (4.37)% of 2019 to (0.46)% of 2020, resulted from the increase in gross profit rate.

Net income

Net loss in 2020 was (321)MB, net income rate decreased from (10.43)% of 2019 to (5.36)% of 2020. The net loss (321)MB of 2020 mainly resulted from share of loss from investment in associate of 258M.

14.3 Financial status

(I) Assets

Composition

As of December 31 2020, TYCN's had total assets 6,330MB, decreased by 2.82% with amount 184MB compared to 2019. List of major assets that caused a decrease in assets. Mainly due to recognize loss from impairment of investments in associates.

Current assets of 2020 were 2,899MB increased by 5.47% with amount 150MB compared to 2019 mainly increase due to increased of inventory.

Non-current assets of 2020 was 3,430MB, decrease by 8.90% with amount 335MB compared to 2019, the reason was the depreciation expense of fixed assets and loss from the impairment of investments in associates.

Quality of assets

a) Assets

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

b) Accounts receivable

As of December 31, 2020 accounts receivable amounted to 458MB, which could be broken down into A/R of unrelated parties 351MB and A/R of related party 107MB. A/R amounted to 604MB in 2019 which could be broken down into A/R of unrelated parties 546MB and A/R from related party 58MB. The normal credit term granted by the Company for related parties is 30-180 days while credit term for other parties varies from 10 - 105 days. New clients as well as customers whose payments are overdue will be subject to make a payment equal to a certain percentage of the purchase amount before shipment.

Further details regarding the aging of accounts receivable are as set out below:

	Unit: MB	
	Dec 31, 2020	Dec 31, 2019
Inter- company A/R	107	58
A/R –unrelated parties	351	546
Total A/R	458	604
Aging of A/R-unrelated parties		
Past due	126	173
Up to 3 months	170	330
3 months up to 6 months	0	11
6 months up to 12 months	4	0
Over 12 months	51	33
Sub-total	351	546
Less Allowance for doubtful A/C	(49)	(34)
Total A/R - net	409	570

Accounts Receivable turnover has been decreased from 12.91 times of year 2019 to 11.19 times of year 2020. It's because the extent of sales increase less than average accounts receivable increase, resulted in A/R collection period increasing 4.29 days which increasing from 27.89 days of year 2019 to 32.18 days of year 2020.

(2) Liquidity**Cash flow**

TYCN had a net decrease in cash and cash equivalents at year-end 2020 of 263MB. Cash and cash equivalents at the end of 2020 amounted 161MB the change in cash flow amount was due to:

Net cash flow from operating	569 MB
Net cash flow from investing	(205) MB
Net cash flow from financing	(627) MB
Net decrease in cash	(263) MB

Net cash flow from operating activities was positive 569MB, mainly due to an increase in customer prepayment accounts.

Net cash flow from investing was negative (205)MB mainly because of the purchasing new machinery and investing in associated companies.

Net cash flow from financing was negative (627)MB mainly repayment of long-term and short-term loans from financial institutions.

Liquidity ratios

The company's current ratio has been decreasing standing at 1.25 and 1.28 in the years 2020 and 2019 respectively, Without significant differences.

Effects from the maturity of current liabilities on the liquidity

In 2020, short-term loans from financial institutions and trade and other payables as well as current portion of long-term loans have accounted for a large proportion of current liabilities. These first three items are payable within one year. As mentioned before, however, these loans were used to purchase raw materials for normal business operations. As a result, the company believes that the short-term maturity of such current liabilities should not adversely affect the company's liquidity.

Accounts payable turnover has been decreased from 14.37 times of year 2019 to 13.76 times of year 2020. It's because accounts payable period of purchase of raw materials got longer, therefore, the payment period increase 1.1 days from 25.06 days of year 2019 to 26.16 days of year 2020.

(3) Capital expenditure

Capital expenditures amounted to 138MB and 112MB for the year 2020 and 2019 respectively.

(4) Sources of funds

Funds structure

The debt to equity ratio was 0.59 and 0.52 between the years 2020 and 2019. The debt to assets ratio was 0.37 and 0.34 between 2020 and 2019. This indicated that TYCN had only a small amount of risk and a healthy financial structure.

Shareholders' equity

As of December 31, 2020, shareholders' equity was 3,977MB, a decrease of 7.34% or 315MB from year 2019. This was due to net loss in 2020.

Liabilities

At the end of 2020, TYCN's liabilities amounted to 2,353MB, which is equivalent to 37.17% of liabilities and shareholder's equity, and company's long-term Liabilities and equity was 3,977MB, or 129% of net fixed assets. This indicates that TYCN had a healthy financial structure.

(5) Factors potentially affecting company's performance in the future

The company's products are mainly wire rod, annealed wire, screws, bolts and reinforcing bars (including deformed bars and round bars) plus the raw material billet produced by the associated company itself. Even if the market competition is more intense in the future. The company believes that with its superior quality and diversity of products, consistent production from top to bottom will bring competitive advantages to the company.

14. Financial Statements

If investors want to learn more information about issuing company, please review the Thai registration statements for the year (56-1) on the website www.sec.or.th / www.set.or.th



This situation significantly affects the Company's business activities in terms of sales due to regression of steel industry, and this is significantly impacting the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage.

The Company's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

My opinion is not modified in respect of this matter

Key Audit Matters

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

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

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

Revenue recognition

Revenue from sales is the most significant amount in the statement of comprehensive income and it is a key performance indicator which the financial statements' users focus. The recorded amount directly affects the annual profit and loss of the Company. Moreover, the Company has many customers across a number of product groups and both local and overseas sales. There is therefore a risk of revenue being recognised at an inappropriate amount or earlier recognised revenue.



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Independent Auditor's Report

To the Shareholders of Tycoons Worldwide Group (Thailand) Public Company Limited

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1.2 to the interim financial statements, the COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.



I have examined to ensure that the amount and timing of revenue recognition is appropriate when the significant risks and rewards of ownership of the goods have passed to the buyer.

The procedures that I performed included:

- Assessing the appropriateness and testing the effectiveness of the Company's IT system and its internal controls with respect to the revenue cycle.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period, with special consideration given to expanding the scope of the examination of supporting documentation for transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Company issued to its customers after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions.

Net realisable value of inventories

The Company had significant outstanding balance of inventories as at 31 December 2020 amounting to Baht 2,161 million. Since the main component of the Company's product is steel, purchase price of raw material and selling price of Company's finished goods fluctuate in accordance with the world market, and are affected by market competitive environment, economic circumstances and the situation within the industry. As a result, estimating the net realisable value of inventories, as disclosed in Note 10 to the financial statement, is an area of significant management judgement, and there is a risk that the provision set aside for diminution in the value of inventories will be inadequate, causing the Company to overstate the value of inventories.

I have assessed the appropriateness and tested the effectiveness of the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories. I also evaluated the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing the gross profit from sales transactions to identify product lines with indicators of the risk with respect to amount of provision set aside for diminution in the value of inventory.



- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventory for each product line and expanding the scope of random examination of supporting documentation for these sale transactions.

Allowance for impairment of investment in associate

As discussed in Note 12 to the financial statements, the Company recorded an allowance for impairment of investment in associate amounting to Baht 295 million in the separate financial statements this year. Thus, the assessment of allowance for impairment of this investment is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that associate company in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the improper valuation of allowance for impairment of investment in associate.

I have assessed the appropriateness of allowance for the impairment of investment in associate as follows:

- I inquired of the Company's management regarding the basis used to consider the indicators of impairment of investment and evaluated the basis used for such consideration.
- I inquired of management regarding key assumptions used in making estimates for operating results in the future and gained an understanding of the estimating process in order to evaluate the exercise of the associate's management judgement in preparing this cash flow projections. I tested the significant assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the associate company, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of the associate's management judgement in preparing the cash flow projections. I also evaluated the discount rate applied by the associate's management through an analysis of the weighted average finance costs of the associate and of the industry, and involved an internal expert in assisting in the assessment of the discount rate by comparing it to external sources based on an expert's knowledge and past experience.
- I tested the calculation of the realisable value of the investment in associate using the selected financial models and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rate. Moreover, I reviewed the disclosures made with respect to the valuation of allowance for the impairment of investment in associate.



Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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



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

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

A handwritten signature in black ink, which appears to read 'Khitsada Lerdwana'.

Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 24 February 2021

Tycoons Worldwide Group (Thailand) Public Company Limited

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Financial statement in which equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	160,951,927	424,286,420	160,951,927	424,286,420
Trade and other receivables	9	414,676,128	572,923,739	414,676,128	572,923,739
Inventories	10	2,161,347,363	1,706,369,700	2,161,347,363	1,706,369,700
Advance payments for goods and services		114,017,067	9,141,479	114,017,067	9,141,479
Valued added tax refundable		43,864,737	31,283,767	43,864,737	31,283,767
Other current assets		4,686,431	5,201,195	4,686,431	5,201,195
Total current assets		2,899,543,653	2,749,206,300	2,899,543,653	2,749,206,300
Non-current assets					
Restricted bank deposits	11	60,000,000	60,000,000	60,000,000	60,000,000
Investment in associate	12	188,942,279	378,455,364	503,470,410	730,662,970
Other investment	4	-	60,000,000	-	60,000,000
Property, plant and equipment	13	3,088,476,416	3,230,053,385	3,088,476,416	3,230,053,385
Deferred tax assets	21	18,286,138	25,604,550	18,286,138	25,604,550
Other non-current financial assets	14	67,349,506	-	67,349,506	-
Other non-current assets		6,989,219	11,157,233	6,989,219	11,157,233
Total non-current assets		3,430,043,558	3,765,270,532	3,744,571,689	4,117,478,138
Total assets		6,329,587,211	6,514,476,832	6,644,115,342	6,866,684,438

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

Tycoons Worldwide Group (Thailand) Public Company Limited

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

		Financial statement		Separate financial statements	
		in which equity method is applied			
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	965,902,551	1,501,830,462	965,902,551	1,501,830,462
Trade and other payables	16	326,580,346	510,515,935	326,580,346	510,515,935
Current portion of long-term loans from financial institutions	17	41,767,606	56,310,399	41,767,606	56,310,399
Advance received from customers		942,386,114	71,533,894	942,386,114	71,533,894
Other current financial liabilities	27.1	10,611,174	-	10,611,174	-
Other current liabilities		25,166,657	3,535,249	25,166,657	3,535,249
Total current liabilities		2,312,414,448	2,143,725,939	2,312,414,448	2,143,725,939
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	17	-	41,767,606	-	41,767,606
Provision for long-term employee benefits	18	40,415,123	37,056,371	40,415,123	37,056,371
Total non-current liabilities		40,415,123	78,823,977	40,415,123	78,823,977
Total liabilities		2,352,829,571	2,222,549,916	2,352,829,571	2,222,549,916
Shareholders' equity					
Share capital					
Registered					
596,748,900 ordinary shares of Baht 10 each		5,967,489,000	5,967,489,000	5,967,489,000	5,967,489,000
Issued and fully paid					
596,748,900 ordinary shares of Baht 10 each		5,967,489,000	5,967,489,000	5,967,489,000	5,967,489,000
Premium on treasury shares		20,018,190	20,018,190	20,018,190	20,018,190
Retained earnings					
Appropriated - statutory reserve	19	16,832,439	16,832,439	16,832,439	16,832,439
Deficits		(2,033,461,594)	(1,712,412,713)	(1,718,933,463)	(1,360,205,107)
Other components of shareholders' equity		5,879,605	-	5,879,605	-
Total shareholders' equity		3,976,757,640	4,291,926,916	4,291,285,771	4,644,134,522
Total liabilities and shareholders' equity		6,329,587,211	6,514,476,832	6,644,115,342	6,866,684,438

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

Directors

Tycoons Worldwide Group (Thailand) Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which equity method is applied			
		2020	2019	2020	2019
Revenues					
Sales		5,987,439,162	9,562,392,905	5,987,439,162	9,562,392,905
Gains on disposal of land, building and equipment		-	13,560,238	-	13,560,238
Gains on exchange		24,934,847	36,751,277	24,934,847	36,751,277
Other income		22,073,121	12,663,538	22,073,121	12,663,538
Total revenues		6,034,447,130	9,625,367,958	6,034,447,130	9,625,367,958
Expenses					
Cost of sales		5,800,203,915	9,615,921,827	5,800,203,915	9,615,921,827
Decrease of inventory to net realisable value (reversal)	10	(40,116,014)	26,388,046	(40,116,014)	26,388,046
		5,760,087,901	9,642,309,873	5,760,087,901	9,642,309,873
Selling and distribution expenses		111,201,961	182,265,700	111,201,961	182,265,700
Administrative expenses		143,520,065	155,651,910	143,520,065	155,651,910
Reversal of allowance for doubtful accounts		-	(14,146,822)	-	(14,146,822)
Allowance for expected credit losses		15,319,823	-	15,319,823	-
Losses from raw material purchase contracts (reversal)		7,514,706	(208,565)	7,514,706	(208,565)
Losses on write-off of land improvement, building and equipment		2,268,686	117,813,626	2,268,686	117,813,626
Losses from impairment on building and equipment		-	417,551,561	-	417,551,561
Losses from impairment on investment in associate	12	-	-	295,335,910	-
Total expenses		6,039,913,142	10,501,237,283	6,335,249,052	10,501,237,283
Operating loss		(5,466,012)	(875,869,325)	(300,801,922)	(875,869,325)
Share of loss from investment in associate	12	(257,656,435)	(32,047,847)	-	-
Finance income		730,854	1,521,369	730,854	1,521,369
Finance cost		(52,808,777)	(60,462,538)	(52,808,777)	(60,462,538)
Loss before income tax expenses		(315,200,370)	(966,858,341)	(352,879,845)	(934,810,494)
Income tax expenses	21	(5,848,511)	(30,824,416)	(5,848,511)	(30,824,416)
Loss for the year		(321,048,881)	(997,682,757)	(358,728,356)	(965,634,910)

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

Tycoons Worldwide Group (Thailand) Public Company Limited

Statement of comprehensive income (Continued)

For the year ended 31 December 2020

(Unit: Baht)

		Financial statements			
		in which equity method is applied		Separate financial statements	
Note		2020	2019	2020	2019
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses, net of income tax		-	(2,208,700)	-	(2,208,700)
Actuarial gains from associate, net of income tax	12	-	260,205	-	-
Gain on changes in value of equity investment designated at fair value through other comprehensive income, net of income tax		691,186	-	691,186	-
Other comprehensive income for the year		691,186	(1,948,495)	691,186	(2,208,700)
Total comprehensive income for the year		(320,357,695)	(999,631,252)	(358,037,170)	(967,843,610)
Loss attributable to:					
Equity holders of the Company		(321,048,881)	(997,682,757)	(358,728,356)	(965,634,910)
Total comprehensive income attributable to:		(320,357,695)	(999,631,252)	(358,037,170)	(967,843,610)
Earnings per share					
Basic loss per share					
Loss attributable to equity holders of the Company	22	(0.54)	(1.67)	(0.60)	(1.62)

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

Tycoons Worldwide Group (Thailand) Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

	Financial statement in which equity method is applied					
	Issued and paid-up share capital	Premium on treasury shares	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Appropriated statutory reserve	Unappropriated (deficits)	Other comprehensive income Gains on investment in equity designated at fair value	
Balance as at 1 January 2019	5,967,489,000	20,018,190	16,832,439	(712,781,461)	-	5,291,558,168
Loss for the year	-	-	-	(997,682,757)	-	(997,682,757)
Other comprehensive income for the year	-	-	-	(1,948,495)	-	(1,948,495)
Total comprehensive income for the year	-	-	-	(999,631,252)	-	(999,631,252)
Balance as at 31 December 2019	5,967,489,000	20,018,190	16,832,439	(1,712,412,713)	-	4,291,926,916
						-
Balance as at 1 January 2020	5,967,489,000	20,018,190	16,832,439	(1,712,412,713)	-	4,291,926,916
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	5,188,419	5,188,419
Balance as at 1 January 2020 - as restated	5,967,489,000	20,018,190	16,832,439	(1,712,412,713)	5,188,419	4,297,115,335
Loss for the year	-	-	-	(321,048,881)	-	(321,048,881)
Other comprehensive income for the year	-	-	-	-	691,186	691,186
Total comprehensive income for the year	-	-	-	(321,048,881)	691,186	(320,357,695)
Balance as at 31 December 2020	5,967,489,000	20,018,190	16,832,439	(2,033,461,594)	5,879,605	3,976,757,640

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

Tycoons Worldwide Group (Thailand) Public Company Limited

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Premium on treasury shares	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated (deficits)	
					Other components of shareholders' equity Other comprehensive income Gains on investment in equity designated at fair value
Balance as at 1 January 2019	5,967,489,000	20,018,190	16,832,439	(392,361,497)	-
Loss for the year	-	-	-	(965,634,910)	-
Other comprehensive income for the year	-	-	-	(2,208,700)	-
Total comprehensive income for the year	-	-	-	(967,843,610)	-
Balance as at 31 December 2019	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(1,360,205,107)</u>	<u>-</u>
Balance as at 1 January 2020	5,967,489,000	20,018,190	16,832,439	(1,360,205,107)	-
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	5,188,419
Balance as at 1 January 2020 - as restated	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(1,360,205,107)</u>	<u>5,188,419</u>
Loss for the year	-	-	-	(358,728,356)	-
Other comprehensive income for the year	-	-	-	-	691,186
Total comprehensive income for the year	-	-	-	(358,728,356)	691,186
Balance as at 31 December 2020	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(1,718,933,463)</u>	<u>5,879,605</u>

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

Tycoons Worldwide Group (Thailand) Public Company Limited**Cash flow statement****For the year ended 31 December 2020**

(Unit: Baht)

	Financial statement		Separate financial statements	
	in which equity method is applied			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Loss before tax	(315,200,370)	(966,858,341)	(352,879,845)	(934,810,494)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	277,682,565	309,355,539	277,682,565	309,355,539
Amortisation	16,663,562	18,667,086	16,663,562	18,667,086
Reversal of allowance for doubtful accounts	-	(14,146,822)	-	(14,146,822)
Allowance for expected credit losses	15,319,823	-	15,319,823	-
Decrease of inventory to net realisable value (reversal)	(40,116,014)	26,388,046	(40,116,014)	26,388,046
Losses from raw material purchase contracts (reversal)	7,514,706	(208,565)	7,514,706	(208,565)
Gains on disposal of lands, building and equipment	-	(13,560,238)	-	(13,560,238)
Losses on write-of land improvement, building and equipment	2,268,686	117,813,626	2,268,686	117,813,626
Impairment loss on building and equipment	-	417,551,561	-	417,551,561
Impairment loss on investment in associate	-	-	295,335,910	-
Share of loss from investment in associate	257,656,435	32,047,847	-	-
Provision for long-term employee benefits	3,358,752	11,652,225	3,358,752	11,652,225
Unrealised losses on fair value of derivatives	10,611,174	811,641	10,611,174	811,641
Unrealised gains on exchange	(19,802,198)	(7,172,019)	(19,802,198)	(7,172,019)
Finance income	(730,854)	(1,521,369)	(730,854)	(1,521,369)
Finance cost	<u>52,808,777</u>	<u>57,319,596</u>	<u>52,808,777</u>	<u>57,319,596</u>
Profit (loss) from operating activities before changes in operating assets and liabilities	268,035,044	(11,860,187)	268,035,044	(11,860,187)
Operating assets (increase) decrease				
Trade and other receivables	142,709,559	267,631,760	142,709,559	267,631,760
Inventories	(414,861,649)	325,553,429	(414,861,649)	325,553,429
Other current assets	(116,902,594)	7,007,116	(116,902,594)	7,007,116
Other non-current assets	(12,495,548)	(18,733,181)	(12,495,548)	(18,733,181)
Operating liabilities increase (decrease)				
Trade and other payables	(182,610,349)	(321,324,216)	(182,610,349)	(321,324,216)
Other current liabilities	<u>884,968,922</u>	<u>(29,590,332)</u>	<u>884,968,922</u>	<u>(29,590,332)</u>
Net cash flows from operating activities	<u>568,843,385</u>	<u>218,684,389</u>	<u>568,843,385</u>	<u>218,684,389</u>

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

Tycoons Worldwide Group (Thailand) Public Company Limited**Cash flow statement (continued)****For the year ended 31 December 2020**

(Unit: Baht)

	Financial statement		Separate financial statements	
	in which equity method is applied			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Acquisition of building and equipment	(137,814,282)	(111,663,331)	(137,814,282)	(111,663,331)
Cash received from sales land, building and equipment	-	13,560,241	-	13,560,241
Investment in other investment	-	(60,000,000)	-	(60,000,000)
Cash paid for investment in associate	(68,143,350)	-	(68,143,350)	-
Cash receipt from Interest income	899,797	1,516,029	899,797	1,516,029
Net cash used in investing activities	<u>(205,057,835)</u>	<u>(156,587,061)</u>	<u>(205,057,835)</u>	<u>(156,587,061)</u>
Cash flows from financing activities				
Payment of interest expenses	(54,033,369)	(58,479,716)	(54,033,369)	(58,479,716)
Decrease of short-term loans from financial institutions	(516,776,275)	(184,038,806)	(516,776,275)	(184,038,806)
Increase of long-term loans from financial institutions	-	80,000,000	-	80,000,000
Repayment of long-term loans	(56,310,399)	(59,921,995)	(56,310,399)	(59,921,995)
Repayment of liabilities under finance lease agreements	-	(93,533)	-	(93,533)
Net cash flows used in financing activities	<u>(627,120,043)</u>	<u>(222,534,050)</u>	<u>(627,120,043)</u>	<u>(222,534,050)</u>
Net decrease in cash and cash equivalents	<u>(263,334,493)</u>	<u>(160,436,722)</u>	<u>(263,334,493)</u>	<u>(160,436,722)</u>
Cash and cash equivalents at beginning of year	424,286,420	584,723,142	424,286,420	584,723,142
Cash and cash equivalents at end of year	<u>160,951,927</u>	<u>424,286,420</u>	<u>160,951,927</u>	<u>424,286,420</u>
	-	-	-	-
Supplementary cash flow information				
Non-cash transaction				
Purchase equipments but has not yet paid	560,000	1,672,965	560,000	1,672,965

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

Tycoons Worldwide Group (Thailand) Public Company Limited**Notes to financial statements****For the year ended 31 December 2020****1. General information****1.1 General information of the Company**

Tycoons Worldwide Group (Thailand) Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Tycoons Group International Co., Ltd. which was incorporated in Cayman. The parent company of the group is Tycoons Group Enterprise Co., Ltd which was incorporated in Taiwan. The Company is principally engaged in the manufacture and distribution of steel wire rods, steel annealing wire, reinforced concrete bar, steel screw and wire products. The registered address is at 99 Moo 1, Tambol Nikompattana, Amphur Nikompattana, Rayong.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects the Company's business activities in terms of sales due to regression of steel industry, and this is significantly impacting the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

2. Basis of preparation

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

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

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

- 2.2 The separate financial statements present investments in associate under the cost method.
- 2.3 The Company holds a 30.84 percent interest in TY Steel Company Limited. Management has considered whether the Company controls TY Steel Company Limited and concluded that the Company has only significant influence. The Company therefore classifies the investment in TY Steel Company Limited as investment in an associate and accounts for it under the equity method in the financial statements in which the equity method is applied and does not prepare consolidated financial statements.

3 New financial reporting standards

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

- Classification and measurement of investments in equity instruments of non-listed companies. The Company have to measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.
- Recognition of credit losses that the Company recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

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

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

TFRS 16 Leases

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

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

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

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

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

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

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

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Company's financial statements.

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

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

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

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

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

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

(Unit: Thousand Baht)

	Financial statement in which equity method is applied/ Separate financial statement		
	The impact of Financial reporting standards related		
	31 December 2019	to financial instruments	1 January 2020
Statement of financial position			
Assets			
Current assets			
Other current financial assets	-	636	636
Other current assets	5,201	(636)	4,565
Non-current assets			
Other investment	60,000	(60,000)	-
Deferred tax assets	25,605	(1,298)	24,307
Other non-current financial assets	-	66,486	66,486
Liabilities and shareholders' equity			
Current liabilities			
Other current financial liabilities	-	3,536	3,536
Other current liabilities	3,536	(3,536)	-
Shareholders' equity			
Other components of shareholders' equity	-	5,188	5,188

Financial instruments

Details of the impact on other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)
	Financial statement in which equity method is applied/ Separate financial statements
Fair value measurement of investment in equity instrument of non-listed company - net of income tax	5,188
Impacts on other components of shareholders' equity due to the adoption of financial reporting standards related to financial instruments	5,188

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

		(Unit: Thousand Baht)			
		Financial statement in which equity method is applied/ Separate financial statements			
		Classification and measurement in accordance with TFRS 9			
	Carrying amounts under the former basis	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets					
as at 1 January 2020					
Cash and cash equivalents	424,286	-	-	424,286	424,286
Trade and other receivables	572,924	-	-	572,924	572,924
Other current financial assets	636	636	-	-	636
Restricted bank deposits	60,000	-	-	60,000	60,000
Other non-current financial assets	60,000	-	66,486	-	66,486
Total financial assets	1,117,846	636	66,486	1,057,210	1,124,332

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 1.4 million (Separate financial statements: Baht 1.4 million).

5. Significant accounting policies**5.1 Revenue and expense recognition***Sales of goods*

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

Interest income

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

Finance cost

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

5.2 Cash and cash equivalents

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

5.3 Inventories

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

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

5.4 Investments in associate

Investments in associate are accounted for in the financial statements in which equity method is applied using the equity method.

Investments in associates are accounted for in the separate financial statements using the cost method.

5.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives, except for machinery and equipment for main production, which are depreciated based on estimated units of production:

Land improvement	-	30 years	straight-line
Building and attached facilities	-	5 - 30 years	straight-line
Motor vehicles	-	5 - 10 years	straight-line
Furniture and office equipment	-	3 - 10 years	straight-line
Minor machinery and equipment for production	-	5 - 20 years	straight-line
Main machinery and equipment for production	-	Estimated units of production at a total of 0.02 - 7.02 million tons	

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

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

5.6 Related party transactions

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

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

5.7 Foreign currencies

Financial statements in which equity method is applied and separate financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

5.8 Impairment of non-financial assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

5.9 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

5.10 Provisions

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

5.11 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.12 Financial instruments

Accounting policies adopted since 1 January 2020

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets designated at FVOCI (equity instruments)

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

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

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

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

Financial assets at FVTPL

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

These financial assets include derivatives.

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

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

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

Impairment of financial assets

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

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

Accounting policies adopted before 1 January 2020**Trade and other receivables**

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

Investments

- a) Investments in non-marketable equity securities, which the Company classified as other investment, are stated at cost net of allowance for impairment loss on investment.
- b) Investment in associate is accounted for in the financial statements in which equity method is applied using the equity method.
- c) Investments in associate is accounted for in the separate financial statements using the equity method.

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

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

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

5.13 Derivatives

The Company uses forward currency contracts to hedge its foreign currency risks.

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

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

5.14 Fair value measurement

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

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

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

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

6. Significant accounting judgements and estimates

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

Decrease of inventories to net realisable value

In determining an decrease of inventories to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of their selling price, cost and expenses directly relating to events occurring after the end of the period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and their current condition.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are relevant to investment in associate recognised by the Company. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are disclosed and further explained in Note 12.

Property, plant and equipment and depreciation

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

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

7. Related party transactions

The followings are relationships with related parties.

Name of entities	Country of incorporation	Nature of relationships
TY Steel Co., Ltd.	Thailand	Associated company
Tycoons Group Enterprise Co., Ltd.	Taiwan	Ultimate parent company
Tycoons Group International Co., Ltd.	Cayman	Parent company
Tycoons Vietnam Co., Ltd.	Vietnam	Subsidiary of parent company
Huanghua Jujin Hardware Products Co., Ltd.	China	Subsidiary of parent company
Huanghua Jujin Import & Export Trading Co., Ltd.	China	Subsidiary of parent company
Jin Hai Hardware Co., Ltd.	Thailand	19.75% holding by parent company

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

(Unit: Million Baht)

	Financial statements in which equity method is applied/ Separate financial statements		Pricing policy
	<u>2020</u>	<u>2019</u>	
Transactions with ultimate parent company			
Sales	282	673	With reference to market price
Purchases of raw materials	113	68	With reference to market price
Purchases of fixed assets	2	6	Contract price
Transactions with associated company			
Sales	950	84	With reference to market price
Other income	9	8	With reference to market price
Purchases of raw materials	1,844	2,812	With reference to market price
Purchases of goods	456	2,326	With reference to market price
Transactions with related companies			
Sales	124	99	With reference to market price
Purchases of raw materials	1	1	With reference to market price

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

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u> (Note 9)		
Ultimate parent company	5,812	24,815
Associated company	69,499	28,567
Related company (related by common shareholder)	31,548	4,778
Total trade receivables - related parties	<u>106,859</u>	<u>58,160</u>
<u>Other receivables - related parties</u> (Note 9)		
Associated company	4,975	1,910
Total other receivable - related parties	<u>4,975</u>	<u>1,910</u>
<u>Trade payables - related parties</u> (Note 16)		
Ultimate parent company	49,061	10,222
Associated company	6,146	304,627
Total trade payables - related parties	<u>55,207</u>	<u>314,849</u>
<u>Other payable - related party</u> (Note 16)		
Ultimate parent company	274	257
Total other payable - related party	<u>274</u>	<u>257</u>

Directors and management's benefits

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

	(Unit: Million Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	15.0	14.7
Post-employment benefits	1.3	5.0
Total	<u>16.3</u>	<u>19.7</u>

8. Cash and cash equivalents

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Cash	289	282
Bank deposits	160,663	424,004
Total cash and cash equivalents	<u>160,952</u>	<u>424,286</u>

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.0 and 0.2 percent per annum (2019: between 0.0 and 1.0 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	15,999	54,961
Past due		
Up to 3 months	90,565	3,199
3 - 6 months	295	-
Total trade receivables - related parties	<u>106,859</u>	<u>58,160</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	126,020	172,559
Past due		
Up to 3 months	170,462	330,283
3 - 6 months	-	10,519
6 - 12 months	3,597	4
Over 12 months	50,904	32,752
Total	<u>350,983</u>	<u>546,117</u>
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	<u>(49,137)</u>	<u>(33,817)</u>
Total trade receivables - unrelated parties, net	<u>301,846</u>	<u>512,300</u>
Total trade receivables - net	<u>408,705</u>	<u>570,460</u>

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
<u>Other receivables</u>		
Other receivables - related parties	4,975	1,910
Other receivables - unrelated parties	910	299
Interest receivables	86	255
Total other receivables	<u>5,971</u>	<u>2,464</u>
Total trade and other receivables - net	<u>414,676</u>	<u>572,924</u>

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

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
As at 1 January 2020	33,817	
Provision for expected credit losses	21,365	
Amount recovered	(6,045)	
As at 31 December 2020	<u>49,137</u>	

The significant increase in allowance for expected credit losses of trade and other receivables in 2020 of Baht 21 million was mainly due to three customers have financial difficulty as a result of the COVID-19 Pandemic.

10. Inventories

	(Unit: Thousand Baht)					
	Financial statement in which equity method is applied/Separate financial statements					
	Reduce cost to					
	Cost		net realisable value		Inventories-net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Raw materials	986,541	479,143	(17)	(4,007)	986,524	475,136
Work in process	172,555	170,890	(22,657)	(41,806)	149,898	129,084
Finished goods	538,264	513,374	(26,650)	(44,353)	511,614	469,021
Spare parts, factory supplies and scrap	329,084	296,755	(1,526)	(800)	327,558	295,955
Goods in transit	<u>185,753</u>	<u>337,174</u>	-	-	<u>185,753</u>	<u>337,174</u>
Total	<u>2,212,197</u>	<u>1,797,336</u>	<u>(50,850)</u>	<u>(90,966)</u>	<u>2,161,347</u>	<u>1,706,370</u>

During the current year, the Company reduced cost of inventories by Baht 38 million (2019: Baht 189 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 78 million (2019: Baht 163 million), and reduced the amount of inventories recognised as expenses during the year.

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities that carried interests between 0.15 and 0.70 percent per annum (2019: between 0.55 and 1.25 percent per annum).

12. Investment in associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Financial statements in which equity method is applied					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2020	2019	2020	2019	2020	2019
			(%)	(%)				
TY Steel Company Limited	Manufacture and distribution of steel billet and deformed bar	Thailand	30.84	30.57	798,806	730,663	188,942	378,455
Total					798,806	730,663	188,942	378,455

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)						
TY Steel Company Limited	Manufacture and distribution of steel billet and deformed bar	Thailand	30.84	30.57	798,806	730,663	295,336	-	503,470	730,663
Total					798,806	730,663	295,336	-	503,470	730,663

The Company has placed the shares of this associated company with banks as security for a syndicated loan granted to the associated company by overseas banks.

On 30 June 2020, TY Steel Co., Ltd. (associated company) registered the increase of its share capital from Baht 2,390 million (239,000,000 ordinary shares, at par value of Baht 10 per share) to be Baht 2,590 million (259,000,000 ordinary shares, at par value of Baht 10 per share) with the Ministry of Commerce. The Company purchased 6,814,335 ordinary shares of the additionally issued ordinary shares and made full payment amounting to Baht 68 million. As a result, its shareholding percentage in this associate increased from 30.57 percent to 30.84 percent.

During the year 2020, the Company recognises an impairment loss for investment in associate amounting to Baht 295 million (2019: None) to reduce the carrying amount of this investment to its recoverable amounts. The Company has determined the recoverable amounts of its investment based on cash flow projections from financial estimation approved by associated's management.

Key assumptions used in calculations are as follows:

	(Unit: percent per annum)
	2020
Pre-tax discount rate	10.00
Growth rate	1.50

The result of sensitivity analysis for significant assumptions that affect the allowance for impairment loss as at 31 December 2020 are summarised below:

	(Unit: million Baht)	
	2020	
	Increase 0.5%	Decrease 0.5%
Pre-tax discount rate	(98)	111
Growth rate	80	(71)

12.2 Share of loss

During the years, the Company has recognised its share of loss from investment in associate in the financial statement in which equity method is applied as follows:

	(Unit: Thousand Baht)			
	Financial statement in which equity method is applied			
Company's name	Share of loss from investment in associate during the year		Share of other comprehensive income from investments in associates during the year	
	2020	2019	2020	2019
TY Steel Company Limited	(257,656)	(32,048)	-	260
Total	(257,656)	(32,048)	-	260

12.3 Summarised financial information of associate

Summarised information about financial position of TY Steel Company Limited

	(Unit: Million Baht)	
	As at 31 December	
	<u>2020</u>	<u>2019</u>
Current assets	1,393	1,561
Non-current assets	4,467	4,905
Current liabilities	4,727	3,766
Non-current liabilities	567	1,448
Net assets	566	1,252
Shareholding percentage	30.84%	30.57%
Share of net assets	175	383
Elimination entries	14	(5)
Carrying amounts of associate based on equity method	189	378

Summarised information about comprehensive income of TY Steel Company Limited

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2020</u>	<u>2019</u>
Revenue	5,639	5,229
Loss	(885)	(108)
Other comprehensive income	-	1
Total comprehensive income	(885)	(107)

13. Property, plant and equipment

(Unit: Thousand Baht)

	Financial statement in which equity method is applied/Separate financial statements						Total
	Land and land improvement	Building and attached facilities	Machinery and equipment	Motor vehicles	Furniture and office equipment	Assets under installation and construction	
Cost							
1 January 2019	556,466	1,819,879	5,523,263	300,929	66,895	159,713	8,427,145
Additions	-	7,363	21,280	3,098	5,147	76,448	113,336
Disposals/write-off	(9,431)	(29,696)	(220,313)	(9,082)	(3,401)	-	(271,923)
Transfers in (out)	1,624	2,058	16,932	-	-	(20,614)	-
31 December 2019	548,659	1,799,604	5,341,162	294,945	68,641	215,547	8,268,558
Additions	41,955	4,495	7,647	2,081	629	81,568	138,375
Disposals/write-off	-	(2,465)	(33,673)	(2,974)	(4,565)	-	(43,677)
Transfers in (out)	-	15,647	94,264	1,802	-	(111,713)	-
31 December 2020	590,614	1,817,281	5,409,400	295,854	64,705	185,402	8,363,256
Accumulated depreciation							
1 January 2019	83,516	1,123,411	2,913,773	283,547	61,460	-	4,465,707
Depreciation for the year	5,530	61,262	231,609	7,435	3,520	-	309,356
Depreciation on disposals/write-off	(3,280)	(27,498)	(111,546)	(8,385)	(3,401)	-	(154,110)
31 December 2019	85,766	1,157,175	3,033,836	282,597	61,579	-	4,620,953
Depreciation for the year	5,488	61,265	202,220	5,631	3,079	-	277,683
Depreciation on disposals/write-off	-	(1,827)	(32,043)	(2,974)	(4,564)	-	(41,408)
31 December 2020	91,254	1,216,613	3,204,013	285,254	60,094	-	4,857,228
Allowance for impairment loss							
31 December 2019	-	55,690	361,862	-	-	-	417,552
31 December 2020	-	55,690	361,862	-	-	-	417,552
Net book value							
31 December 2019	462,893	586,739	1,945,464	12,348	7,062	215,547	3,230,053
31 December 2020	499,360	544,978	1,843,525	10,600	4,611	185,402	3,088,476
Depreciation for the year							
2019 (Baht 292 million included in manufacturing cost, and the balance in selling and administrative expenses)							309,356
2020 (Baht 260 million included in manufacturing cost, and the balance in selling and administrative expenses)							277,683

As at 31 December 2020, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,600 million (2019: Baht 1,404 million).

The Company has mortgaged most of its property, plant and machinery with banks as collateral for short-term and long-term credit facilities granted by commercial banks.

14. Other non-current financial assets

	(Unit: Thousand Baht)
	Financial statement in which equity method is applied/Separate financial statements
	<u>2020</u>
<u>Equity instruments designated at FVOCI</u>	
Non-listed equity instruments	
Thai Union Fasteners Company Limited	
Balance as at 1 January 2020 (Note 4)	66,486
Gain on changes in value of equity investment	864
Total other non-current financial assets	<u>67,350</u>

The Company acquired the investment from its director with 6,000,000 shares, its shareholding percentage is 8.7 percent, amounting to Baht 60 million which was approved by Board of Directors no. 6/2019 dated 16 October 2019.

15. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	2020	2019
	Interest rate (%)	
Trust receipts	1.74 - 3.30	2.48 - 4.39
Promissory notes	1.74 - 2.85	2.48 - 4.75
Total short-term loans		
from financial institution:	<u>965,903</u>	<u>1,501,830</u>

Short-term loans from financial institutions are guaranteed by the Company's director, the ultimate parent company, pledged of fixed deposits as described in Note 11 to the financial statements and mortgaged of most of its property, plant and machinery as described in Note 13 to the financial statements.

16. Trade and other payables

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Trade payables - related parties	55,207	314,849
Trade payables - unrelated parties	186,160	90,645
Other payable - related party	274	257
Other payables - unrelated parties	599	-
Interest payables	284	1,509
Accrued expenses	84,056	103,256
Total trade and other payables	<u>326,580</u>	<u>510,516</u>

17. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Financial statements in which equity method is applied/ Separate financial statements	
			<u>2020</u>	<u>2019</u>
1	MLR - 0.75	Monthly installments as from October 2016 totaling 60 installments	22,000	46,000
2	6.50	Monthly installments as from February 2019 totaling 60 installments	19,768	52,078
Total			<u>41,768</u>	<u>98,078</u>
Less: Portion due within one year			<u>(41,768)</u>	<u>(56,310)</u>
Long-term loans, net of current portion			<u>-</u>	<u>41,768</u>

The long-term loans are guaranteed by the Company's director, the ultimate parent company, the pledged of fixed deposits as described in Note 11 to the financial statements and the mortgaged of most of its property, plant and equipment as described in Note 13 to the financial statements.

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	37,056	22,643
Included in profit or loss:		
Current service cost	2,710	2,154
Past service cost	-	8,863
Interest cost	649	635
Included in other comprehensive income:		
Actuarial losses arising from		
Demographic assumptions changes	-	(1,988)
Financial assumptions changes	-	4,288
Experience adjustments	-	461
Provision for long-term employee benefits at end of year	<u>40,415</u>	<u>37,056</u>

The Company expect to pay Baht 0.4 million of long-term employee benefits during the next year (2019: Baht 2.0 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 16 years (2019: 16 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Discount rate	1.8	1.8
Future salary increase rate	3.0 - 4.5	3.0 - 4.5
Staff turnover rate	0.0 - 50.0	0.0 - 50.0

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	37,056	22,643
Included in profit or loss:		
Current service cost	2,710	2,154
Past service cost	-	8,863
Interest cost	649	635
Included in other comprehensive income:		
Actuarial losses arising from		
Demographic assumptions changes	-	(1,988)
Financial assumptions changes	-	4,288
Experience adjustments	-	461
Provision for long-term employee benefits at end of year	<u>40,415</u>	<u>37,056</u>

The Company expect to pay Baht 0.4 million of long-term employee benefits during the next year (2019: Baht 2.0 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 16 years (2019: 16 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Discount rate	1.8	1.8
Future salary increase rate	3.0 - 4.5	3.0 - 4.5
Staff turnover rate	0.0 - 50.0	0.0 - 50.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	Financial statements in which equity method is applied/ Separate financial statements			
	As at 31 December 2020		As at 31 December 2019	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(3)	3	(3)	3
Salary increase rate	3	(3)	3	(3)

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

20. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	
	2020	2019
Salaries and wages and other employee benefits	276,476	281,943
Depreciation and amortization	294,346	328,023
Transportation expenses	82,693	147,368
Raw materials and consumables used	4,486,305	8,972,554
Changes in inventories of finished goods and work in progress	26,555	(286,748)

21. Income tax

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

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>5,849</u>	<u>30,824</u>
Income tax expenses reported in the statements of comprehensive income	<u>5,849</u>	<u>30,824</u>

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

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Deferred tax relating to		
Gains on investment in equity designated at fair value	173	-
Actuarial losses	-	(552)
Actual gains from associate	-	65
	<u>173</u>	<u>(487)</u>

The reconciliation between accounting loss and income tax expenses is shown below.

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting loss before tax	(315,200)	(966,858)	(352,880)	(934,810)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(63,040)	(193,372)	(70,576)	(186,962)
Effects of:				
Non-deductible expenses	7,675	106,153	66,742	106,153
Additional expense deductions allowed	(14)	(70)	(14)	(70)
Unused tax loss	9,697	73,314	9,697	73,314
Effect of financial statements in which equity method is applied	51,531	6,410	-	-
Others	-	38,389	-	38,389
Total	68,889	224,196	76,425	217,786
Income tax expenses reported in the statement of comprehensive income	5,849	30,824	5,849	30,824

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Deferred tax assets		
Allowance for diminution in value of inventories	10,170	18,193
Provision for losses from raw material purchase contracts	1,503	-
Provision for long-term employee benefits	8,083	7,412
Deferred tax liability		
Gains on investment in equity designated at fair value	(1,470)	-
Total	18,286	25,605

As at 31 December 2020, the Company has unused tax losses totaling Baht 619 million (2019: Baht 927 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Million Baht)

	Financial statements in which equity method is applied/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
31 December 2020	-	425
31 December 2021	17	17
31 December 2023	118	118
31 December 2024	367	367
31 December 2025	48	-
	<u>550</u>	<u>927</u>

22. Basic earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outsiders in issue during the year.

	Financial statements			
	in which equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Loss for the year (Thousand Baht)	(321,049)	(997,683)	(358,728)	(965,635)
Weighted average number of ordinary shares (Thousand shares)	596,749	596,749	596,749	596,749
Basic loss per share (Baht/share)	(0.54)	(1.67)	(0.60)	(1.62)

23. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services.

The Company business operations involve four principal segments: (1) manufacture steel wire rods and reinforce concrete bar (2) manufacture steel annealing wire (3) manufacture screw and bolt and (4) trading. These operations are mainly carried on in Thailand.

Below is the financial information for the years ended 2020 and 2019 by segment.

(Unit: Million Baht)

	Manufacture steel wire rods and reinforced concrete bar		Manufacture steel annealing wire		Manufacture screw and bolt		Trading		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues										
Domestic sales	3,804	4,244	126	83	18	22	481	2,547	4,429	6,896
Export sales	11	99	450	816	986	1,589	111	162	1,558	2,666
Total revenues	3,815	4,343	576	899	1,004	1,611	592	2,709	5,987	9,562
Results										
Segment profit (loss)	134	(241)	16	(28)	(173)	(179)	(19)	44	(42)	(404)
Unallocated profit and expenses:										
Gains on disposal of land, building and equipment									-	14
Gains on exchange									25	37
Finance income									1	2
Other income									22	13
Losses on write-off of land improvement, building and equipment									(2)	(118)
Losses from impairment of building and equipment									-	(418)
Losses from raw material purchase contracts									(8)	-
Share of loss from investment in associate									(258)	(32)
Finance cost									(53)	(60)
Other losses									-	(1)
Loss before income tax expenses									(315)	(967)
Income tax expenses									(6)	(31)
Loss for the year									(321)	(998)

Major customers

For the year 2020, the Company has revenue from one major customers in amount of Baht 626 million, arising from sales by the manufacture steel wire rods and reinforced concrete bar and trading segment (2019: the Company has no major customer with revenue of 10 percent or more of an entity's revenues).

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 5 and 3 percent of basic salary respectively. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 4 million (2019: Baht 4 million) were recognised as expenses.

25. Commitments and contingent liabilities

As at 31 December 2020, the Company had the following outstanding commitments and contingent liabilities.

25.1 Raw material purchase commitments

The Company entered into raw material purchase agreements amounting of USD 38 million (2019: USD 13 million). The materials will be shipped to the Company within 67 - 122 days from the contract dates.

25.2 Guarantees

There were outstanding bank guarantees of approximately Baht 57 million (2019: Baht 57 million) issued by banks on behalf of the Company in respect of certain performance bonds to guarantee electricity use among others.

26. Fair value hierarchy

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

(Unit: Million Baht)

	Financial statements in which equity method is applied/ Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets measured at FVOCI				
Equity investments	-	-	67.3	67.3
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	10.6	-	10.6

(Unit: Million Baht)

	Financial statements in which equity method is applied/ Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.6	-	0.6
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1.4	-	1.4

27. Financial instruments

27.1 Derivatives

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/Separate financial statements	
	<u>2020</u>	<u>2019</u>
Derivative assets		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	-	636
Total derivative assets	-	636

(Unit: Thousand Baht)

Financial statements in which equity
method is applied/Separate financial
statements

	<u>2020</u>	<u>2019</u>
Derivative liabilities		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	10,611	1,448
Total derivative liabilities	<u>10,611</u>	<u>1,448</u>

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally 6 months.

27.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, investments, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to loan, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of guarantee or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Company does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type and coverage by letters of guarantee and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Financial statements in which equity method is applied/Separate financial statements					
	As at 31 December 2020					
	Fixed interest rates		Floating	Non-	Total	Effective interest rate
	Within 1 year	1 - 5 years	interest rate	interest bearing		
						(%)
Financial assets						
Cash and cash equivalent	-	-	121	40	161	Refer to Note 8
Trade and other receivables	-	-	-	415	415	-
Restricted bank deposits	60	-	-	-	60	Refer to Note 11
	60	-	121	455	636	
Financial liabilities						
Trade and other payables	-	-	-	327	327	-
Short-term loans	966	-	-	-	966	Refer to Note 15
Long-term loans	20	-	22	-	42	Refer to Note 17
	986	-	22	327	1,335	

(Unit: Million Baht)

Financial statements in which equity method is applied/Separate financial statements						
As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (%)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalent	-	-	382	42	424	Refer to Note 8
Trade and other receivables	-	-	-	573	573	-
Restricted bank deposits	60	-	-	-	60	Refer to Note 11
	60	-	382	615	1,057	
Financial liabilities						
Trade and other payables	-	-	-	511	511	-
Short-term loans	1,502	-	-	-	1,502	Refer to Note 15
Long-term loans	32	20	46	-	98	Refer to Note 17
	1,534	20	46	511	2,111	

Foreign currency risk

The Company's exposure to the foreign currency risk relates primarily to its trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within six month.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.90	4.88	24.23	45.94	30.0371	30.1540
Euro	0.82	2.87	0.10	0.04	36.8764	33.7311
New Taiwan dollar	0.01	0.01	0.26	3.75	1.0690	1.0019

Liquidity risk

The Company monitors the risk of a shortage of liquidity through the use of bank loans. Approximately 100% of the Company's debt will mature in less than one year at 31 December 2020 (2019: 97%) based on the carrying value of borrowings reflected in the financial statements. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

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

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements				
	On	Less than	1 to 5		
	demand	1 year	years	> 5 years	Total
Non-derivatives					
short-term loans from financial institutions	-	965,903	-	-	965,903
Trade and other payables	-	326,580	-	-	326,580
Long-term loans	-	41,768	-	-	41,768
Total non-derivatives	-	1,334,251	-	-	1,334,251
Derivatives					
Derivative liabilities: net settled	-	10,611	-	-	10,611
Total	-	10,611	-	-	10,611

27.3 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company's debt-to-equity ratio for the financial statements in which equity method is applied 0.59:1 (2019: 0.52:1) and the Company's debt-to-equity ratio for the separate financial statement was 0.55:1 (2019: 0.48:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 24 February 2021.



聚亨企業集團(泰國)大眾有限公司



TYCOONS WORLDWIDE GROUP (THAILAND) PUBLIC CO.,LTD.

บริษัท ไทยคูน เวิลด์ไวด์ กรุ๊ป (ประเทศไทย) จำกัด (มหาชน)

Report of the Board of Directors' Responsibilities for the Financial Statements

The main priority of the Board of Directors is to supervise the Company's operations, making sure they are in line with good corporate governance policy and that the financial statements and financial information appearing in the Company's annual report are accurate, complete and adequate. Its duty is also to make sure that the financial statements are in line with Thai Financial Reporting Standards and that an appropriate accounting policy has been chosen and is being carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to assure the credibility of its financial statements. The Board also ensures protection over potential conflicts of interest through systems which are place to prevent unusual transactions. Connected transactions which might lead to possible conflicts of interest are closely monitored to ensure they are genuine transactions and are reasonably carried out, based on the normal course of business and for the Company's maximum benefits, and that the Company is in compliance with relevant laws and regulations. The Audit Committee has already reported the result of its action to the Board of Directors and has also reported its opinions in the Audit Committee's Report as seen in the annual report.

The Board of Directors is of the opinion that the Company's internal control system has been proven to be satisfactory. The Board was able to obtain reasonable assurance on the credibility of the Company's financial statements as at 31 December 2020 which the Company's auditor has audited based on the generally-accepted accounting standards. The auditor is of the opinion that the financial statements present fairly the Company's financial position and the results of its operations in accordance with generally accepted accounting principles.

Tycoons Worldwide Group (Thailand) Public CO., Ltd.

Ms. Lu, Yen - Chuan
(Chairman of the Board)



聚亨企業集團(泰國)大眾有限公司



TYCOONS WORLDWIDE GROUP (THAILAND) PUBLIC CO.,LTD.

บริษัท ไทยคูน เวิลด์ไวด์ กรุ๊ป (ประเทศไทย) จำกัด (มหาชน)

รายงานคณะกรรมการตรวจสอบ

คณะกรรมการตรวจสอบได้สอบทานงบการเงินรวมของบริษัทและบริษัทย่อยประจำปี 2563 ร่วมกับผู้สอบบัญชี เพื่อนำเสนอต่อคณะกรรมการบริษัทรับทราบรายงานการตรวจสอบ ประชุมหารือร่วมกับฝ่ายที่เกี่ยวข้องสอบทานการปฏิบัติตามข้อกำหนด และกฎหมายรวมทั้งพิจารณาการเปิดเผยข้อมูลรายการที่เกี่ยวข้องกันให้เป็นไปตามเกณฑ์ตลาดหลักทรัพย์แห่งประเทศไทย

คณะกรรมการตรวจสอบได้พิจารณางบการเงินดังกล่าวมีความเห็นว่า บริษัทมีการจัดทำรายงานทางการเงินเป็นไปตามมาตรฐานบัญชีที่รับรองทั่วไป มีการเปิดเผยข้อมูลเพียงพอ มีระบบการควบคุมภายใน ระบบตรวจสอบภายใน และระบบบริหารความเสี่ยงที่น่าพอใจ ไม่มีข้อที่ต้องปรับปรุงอย่างเป็นสาระสำคัญ

(นายพิพัฒน์ หวังพิชิต)

กรรมการตรวจสอบ

(นายสุรพล ขวัญใจธัญญา)

ประธานคณะกรรมการตรวจสอบ

(นายจิรวัดน์ หวาง)

กรรมการตรวจสอบ

REPORT OF THE AUDIT COMMITTEE

The audit committee jointly reviewed the 2020 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

The audit committee reviewed the consolidated financial statements and has an opinion that the company prepared financial statements in accordance with generally accepted accounting standards; adequately disclosed information; maintained regulating and supervisory system; internal audit and risk management system is satisfactory with no significant discrepancies are observed.

(Mr.Phiphat Wangphichit)
Audit Committee

(Mr.Surabhon Kwunchaithunya)
Audit Committee Chairman

(Mr.Jirawat Huang)
Audit Committee

TYC***NS***
