



# ANNUAL REPORT

Sabina Public Company Limited

# 2019

*Sabina*



Annual Report

Ended December 31, 2019

Sabina Public Company Limited

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## Message from Chairman

The Thai economy in 2019 did not look good, resulting from the decelerating trend in 2018. The GDP at the beginning of the year was expected to be approximately 3.8 % but ended up at 2.4%. The first half of 2019 saw a rather promising growth of the Thai economy; however, second half of the year saw a decline in agricultural prices, drought, and heavy rain at the end of the year, causing floods in the north and northeast regions.

Despite the recession, due to the expansion of distribution channels customized for the current buying habits of consumers, Sabina Public Company Limited was able to perform well in 2019, in which its sales revenue had increased by 6.2 percent, resulting in total sales revenue of 3,295 million baht, which was higher than the previous year's sales revenue of 3,103 million baht, resulting in a 14.3% higher profit than the previous year and net profit of 413 million baht, which was higher than the previous year's net profit of 51 million baht. For this reason, the Board of Directors has resolved to pay dividends of 1.19 baht per share. However, since the Board of Directors has passed a resolution to pay interim dividends in the amount of 0.57 baht per share, it is appropriate to propose to the general meeting of shareholders on April 23, 2020 for further dividend payment at the rate of 0.62 baht per share, which will be paid on 22 May 2020

In 2020, the company is planning to increase its sales revenue and expand its customer base by offering new distribution channels that are easily accessible, faster delivery by adjusting the inventory and shipping system to be more efficient, new innovative products to meet the needs of consumers, clear marketing communication, and the marketing budget for maximum efficiency. Exports produced under the CLMV companies' brand are likely to increase due to the reliability of the quality and the Sabina brand of the company.

In 2019, the company operated its business by abiding by the principles of good corporate governance and continuously recognizing the importance and responsibility of shareholders and interested parties of the company. In 2019, the company was evaluated by the Thai Institute of Directors (IOD) and placed at the level of "excellent".

In 2019, the company put a great emphasis on the importance of projects and activities based ESG (Environmental, Social, Governance) and the philosophy of "Society Lives. People Survive. Employees and Companies live a sustainable Life", by implementing former projects and maximizing their benefits such as Breast Implant Project that is focused on breast donation to those undergoing mastectomy because of breast cancer, Zero Waste Project emphasized on usage of traditional wisdom to make products out of waste materials, and Micro Finance aimed at helping employees with large debts.

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On behalf of the Board of Directors, executives, employees, the company will be dedicated to conducting its business under the principles of good governance in order to create sustainability for the organization. Thank you to all shareholders, customers, business partners, as well as all interested parties, for the trust and confidence that you have given to the company all along. Finally, we are so proud to have received the Set Award in the Out Standing Performance category for 2019 as well.



(Mr. Viroj Thanalongkorn)

Chairman of the Board of Directors

## Business Conduct

### Vision, mission, strategy and operational goals of the company



#### Vision

The company operates under the concept of “Create Value with Innovation” aim to build Sabina lingerie brand integrity with new innovations as well as modern fashion, accepted quality, consist and fits with the needs of all women in all countries and along with social responsibility.

#### Mission

The company has a mission to operate in accordance with the vision structured under the concept of operations which are separated into various parts as follows.

##### 1. People: Trust and Worthiness in human as precious resources

**People:** The company believes that employees are valuable human resources because they are an important factor enables the company to achieve its goals and objectives. Therefore, giving importance to taking care of all employees, every position is like a valuable resource of the company.

##### 2. Product: Delivered products beyond expectation

**Product:** The company will produce product's quality to meet with expectations of customers. By using research, develop new innovations for products that will meet the needs of women of all ages.

##### 3. Partners: Trust and Reliable Enterprise

**Partners:** The company will manage and operate in order to gain trust and confidence from partners or those related to the company in every aspect such as shareholders, employees, customers, creditors, and competitors.

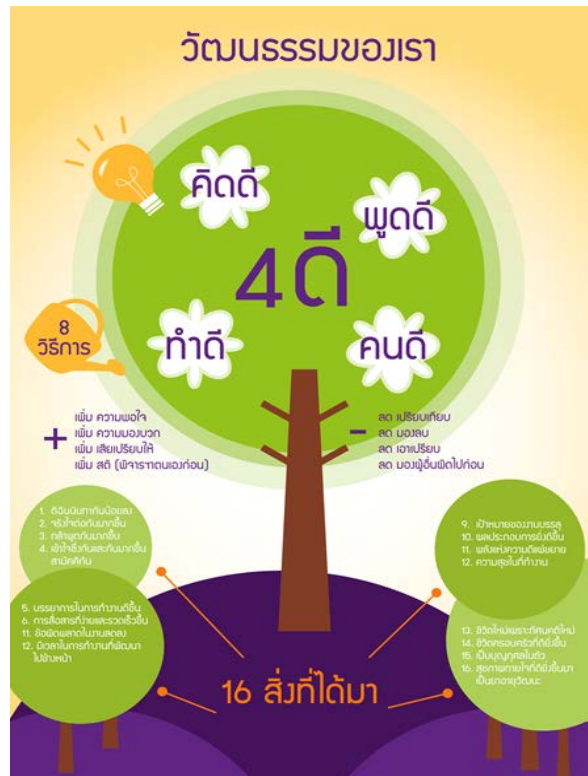
#### 4. Productivity: Innovation through productivity by advance mechanism

**Productivity:** The company will manage production by using production management methods, production technology, production innovation Including modern machinery used in production. In order to get standardize quality products and approve by every customer in every country.

#### 5. Planet: Return Benefit to Society and Environment

**Planet:** The company is still committed to business conducting by returning profits to society and the environment.

#### 4 Good Corporate Culture



The company adheres to the principle of "happiness organization" as the basis for management and believe that the organization can be good, if employees work happily at the organization as if it is their second home. There are many types of management hierarchy, top-down management or bottom-up, but the company adheres to the management principles using employees as the center of development (Client Center) and others changes. All because the company believes if anything doing comes from employee's intention and initiation, happiness will be final answer. Which is the origin of the word 4 good corporate culture, consisting of "good thinking, good speaking, good doing and good being."

**Good thinking** means everyone must start thinking positive, being optimist and be conscious both for themselves and others.

**Good speaking** means everyone must speak good with good words, reduce comparisons.

**Good doing** means knowing the disadvantage, not taking advantage of others and know how to give.

**Good being** will happen automatically when you have the three G above.

## Strategy and long-term goals



For the long-term goals from 2019-2024, the company is expecting its sales revenue to grow by an average of 10% based on the changing circumstances of the economy. The increased sales revenue depends greatly upon revenue structure divided into 4 major structures which are as follows:

The clear goals for growth are as follows:

- To be the No.1 lingerie brand in Thailand and become a regional brand
- To be Leader in modern production innovation as well as fashion leader in lingerie functions to meet the needs of customers of all age groups
- To be a modern brand and understand the needs of customers according to the slogan "Because we are friends who understand women" by focusing on the use of technology to meet the needs and improve communication channels to reach customers based on changing lifestyles
- To develop production efficiency for maximum efficiency in both machinery and raw materials and reduce work steps leading to cost reduction

### 1. Domestic sales of the Sabina brand

The company believe that the domestic market can continue to grow as the market changes. The following strategies show how to grow the domestic market effectively:

- Modify the sales model to serve customers and meet their changing needs and behaviors by focusing on reaching customers rather than waiting for customers to go to the store.

b. Continually focus on research and development of quality and product formats by focusing on innovation in order to meet the needs of customer of all types and increase product variety by putting customers first.

c. Storefront cost management by developing a system for convenience, speed, accuracy.

d. Develop the ability of salespeople to have multi-skill in working to reach more customers and to be able to generate additional income

## **2. Non-Store Retailing**

Another way that the company can use to emphasize on development and accelerate the growth rate is non-store retailing. Despite a few years of implementation, it has generated the highest growth rate. Non-store retailing also covers all sales channels and does not overlap with storefront sales where salespeople stand by to serve customers. The goals and strategy of non-store sales are as follows:

a. To delivery service channels that normal stores have not been able to reach or that require a high access cost to reach.

b. Focus on the development and improvement of products for specific sales channels by putting customers first and working towards meeting the needs of each target group.

c. Use modern technology for service system development, to be fast, accurate and accessible whenever customers want.

d. Develop quality and service standards for customers' trust according to Sabina's slogan "Because we are friends who understand women".

## **3. Sabina exports to foreign markets**

There has been a continual growth in selling products under the Sabina brand through overseas distributors, especially those in CLMV countries such as Vietnam, Laos, Myanmar and the Philippines. The strategy to develop sales growth in this structure is as follows.

a. Develop personnel working in each country and send Sabina staff to key countries such as Vietnam and the Philippines to help develop the system and empower the staff there with knowledge and skills which are contributable to the success of the company in Thailand, so they can be applied what they learn to each area specifically by emphasizing the understanding of products and services as well as managing stock inventory.

b. Help negotiate sales in order to expand sales channels overseas by bringing the success of sales in Thailand to further develop and negotiate trade in other countries both in-store sales And out-of-store sales.

c. Start sourcing products from production bases in that country to reduce costs and to speed up adding products in the store to meet the needs of customers in each country, all of which still is under quality control to meet Sabina standards equivalent to production in Thailand.

#### 4. Sales of OEM products

Sales of OEM products is a part of revenue structure that contributes to additional income, which has been controlled not to have a proportion of growth than it has at present. However, it will maintain the proportion of sales spending so that it will not decrease. Since selling OEM products is considered a technical development and significantly linked to machinery knowledge, raw materials, and new product formats received from western countries, all which can be applied to product development in our country.

In this regard, sub-strategies on the production process and sales promotion system are still being put in to practice in order to achieve the main goals. They are as follows.

1. Reduce production costs by developing raw materials with suppliers and negotiating with them to add raw materials in large quantities to combined orders and gradually import raw materials as necessary for production and not stocked them up in large quantities which will cost management fees and a lot of storage space.

2. Modernize the efficiency of the production process and focus on sustainable growth to develop and improve various processes in the operation. Share the results throughout the organization, including with business partners or stakeholders through SPM (Sabina Productive Management) project, which is a combination of all tools that are suitable for the production management of the company to drive and continue to operate through the committee which is from representatives of all departments of the company, especially the Lean Enterprise concept to extend the results of timely production management or Lean systems throughout the company including the extension to partners and customers to be the same chain is to strengthen the business, with the ultimate goal of achieving Total Quality Management and becoming a corporate culture that all members value and participate in the continuous development of the organization's operations by aiming to meet the needs and create satisfaction for customers, which will create business opportunities, competitive advantage and sustainable development of the organization based on sustainability

3. Personnel development for staff to have multi skills and to be able to perform many functions, be flexible to support the work that is currently fast growing without having to increase the number of personnel. Personnel development is executed throughout the factory, using modern and standardized system to help employees learn more quickly and adjust them to be more streamlined in their work. For example, sewing staff use the sewing passport system to develop skills.

4. The pricing policy of the products can be divided into 2 categories: pricing of the products under the Sabina trademark of the subsidiary companies and pricing of products manufactured under the Sabina

trademark of OEM. Pricing of these 2 categories is based on the nature, quantity, and the market value of the product. Products under the Sabina trademark of the subsidiary companies (Sabina) will use the pricing method as appropriate to the product users, which is likely to increase the price according to the market value of the product as well. The pricing will be close to that of the competitors in the same market in order to allow consumers to use the product worthwhile. And to be at a competitive level, the company's product price is placed at a moderate level when compared to the price of the same product in the market. The company does not have a price competition policy with other manufacturers. However, the products may have a price reduction according to the department's marketing strategy and various distribution points. For OEM product prices, the company will select customers at the top level and implement the policy increasing the price to increase the margin from the cost of production (Cost Plus), which the selling price covers the risk of some foreign currency fluctuations and gross profit from production of each product More or less according to the product model Including the quantity of products that the customer ordered are as follows

- **The products**

- Creating innovation for underwear and swimwear products**

The company and its subsidiaries have established a product research and development team to create new innovations for underwear and swimwear products in terms of new functions and modern design that corresponds to consumers rapid behaviour change. Using previous distribution data to analyse and find product characteristics, product styles and product fashion for the consumer needs at all time. In addition, the company is aware of the product fashion guidelines that the company has produced for customers in Europe and England Which is a leader in fashion and lingerie. In addition, the research team also bring in new raw materials and formulas to adjust with the consumer's body and needs. So that the company's products are modern and attractive to consumers and consist with the current lingerie market conditions.

- Research and Direct survey of consumer's needs**

The subsidiary surveyed the needs of consumers in order to obtain products that meet market needs by using various methods such as focus group research, surveying both before and after the product distribution, data collection in the sales area (Market Survey), talking to target groups through various activities such as campus tour, work shop etc. Which the subsidiary will keep conduct surveys in every collection at all time in order to quickly respond to customer needs and using this information to analyze and develop the sample product and then test it with the target group. These process takes time to develop and a period to test the product until the company confident enough in the quality and product then they will be release into the market.

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### Cost reduction

The company takes care of costs continuously with various strategies. In the past that has costing up to 65%, but the current cost has dropped to 48%, resulting in higher gross profit. In the future there is a tendency to make higher gross profit.

Focusing on reducing the proportion of OEM production and sales to the appropriate level is one way to reduce costs. Since such production requires materials as specified by the brand, the company must purchase materials from suppliers as agreed upon, which affect the bargaining power while the company's brand production volume has increased. Apart from being able to set a better selling price, being a major customer of material manufacturer gives the company with more bargaining power. Resulting in reduced costs and increase more gross profit. This showing by continuously increasing business profit since 2007 and now the gross profit is 50%

However, the company has reduced material costs without reducing its quality. Which is a very important factor to compete with both domestic competitors and foreign competitors such as China and Indonesia. In addition, cost reduction helps the company in a price compete with more competitors. Therefore, company has more profit from sales.

In addition, the company has a way to reduce material costs by finding new sources of materials and let the supplier to pitch their materials sale which is raise more choices in terms of materials quality and bargaining power. Resulting an effective control of material management.

Finding new sources of diverse materials, good quality, and reasonable price is a way to reduce dependence on one of the distributors, preventing supplier's production capacity insufficiency problem due to the quantity orders from the company, preventing monopoly price issue from distributors. Providing the company with more options on the amount of purchase require materials from many distributors both domestic and international, which the current trade agreements with many countries have greatly reduced the import tax on materials. The procurement of new materials both domestic and international is the way to show potential of the company in material procurement development and helps increase product's diversity and modern as well.

Moreover, the company has studied various innovations including some manufacturing technique on our own to lower materials cost. This can reduce dependency, material monopoly from distributors such as Mould bra, which is the important material in the making of lingerie. At the present the company can produce 90% of the needed amount by ourselves (Our own production in 2014 is only 30%)

Another way to reduce costs is hiring more finished goods manufacturer from outside (Outsourcing) in the easy to sew product group. The machine can substitute skillful workers resulting in low production costs. The company focus on producing complex products that require skills but comes with the high gross profit. In the past recent, the company has continuously increased the proportion of outsourcing and in the future the ability of this type of production will be better and better. This is because the company help giving advice to the contractor coordinate in the form of partners. In order to be able to produce more complex products according to the quality that the company needs, which will result in lower costs and more gross profit.

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- **The Productions**

The company's products are divided into collections that cover all groups of all ages and at all price levels. Apart from the production also emphasize on beauty in term of designs, it is also mix with functionality adjust to the different type of the wearer's physiology. The company's underwear feature is when wearing it will be suitable with the shape of the wearer. Which won't be able to see on the outside but inside it will fit the actual physiology of the target customers.

As for the quantity of products to be produced depends on many factors such as forecasting market competition conditions, new product release season, production capacity of each factory and policies from the management department with fundamental factors derived from customer's needs. Furthermore, there are factors in the production format. If the product is divided according to the production pattern, it can be divided into 2 formats which are the product that has the original repetitive pattern production (Basic) and new products or fashion products (Fashion) The original repetitive pattern product is often used by consumers which will always be produced in the form of product replenishment. This enabling the company to predict production and planning production efficiently by always set the production line to produce in the same way or close enough to increase expertise which resulting in improved production efficiency and more productivity. While there is always new design on fashion product, the original pattern won't be reproduced. Even though new pattern has complex production, but it has better sales revenue and better gross margin.

For products under the trademark of a subsidiary. There will be a product distribution plan every year in order to control production efficiently. Product distribution plan indicates the quantity and type of products that the company must produce each month in order to release as scheduled. The production plan is flexible according to the volume of orders during the year. The central production planning department disperse production volumes to various factories by distributing the product quantity as appropriate for the duration, dividing the type of products according to the suitability of the machine and the expertise of employees in each factory for maximum efficiency in production.

As for OEM products, the company will produce according to customer's order from time to time. That is, no production in advance which customers must order before the date that need the product for a long period of time as follow the customer's product distribution plan. In order to prevent delays production and delivery, the company will distribute the volume of products to be produced to various factories according to the suitability of the production capacity, duration and type of products. The volume of production will be considered along with our own trademarks as well and if customer's order is far more than the remaining production capacity, the company would not accept that order to avoid the damage that could happen to both customer and the company.

Moreover, the company focus on developing other factors that helps increase production efficiency such as human labor development because they are an important factor in the production of ready-made garments. Especially when the product needs details and has a variety of designs. At the present there are employee ability development and product quality test continuously. During production, there will always be quality inspection at

every step and encourage employees to produce quality products. Furthermore, there are periodic staff training, depending on the type of new product that needs to be released and the need to increase production skills.

**Improving production efficiency**, the company focuses on improving production efficiency by bringing various tools to be used in production management for creating sustainable growth. Apart from developing and integrate various process in operations, also extend throughout the organization, including business partners or stakeholders through SPM project (Sabina Productive Management) Which is a combination of all suitable tools for managing the production of the company, to drive and operate continuously by the board which are representatives of all departments of the company. Especially the Lean Enterprise concept or lean system throughout the company to extend result of timely production management. Also extend results to partners and customers to be in the same chain and strengthen the business. The ultimate goal here is to achieve a holistic quality management (Total Quality Management) and become a corporate culture that everyone in here value, contribute to the ongoing operation development of the organization. Aiming to meet the needs and create satisfaction for customers which will create business opportunities, competitive advantage and sustainable development of the organization.

With a policy to reduce production time and faster deliver products to customers. Therefore, modern software packages are introduced to help in the production planning and communication and collaboration between the team, resulting in production lead time reduce from 120-180 days to 90-150 days.

Moreover, the company applying the LEAN production system to reduce material delivery time and can greatly reduce waste, the inventory and WIP amount from 244 million baht (in 2012) to approximately 200 million baht (in 2019), allowing the company able to circulate more money to other uses.

- **Logistics**

The company must produce variety of products to meet the needs of consumer, since the consumer behavior that needs more variety of products. So, there is a need to disperse products to stores to always support the needs of consumer, this is the reason to develop logistics system or taking care of stock inventory in each store to distribute products to the right place, right time with the needs of consumers in each area. The company began to develop the system and computer programs that can check the sale products to have inventory in line with the needs of each store in every store, increasing the chances of selling more products.

Moreover, nowadays online trading has played a greater role with consumers. The company has adjusted the work to be in line with this trend, focus on selling products through online channels more. Which has a good response and must send products to consumers more directly. Therefore, the logistics system is very important resulting in need to adjust the warehouse management system and distribute products to respond to consumer behavior.

In addition, the company has begun to distribute more products to ASEAN which require a system to always check supplier's stock or company's distributor. This is because sending goods to various countries takes

time to process the delivery documents and delivery time, in order to store new products at similar period in our country.

- **Pricing**

The product pricing policy can be dividing in 2 ways which are determining the selling price of the product under the trademark of the subsidiary (Sabina) and pricing of products manufactured under the trademark of the manufacturer (OEM) The factors affecting the pricing of these 2 types of products are style, quantity and product market value.

Product prices under the trademark of the subsidiary (Sabina) will use the pricing method as appropriate for the product user. Product price will increase according to the market value and will be similar price as competitor at the same market segment and be able to stay in the competition, this allow consumer to use product at full benefit. At the present, product is in mid-range compare to same product category in the market. The company does not have a price competition policy against other manufacturer. However, product price might adapt due market strategy of the department store and at any purchase point appropriately.

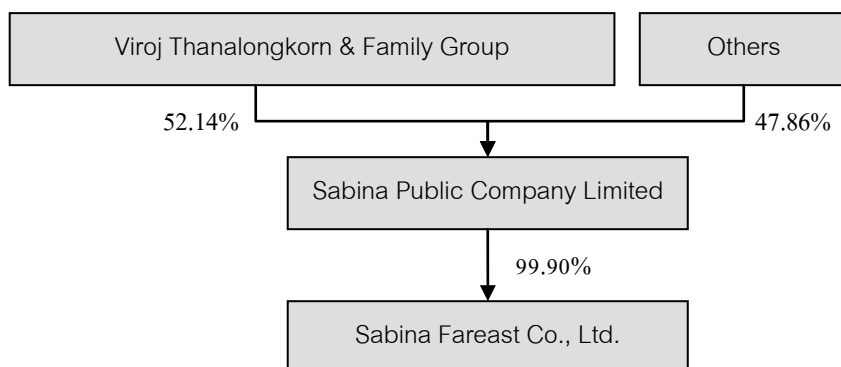
For OEM product price, the company will select top level customer and apply increase profit margins from production costs pricing policy (Cost Plus) Which the selling price will cover the risk of some foreign currency fluctuations and gross profit from the production of each product, price will vary depends on the type of product and the quantity of products that customers ordered

- **Seeking new business opportunities**

When the ASEAN Economic Community (AEC) is established. It is a good opportunity for the company to expand business line such as importing various ASEAN brands to expand the market in Thailand, which the company has expertise and good relations with leading department stores in Thailand. This is the company's advantage to contact and operate within the connection.

The company has developed and increased the potential in the Non Store Retailing channel in order to fill the gap in product access because some customers may not be convenient to travel around by the "Twenty-Four Seven" strategy. This is an attempt to encourage customers to access the service 24 hours a day in 7 days by expanding to online platforms, digital TVs and catalogs. Which is easy access to products and helps reducing investment cost on the storefront, the cost of decorate furniture in the shop, no need to pay rent for department stores or various modern trades fair.

## Shareholding Structures of the Company



### Sabina Public Company Limited

Operate lingerie manufacturing & sales business for subsidiary and customers who are lingerie suppliers in foreign countries (OEM) Currently, there are 3 factories located in Chainart, Yasothon and Burirum. There are 2,829 machines in total which divide into 2,766 of sewing machines and 63 other machines. In addition, there are accessories for sewing machines which can help adjust the machines to work more efficiently and more suitable for product styles. There will be many different types according to the product style which the company has an actual production volume of 8.4 million pieces per year.

### Sabina Fareast Company Limited (Subsidiaries)

Operate lingerie design, produce and distribution business which divide into 2 main sections as following.

1. lingerie design, produce and distribution business under the trademark SABINA which comprise of sub collections such as Sabinie, DoommDoomm, Soft Doomm, Modern V by Sabina and several other variety collections meet with the needs of women of all age.

2. lingerie design, produce and distribution business made to customer order who are lingerie suppliers in foreign countries (OEM) such as England, USA, Europe, Russia and Scandinavia etc.

Furthermore, lingerie is also sold under the trademark "SABINA", "SABINIE" and "SBN" which already partially registered in foreign countries. The selling lingerie product under our own trademark is an outright sale to distributor. Most of them would distribute their products in department store or their own store. Fore example in the Middle East, including The United Arab Emirates in Asia, including Pakistan, Bangladesh and the ASEAN Economic Community (AEC), Myanmar, Cambodia, Philippines, Laos and Vietnam.

The current subsidiary has to 2 factories located in Bangkok and Nakorn Pathom. Total number of machines is 1,430 which can be divide into 1,279 of sewing machines and 151 of other machines. Currently, the subsidiary has a production capacity of 3.3 million pieces per year.

**Table : Activities of the Company and Subsidiary**

Activity	Design	Manufacturing and Sales under Own Brand Names	Manufacturing and Sales to Subsidiary	Manufacturing and Sales of OEM Products to Overseas Customers
Company	✓		✓	✓
Subsidiary	✓	✓		✓

Divisions operation of the company policy

#### The Company

Acting in the business of producing and selling underwear for subsidiaries and customers who are foreign lingerie suppliers (OEM or Original Equipment Manufacturer) Originally, the business of manufacturing and selling OEM products of the company is the production and distribution for subsidiaries which received production orders from another customer because the subsidiary has been operating for a long time and more well known to customer abroad. When the company started to get some recognition in the group of customers abroad then started selling more OEM products directly to customers without passing through subsidiaries.

#### The Subsidiary

Acting in the design, manufacture and distribution of women underwear under the brand "Sabina" Including produce by the order from customer who is using their own brand or OEM (Original Equipment Manufacturer) and act as company distribute women underwear under the brand "Sabina" to department store, shopping centers and modern trades fair both domestic and international. Including sales through new distribution channels such as TV Shopping, Website and Company's Application and other Websites.

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## Nature of Business

### Company's Profile and Outstanding Development

Sabina Public Company Limited or Sabina, a manufacturer and distributor of ladies' lingerie, top number one lingerie brand in Thailand. Sabina distributes its products nationwide through all distribution channels as its business is expanding to neighboring countries in the ASEAN Economic Community, especially CLMV (Cambodia, Laos, Myanmar and Vietnam) as well as other parts of the world. It is also a lingerie manufacturer for leading lingerie brands overseas (OEM).

Sabina lingerie products are available for all age groups, at all market prices. It is also top leader in fashion and function, well known for its beautiful exterior design, great for body functions of the wearer, and suitable for the shape of the individual target customer. Thanks to research data and market survey on product development, Sabina is able to manufacture products that meet the needs of customers with both small and large breasts and bring innovation to develop the production of high quality, comfortable and modern lingerie. The company was established on August 17, 1995, formerly known as J&D Apparel Company Limited, with initial registered capital of 1 million baht, engaged in the production and distribution of lingerie for subsidiaries and customers, who are lingerie distributors overseas (OEM - Original Equipment Manufacturer). The subsidiary company, Sabina Far East Company Limited, was established on January 11, 1977.

The Company and its subsidiaries were founded as a joint venture of the 2nd generation members of the "Thanalongkorn" family, led by Mr. Viroj Thanalongkorn, who has special expertise in the lingerie industry inherited from the 1st generation members of the family, beginning with "limited partnership Jintana "(now renamed Jintana Apparel Company Limited) engages in lingerie business under the pioneering of Mr. Chintana and Mr. Adul Thanalongkorn, the mother and father of Mr. Viroj, who is the management and major shareholder of the company.

J&D Apparel Public Company Limited changed its name to Sabina Public Company Limited on May 18, 2007. The head office is located at 177 Moo 8, Wang Kai Thuan Subdistrict, Hankha District, Chai Nat Province. And other 4 branch offices consisting are located at:

1. No. 12, Arun Amarin Road, Arun Amarin, Bangkok Noi, Bangkok
2. No. 30/5, Village No. 12, Phutthamonthon 5 Road, Rai Khing Subdistrict, Sam Phran District, Nakhon Pathom Province
3. No. 236 Village No. 10, Du Thung Subdistrict, Mueang Yasothon District, Yasothon Province
4. Number 81,106, Village No. 6, Nong Bot, Nangrong District, Buriram Province

Originally, the business of manufacturing and distributing OEM products of the company was the production and distribution for subsidiaries which received production orders from another customer. Since the subsidiary has been operating for a long time and is known to foreign customers more than domestic ones. When the company became well-known to foreign customers, it began to sell OEM products directly to customers. So the production for lingerie distributors overseas is the main revenue proportion. However, after the company

changed its policies concerning reducing the proportion of OEM production and distribution since 2008, resulting in the company's main revenue proportion coming mainly from the production and distribution of products to the subsidiary under the brand "Sabina".

The following are important changes and development of the company and subsidiaries relating to business operation.



1997 - A period of economic recession in Thailand called, Tom Yum Kung, was a period of great change. Due to the sudden weakening of the baht overnight from 26 baht to 45 baht, the company seek an opportunity to change direction of doing business and invest in exporting business under customer brands in England and Europe. The company had started to create a brand for quite a while before that.

2002 - The company expanded its business into Yasothorn and built its 4th factory there, which is the largest factory among its three other factories located in Tha Phra, Chainat and the Phutthamonthon 5, so as to meet the needs of increasing OEM customers.

2006 – Due to the trend of the baht appreciating at 36 baht / USD, forecast of the appreciation of 30-31 baht / USD, the cut off from the GSP privileges from Europe, and wages which are rising and causing the competition in the export of the company's products to decrease, the company changed from manufacturing for OEM to selling more brands. This means that the company will no longer benefit from OEMs, so the company has changed its strategy to focus on building more brands and reach the domestic market first.

2006 - The company started to look into the market from segmentation that no one was really interested and the company's positioning was in the production of Doomm Doomm (extra thick bra) for customers with small breast or Size A, which turned out to be a really good brand prepositioning. For the past 10 years, most people can still remember the brand Sabina and that it is number one choice for small sized women.

2011 - The company had to deal with the minimum wage that had gone up to 300 baht / day and the major flooding crisis in the country. Two-three years ago in 2011, the company adopted LEAN system that had been used to help improve production efficiency, changed the production process from sitting while sewing to standing while sewing, which could help reduce employees from 2 persons to 1 person. One production line normally needed about 40 employees, but the company currently need only 20 people and the company has this policy that does not find replacement for employees who resign. The number of employees were decreased from 5,100 people down to around 3,900 people, resulting in employees doing less overtime. And as a result, the company was able to overcome the minimum wage crisis.

2016 - The company targeted new large-sized customers and developed products that covered customers of all sizes and was able to increase the customer base formerly focused on small-sized customers only.

2017 - The company built a mold making sponge factory to help reduce the cost of production, speed up product development and keep up with market demand.

2017 - The company received the Top Brand Award from the Faculty of Accounting, Chulalongkorn University, in the category of Fashion, for the 5th consecutive year and won the Hall of Fame, which is regarded as a Brand Award that holds value to the SABINA brand.

2019 - The company received the Outstanding Operating Award in the event the "SET Awards 2019" by the Stock Exchange of Thailand. The award was only given to the listed company that had outstanding performance based on business performance, good corporate governance, action complying with the regulations of the stock exchange Information disclosure and the quality of financial statements

During the past 3 years, the company and its subsidiaries have received various awards which can be summarized as follows:

- |                  |   |
|------------------|---|
| <b>Year 2017</b> | <ul style="list-style-type: none"><li>■ Sabina Public Company Limited made self-declaration to the Thai Labor Standard System (TLS 8001-2010) from Labor Protection and Welfare, Ministry of Labor for the year 2017 on November 23, 2017</li><li>■ Sabina Public Company Limited, Chainart Factory received the award for certified establishment, drug problems in workplace prevention and solution from the Department of Labor Protection and Welfare on December 27, 2017</li></ul> |
| <b>Year 2018</b> | <ul style="list-style-type: none"><li>■ Sabina Public Company Limited Yasothon factory received the Zero Accident Award at the national gold level, year 3 on June 2018</li><li>■ Sabina Public Company Limited Chainart factory received the outstanding establishment award on safety, occupational safety, occupational health and working</li></ul>   |

Environment on July 1, 2018

- Sabina Public Company Limited Yasothon factory received the certificate for Industrial establishment that operates according to the rules of Environmental governance, August 3, 2018
- Sabina Public Company Limited Yasothon factory received the outstanding establishment award Labor relations and outstanding labor welfare (10 years or more) year 13 on August 23, 2018
- Sabina Fareast Company Limited, Phutthamonthon Sai 5 factory, was awarded with the disease-free workplace, safe for body and mind at national gold level from the Bureau of Occupational and Environmental Diseases year 2018 on December 18, 2018

#### Year 2019

- Sabina Public Company Limited, Yasothon Factory, received a gold medal certificate for Safety, Occupational Health and Work Environment Management from the Department of Labor Protection and Welfare on 22 April 2019.
- Sabina Public Company Limited, Yasothon Factory, received a silver medal certificate for its campaign to reduce work related accidents to zero for 2019, for the 4th year, for 19,186,741 hours in total, from the Department of Labor Protection and Welfare on 4 July 2019.
- Sabina Public Company Limited, Yasothon Factory received the Excellent Establishment for Health and Hygiene Promotion in the Workplace Annual Award 256-2019 from the Ministry of Public Health, Department of Health, Center 10, on 7<sup>th</sup> August 2019.
- Sabina Public Company Limited, Yasothon Factory, received the Outstanding Establishment Award for Labor Relations and Labor Welfare (10 years and over) for the 14th year from the Department of Labor Protection and Welfare on 9<sup>th</sup> September 2019.
- Sabina Public Company Limited, Chai Nat Factory, received the Green Industry Level 2 Award from the Ministry of Industry on 18<sup>th</sup> August 2019.
- Sabina Public Company Limited, Chai Nat Factory, received an award in the Kaizen Suggestion System contest from Technology Promotion Association (Thailand-Japan) on 30<sup>th</sup> August 2019

- Sabina Public Company Limited, Chai Nat, Factory, received Bilateral Teaching and Learning Management Reward from Noen Kham Industrial and Community Education College on 19<sup>th</sup> September 2019.
- Sabina Public Company Limited, Chai Nat Factory, received an honorary award for Promotion and Support for Employment from the Department of Employment Ministry of Labor on 17<sup>th</sup> October 2019.
- Sabina Public Company Limited, Chai Nat Factory, received the 5th Annual Outstanding Workplace and Social Welfare Award from the Office of Social Development and Human Security in Chainat Province on 24<sup>th</sup> December 2019
- Sabina Public Company Limited, Buriram Factory, received a certificate of honor for Safety, Occupational Health and Work Environment Management from the Department of Labor Protection and Welfare on 22<sup>nd</sup> April 2019.
- Sabina Public Company Limited, Buriram Factory, received the Green Industry Level 1 Award from the Ministry of Industry on 28<sup>th</sup> October 2019.
- Sabina Far East Company Limited, Tha Phra Factory, received the Outstanding Enterprise Award in Labor Relations and Welfare, Outstanding Labor (10 years up), the 12<sup>th</sup> year from the Department of Labor Protection and Welfare on 31<sup>st</sup> January 2019.
- Sabina Far East Company Limited, Tha Phra Factory, received the Green Industry Level 2 Award from the Ministry of Industry on 19 August 2019.
- Sabina Far East Company Limited Phutthamonthon Sai 5 Factory, received the Outstanding Establishment Award in Labor Relations and Welfare, and Outstanding Labor (10 years up), the 10th year from the Department of Labor Protection and Welfare on 9<sup>th</sup> September 2019.

## Income structure

Revenue from products sales under the subsidiary's trademark is the main income of the company at present. Which accounted for 90.34% and 90.82% of total revenue in 2018 and 2019, respectively, while revenue from OEM products accounted for 9.24% and 8.71 % of total revenue in 2018 and 2019

Product Lines	Operated by	Share-holding ratio %	2017		2018		2019	
			Value	%	Value	%	Value	%
Sale of subsidiary's brandname products	Sabina Fareast Co., Ltd.	99.90%	2,438.85	91.03	2,803.04	90.34	2,992.46	90.82
Sale of OEM products	Sabina Plc.	-	220.17	8.22	286.80	9.24	287.04	8.71
Incomes from provision of service and other sources <sup>1, 2</sup>	Sabina Plc.	-	20.10	0.75	13.06	0.42	15.46	0.47
<b>Total</b>			<b>2,679.12</b>	<b>100.00</b>	<b>3,102.90</b>	<b>100.00</b>	<b>3,294.96</b>	<b>100.00</b>

Note: 1. Our sources of incomes are garment production and product sewing services.

2. Other sources of incomes are interest earning, duty refund, profit from the exchange rates, and rent out real estate.

## Product characteristics

Products under the Sabina trademark are of high quality and fine fashion designs that are colorful and modern. They provide functions that can meet the needs of customers of all ages, and help create a good personality and boost confidence. The products can be divided into 2 main groups which are as follows:

### Products manufactured and sold under the subsidiary company's trademark

Products under the trademark of the subsidiary are divided into 4 categories which are as follows: in each group there will be products with fashion and function products. By still focusing on products that can be worn everyday which can be divided into 2 product groups which are as follows:

(1) Underwear products, consisting of bras, underwear, camisole, revealing underwear, slimming sets, accessories for use with underwear or replace underwear such as transparent arm straps, arm straps, fashion hooks to the body length, and silicone nipple protector

(2) Products in groups other than lingerie, consisting of swimwear, exercise sets, and underwear that can be used as outerwear such as the Mad Moisselle Collection.

The company focuses on designing bra products to enhance the personality and give confidence to the wearer and meet the specific needs of customers. Nowadays, bra styles are more diverse than ever.

### Products manufactured under trademark of customers which are distributors of products overseas (OEM)

The company has manufactured and distributed OEM products based on the specifications that customers require. Products that are manufactured and sold partially come from the prototype that the company and the subsidiary design. It is used to improve the design according to customer requirements and take over approximately 30% of the total OEM volume.

Customers' designers and the company's designers work closely together. Customers' designers from time to time join the company's designers, introducing the trend, color, mood and tone for each season, before starting to develop as a sample product. There is also a joint development with lace fabric vendors and also various patterns and colors with Raw Materials Suppliers as well.

### Product Grouping

The company divides the products into groups based on the target audience and place suitable pricing for each product group. There are 4 main group which are as the following.

1. Children's products
2. Teen products
3. Adult products
4. Other products

	Medium (<THB700)	Medium-High(THB700-1,000)	High(>THB1,000)
Children (6-15 years)			
Teens (15-25 years)			
Young women (25-45 years)			
Women ( > 45 years)			

Products of each group have different strengths such as childhood products, (starting from the age of 6 years old to 12 years old), which are focused on the quality of raw materials that must not cause irritation to the soft skin of children and using the Sabinie cartoon to communicate with children. CoolTeen products are for the age group that starts going to school, coming after Sabinie Collection, focused on using raw materials that is close to baby underwear but will begin to change fabric to be comfortable, easy to maintain with modern beautiful patterns and also began to use the function of underwear to prepare the style for the children that grew up.

Teen products are suitable for young women who grow from childhood to teenagers, those starting from high school age to entering university and starting work, at the age of 15-25 years, when they are becoming girls and paying more attention to how they look. The product model is colorful, indicating happiness and joyful life. Products of this group can be divided into 2 major groups, namely push-up bras and a non-push-up bra.

- The push-up bra consists of the main product of the company, the Doomm Series, with a natural push-up sponge and the pushing the extra thick to meet the needs of teenagers who want boost their confidence by wearing modern lingerie and can wear it on any occasion they want.

- The non-push bra consists of the best-selling main product, Pretty Perfect, made with new technology that create extra comfort and make it perfect for just any occasion. It is of basic styles and many

different fashion colors to choose. There are Maggie Mae products that are designed to especially meet the needs of girls who like non-push underwear that is colorful, fashionable, and modern, and for those who want the comfort sensations more than other features.

Young adult and adult products are suitable for working women at the age of 25 and over, who can earn their own income. They are more likely to buy products reasonably based on their functions, beauty and modernity. The products for young adult and adult can be divided into 2 categories which are as follows:

- The push-up bra consists of the Modern V model that emphasizes the presenting of beautiful breasts and showing off cleavage, suitable for young women who start to have their breasts grow and get physical attractiveness on their breasts.

- The non-push-up bra consists of Perfect Bra for women with full-grown breasts, available in multiple functions, both with frames and without frames, especially for women are really into fashion. Another group that mainly focuses on the function of wear is the Function Bra and Secret S Curve. Both groups focus on the function of keeping fit. It consists of bras, underwear, and slimming sets. There are also Mad Moisselle Collection and the exclusive Celebrity's Collection.

#### **Other product groups**

1. Everyday Wear group or products that can be worn daily consist of the following products:

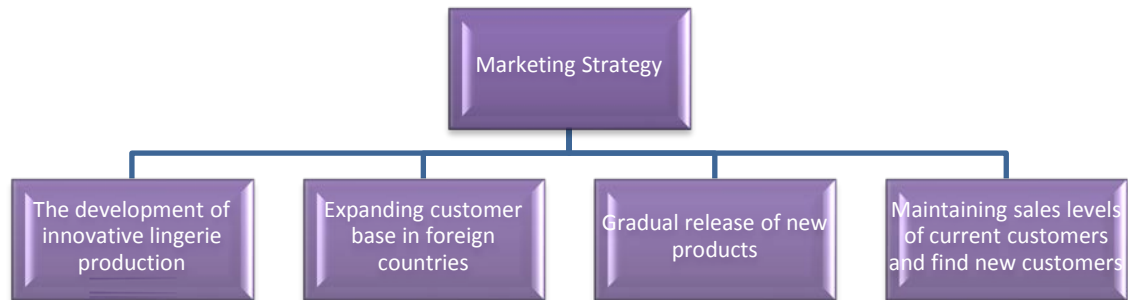
- Sbn Sport products are sports underwear especially for women who need agility, they are comfortable and semi-sporty, perfect for playing sports.

- Soft Collection products are products to which the innovation of Seamless Fit production is applied. They are smooth, comfortable, in beautiful shape, focused especially on seamless comfort.

2. Specific products such as maternity products for breastfeeding mothers consist of bra and panty, belly support and fill up bra which are bras mostly used by patients who have their breasts cut. We also provide bras with a bag for breast implants.

3. Happy Price products are cheap products produced specifically For Modern Trade stores.

## Marketing and Competition



### Marketing strategy

- The development of innovative lingerie production

Due to the needs and physiology of consumers constantly changing, the company Therefore giving importance to research and development (new products) Continuous By analyzing the behavior of consumers as to what needs And conducting customer surveys via online media to use the information obtained to develop products in accordance with the needs and changes of customer behavior In terms of function and fashion of underwear, for example, in the past, research showed that most Thai women had relatively small breasts. Therefore, leading to the development of the "Doomm Series" collection to enhance the confidence of wearing lingerie for consumers. And after Sabina succeeded in the small breast bra market Have conducted additional research to find that There are still customers with large breasts. It is a small base for Thailand. In 2015, the company started to capture this group of customers. And develop products to support the good response Made last year the customer base is constantly growing. Therefore, concluded that the products of the company are able to meet customers' needs, whether they are breast or small. With the same answer is Good lingerie production Comfortable to wear as customers want.

While production for sale under the brand of customers from European countries Making the company know how to apply new sewing techniques and applying to become a member of the WGSN, which is the website that the world's leading garment manufacturing companies have used widely for a long time Enabling the company to be aware of the Global Trend Fashion in the future that will occur up to 24 months in advance and can produce products that bring up-to-date fashion that meets the customer's popularity more precisely, while maintaining high quality at a reasonable price, worthwhile for consumers.

- Expanding customer base in foreign countries

The company expands the business by exporting products under the trademark of the subsidiary or Sabina brand to expand to more countries. Especially in the ASEAN Economic Community (AEC: ASIAN ECONOMIC COMMUNITY) which currently appoints distributors and operates 5 countries including Vietnam, Laos, Cambodia, Myanmar and the Philippines. While being discontinued as a distributor in 2 countries, namely

Malaysia and Singapore Because the dealer cannot expand the distribution channels according to the goals set by the company As for Brunei And Indonesia is still in the process of implementation. The company still aims to expand the brand Sabina to be known in the ASEAN market. And consumers from abroad Paving the way for making "Sabina" an ASEAN Brand, which causes the company Focus on expanding markets in ASEAN Because consumers in the ASEAN region have physiological differences that are not much different from Thai people Can use the same pattern in production and distribution In addition, the company Also appointed distributors in other countries including the Middle East and Asia such as the United Arab Emirates, Bangladesh, Pakistan etc.

- **Gradual release of new products**

The company has a strategy to distribute lingerie products in new models. Continuous To cover usage in all ages of women Starting at the age of 6 years of age, children should start using underwear to maintain proper and proper form. By dividing all product categories according to the format, i.e. basic products and fashion products that are designed according to popular trends, always leading to fashion Helping consumers to be aware of the modernity and fashion movement at all times. The company has released new Sabina brand products every month. In order to maintain brand loyalty, the marketing department will select the time to sell products to suit the consumer groups in each product, such as Sabinie and Cool Teen products, which are underwear for childhood. Will be marketed before the start of the new semester to allow parents to have time to procure products for their children during the peak demand period.

The company also plans to sell products with new innovations. Continuous In order to meet the needs of consumers that have changed according to the era, such as new products, the name of the Soft Collection, which focuses on the production of woven fabrics, seamless bags. Giving high flexibility and texture to give a soft, comfortable feel to the skin And bringing popular copyright products to present as products that customers are very interested in, such as Disney Frozen copyright products from the United States Used to design products in the childhood group And the company also supports the intellectual property of Thai people by bringing famous cartoon designs to join the Pretty Perfect product group for teenagers, including Mamuangjung characters Of Wisut Pornnimit, a cartoon character from Facebook Fanpage. What are the fans who have a cartoon bear "Meekho" that is famous for stickers on the Line application. In addition, new products are presented in the form of fashion collections for young and young teenagers. Adult age circulates continuously throughout the year.

- **Maintaining sales levels of current customers and find new customers**

The company is committed to maintaining the level of sales of current customers because they recognize the importance of maintaining good relationships with every customer, which will help work to be effective by focusing on producing quality products and providing product design services to meet customer needs and create customer satisfaction by increasing the efficiency of producing quality products, including on-time service In order to maintain the production order continuously, also trying to find new customers In addition to customers

in Europe By expanding to Russia Who want products with modern design, good quality and high price to avoid competing with manufacturers in other countries Which focuses mainly on price competition In order to maintain the level of profit margins at an appropriate level.

At the same time, the company has adapted channels to access products in accordance with consumer behavior. Which is now turning to online trading more and shopping in shopping centers is not popular in the department store zone Sabina's shop style in the shopping center Therefore focusing on selling in a stand-alone shop in the shopping center rather than being part of the department store zone.

#### **Distribution and Selling channels**

- **Distribution of products under the subsidiary's trademark**

The company sells lingerie under the trademark of domestic subsidiaries through various channels. In order to thoroughly reach customers through counters in department stores in Bangkok and other provinces Including the counter within the discount store nationwide, in total 584 counters

The company will sell at various distribution points. In the form of consignment and regularly transferring products to generate continuous sales in each distribution point, there will be 2-3 sales personnel, who are trained to have the ability to communicate products to the target customers. To advise consumers on how to use the correct product and various highlights of the product while at the same time able to collect information, needs or suggestions of customers Back to the research and development department to improve the product to meet the needs of customers more. At present, there are a total of 1,168 sales personnel. Due to the growing trend of online shopping, the company does not focus on opening new stores but turned to increase more online sales channels can help reduce costs too.

For overseas sales, the company sells products under the trademark "Sabina" "Sabinie" through distributors in ASEAN countries, 5 countries, namely Myanmar, Vietnam, Cambodia, Laos and the Philippines with more than 100 sales points at various department stores.

- **OEM product sales**

The company has manufactured products according to the pattern designed by the company and subsidiary according to the customer's own pattern, most OEM customers are large customers famous In Europe and England, most customers have a long relationship. There are times of selling by customer orders consisting of customers who are both Swm Stores, Department Stores, Modern Trade, Wholesaler, Trading firm, Importer, as well as customers who do On line business, which has both new initiators and those who have turned themselves from the Direct Catalogs business.

#### **Sales promotion policy**

The market of women's lingerie products is very competitive. There are competitors that offer products that are very cheap, low quality, up to very high prices and high quality. Therefore, the company, together with

department stores, provides regular sales promotion. Whether it is introducing new products Product promotion Organizing activities that customers could participate in order to increase the sales volume and attract consumers who have never used the company's products to try out Through marketing activities with the mall Both the media advertising of the mall Fashion show and other marketing activities.

In addition, the company also emphasizes the management of sales promotion of the company itself so that the products are widely popular among consumers. Create an attractive, attractive and reliable image. Create Sabina as the top of mind in the minds of Thai consumers by presenting the brand image of high quality products at a cost-effective price from 2015 until the present, the company has focused on using modern advertising media to reach consumers omni-channels by using a variety of media to suit each customer group with maximum efficiency Both using television advertising, billboard media, billboard, radio media, media in shopping centers Media on the BTS stations and leading office elevators Various publications and online advertising media in popular social media formats and advertising on Youtube makes the brand more recognizable and popular. In addition, Sabina Club is open to recruit consumers with special privileges for members. To strengthen brand loyalty.

#### **Industry conditions and competitive conditions**

- **Demand and supply condition of underwear in Thailand**

**Demand condition** the ratio of the population in Thailand in 2019 has a female population close to that of a male, which is estimated to be 33.95 million women from 66.55 million people, accounting for 51.01 percent of the total population of Thailand.

The important factors that affect the decision to buy lingerie will vary in each age range, ie, underwear for most children and parents will be more influential in making purchasing decisions.

During teen period, purchasing decisions are based on fashion design and usage.

Young and adult will decide to buy from function, usage and design style which being beautiful must also be suitable for the outfits that are worn outside because the underwear is a necessary product and has a limited lifetime in the past year, the trend of lingerie is a basic product that is comfortable to wear and has higher demand. Which is considered as a supporting factor for the quantity of lingerie consumption continuously.

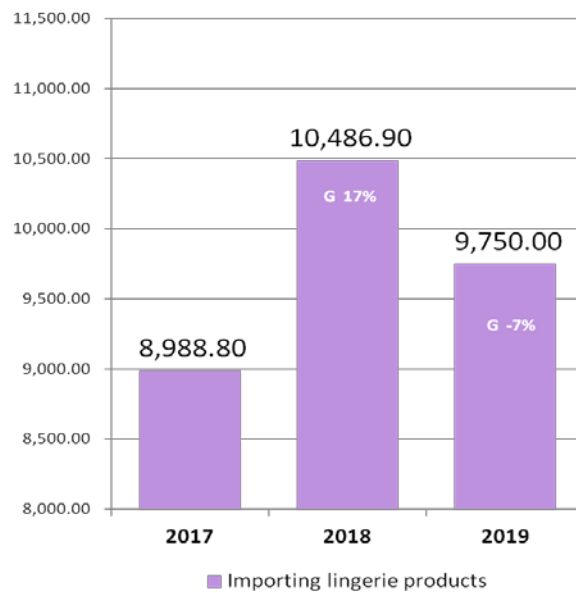
In 2019, the demand for overall lingerie in the country is growing in line with the flow of social media purchases.

**Supply Condition** Domestic women's lingerie has many manufacturers, both large, medium and small, from the sale through the system. E-Commerce and the expansion of many branches of mass brands from leading international brands that sell lingerie to bring fashion at a cheap price. From production and import from China and underdeveloped countries with low production costs. The expansion of cheap products that are sold through hypermarket & discounted stores, both imported from countries with low production costs. And increasing the proportion of house brands of the mall itself.

- Importing lingerie products

The value imports of Thai women's lingerie from 2017 to 2019 is as follows.









(Unit : Million Baht)



Ref. : Ministry of commerce HS:6108/6109/6208/6212

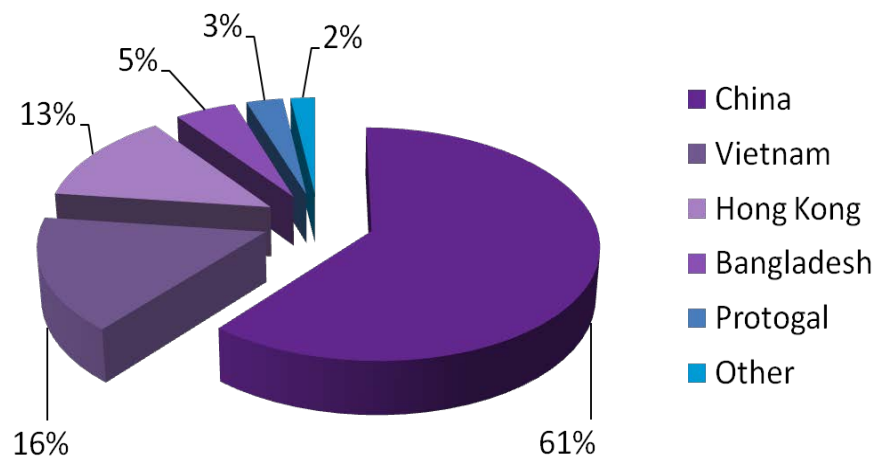
According to the tables and graphs, it can be seen that the amount of imports of lingerie products decreased by 7 percent in 2019, representing a value of 9,750 million baht. It is estimated that the amount of underwear consumption has decreased. Both from domestic consumption itself and from fewer tourists visiting and spending money in Thailand.

Value of imported underwear products from the main trading partners 2017 - 2019 (million baht)

Country	2017	2018	2019
	4,824	5,619	4,404
	806	776	918
	575	753	1,132
	285	288	332
	191	276	68
	168	266	172
	141	159	192
	33	44	55

Ref. : Ministry of commerce

Ratio of imported underwear in 2019



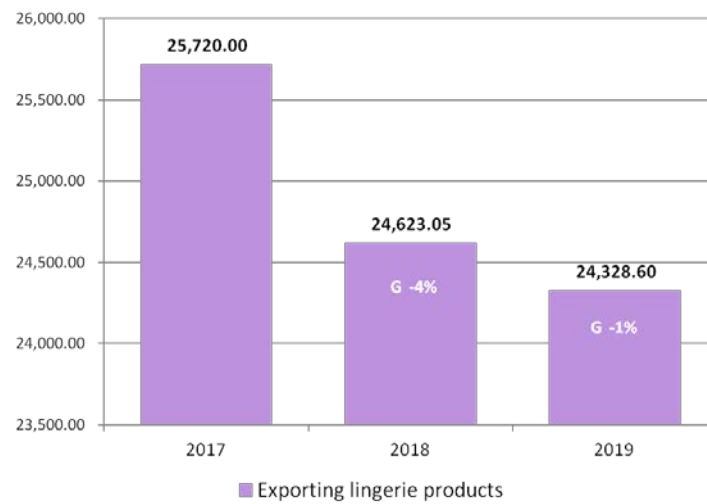
Ref. : Ministry of commerce

Although the overall import rate will drop, when considering the value and the proportion of imports, it can be seen that Thailand has always imported the highest value and proportion from China, taking over 61 percent of all the countries that Thailand imports. It is expected that imports from China are still at a high rate because production costs in China are still at a low rate compared to other countries. Moreover, the quality of products imported from China has been improving with more modern design. However, imports from ASEAN countries tend to be higher due to the integration of the ASEAN Economic Community (AEC), import tariffs are at 0 percent. Underwear imports are expected to increase in Thailand in the future.

- Exporting lingerie products

The value of lingerie exports from Thailand from 2017 until 2019 are as follows.







(Unit : Million Baht)



Ref. : Ministry of commerce

According to the table and graph showing export of lingerie products to foreign countries, it can be seen that exports decreased by 1 percent in 2019, partially due to the policy on importing tariffs of the United States which had effected the economy of many countries around the world. However, exports to the United States which has the highest value of exports from Thailand can still grow due to the strong domestic growth of the United States.

Export value of underwear products to major trading partners 2017 - 2019 (million baht)

Country	2017	2018	2019
	8,307	8,749	9,327
	5,329	4,637	4,151
	2,265	2,488	2,307
	1,079	926	764
	768	497	608
	691	571	737

Ref. : Ministry of commerce

- **Domestic competition**

Domestic lingerie market is a highly competitive market at all price levels. With many entrepreneurs in the lingerie industry, such as Thai Wacoal Public Company Limited, lingerie manufacturer, "Wacoal" brand, Triumph International (Thailand) Co., Ltd., manufacturer of "Triumph" brand underwear. The company manufactures lingerie under the brand "Sabina". In addition, there are many small manufacturers that do not have a trademark to support the consumer market with regard to price as an important issue in the purchase. Repeat If the proportion of the market is estimated, Thai Wacoal Public Company Limited will have the largest market share. Followed by a company Under the brand "Sabina" and Triumph International (Thailand) Company Limited under the brand "Triumph"

In 2019, due to the recession in Thailand, the overall market of lingerie from the perspective of offline trade in general stores grew less because the purchasing power of consumers did not increase and slow down spending, but online trading is growing and bustling. Lingerie market is still expected to grow fairly when combining Offline and Online markets together.

In addition to the competition between domestic manufacturers in the country, there is also a high competition between leading lingerie manufacturers from foreign countries such as France and the United States to compete for market share in the upper-end consumer groups. For the consumer market, price is the main issue. There is competition from non-brand underwear at a more economical price, especially from online channels, but the quality is still inferior to brand products.

- **Competition potential**

In a freely competitive market environment both domestic and oversea. Underwear manufacturers and distributors need to always maintain their competitiveness. However, the company's competitive potential when compared to competitors both inside and outside the country can be describes as follows.

**(1) Product quality**

The company produces equal quality lingerie with the competitors from major countries. The company has produced lingerie by the orders from top distributors in foreign countries, this made us expert in high sewing skill production. The company considering on the quality of product and has been granted with quality certificate from many institutions such as certification on using cancer-free material substances, no child labor and received ISO 9001: 2000 etc. The company has a product quality inspection system from the beginning to ready-to-sell. There are tools to check the quality of materials with standards that are accepted by customers from abroad. The production has cutting quality control system and every step of inside sewing all the way to packing. In addition, there is also a product design service for customers to provide comprehensive services as well, which is an advantage compared to OEM manufacturers from neighboring countries such as most operators in China that have lower production costs but produce inferior quality products. Even if there's a product designed for

customers but still not much acceptable by customers. Therefore, the top customers who are lingerie suppliers in foreign countries trust and continuously order the products with the company for a long time.

**(2) Product design and merchandise innovation**

The company has a lingerie designing team that specializes in designing patterns to fit with all generations and ages. Designers have been sent abroad on to study trip to learn about the design trend and use them to adapt design for domestic products. Especially teen products with cute patterns which is different from other brands often do not focus on design patterns to please young customers. Therefore, the company's products became acceptable and can dominate the market share of young buyers. In addition, there is a product research and development unit which they analyze the needs of consumers in each age group. So new products can be released to respond with the needs of customers continuously.

**(3) Skilled worker with high sewing skill**

The company has high skill workers who can make complex lingerie. There's a learning center in the factory which provide education to employees both in general education and vocational education. It is an extension for the company to able to select sewing workers with talent.

**(4) Factory management system and staff preparation**

After successfully applying Lean Manufacturing Systems to improve the management system in the factory until receiving the award from the Thai-Nichi Institute of Technology. The company also bring in the KAIZEN system of Japan to manage as well and still find management tools to help manage the factory such as QCC system or Quality Circle Control, TPM system or Total Productive Maintenance (productive maintenance that everyone participates) etc. These help strengthen the management in the factory in order to increase production efficiency and reduce loss.

**(5) Learning Organization**

The company has a policy to increase business competitiveness by being "Learning Organization" because various improvements require knowledge and learning of people in the organization with searching for new ideas and using direct experiences. Resulting in the production of new products or services and be able to meet the needs of customers. If an organization has a lot of knowledgeable personnel, it will have an advantage over other organizations. If the members of the organization are constantly learning, there is an exchange of knowledge that may come from trial and error and transfer knowledge to other members in the organization, in order to achieve continuous learning as well as members can use experience and specialization to create value for products and services creatively. Which lead to the creation of processes and management in the organization for maximum benefits to the business.

## Product sourcing

### ● Production capacity and policy

At present, the company has 3 factories located in Chainart, Yasothon and Buriram. There are total of 2,829 machines, divided into 2,763 sewing machines and 63 other machines. In addition to these main machines, there are also sewing machine accessories that can help adjust the machines to work efficiently and more suitable for the product style. There will be many different types according to the product style. At present, the company has actual production volume of 8.4 million pieces per year.

The subsidiary has 2 factories located in Bangkok and Nakhon Pathom. There are total of 1,430 machines, divided into 1,279 sewing machines and 151 other machines. Moreover, there are machine maintenance for efficiency production and safety for employees as well. Currently, the subsidiary has actual production of 3.3 million pieces per year.

### ● Improving production efficiency

	2565-2568	Total Quality Management	Sustainable Business
	2559-2564	Lean Enhancement , Problem Solving, Employee Engagement	Hight Performance Organization
	2556-2558	5S In Process & Empowerment	5S Enhancement
	2554-2556	Integration (5S, Kaizen, Lean, AM-PM, QCC, HRD+4D, อนุรักษ์พลังงาน)	SPM
	2551-2553	Lean System, Standing Sewing	Lean Manufacturing
	2550-2551	5S, Kaizen, Group Incentive	Participation
2549-2550		Standard time, Benchmark, Flow Process, SOP, Balance Line	Basic tools

The company has set a road map for organizational development as a long-term plan from 2006 to 2025, aimed at sustainability and will continue to improve according to the 7 Steps which are as follows.

#### Step 1 Basic Tools

Is an improvement by using basic production tools, the Standard Time to determine cost, production planning, production management, and measure the ability of production.

#### Step 2 Participation

Is to enhance the participation of employees within the organization, promote improvement by using 5S, Kaizen, and adjust incentive payments to Group Incentive to achieve the same goal.

#### Step 3 Lean Manufacturing

Is an improvement to eliminate various wasteland and non-value work in the process, resulting in the proportion of Indirect employees reduced from 32% to 24% in 2019 and changing the production system from sewing to a standing sewing system in order to create a continuous flow (Continuous Flow), the number of

employees / production lines reduced from 30 people to 16-18 people, which is suitable for many types of work conditions and the number / less, including the change of production from a push system (Push System) to a Pull System (Pull System) in accordance with Lean principles, which continually improve productivity.

#### **Step 4 Sabina Productive Management (SPM)**

It is the integration of improvement tools that are suitable for the organization, integrated into the company management system, divided into 6 pillars (5S + Kaizen, Lean, AM-PM, QCC, HRD + 4D and energy conservation) and work in the form of Cross Function Team, with working groups from all departments of the company.

#### **Step 5 5S Enhancement**

It is to upgrade the 5S operation from 5S to 5S in the process in order to get rid of unnecessary steps or systems, create work methods that are convenient, easy, fast, clean to check for irregularities, standardize the process, and also promote participation through the SGA supervisor, giving sub-group supervisors the power to make decisions and manage at a certain level (5S Empowerment).

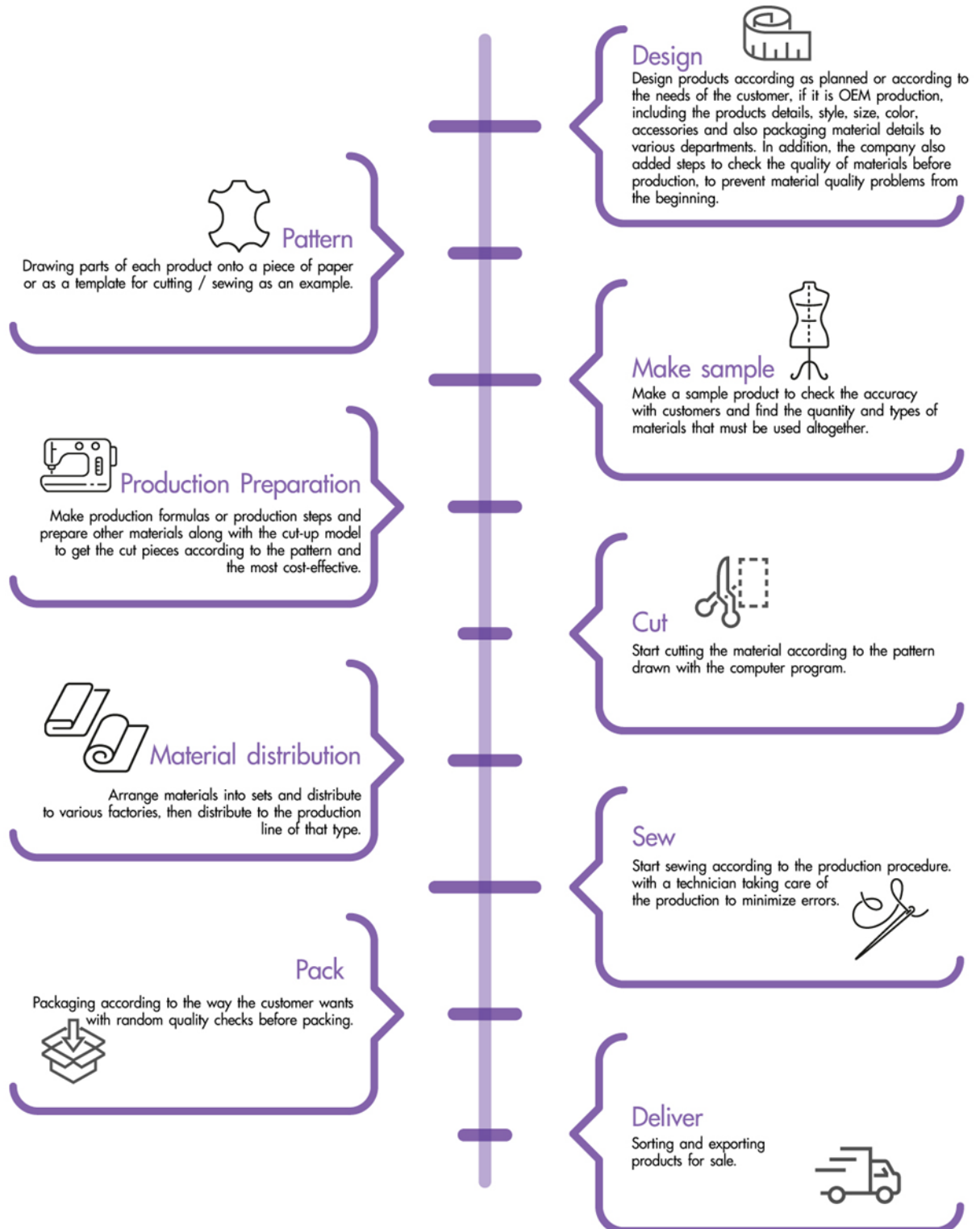
#### **Step 6 High Performance Organization**

In order to be a highly efficient organization, the company expanded the improvements from Lean Manufacturing to Lean Enterprise, linking suppliers and customers into one chain, strengthened the business, and used QCC tools to manage chronic problems (Problem Solving) as well as develop employee engagement with the organization (Employee Engagement) who are a driving force for continual improvement.

#### **Step 7 Sustainable Business**

Bring management improvements to from production processes to all departments of the organization for quality management throughout the organization in accordance with Total Quality Management (TQM) principles Create an organization culture in which members focus and participate in the improvement of operations, making it able to cope with change, building competitiveness, increasing customer satisfaction that impact business opportunities, and taking responsibility towards interested parties and communities, which can create the sustainability for the business in the future.

## Manufacturing Processes



Product quality control, in addition to the quality inspection procedures during the production process. The company also has product quality control measures by encouraging employees to maintain quality standards and teach other skills that help reduce the error rate in production. From the previous random inspection which found non-standard products before packing and selling to customers, only 0.5 percent of all manufactured products.

- **The main material used in production**

Fabric is the main component of all types of products. There is a high amount of fabrics in the production, causing the company and subsidiary to purchase in large quantities and have to control the quality and quantity. The company order from the few material suppliers regularly. However, there are many operators that produce this type of materials, then there is no problem in the procurement if there is a problem with the agreement with the supplier of the material that is currently trading.

Rubber is a component of all types of products. There are many types and with limited lifetime, causing the need to always buy this type of material but quality checking is easy. Therefore, easy to manage and procure. The other main material is sponge. There are 2 main types, which are unprocessed sponges, can be ordered from domestic manufacturers and finished sponge is a unique special material, different in each brand, with few domestic manufacturers, mostly import from abroad such as China, where the sponge is limited lifetime and cannot keep for a long time. The company then use the JIT (Just In Time) purchase policy to solve the material quality problem and reduce the cost of storing materials as well. In addition, the company currently installed the bubble mold machine itself, to reduce production costs and reduce dependence on suppliers because the mold bubble is considered an important material and it is the secret of each brand. Currently, there are 56 mold pumps machines. And there are 8 spare mold pumps machines.

- **Material procurement**

Materials used in the production can be divided into 3 main types as follows: Main raw materials, decorative products and packaging materials. The main raw materials consist of rubber and sponge, accounted for 81.34% of total raw material purchase in 2018 and 82.02% in 2019, with few major distributors. For quick contact and control the quality of raw materials for the decoration of products, there are a variety of products depending on the type of product and the needs of the OEM customers, such as hooks, hooks, rings, sleeves and thread, etc. The packaging materials include hangers, boxes, plastic bags and others.

The Company and its subsidiaries do not have a policy to purchase raw materials in advance. Because they want to reduce the cost of storing raw materials and most raw materials will have a short life If stored for a long time, the quality will be reduced. Therefore, to prevent the shortage of raw materials and helps prevent price fluctuations. The company will enter into a long-term purchase contract instead. That is to have a futures contract to reserve the capacity of the raw material supplier and to deliver the raw materials according to the agreed schedule for the main raw materials, such as fabric and rubber, are essential to the production of all kinds of

products. Will use only a few regular suppliers and have been trading for a long time Decorative parts and the packaging materials are very detailed, causing no regular suppliers.

The Company and its subsidiary purchase various types of materials from over 200 materials suppliers, which are 2-3 major materials suppliers. The proportion of trading with the first 10 major materials suppliers representing 62.27 percent and 59.25 percent of the estimated total purchases in the year 2018 and 2019, respectively. There is no materials supplier that accounts for more than 15% of the total material purchase from regular suppliers, when if in need of new materials that have never been used in production. There will be an arrange for pitching sales, which the purchasing department will consider with the urgency of the assembly production as well.

In addition, the company and its subsidiary purchase materials from foreign countries in the proportion of 20.24% compared to the value of all major materials purchased in 2018 and 20.64% in 2019. They are orders from Hong Kong, Korea, China and Taiwan etc.

- **Production quality control**

The company has strict production control measures. In every factory, there will be a quality control system before production as preparation before production - Pre-Production Meeting, quality control during production. In order to prevent production errors (QC In Line) and quality control after production For final inspection after the production is finished before delivering to customers To ensure that products manufactured through international standards And according to the production order (100% End Control and random inspection). There is also a quality inspection department from the head office. Check the factory quality system or randomly check the product after production. (As a representative of the customer)

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## Risk factors

- **Business risk**

Many factors have been reduced and changed due to changes in business operations and changes in current conditions such as

- **Risk from relying on a large distributor**

Nowadays, the number of the distribution channels has increased. Baed on the changing trend of consumers, the company has expanded more distribution channels in many ways such as sales via Social Media, TV sales, Direct Sales sales by not relying only on the original sales channels like department stores, sub-stores or discount stores

From 2019-2020, the company is planning to increase the proportion of sales from its own channels by selling more products in mobile Mobile Pop Up Store

- **The risk of opening the company's own shop**

At present, the company has reduced the number of stores by not extending rental contracts for unprofitable stores, being more careful in opening new stores, maintaining sales from growth at the original point of sale, and expanding to the online market that has lower costs. In 2019, the company closed down 5 traditional trade stores, while the newly opened stores focus on utilizing limited spaces. In the year 2020, the company plans to close about 20 retail stores while retaining sales staff. In order to enhance /support/improve sales in Mobile Pop Up Store

- **Risk from obsolete products**

At present, the company has the approaches of reducing unnecessary products that do not meet consumers' preferences. The errors that have previously occurred are therefore reduced. In anticipating the quantity of products per style, especially fashion styles that always change according to the market trend, the company has reduced the quantity per style and sold only at the top-level shops. This includes the creation of Exclusive products for each distribution channel. If Exclusive products are unsuccessful, they can be resold in other channels. In 2019, Basic product volume will increase to 70% while Fashion products will decrease to 30. % This leads to fewer obsolete products

The company also reduced the burden of storage and distribution of goods. To reduce costs, the Sabina @ home system is that customers can purchase order products through every point of sale (offline) and choose to be delivered home and/or office.

- **Exchange rates**

Currently, the company has a much lower proportion of export business than in the past. Moreover, the trend of the baht this year will appreciate in a stronger direction. The company implements a forward exchange currency risk insurance policy in every Items exported While importing raw materials from abroad and ordering the finished products to sell (Sourcing) is positive to the profit from the exchange rate. The risk, however,

remains with the business. This is because the expectation of the exchange rate can always be reversed. As a consequence, the company's business plan does not expect any profit from the exchange rate category.

In 2020, although the Thai baht tends to depreciate at the beginning of the year, it is still not significant enough to accelerate exports to compete with tax privileges (GSP) and lower wages countries. Currency is weaker. On the other hand, when the baht is depreciating from 33 baht down to 32 baht, 31 baht to 30 baht benefits us more. According to an increase in current imports of up to 35%.

- **Risks from domestic consumption**

According to the company's domestic sales of 80% in 2018, which reduced to 79 percent in 2019 and lower economic growth, forecast GDP of 2% in 2020, contract in domestic consumption, and decline in consumers' spending, the company attempts to carry out more appropriate channel marketing activities; both marketing and promotions. This is to precisely encourage consumers' spending. In addition, the company has searched for a replacement market by expanding its brand internationally, in particularly, ASEAN and/or AEC. To increase sales and expand markets, the company accelerates the growth rates in Tv as well as online.

- **Risk of accepting orders from foreign customers using their own brand (OEM)**

The company and its subsidiaries' main customers are international underwear suppliers which are mostly European. They hire the companies to design and produce underwear with original equipment manufacturer (OEM) under their trademarks/brands. As a result of the world economic contraction in 2020, the company has attempted to reduce production costs in order to be very competitive. However, there are significant increases in orders of competitive manufactures for the countries such as China, Indonesia, India, Sri Lanka and others. OEM trading is not a big target for the company. Since 2007, we focused on brand building. "Sabina" is more. Therefore, the company uses the strength of quality products in offering High Fashion, Big Cup Bra, Big Cup Swim Wear to OEM customers in the upper market. It is more about focusing on profits than expanding orders.

- **Risk from technology**

The risk from technology occurs when a rapid development has caused the changes in the way media is consumed as well as increase in consumers' choices. The company must, therefore, continuously improve to meet consumers' needs. This begins with modern designs, quality production, and speed and accuracy services

- **Production-related risks**

- **lack of skilled labor and wage increases every year**

Although, Thailand has a fairly high wage level in comparison to producers in ASEAN, the skilled labor in the underwear industry is still scarce. This is because sewing skill needs to be properly trained and mastered to a certain extent. Unlike labor in other textile industries, workers turn to work in factories that do not require much talent. Especially in the industry that uses machinery and modern technology, which receives the same or more return. This causes the lacks in the skilled labor for the particular industry. However, the company's

adjustment in the direction of lean manufacturing adjust the sewing seat to the stitching stand. It has a positive effect on productivity as well as increased staff income. At present, the turnover of the company is lower than 1.5%.

Nowadays, the company still reduces the risk in case the labor cost may be increased dramatically in some years from now. By not investing in expanding a new factory by ordering finished goods to be sold at a lower cost than from the neighboring announcements in 2018, the proportion of purchase orders for sales is 18% of all ready-to-sell products in 2019. This proportion has increased. To 37% and is expected to increase to 40 - 45% by 2020

**- Consideration of environmental impacts**

To respond to global warming and to be an integral part in protection of the environment, the company is aware of environmental problems. From the production process to distribution of the product, there are uses of the products that are not environmentally friendly, such as plastic bags, are used. There are policies in all areas for the project to reduce use. Environmentally damaging material. To be part of reducing environmental problems that occur today. Can see more details in Topic 10. Social Responsibility which describes ESG in various aspects as follows: 1. Environmental Responsibility (Environmental) 2. Social responsibility 3. Social responsibility 3. Governance

### **General Information**

Name:	: Sabina Public Company Limited
Nature of Business	: Manufacture and sale of ladies lingerie
Head Office	: 177, Moo 8, Wang Kai Tuen Sub-District, Han Ka District, Chainat Province
Registration No.	:0107550000068
Home Page	: <a href="http://www.sabina.co.th">www.sabina.co.th</a>
Telephone	:056-437156-8, 02-4229400
Fax	:056-437159, 02-4345911
- First Branch	: 12 Arun Amarin Road, Arun Amarin Sub-District , Bangkok Noi District, Bangkok 10700
Telephone	:02-4229400
Fax	:02-4345911
- Second Branch	: 30/5 ,Moo 12, Phutmonthon V, Rai King Sub-District, Samphan District, Nakhonpathom Province
Telephone	: 02-8118220-31
Fax	:02-8118081
- Third Branch	: 236 , Moo 10, Du Thung Sub-District, Muang District, Yasothon Province
Telephone	:045-737351-3
Fax	: 045-737356
- Fourth Branch	: 81, 106 Moo 6, Nong Bot Sub District, Nangrong District, Buriram Province
Telephone	: 044-657107, 044-657210
Fax	: 044-657207
Investor Relations	: <a href="mailto:ir@sabina.co.th">ir@sabina.co.th</a>
Registered Capital	: 347,500,000 baht
Paid Up Capital	: 347,500,000 baht
Ordinary Shares	: 347,500,000 Shares
Par Value	: 1 baht
Securities Registrar	: The Thailand Securities Depository Co., Ltd. (TSD)
Address	: 93 Ratchadaphisek Road, Dindaeng,Dindaeng Bangkok 10400
Telephone	: 02-009-9999

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Auditor	: Mrs. Natsarak Sarojpanjin or Mr. Chaiyuth Aunsuwittya CPA License No.4563 and 3885
Address	: A.M.T. Associate Office 491/27 Silom Plaza, Silom Road, Bang Rak, Bangkok 10500
Telephone	: 02-2341676, 02-2341678, 02-2372132
Fax	: 02-2372133

**For more information** Investors can find additional information about issued asset of the companies from List of Annual Report (56-1) from the website [www.set.or.th](http://www.set.or.th) or [www.sabina.co.th](http://www.sabina.co.th)

## Asset and Shareholders Information

### Assets and Shareholders Information

#### Amount of authorized capital amount and paid-up share capital

Current authorized capital of Sabina PLC.	347.50 Million Baht
Authorized capital	347.50 Million Baht
Common shares	347.50 Million Shares
Price per share is 1 Baht	

#### Shareholders

First 10 major shareholders of Sabina PLC. as on the latest book closing date, 18 December 2019.

Shareholders		
	Number of Shares	Percentage (%)
1. Mr.Viroj Thanalongkorn	160,207,000	46.10
2. STATE STREET EUROPE LIMITED	22,192,800	6.39
3. Miss Pitcha Thanalongkorn	10,501,000	3.02
4. Mr. Atchada Thanalongkorn	10,501,000	3.02
5. Bualuang Long Term Equity Fund	9,997,900	2.88
6. Bualuang Basic Dividend LTF	8,403,500	2.42
7. Mr. Anurak Tangkaravakul	7,803,800	2.25
8. Thai NVDR Company Limited	5,897,300	1.70
9. Mr.Chaiyakorn Siriratatsadon	5,420,900	1.56
10. N.C.B. TRUST LIMITED-NORGES BANK 1	4,634,400	1.33

#### Other securities issuance

-None-

### Dividend Payment Policy

The Company has dividend payment policy not to be lower than 40% of the net profit after tax and reserve deduction according to the laws. Nevertheless, the dividend payment will depend on investment plan, necessity, and appropriateness in the future.

For subsidiaries, the Board of Directors of the subsidiaries will consider dividend payment from cash flow balance when comparing with that subsidiaries' investment budget. If cash flow balance has enough and reserve according to the laws, the Board of Directors of the subsidiaries will consider dividend payment case by case.

### Dividend Payment Data

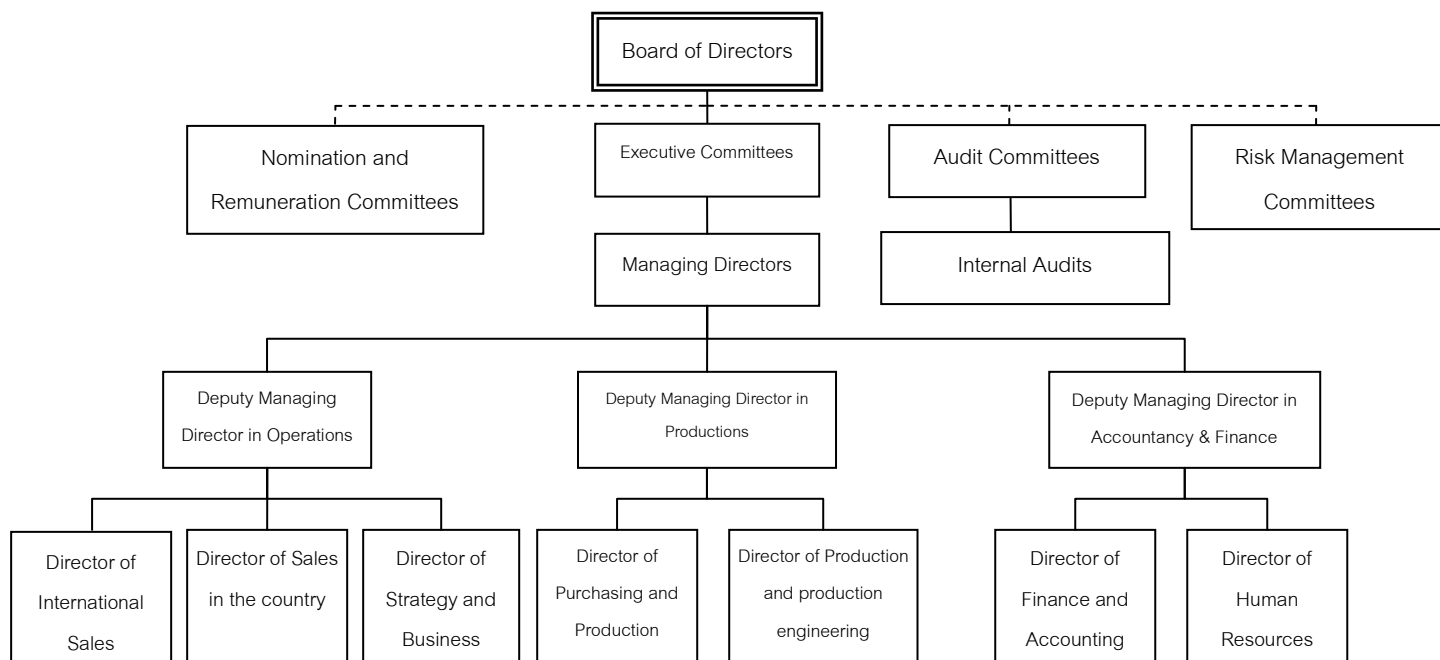
Sabina Co.Ltd.	2019**	2018	2017
Dividend per share (Baht)	1.19	1.04	0.82
Dividend remuneration rate (%) (Overall financial statement)	100.07	99.95	117.19
Dividend remuneration rate (%) (Specific financial statement)	127.64	149.29	330.79

#### Remark

\* 2019 dividend payment - the Board of Directors' meeting passed a resolution to pay interim dividends at the rate of 0.57 baht per share, and on February 21, 2020, the Board of Directors passed a resolution to pay dividends from the retained earnings at the rate of 0.62 baht per share, including dividend payment for the year 2019 equal to 1.19 per share Baht, which will be further proposed to the Annual General Meeting of Shareholders for the year 2020.

## Managerial Structure

Organization Chart



### Board of Directors

In present, the Board of Directors consists of 11 committees;

-Non-managerial committees: 7 people (Independent committees: 5 people)

-Managerial committees: 4 people

Name	Company's Committee	Audit Committee	Managing Director	The nomination and remuneration Committee	Risk Management Committee
1. Mr. Viroj Thanalongkorn	Chairman	-	-	-	-
2. Mr. Bunchai Punturaumporn*	Managing Director	-	Chairman	Committee	-
3. Mrs. Suchanya Thanalongkorn	Committee	-	-	-	-
4. Mr. Somkid Padungkiattisak *	Committee	-	Committee	-	-
5. Ms. Somsri Sripatoomrak*	Committee	-	Committee	-	Committee
6. Ms. Vachirawan Yamsri	Committee	-	Committee	-	Committee
7. Ms. Raweewan Peyayopanakul	Independent Director	Chairman	-	Committee	-
8. Mr. Somchai Vanavit	Independent Director	Committee	-	Chairman	-
9. Mr. Yuthana Adipath	Independent Director	Committee	-	Committee	-
10. Mr. Chakkrit Uttayopas	Independent Director	-	-	-	Chairman
11. Ms. Pensri Suteerasan	Independent Director	Committee	-	-	-

\* Are the Directors of the subsidiary

Remark Information Directors about Education background, Training Institute of IOD and and company's related major experience can be found on attached document 1.

## Attendance of the Board of Directors and Board committees in meetings

Name	Board Meeting 2019				
	(Total Meetings / Attendance)				
	Directors 6 times attendance in total	Audit Committee 4 times attendance in total	Managerial Committee 12 times attendance in total	Nomination and Remuneration Committee 2 times attendance in total	Risk Management Committee 2 times attendance in total
Mr. Viroj Thanalongkorn	6/6	-	12/12	-	-
Mr. Bunchai Punturaumporn *	6/6	-	12/12	2/2	-
Mrs. Suchanya Thanalongkorn	5/6	-	-	-	-
Mr. Somkid Pardungkiattisak*	6/6	-	12/12	-	-
Ms. Somsri Sripatoomrak *	6/6	-	12/12	-	2/2
Ms. Vachirawan Yamsri	6/6	-	12/12	-	2/2
Ms. Rawewan Peyayopanakul	6/6	4/4	-	2/2	-
Mr. Somchai Vanavit	5/6	4/4	-	2/2	-
Mr. Yuthana Adipath	5/6	4/4	-	2/2	-
Mr. Chakkris Uthayophas	5/6	-	-	-	2/2
Ms. Pensri Suteerasan	5/6	3/4	-	-	-

\* Also has a position as a director of a subsidiary

- Remark
- Mrs. Suchanya Thanalongkorn has not participated in the Board of Directors Meeting No. 1/2019, February 20, 2019, and No. 3/2562, August 13, 2019 due to the mission abroad.
  - Miss Raweevan Phiyayaphanakul did not attend the meeting of the Board of Directors and the Audit Committee No. 2/2019 on 14 May 2019 due to personal reason.
  - Mr. Somchai Wanawittaya did not attend the Board of Directors Meeting no. 4/2019 on 25 October 2019 due to his mission abroad.
  - Miss Phensri Suthisarn has not participated in the Board of Directors and Audit Committee's meeting no.1 / 2019, since he was appointed as a director on April 23, 2019 and therefore did not attend the meeting no.1 / 2019 and did not attend the board meeting no. 4/2019 due to personal reason
  - Mr. Chakkrit Uthayophas did not attend the board meeting no. 2/2019 on 14 May 2019 due to sick leave.

### Authorized Directors

The authorized directors for any company decision are “Mr. Viroj Thanalongkorn, Mr. Bunchai Punturaumporn, Mr. Somkid Pardungkiattisak, and Miss Somsri Sripatoomrak, any two of them may jointly sign their names and affix the corporate seal to legally bind the Company.”

### Executives

The Company's executives comprise 4 members:

Name	Title
Mr. Bunchai Punturaumporn	Managing Director Deputy Managing Director for Operations (Caretaker) Deputy Managing Director for Production (Caretaker) Director of Overseas Sales (Caretaker)
Mr. Somkid Pardungkiattisak	Director of Finance and Accounting
Ms. Somsri Sripatoomrak	Director of Domestic Sales Director of Purchase and Production Preparation(Caretaker) Director of Human Resource (Caretaker)
Ms.Vachiravan Yamsri	Director of Production and Production Engineering

### Company Secretary and The person supervising accounting

On November 13, 2013, the Board Meeting resolved to appoint Miss Vaja Mukto as the Company Secretary to be responsible for the following matters for and on behalf of the Board of Directors or the Company.

- To provide fundamental suggestion to the directors related to law and regulations about securities and Company's regulations, and to follow up on compliance including major changes which could affect the directors.
- To arrange meetings of shareholders and board of directors in accordance with the law, and regulations of the Company.
- To prepare the minutes of the shareholders meeting and the minutes of the Board of Directors meeting, and to follow-up and ensure proper practice.
- To be responsible for disclosure and reporting information in the related regulations and requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- To establish and to maintain the following documents:
  - Registration Committee.
  - Board of Directors' meeting invitation letter, Board of Directors' meeting report and Annual report of the Company.
  - The Shareholders' Meeting invitation letter and the Shareholders' Meeting minute
  - Annual report form (56-1) and annual report (56-2).
- To maintain reports of interest reported by directors or executives.
- To perform other activities as specified by the Capital Market Supervisory Board.
- There are also other duties of care activities of the Board of Directors and to ensure that the Board of Directors and the Company practice compliance with law and regulations.

The attributes of the person holding the position of Company's secretary and The person supervising accounting is shown in Attachment 1.

#### Remuneration for Directors and Executives

Remuneration for Directors and Executives of year 2019 has been approved by AGM according to the proposal of the board of directors, which is considered from the Nomination and Remuneration Committee, by comparing data of the same industry, business expansion, and overall operation, including power, roles, and responsibility.

#### Financial Reward

In 2019, the Board of Directors and the Executives were remunerated as follows:

Name	2019	
	Description of payment	Amount (Million Baht)
Director (as Director)		
- Mr. Viroj Thanalongkorn	- Remuneration to Chairman	0.36
	- Remuneration to Director	0.12
	- Reward to Director	0.54
- Mr. Bunchai Punturaumporn	- Remuneration to Director	0.12
	- Reward to Director	0.32
-Mrs.Suchanya Thanalongkorn	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Mr. Somkid Pardungkiattisak	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Ms. Somsri Sripatoomrak	- Remuneration to Director	0.12
	- Reward to Director	0.24

Name	2019	
	Description of payment	Amount (Million Baht)
- Ms. Vachirawan Yamsri	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Ms. Rawewan Peyayopanakul	- Remuneration to Chairman of Audit Committee	0.06
	- Remuneration to Audit Committee	0.06
	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Mr. Somchai Vanavit	- Remuneration to Audit Committee	0.06
	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Mr. Yuthana Adipath	- Remuneration to Audit Committee	0.06
	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Mr. Chakkris Uthayophas	- Remuneration to Director	0.12
	- Reward to Director	0.24
- Ms. Pensri Suteerasan	- Remuneration to Audit Committee	0.04
	- Remuneration to Director	0.08
	- Reward to Director	0.18
Directors & Executive (as Executive)	- Salary, position allowance and fuel allowance, cars, and bonuses.	29.09
	- Remuneration to Director	0.30

In 2019, the Company's stipulation of the remuneration is equivalent to 2018 of which the basic remuneration of all Board of Directors is equally the same with an additional payment of extra responsibilities with the followings details.

Title	Remuneration (Baht/ Month)
Director	10,000
Chairman of Board of Directors	30,000
Chairman of Executive Committee	5,000
Chairman of Audit Committee	5,000
Executive Director	5,000
Member of Audit Committee	5,000

The Directors' bonus is not over 4 million Baht per year with the quarterly payment and the Directors have the authority to allocate and stipulate the shares among themselves.

#### Other Benefits for Directors and Executives

- The Company provides 4 vehicles for the executives to use in the Company business.
- The Company provides a provident fund to employees who are members of the fund which the employees pay the accumulated and the Company pays at the following rate:

- Department Manager and Director levels Rate 3 or 4 or 5%
- Deputy Managing Director and Managing Director levels Rate 3 or 4 or 5 or 6%

based on the income before tax of each month

- Executives level provides life insurance and group health insurance.

#### Personnel

##### Personnel

The company does not have significant labor disputes during the past period. As of December 31, 2019, the company and its subsidiaries have a total of 4,450 employees (excluding directors and executives as specified in 10.2.4) as follows:

Number of employees (person)	December 31, 2019	December 31, 2018	December 31, 2017
Sabina Public Co Ltd and its subsidiaries' no. of employees (person)	4,450	4,582	4,103
Salaries and bonuses (million baht)	758.61	759.44	670.82

#### Remuneration characteristics and the total remuneration for the employees

The company has a policy to pay remuneration to employees according to Thailand's labor laws as well as their qualification, knowledge and experiences. The minimum salary of employees is in accordance with the minimum wage set by the government and is consistent with the remuneration of the same industry. In the form of salaries, overtime, commissions / special bonuses when the bonus goals are reached (according to the company's performance). The consideration of remuneration and welfare is based on the performance without considering the differences in origin, nationality, religion, gender, marital status in any way.

In addition, the company has a policy to consider remuneration for employees in accordance with the company's performance, economic conditions and market rates on an annual basis. As well as reviewing the

long-term remuneration structure. In the year 2019, the company paid salaries and bonuses for 4,450 employees, approximately 758.61 million baht. It also provided more welfare than that of the law, such as remuneration for retired employees, annual health checkups, nursing rooms, uniform, and other benefits as follows;

#### Policy and guideline on remuneration and welfare for employees

The company has a fair salary and wage management system. It promotes the stability and career advancement for employees in all sectors. This also includes welfare management as required by laws, such as social security and other welfare. The company has a great expertise in management for its employees. For instance



#### Welfare benefits

- Provident fund benefits for employees
- Medical benefits for all employees
- Hospital visits
- Wedding congratulation payments
- Maternity payments
- Funeral welfare for its employees' immediate relatives.
- Interest-free loans for its employees in case of emergency

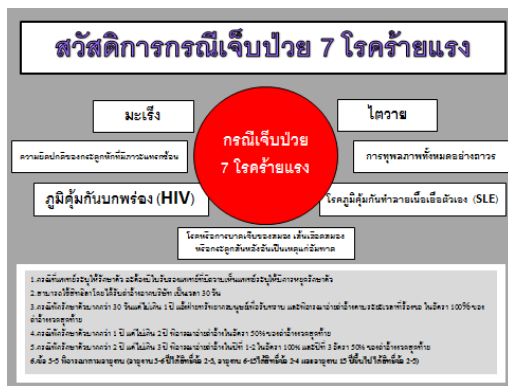
- Life insurance for employees who mandatorily work for external coordination and for those who regularly work outside the area

#### Leave Benefits

The company provides various leave benefits for its employees with not only necessary activities as required by laws, but also some additional beyond the law. For example; traditional holidays of 13 days a year, sick leave of 30 days per year, leave of 5 days per year, holiday leave of 6 days per year, maternity leave of 98 days, marital leave of 5 days, funeral leave for immediate family members for 5 days, and also religious practice leave of 3 days.



Welfare to help for 7 serious illnesses, which are;



1. Cancer
2. Kidney failure
3. Permanent disability
4. Systemic lupus erythematosus (SLE)
5. Brain injuries and paralysis
6. HIV
7. Fracture disorders with complications

The objectives of welfare for 7 serious illnesses are to physically and mentally help its effected employees to be ready to return as part of the organization. By giving leaves and paying wages at the time of treatment and rehabilitation for its employees. This is to be considered for those whom has a long service life.



In addition, the company also provides housing benefits for its employees whom have been transferred across branches. They also receive cost of living and travel allowances. That is designed in accordance with the actual work of employees. The company also has a clear policy to look after and help employees, which is the most important resource of the organization. By establishing "Peace of Mind Fund" project with its objective to ease the employee's debt burden i.e. a credit card debt, a cash card and / or an illegal loan, in the case of emergency. From the above, various welfare of the company is designed in accordance with the true way of life of the employees. By going through the process of talking, inquiring and screening to respond to the employees which are the most valuable and important resources if the organization.

### Employee Development Policy

Employees Development is the company's most important mission. By increasing knowledge and capability of employees, setting higher standard for work ethic and customer services, as well as keeping up with new technology and innovations which are constantly changing, can result in the employees having higher job values and enabling them to work efficiently. Employee Development not only helps the company to achieve its goals, but it also helps to maintain and motivate employees to stay with the organization and dedicate the best effort.

Moreover, it develops an organization potentially and competitively at both regional and international levels. It is to survive an era of competition without borders (Globalization) through the knowledge and skilled employees.

Good management with morality and ethics are important factors to help in the company's development. The Human Resource Management Department, therefore, develops a plan based on knowledge and work

experience within the organization to analyze the causes of problems in order to plan, set goals for employee and attitude development.

The Human Resource & Development has continuously established a training plan for employee development to be used as a development guideline and compliance as follows;

#### **1. Employee development policy**

To develop personnel in order to obtain higher quality, better knowledge, capability and morality. It is completed by focusing on continuous development to efficiently meet the needs and satisfaction of the customers as well as related parties. This causes the company to grow sustainably.

By applying theory of "Sufficiency economy" with the employee development in the organization, in which the philosophy itself means "rationale and moderation. ", we do not hold a training course in luxury hotels. Rather, we hold it in a seminar room within the organization. The company focuses on creating "knowledge" which is important. We value the quality of speakers. By focusing on highly qualified people who have experience in training and creating related content according.

We are confident that Thailand will develop and businesses will grow. The organization will have more or less profits depends on its employees. "People are the most valuable resources of the organization", this is because various technologies can be purchased if there are funds, "people" with quality, love and engagement, and loyalty, however, cannot be simply found. Therefore, the company retain the importance of employee development in order to courage the full effort and potential for the organization

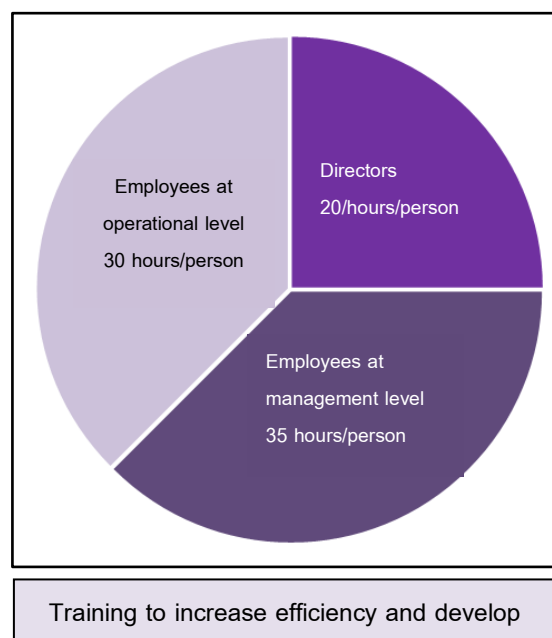
#### **2. Employee development strategies**

For the organization to retain higher quality, high caliber and high morality employees to be more competitive, the company must set a strategy or the process for development and training (Training Roadmap). By developing and training plan for employees in each position, each level and each work group as a guideline for development, creating and designing the training courses and the time to meet the needs, as well as being able to clearly review the progress at a higher level as to how to develop and prepare for training and development.

In addition, the potential development of employees in accordance with the 5S and must be consistent with the external environment changes in economy, society, politics, competition, customer needs. This includes compliance with the policy, organizational goals, and the internal environment such as corporate culture, values of people in the organization, structure, management processes in the organization, behavior, knowledge and skills of employees, etc.

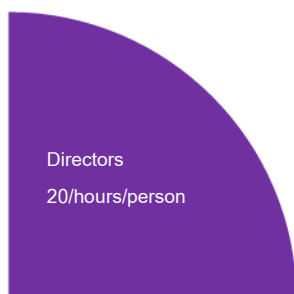
## Human resource development

The vision of Sabina Company is the believe that "employees are the most valuable and most valuable resource". We therefore aim to create and develop the capacity of all-round personnel as well as the company's sustainable growth. We create opportunities for learning and developing within the organization through various training programs in accordance with age, line of work, responsibility, economic and social situations. This is to create learning opportunities and employee development which will be a sustainable benefit for employees and organizations.



## Efficiency and employee development training

### Executives



It focuses on developing organizational skills based on today rapidly changing world through participation in training course called "Streamlined management" in order to create a new management system. To be in line with current conditions, the executives must be able to adjust and change the working style to be more flexible. They must participate in marketing development training and corporate communications, both internally and externally. They must promote effective corporate communication, including the promotion of risk management skills

through participation in the Risk Management Program for Corporate Leaders (RCL). They must also promote management and investment skills through regular training in accounting and investment management, including basic knowledge for the profession (IR Fundamental Course), Certificate in Investor Relations 2019, Financial Statement for Directors, Boardroom Success Through Finance and Investment, PAEs Accounting Standard Course at Applied in 2019, TLCA Executive Development program EDP class of Year 2019, TLCA CFO Professional Development Program (TLCA CFO CPD), as well as any courses in relation to Thai Financial Reporting Standards (TFRS). This enables executives to have the skills and readiness to manage the organization's investments. It is also focusing on the spirit of the organization by participating as part of an anti-corruption organization and attending courses such as Anti-Corruption: Practical Guide (ACPG) to constantly exchange views, concepts and techniques in managing anti-corruption organizations.

## Managers

It focuses on developing managerial skills to prepare for digital transformation. Under this role, both in management and workplace relationships within the department, training both inside and outside the organization such as effective management course, how to win hearts and minds of employees, workplace relationships, and employee identity and background, are important factors. They also enhance the efficiency of the operation of the responsible department. Training and learning to use software for task management, focusing on the use of information in management by promoting the Art of Data Science, Big data certification training and other related courses, are also another important mechanism in the development of work processes by applying software together with the managers. To reflect the work and the direction of development in accordance with the operation and growth of the organization, the company also encourages lean process management skills, Kaizen and 5S through participation in activities and seminars with institutions such as the Technology Promotion Association. (Thailand-Japan) to further the success of the organization in management, to reduce wastage in the production process and to extend ideas to employees, employees' families, partners, communities and society. In addition, managers also focus on the spirit of the organization by participating as part of an anti-corruption organization and promoting both internal and external training to study techniques and methods in managing anti-corruption organizations.



Sabina organizes the training course to thoroughly focus on increasing efficiency, All-round development, and the responsibilities of personnel. It emphasizes on the intention of which will operate under the vision that "Employees are the most important and valuable resource". Apart from those mentioned above, we also focus on developing good leadership skills and promote participation for employees at all levels through seminars and various activities to maximize efficiency in working together, in which will affect the organization's growth and sustainability in the future.

## Operational Staff



The company has organized training to increase operational skills of employees at the operational level by reflecting the perspective from internal processes and the policy guidelines of the organization in order to be consistent and systematically integrated. Skills training and skill development in production lines began with focuses on creating work standards through training on various types of machine skills for employees to become proficient and able to work at every stage of production. This is an important concept which leads to the extension of the establishment of the "Work Passport" project. The objective is to promote

employees to be able to work in every step of production with quality according to the organization's standards, through training to develop operational skills until expertise. The employees will be tested the ability in each section. After passing each section of the test , the employees will receive a symbol showing their potential. This results in the pride in work and working diligently to learn and develop additional skills, including developing skills to manage errors in the workplace to create a guideline for sustainable quality operations. As for salespeople, the company focuses on developing full-service skills with the training course "Development and Promotion of Service Excellence" nationwide. It is the key to delivering quality products to users of the product Including training to create learning and application of various software to participate in work for employees in all areas in order to create efficiency for employees and systematic operations. Also the company continues the policy on anti-corruption of the organization through activities and training for employees regularly.

Organizing the training course of Sabina focuses on increasing efficiency All-round development and respond to the responsibilities of personnel thoroughly. This emphasizes the intention which will operate under the vision that "Employees are the most important and valuable resource" apart from those mentioned above We also focus on developing good leadership skills and promote participation for employees at all levels, through seminar and various activities to maximize efficiency in working together. This affects the growth and sustainability of the organization in the future.

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## Corporate Governance

The Company has managed by believing to the principles of good corporate governance and continuously recognizing the importance and responsibility towards shareholders and stakeholders of the Company. As a result, in 2018 and 2019, the Company was evaluated by the Thai Institute of Directors Association (IOD) at "Excellent" level.

The Board of Directors attaches importance to compliance with the principles of good corporate governance to increase confidence for shareholders, investors and all parties involved, which requires a review of the corporate governance policy and the implementation of the policy at least once a year. The Company has disclosed the corporate governance policy on the website for external communication and disseminate for communication to employees in the organization to acknowledge the corporate governance of the Company, and to encourage employees to participate in the implementation of such policies.

In 2017, the Securities and Exchange Commission (SET) has issued the principles of good corporate governance for listed companies in 2017 (Corporate Governance Code: CG Code 2017) which has laid out the principles for the 8 main committees as follows.

1. To recognize the roles and responsibilities of the Board of Directors as the organization leader that creates value for the business sustainably.
2. To determine the objectives and main goals of the business that are going for sustainability.
3. To strengthen the Board of Directors efficiently.
4. To recruit and develop high-level executives and personnel management.
5. To promote innovation and be responsible to the business operations.
6. To ensure that there is an appropriate risk management system and internal control.
7. To maintain financial credibility and disclosure.
8. To support participation and communication with shareholders.

In order to allow the Board of Directors to follow the principles of good corporate governance for listed companies in 2017 to apply as appropriate for the operations of the Company as much as possible, and prescribing additional guidelines that the Company should proceed to improve to suit the situation of the Company. And, the Committee shall review the appropriateness of the CG Code to be applied at least once a year.

### Corporate Governance Policy

The Board of Directors realizes the importance of good corporate governance, which is announced by the Stock Exchange of Thailand (SET), in order to gain progress and the stability of the Company, and to increase confidence for shareholders, investors and all stakeholders as well as creating long-term value for the Company. The Board of Directors, therefore, has established a policy on corporate governance to be a guideline for the directors, which should be used in corporate governance of the Company as follows.

1. To clearly define the scope of authority, duties and responsibilities of each committee and management according to the management structure of the Company.

2. To conduct business by disclosing accurate, transparent, complete information and reflecting the actual results of operations. There is an assessment and protection standard, and manage risks at the appropriate level.
3. To determine the balance of power in the operation process for transparency and examination.
4. To produce products with the best quality and to meet the needs and customer satisfaction as well as listening to comments and customer complaints to bring the best product development for customers.
5. To believe in the value of employees by training and development and to cultivate morality in creating a good consciousness, and to allow employees to progress with the Company.
6. To recognize and respect the rights of ownership of all shareholders with equality.
7. To act by taking responsibility towards shareholders, stakeholders and society and the environment.
8. To be anti-corruption and to prohibit bribery for the business interests of the Company, and do not violate intellectual property and respect for laws and human rights.

The Board of Directors recognizes the importance of business operations, understands the roles, duties and responsibilities of the Board of Directors with the Company and shareholders with a policy based on the Code of Best Practices, which applies for the directors of listed companies that follow the guidelines of the Stock Exchange of Thailand (SET). Also, it is for the Company to have good corporate governance and have an effective performance measurement system, which will help to promote the business to develop and grow at an appropriate level. This has guidelines for conducting corporate governance of the Company, which can be divided as follow.

## **Section 1. Rights of shareholders**

### **1. Rights of shareholders**

The Board of Directors recognizes the importance of respecting the rights of ownership of all shareholders by treating all shareholders equally.

Every shareholder has the rights and equality as follows.

1. The right to receive information, performance and the Company's management policy quickly and in time through the Stock Exchange of Thailand and the Company's website at [www.sabina.co.th](http://www.sabina.co.th).
2. The right to buy and transfer shares, and to obtain a share from the Company's profits.
3. The right to propose matters to be included in the agenda of the general meeting of shareholders and to nominate persons to be considered as directors, which the Company has made the criteria for proposing such matters to be published on the website of the Company at [www.sabina.co.th](http://www.sabina.co.th) and notified via the Stock Exchange of Thailand (SET).

4. The right to send questions to inquire about various issues of the agenda presented at the general meeting of shareholders in advance by sending questions to the Company secretary by email: [vaja@sabina.co.th](mailto:vaja@sabina.co.th) Fax: 02-4345911 and published such rights on the Company's website at [www.sabina.co.th](http://www.sabina.co.th).

5. The right to attend the shareholders' meeting. The Company will hold a shareholder meeting once a year by sending a notice of the meeting together with related documents for the meeting with sufficient details for the shareholders in advance to allow the shareholders to consider in advance before attending the meeting.

6. The Company has a policy to promote and facilitate shareholders to allow shareholders and institutional investors to attend the meeting by arranging a meeting location, which is easy and convenient for the shareholders to travel and has public transportation systems that are accessible and sufficient.

7. The Company discloses the shareholding structure in the Company and subsidiaries clearly and transparently, and can be examined. There is no cross shareholding in the Company group.

8. The Company has more than 40% of the minority shareholders (Free Float).

9. The Company holds more than 5% of the total shares of institutional investors.

10. The Company does not have a shareholder's agreement that has a significant impact on the Company or other shareholders.

11. The Company has also added a channel to publicize the invitation to the shareholders' meeting, supporting documents for the meeting agenda including the proxy form and other information necessary in both Thai and English in advance on the Company's website [www.sabina.co.th](http://www.sabina.co.th) before submitting the documents to shareholders as to acknowledge and to support decision making in voting. The minutes of the shareholders' meeting are published via the Company's website.

12. To represent their rights, shareholders can appoint proxies to other persons or independent directors of the Company to vote in the event that the shareholders are unable to attend the meeting by themselves.

13. The Company has facilitated all shareholders equally by explaining the details of the meeting including how to count the votes of shareholders who have to vote in each agenda according to the Company's regulations, and allow all attendees to inquire comments and suggestions for each agenda, and summarize the results of the votes from every vote count.

14. The Company arranges for the broadcasting of the minutes of the meeting via the Company's website, so that shareholders can check without waiting for the next meeting.

15. The right to be treated equally in the repurchase of shares, and allow shareholders to be able to communicate with each other.

## 2. Shareholder meeting

The Board of Directors gives importance to shareholders' meetings by holding the annual general meeting of shareholders once a year within 4 months from the end of the accounting period of the Company. It is considered as a duty of the Board of Directors that must attend every meeting if not attached to important missions. By organizing the meeting, the Company will send the meeting invitation letter, proxy form, along with information for meeting based on various agendas. Shareholders should receive complete notice at least 14 days before the meeting date for shareholders to make decisions on voting in various agendas. In case, the shareholder wishes to appoint another person to attend the meeting, he/she can choose to appoint a person, or independent directors of the Company can attend the meeting instead.

- 2.1 The Company has a policy to support or promote every group of shareholders including institutional shareholders to attend the shareholders' meeting.
- 2.2 The Company provides a website to present important information and news, such as annual and quarter financial statements report, annual information form (Form 56-1), annual report (Form 56-2), including invitation letter for the shareholders' meeting which contains information, date, time, venue, agenda of the meeting, information for each agenda decision, rules that are used in the meeting, and voting procedures which is the same information that is delivered to shareholders in the form of documents by disseminating information via the Company's website at least 30 days before the meeting as to allow shareholders to have sufficient time to study the information.
- 2.3 The Company arranges for the shareholders' meeting by facilitating the meeting location to be in the heart of the city for convenient travel and sufficient time to conduct the meeting.
- 2.4 The Company has given the opportunity and offered the rights to the shareholders to propose the agenda of the shareholders' meeting on matters that are considered important, and to propose a list of qualified candidates to be appointed as new directors in advance with clearly defined procedures via the Company's website.
- 2.5 The Company gives the right to shareholders to submit questions about the meeting agenda at least 1 month before the meeting date through the Company website.
- 2.6 The Company has encouraged shareholders to use proxy forms that shareholders can determine the voting direction, and the nomination of at least 1 independent director as an alternative to the proxy of the shareholders.
- 2.7 The Company gives rights to the shareholders, who attended the meeting after the meeting started to have the right to vote on the agenda being considered and have not yet voted.
- 2.8 The Company has appointed representatives from the audit office to inspect the counting of votes in the shareholders' meeting, and disclosed in the meeting minutes of the shareholders.

In the past year, the Company has not bought back shares and there has been no agreement between shareholders that has a significant impact on the Company or other shareholders, and has not prevented or created obstacles for shareholders to communicate between each other.

### 3. Sending invitation letters to shareholders in advance

3.1 The Company has given the authority to Thailand Securities Depository Co., Ltd. (TSD), which is the registrar of the Company share, to invite and to send the invitation letter to the shareholders 21 days prior to the meeting date. Nevertheless, such information, which is the same information that the Company sent to shareholders and used in the meeting via the Company's website. [www.sabina.co.th](http://www.sabina.co.th) at least 30 days before the meeting date, has been published to allow shareholders to have enough time to study the meeting's information in advance. This includes a daily newspaper announcement for at least 3 consecutive days and at least 20 days before the meeting date to inform shareholders of the meeting.

3.2 The invitation letter contains sufficient and complete information for the meeting with details, date, time, place, agenda, and it clearly states that the matter is for acknowledgment or consideration. There are documents supporting various agenda, objectives and reasons, along with the opinions of the Board of Directors, the Company's regulations regarding to shareholders' meetings, map showing meeting locations and details of documents that shareholders must present on the date of the shareholders' meeting with information, which is complete and sufficient for shareholders to make decisions on voting in each agenda and how to attend the meeting and to facilitate communication for foreign shareholders. The Company has also prepared documents related to the shareholders' meeting in English.

3.3 The Company has prepared the meeting agenda information in the invitation to the meeting completely in order to help shareholders make decisions, which the Company considers the rights of shareholders, promotes the exercise of rights by presenting important matters to shareholders for approval and contains important matters in full according to the law, the stock market's requirements, and the Company's regulations. Important agendas are:

- **Agenda for dividend:** The Company has provided details about the dividend policy, dividend rate proposed with related information, specify the date for determining the list of eligible persons to receive dividends and the closing date of the share transfer book, and the date of dividend payment.
- **Agenda for the appointment of directors:** The Company provides opportunities for shareholders to select directors individually with detailed information, name-surname, age, education, career history, number of companies that serve as directors by separating into a listed Company and general companies, criteria and methods of nomination, types of directors proposed meeting attendance data in the past year, number of years in office in order to give shareholders the opportunity to truly elected directors.
- **Remuneration package for the Company's directors:** Details concerning the policy and criteria in considering the directors' remuneration are provided and the remuneration

budget is allocated, with the facilitation of the Nomination and Remuneration Committee to propose to the Shareholders' Meeting for an approval.

- **Agenda for the appointment of auditors And determine the amount of exam fees:** The Company has provided details about the name of the auditor, audit office's experience, competency of the auditor, independence, remuneration for the year of the audit (In case of the same auditor), and how to consider the audit fee which has been considered by the Audit Committee.

#### **4. Operation on the day of the shareholders' meeting**

4.1 Before the meeting of shareholders, the chairman of the meeting will introduce the board of directors, various sub-committees, executives, auditors and legal advisors to the meeting for acknowledgment and clarifying rules that are used in the meeting including the procedure for voting and in the event that any shareholder comes after the meeting has started. The Company also gives the right to vote in the remaining agenda that has not been considered and voted, which is counted as a quorum.

4.2 The Company has applied the technology to register shareholders, to vote counting and to display results to conduct the meeting quickly and accurately, and inform the voting method and vote counting for each agenda to shareholders before starting the meeting.

4.3 The Company has determined that the Board of Directors, Sub-committees, and executives to attend the shareholders' meeting, and allow shareholders to ask questions or give opinions in the shareholders' meeting on various and related matters.

4.4 The Company uses ballots for every agenda for transparency and verification in the event of a dispute later.

4.5 The Company has provided the opportunity for shareholders to elect to vote for each director individually, and to allow shareholders to ask questions about the meeting agenda appropriately.

4.6 The Company avoids adding other agenda, which is not set in advance in the shareholders' meeting, because it is unfair to shareholders, who do not attend the meeting.

4.7 The Company has arranged for the vote counting inspectors in the shareholders' meeting, and disclosed in the meeting minutes of the shareholders.

#### **5. Operation after the shareholders' meeting**

5.1 The Company has prepared the minutes of the shareholders' meeting by recording the clarification of the voting procedure and how to show the score to the meeting before the meeting started including the opportunity for shareholders to have equal rights in expressing opinions and asking questions. The Company has recorded the question or comments or suggestions of shareholders. Voting results for each agenda that there are from shareholders who agreed, disagreed and abstained including recording the names of the directors attending the meeting and not attending the meeting in the minutes of the meeting and published on the Company's website both Thai and English.

5.2 The Company disclosed the resolutions of the shareholders' meeting together with the voting results on the next business day from the date of the shareholders' meeting by reporting the news through the Stock Exchange of Thailand and publishing it on the Company's website.

5.3 The Company has complied with the guidelines for assessing the quality of the shareholders' meeting (AGM Checklist) by preparing by the Thai Investors Association.

5.4 The Company has recorded the minutes correctly and completely so that the shareholders can examine by recording details of the Board of Directors and the Executives attending the meeting, voting method, vote counting, comments, questions of shareholders, explanation of the directors including the resolution of the meeting clearly, and reported to the Stock Exchange of Thailand (SET) within 14 days from the date of the shareholders' meeting, and published such reports on the Company's website. In addition, the images and sound of the shareholders' meeting are also published on the Company's website.

## **Section 2. Equitable treatment of shareholders**

The Company gives importance to shareholders and ensures that all shareholders are treated equally and fairly as follows:

### **1. Proposal of the agenda and nominate persons to be appointed as directors**

The Company gives shareholders the opportunity to propose additional agenda in advance and nominate persons to be elected as directors in advance according to the criteria set by the Company. It has been published through the Stock Exchange of Thailand (SET) and the Company's website before the meeting date on 25 October 2019, which is from 25 October to 31 December 2019.

### **2. Proxy to attend the shareholders' meeting**

In the event that shareholders are not able to attend the meeting by themselves, the Company allows shareholders to appoint proxies to other persons, or the independent director of the Company can attend the meeting instead to protect their rights. The Company has informed details about the documents supporting the proxy, and clearly instructed the methods and procedures of the proxy, which the Company has sent along with the proxy form B. This is a way that shareholders can determine the voting direction. In case that shareholders are foreigners; the Company has delivered the English version of the invitation letter and the proxy form C to facilitate foreign shareholders as well as to view from the Company's website.

### **3. Determine the right to vote in the shareholders' meeting**

The Company gives shareholders the right to vote according to the number of shares held, with one share equal to one vote, and no shares that have special rights to restrict the rights of other shareholders.

#### **4. Each agenda's voting is done transparency**

Voting cards are used in every agenda, and will collect ballots only if shareholders do not agree or abstain from voting except for the election of directors, which will collect ballots from all shareholders attending the meeting by using the barcode system for counting votes in each agenda.

#### **5. Prevention of the use of internal information of the Company and conflicts of interest**

The Company has a policy and method to protect the Directors, Executives and Employees in seeking benefits from the use of internal information of the Company that has not been disclosed to the public for personal gain, including trading of the Company's securities as follows.

1. The Company has provided a firewall system to prevent those who come with harm to reach or destroy important information of the Company. In addition, there is an anti-virus system to prevent the virus from being released or destroying data.

2. The Company has established a security system to access employee information. Security in each software program is set the level of employees to access information.

3. The Company has determined the storage and prevention of the use of internal information of the Company in the labor contract, work regulations, Corporate Governance Policy, and working practices in not seeking benefits for themselves and related persons from any information or news of the Company that is still confidential and not yet disclosed to the public.

4. The Company will inform the management to receive the internal information and avoid or refrain from buying or selling the Company's securities during the 7 days before the financial statements are made public. If there is a trading during this period, the Company has punishment and will inform the punishment which starts from verbal warnings, written warning, temporary suspension and leaving work respectively, and the Company has corrective measurement by allowing such offender to return items. The profits from the trading of those shares will be donated to charity organizations.

5. The third parties, which participate in the examination, preparation or transactions related to information that may affect the price movement of the Company's securities, must have a confidentiality agreement with the Company until the information is disclosed to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

6. The Company has a non-complex shareholding structure, almost all related transactions are normal business transactions.

7. The Company complies with the law and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) regarding rules and procedures for connected transactions, rules for the acquisition, disposition of assets, etc.

### **Section 3. Role of stakeholders**

#### **1. Rights of various groups of stakeholders**

The Board of Directors selects the rights of various groups of stakeholders whether they are internal and external stakeholders, and has formulated a policy as a guideline in the Company's code of

ethics for transparency and fairness, and ensured that the relevant legal rights of all stakeholders will be treated fairly. Therefore, it has set a policy to be a guideline for treating stakeholders in each group as well as considering the community, society and environment for sustainable development, anti-corruption, non-infringement of intellectual property or copyright and respect for human rights.

#### Shareholders

The Company is determined to develop the business of the Company to progress with knowledge, ability, honesty in order for the Company to be stable and able to generate sustainable and appropriate returns for shareholders while protecting the interests and take care of the Company's assets. This includes the performance report for all shareholders to acknowledge regularly, completely and accurately, and eliminate conflicts of interest carefully logically, and have a regular dividend payment policy.

#### Customers

The Company intends and strives to create satisfaction and confidence in the quality of products for customers by innovation, and continually adds value to products and services to meet the needs of customers of all ages as well as paying attention and performing fairly to customers' complaints through the Company's sales staff, which is based on the counter of products sold at leading stores, department stores nationwide.

#### Personnel

Employees are valuable resources and are the key to bringing the organization to success. The Company, therefore, treats employees by focusing on training and developing the knowledge and competency of the employees thoroughly while creating stability in the profession and providing opportunities for progress according to each person's potential. This includes allowing employees to participate in determining the direction of operations and developing the Company, providing fair returns, which suit for knowledge, ability, responsibility, and the performance of each employee as well as maintaining the working environment with regards to safety for health, life and property of employees. The Company provides care for employees in safety and provides various benefits such as:

- First aid room
- Annual check-up
- Welfare products shop to help the employees' living
- Forms for employees
- Provident Fund or future savings
- Loan project when employees need emergency usage with a low interest rate
- Organizing training and seminars both inside and outside to develop employees
- Sending staff to study visits both domestically and internationally

### Partners or Creditors

The Company gives importance to business partners or creditors who are important to the production cost of the Company. The Company has set the criteria for selecting and evaluating vendors as well in order to ensure that the seller has ability to respond to the quality requirements of the Company and the customer, different product materials and including the assessment of the seller as follows.

The criteria for selection of raw materials and general product materials are as follows.

1. Delivery time 2. Price of the product 3. Minimum order quantity 4. System for checking each product according to the specified standard. 5. Payment terms 6. Production period 7. Production capacity 8. Delivery frequency

The criteria for selection for raw material, which is used in production, and the employment of equipment, which is used in production are as follows.

1. Product quality 2. Time to solve problems 3. The amount sent regards to the purchase order 4. Deliver the goods at the specified time. 5. Payment terms 6. Document delivery system (only for overseas sellers), which the Company has provided a form to select the seller and arrange for a seller assessment at least 2 times a year.

The Company will maintain and comply with various trade agreement terms with partners and strictly creditors, and not calling or accepting property or any other benefit that is dishonest in the trade. The Company will create a good relationship and understanding including exchanging knowledge and jointly developing products and services to add value to products and services. If in the case of non-compliance with the agreed conditions, the Company will inform the creditors in advance in order to find ways to consider further solutions.

The company has a policy to recommend customers to join the Anti-Corruption project.

In the year 2019, the company persuaded business partners to attend the meeting and listen to details about the CAC FOR SME project. There were 48 business partners interested in attending the meeting. The company invited Rattana Banangkun, the CAC, CAC FOR SME project director, to provide information about the project details on 4 July 2019 at Meeting Room 702, Arun Amarin Headquarters Building.

### Society and Environment

The Company operates its business with regards to the impact on natural resources and the environment, consciousness cultivation, responsibility to the community and society in the Company continuously. This includes supporting activities that are beneficial to the community and major society. The Company does not take any action or to support illegal actions or to cause harm to the country and / or to society and national security by setting policies and activities that relate to social responsibility (in accordance with 10. Social Responsibility Topic (CSR)).

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### Competitors

The company complies with the rules of fair competition. It does not seek confidential information of competitors through inappropriate methods, or that of against any law. There are guidelines for the following practices

1. Conducting within the framework of good competition.
2. Not trying to damage the reputation of competitors by accusing them without the truth
3. Not seeking confidential information of competitors with dishonest or inappropriate methods such as paying stipend to employees of competitors.
4. Supporting and promoting free Fair trade, not monopolization or requiring customers of the company to trade with the company only
5. Supporting cooperation with competitors that are beneficial to consumers, not for monopolization of revenue allocation and market share, reducing product and service quality, setting prices for product and service which will cause a negative effect on consumers as a whole.

### **2. Non-infringement of intellectual property or copyright**

The Company has a policy and guideline regarding non-infringement of intellectual property or copyright by requiring all directors, executives and employees of the Company and subsidiaries to comply with the business code of conduct regarding intellectual property or copyright by protecting the intellectual property of the Company from being violated and avoiding the violation of other people's intellectual property.

The Company has never been reported any complaints about intellectual property or copyright violations.

### **3. Anti-corruption and bribery for business benefits**

The Board of Directors has a policy for anti-corruption and the Company has signed a declaration of intention in the Private Sector Collective Action Coalition against Corruption Project. The Company also determines all directors, executives and employees of the Company and its subsidiaries to comply with the Anti-corruption policy by setting policies that focus on cultivating awareness among employees and executives at all levels to recognize the disadvantages of corruption and creating good values. This is to develop the organization to be accurate, transparent, and efficiently monitored without causing any risk of damage to the business. This includes clearly defining policies relating to corruption, therefore, in order to prevent such problems and strictly comply with relevant laws. the Company has determined the executive directors and employees of the Company, and every subsidiary to comply with the anti-corruption policy as follows.

- To focus on cultivating awareness among employees and executives at all levels realizing the disadvantage of corruption. This includes creating good values in order to develop the organization to be accurate, transparent, and efficiently monitored.

- To requires the directors and all employees must comply with the anti-corruption policy without being involved in corruption whether directly or indirectly for the benefits of both the Company and the family, friends and acquaintances.
- To create an internal control system prevents corruption, which result in transparency and good corporate governance, to be physically created and examined.
- The Company has measures to protect the complainant in reporting complaints and complaints by keeping the information received from the complainant in secret and considering the safety of the complainant important, which will be protected from unfair practices.
- Corruption is a violation of the business ethics of the Company, which will be subject to disciplinary action according to the regulations set by the Company if the action is illegal.
- The Company recognizes the importance of communication and public relations to create knowledge and to understand the directors, employees and related parties in matters that must be complied with anti-corruption policy.

In this regard, the policy determination, practice, including the creation of internal control systems to prevent corruption will result in transparency and good corporate governance. This can be examined by the said policy as a measure against corruption that may occur. This includes finding suitable solutions and sets up channel for clues or complaints to the Company's audit department and the independent directors of the Company, which the Company has published such policies on the Company website [www.sabina.co.th](http://www.sabina.co.th) (as per Article 10. Corporate Social Responsibility (CSR) topic).

#### 4. Communication channels

The Company has channels for stakeholders, which can send suggestions, comments or questions including complaints to the Company via the Company's secretary. E-mail address: [vaja@sabina.co.th](mailto:vaja@sabina.co.th) or investor relations department E-mail address: [ir@sabina.co.th](mailto:ir@sabina.co.th) Telephone: 02-4229400 Postal address: Sabina Public Company Limited 12 Arun-amarin Rd., Arun-amarin, Bangkoknoi, Bangkok 10700.

In the case of an important issues or subjects that may cause damage to the Company, the secretary will present the matter to the board of directors of the Company.

#### 5. Measures for reporting clues, complaints and protection of complainants

The Company has provided measures to report clues, complaints, wrongdoing, ethics, or behavior that may cause corruption or misconduct from the personnel in the Company both from employees, related persons, and stakeholders. Complaints and suggestions can be reported via the internal audit department, which serves as a complaint agency and the following suggestions.

### Process when receiving complaints

The Company provides opportunities for employees and stakeholders to have channels to report clues and complaints as guidelines to develop and sustain the organization as follows.

- Complaint recipients gather facts that related to violations or not complying following the Company's anti-corruption policy.
- Complaint recipients report the facts to the independent directors to investigate the facts to consider the complaint by identifying matters related to anti-corruption policies, dividing into political support, financial support and donations for charity, and receiving gifts, property or other benefits.
- Action measures by the recipients of the complaint presented to the Anti-Corruption Committee to investigate the facts and to set measures to act to suspend violations or non-compliance with anti-corruption policies.
- The recipient of the complaint is responsible for reporting the investigation result to the complainant. If the complainant discloses himself in the case that is important. The recipient of the complaint reports the investigation result to the Chairman, and / or the Board of Directors to acknowledge.
- If the accused acting in real corruption is considered a violation of anti-corruption policy, he/she must be considered disciplinary punishment according to the Company's regulations. In case of violating the law, he/she must continue to receive legal penalties.

### Channels for reporting complaints

- Internal Audit Department via e-mail : [GRP\\_AUDIT\\_HO@sabina.co.th](mailto:GRP_AUDIT_HO@sabina.co.th)
- Internal Audit Department via phone : 02-422-9400 dial 9309, 9404
- Internal Audit Department via mail : Internal Audit Department via phone
- Or report directly through the audit committee

Mail: Sabina Public Company (Limited)  
12 Arun Amarin Road Kwang Arun Amarin  
Ket Bangkoknoi Bangkok 10700

The general complaint will be collected by the secretary of the audit committee to report to the audit committee directly and the company will take further steps.

#### Protection of complainants

- Complainants can choose not to reveal themselves for security reasons/ However, if the complainants choose to reveal his/her identity, the company can report progress and explain facts to the complainant.
- The recipients of the complaint must confidentially keep the information and prioritize the safety of the complainant. By providing protection for the complainant and / or the person who provide the information and / or data verification cooperation, they will be protected from unfair practices, such as changing job positions, job characteristics, workplaces, work orders, intimidation, interference with employment, termination due to the cause of complaint, etc. General information will be kept confidentially only to the Chairman of the Executive Committee and / or the Audit Committee and to be confidentially and directly kept by the Board of Directors and the Audit Committee.

In addition, the company provides channels for clues reporting or complaints for any related personnel to file a complaint in the event of a violation of the law and the code of ethics of senior management. The violation of the company's business ethics includes the behavior that implies corruption and inequality, via the following methods

Mail: : Chairman of the Executive Committee or Chairman of the Audit Committee  
Sabina Public Company (Limited)  
12 Arun Amarin Road Kwang Arun Amarin Ket Bangkoknoi Bangkok 10700

The general complaint information will be confidentially kept only to the Chairman of the Executive Committee and / or the Audit Committee. The company will not disclose the information of the whistleblowers and treat them fairly. As for the misconduct of top management, the complaint will be collected directly by the audit committee and the company will take further steps.

In the past, the company has never had a history of violating labor laws, employment, consumers, competition and environment.

#### Section 4. Information disclosure and transparency

##### 1. Disclosure of Company information

The Company has disclosed important information related to the Company both financial and non-financial, which may affect the interests or decisions of shareholders in the investment by providing sufficient information disclosure, complete and in time for the annual report, Management Discussion and Analysis Various, and press

releases via the website of the stock exchange, and the Company's website [www.sabina.co.th](http://www.sabina.co.th) in both Thai and English.

## 2. Financial report preparation

To show responsibility for the preparation of financial reports, which refers to being complete, accurate, transparent and adequate, the Board of Directors, who is responsible for the consolidated financial statements of the Company and financial information appearing in the annual report to be prepared in accordance with accounting standards, uses appropriate accounting policies and consistently performing including the disclosure of important information in the notes to the financial statements. The Board of Directors has appointed an Audit Committee consisting of independent directors to take charge of the quality of financial reports and internal control systems.

3. The Company has disclosed the corporate governance policy, ethics of management, and of the Board of Directors of the Company Executives and employees in writing and published through the Company's website.

4. The Company has disclosed social and environmental care policy to promote and support the implementation of policies consistently and consistently (according to the Social Responsibility Report, Article 10).

5. The Company has disclosed the related transactions, which the Company has complied with the rules of the Securities and Exchange Commission of Thailand (SET) by disclosing details of the transaction by specifying the name of the person who has related transactions, relationship, nature of the transaction, conditions / policies, price and value between each other (Details according to the topic of inter-item item 12).

6. The Company has set a policy for the directors of the Company to report the purchase-sale of shares / hold the Company's securities to the Board of Directors in every meeting.

7. The Company has a policy for the Board of Directors to report the interest of the directors, and the executives must report to the Company every time when having their own interests and related persons within three months from the date of appointment or the date of change.

## 8. Remuneration for directors and executives

Determination of remuneration of the Board of Directors is clear, transparent from comparison with the Company in the same industry in order to be able to attract and retain knowledgeable directors. The remuneration of directors is proposed for approval from the shareholders' meeting every year.

The executive compensation is according to the principles and policies set by the Executive Committee, which is linked to the Company's performance and the performance of each executive (The amount of remuneration of directors and executives disclosed in the management structure topic of remuneration for directors and executives).

## 9. Relationship with investors

The Board of Directors gives importance to the disclosure of both financial and non-financial information that is complete, adequate, transparent, timely and thorough. The Company has information disclosure, and news to shareholders, investors and related persons through the Company's

website [www.sabina.co.th](http://www.sabina.co.th), so that the shareholders can access information easily and quickly, such as business operation information, financial statements, shareholding structure, organizational structure, annual report, invitation letter to the shareholders' meeting, news from the media and other necessary information.

In addition, the Company has established the Investor Relations Unit to provide information services and news of various activities of the Company with investors, shareholders, analysts and the public as well as answering questions from investors and related parties who can contact the Investor Relations Unit by email [ir@sabina.co.th](mailto:ir@sabina.co.th) or Tel. 0-2422-9400.

For the past year, the Company has presented its performance, financial information and general information to analysts, investors and shareholders continuously by disclosing information through public media and the Company participated in various activities to be a channel for information disclosure making it possible to meet and listen to the opinions of analysts, investors and shareholders directly to create good relationships and to provide information for investors' decisions through the following activities.

- Roadshow	:	12	Times
- Opportunity Day	:	4	Times
- Company Visit	:	23	Times
- Analyst Meeting	:	1	Times
- Newsletter performance Company's	:	24	Times

And other activities, such as meeting with investors.

In the past, the Company has never had a history of being ordered to modify financial statements by Securities and Exchange Commission (SEC), including the disclosure of annual and quarterly financial statements to shareholders and investors within the time limit.

## Section 5. Responsibilities of the Board

The Board of Directors plays an important role in corporate governance for the best interest of the Company. The Board of Directors is responsible for the performance of duties to shareholders and is independent from the management.

### 5.1 Structure of the Board of Directors

The Board of Directors consists of 11 persons consisting of 7 non-executive directors (5 independent directors) with 2 independent female director and 4 executive directors

The Board of Directors has determined the structure of the Board of Directors to be composed of directors with diverse qualifications, which is a person with knowledge and ability, has useful experience with the Company and able to perform duties efficiently with morality and ethics that are accepted and trusted. The Company has a separation of duties and responsibility for the performance of the Board of Directors clearly.

The Board of Directors has been elected from the shareholders' meeting and has a certain term of office, which is in accordance with the Company's Articles of Association, that at every annual general

meeting, the directors who hold the longest positions are the ones who retire and when the term has expired, the ones may be re-elected to be a director. There are no directors who hold directorship in more than 5 listed companies.

The Company has never had a director or a senior executive of the Company, who used to be an employee or partner of an external auditing Company that the Company has been using for the past 2 years.

In the Board of Directors, there is no executive director to serve as directors in more than 2 other listed companies.

In the Board of Directors, there is more than 1 non-executive director who has experience working in the Company's business.

- In the past, there was no record of misuse from the Board of Directors.
- In the past, the Company has no record of violating the regulations of SEC and SET.

#### **5.1.1 Other positions of directors and senior management**

To allow the directors to devote time and effort to perform their duties, the Board of Directors has set a policy to limit the number of companies that each director will hold positions as follows.

1. The Board of Directors has a policy to hold the position of director at other listed companies of the Managing Director (CEO) for not more than 2 companies.

2. The Board of Directors has a policy to allow directors to hold directorship in other listed companies for no more than 5 companies but not defined as directors in companies that are not registered

3. In the event that one of the directors of the Company needs to hold the position of director of more than 5 listed companies, it is important to notify the shareholders and related parties for the reasons and the effects regards to the duties, which stated in the annual report (Form 56-1) and annual report (Form 56-2).

And in the past, the Board of Directors of the Company have not had any directors who serve as directors in more than 5 other listed companies yet.

#### **5.1.2 Balance of the Board**

Board structure as of 31 December 2019 consists of 11 directors, with 4 executive directors and independent directors who meet the definition "Independent Director" of the Securities and Exchange Commission (SEC) And the Stock Exchange of Thailand (SET) for 5 persons and served as the Audit Committee of the Company for 4 persons

At every annual general meeting, the directors shall retire from position at the ration of 1:3 or close to 1:3 according to the Company's regulations, and once the term has expired, he or she may be re-elected to the position.

#### **5.1.3 Consolidation or separation of the position**

The Company has segregated authority and authority by approving and the operation of the Company clearly according to the types of transaction by dividing into categories according to the line of

work, including production units, accounting and finance departments, Human Resource unit, Sales agencies in the country and abroad, and others, which have been included in the authority approval and operation regulations No. 1/2006 dated 1 September 2006.

With different roles and obligations between the Chairman of the Board of Directors with the Managing Director, to clearly separate roles and duties which creates a balance in operating power. In addition, all directors are free to express their opinions regarding the Company's operations to supervise the operations of the management to be effective, transparent and able to be examined. However, the Chairman of the Board of Directors is not an independent director, but he performs his duties with independence, allowing the Board of Directors to freely perform their duties and express their opinions about the Company's operations and suggestions that are useful to the Company.

#### **5.1.4 Board of Directors' diversity policy**

The Board of Directors is aware of the benefits of business operations and therefore has specified the diversity of the Board and is seen as one factor in increasing the efficiency of business operations, decisions and the work of the board.

However, the diversity is not just limited to gender, but also age, educational background, professional experience, skills and knowledge. Therefore, the selection and appointment of the Company's directors will be based on knowledge, capability, and the selection criteria that have been considered for the benefits of diversity.

#### **Authority of the Chairman and Managing Director**

The Board of Directors has defined the duties and responsibilities of the Chairman of the Board of Directors, and the Managing Director is authorized to perform various tasks on behalf of the Company which can be summarized as follows.

#### **Authority and Responsibilities of the Chairman**

The Chairman of the Board of Directors has a duty to set policies and business plans, oversee the management of the management waiting for advice and help, but must not participate and do not interfere in the normal daily administration. In addition, the Chairman of the Board of Directors must have leadership to take care of the directors to not be under the influence of the management by acting as chairman of the meeting, both in the board meeting and fair meeting of shareholders, supporting and encouraging participants to exercise voting rights, and strictly complying with the principles of good corporate governance by having the composition, size and structure of the Board of Directors to create a balance between executive directors and independent directors. It arranges the participation of executive directors, Non-executive directors and independent directors in the activities and decision-making processes of the Board of Directors.

Providing assessment and work development of the Board of Directors regularly and aiming for collaboration among the directors and the performance of the directors.

#### **Authority and responsibility of the Managing Director**

The Managing Director is responsible for routine management in order to comply with the objectives, regulations, policies, regulations, orders and resolutions of the Board of Directors and / or resolutions of the Board of Directors and / or resolutions of the shareholders' meeting.

1. To provide a business policy, business plans and budgets for submission to the Board of Directors for approval and to be responsible for reporting the progress of the approved business plan as well as the budget approved by the Board of Directors according to the time period specified.

2. To manage the business operations of the Company to comply with the business policy of the Company, business plans and budgets to achieve financial objectives approved by the Board of Directors.

3. To set operational goals for resource allocation to comply with the management policy to ensure that the overall business growth of the Company is in line with the Company's objectives and business plans.

4. To determine, inspect and strengthen the standards of the organization to be strong, which is necessary for competition and creating value for the organization with continuous work with personnel and products.

5. To analyze the current situation and situations that may arise of global industrial conditions to anticipate future changes in the industry and change the Company's strategy.

6. To consider and approve the packing, appointment, transfer, dismissal, consideration of goodness, preference, discipline measures as well as determining remuneration and employee welfare and to establish standards for employee performance evaluation and review such standards on a regular basis. Such measures must not conflict with the authority of the Executive Committee.

7. To issue regulations on the operation of the Company which does not conflict with policies, regulations, regulations, orders and resolutions of the shareholders' meeting Board of Directors Meeting and the Executive Committee.

8. To approve the normal financial transactions of the Company

9. To have the power to delegate power and / or assigning other persons the power to perform specific duties as a delegation of authority and / or assign others must be under the scope of power and / or under internal regulations or orders received from the Board of Directors and / or the Company. The delegation of authority, duties and responsibilities of the managing director may not be possible in the case of approval of items that may have a conflict of interest (According to the definition of the Securities and Exchange Commission or the

announcement of the Capital Market Supervisory Board), which may have an interest or receive benefits in all forms or may have a conflict of interest with the Company or subsidiary unless such item in accordance with the policies and criteria approved by the shareholders 'meeting or the Board of Directors' meeting.

## 5.2 Sub-committee

The Board of Directors has established 4 sub-committees to monitor and supervise the operations closely and regularly report to the Board of Directors. The Board of Directors has defined the duties and responsibilities of each sub-committee as follows.

1. The Executive Committee is responsible for managing the business of the Company, providing suggestions and solving important problems and monitoring the performance of the Company, and subsidiaries to be effective in order to meet the goals, which are set.

2. The Audit Committee is obligated to inspect the credibility of the Company's financial reports and the internal control system, as well as consider the disclosure of inter-related transactions and make sure they are accurate, and provide constructive suggestions to the management on the topic of good governance.

3. The Nomination and Remuneration Committee is responsible for considering the criteria and the nomination process and determining the appropriate remuneration in accordance with the qualifications of other sub-committees and directors.

4. The Risk Management Committee has a duty to set rules and evaluation process including advising the overall risk of the Company.

## 5.3 Roles, duties and responsibilities of the Board of Directors

The Board of Directors is responsible for performing duties in considering and giving opinions on important matters relating to the operations of the Company, following up and supervising the management, operating according to the policies and plans with efficiency and effectiveness, internal control and risk management including mechanisms for receiving complaints and proceeding in case of clues, ensuring long-term business continuity including employee development plans and the continuity of the management.

### 5.3.1 Leadership and vision

The Board of Directors is committed to running the business of the Company to progress and have stable growth to create the best return for shareholders; the Board of Directors will perform their duties with knowledge, ability, responsibility and careful management of the Company with full capacity by adhering to laws, rules and best practices about business operations, and to be in accordance with the objectives and goals set for the maximum benefit of the Company, shareholders and all stakeholders.

The Board of Directors assigned the Executive Committee to present the vision and mission, strategy, policy and budget to allow the Board of Directors to approve and to be as guideline for the Board of Directors to supervise, monitor and evaluate the performance in order to meet the goals and ways to increase value and wealth for the Company and shareholders. While also considering the interests of all stakeholders, and in the past year, the Board of Directors has approved and review the vision and the

mission, and goals of the Company and give approval and follow up to the management to follow the plan in accordance with the direction laid down regularly.

The board has monitored the implementation of the company's strategy. In every quarter of the Board of Directors' meeting, the Board monitors the performance of the management by specifying a report on the results of operations and results of the company, especially in terms of financial goals and plans in order to be in accordance with the strategy set out.

The Board of Directors has considered the roles and responsibilities of the Board of Directors and the management of the Company by clearly dividing the structure and performance of duties. In this regard, the Company has prepared a letter of authorization to specify the clear scope of the management and has clearly defined the level of authority in each operation.

As to ensure the performance of the Board of Directors Achieve the objectives and scope of authority, duties and responsibilities assigned. The Company provides an orientation for new directors, which the Company has prepared and submitted useful information documents for the performance of new directors such as capital structure, shareholder structure, list and brief history of the board and senior management, business management with the past performance, and has encouraged training to provide knowledge on corporate governance of the Company including making a summary of business overview and past performance. As well as the Company's policies and regulations for new directors to study and understand with a manual for good practices for directors of listed companies as guidelines for working while holding positions as directors.

### **5.3.2 Business ethics**

The Company is committed to conducting business by adhering to the principles of honesty, transparency, fairness and in accordance with the law. In order to increase confidence among shareholders, customers, business partners, competitors, employees and the society as a whole, the Company will control and monitor the use of personal interests and related parties by using internal information that has not been disclosed or that is confidential to be used or disclosed to a third party or any action that causes a conflict of interest.

In addition, the Company has also prepared a business ethics manual, and written practices and communicate to all directors, executives and employees to acknowledge and strictly adheres to and strictly complies with the regular follow-up of the manual.

The company has periodically tested all employees on the rules and operations, as well as Human Resource Policy Testing, through the company's internet systems to ensure that all employees have the knowledge and understanding of rules and regulations and are able to appropriately perform their duties. The result evaluates the level of knowledge and understanding of employees in order to improve communication for employees to have a thorough understanding and be aware of their duties in promoting good corporate governance of the organization. The company has improved and developed the test to comply with the ever-changing laws and regulations. It also requires the test taker who does not reach the

specified criteria to study for additional knowledge and retake tests until passing the criteria. In addition to requiring current employees to take tests as part of their performance indicators, all employees who work during the year are also required to do the test in addition to attending the orientation. The test results are considered as part of an employee's performance in an Annual performance evaluation.

The Company has published the Code of Business Ethics on the Company's website under the heading "Code of Business Conduct".

### **5.3.3 Conflict of interest**

The Board of Directors complies with the rules of the Securities and Exchange Commission (SEC) and of the Stock Exchange of Thailand (SET). The Board of Directors have clear guidelines for caring and eliminating conflicts of interest carefully with reasonableness.

In case there is a conflict of interest, the Company will disclose the information to the meeting by specifying the value of the transaction, the contract party, the reason of the necessity of such transaction with transparent information that can be checked. If any transaction must be approved by the Board of Directors and the shareholders' meeting, such transactions will be considered and screened by the Audit Committee first, and will give an opinion on the said transaction.

In addition, the Board of Directors also stipulates rules and regulations for directors, executives and related persons to report their own interests or related persons, which is a vested interest in the management of the business of the Company or subsidiary in order for the Company to have information for the implementation of the regulations regarding connected transactions through the meeting agenda of the Board of Directors every quarter

The Company has disclosed related party transactions with persons who may have conflicts in 2019. In addition, the Board of Directors has commented that all related transactions are reasonable and beneficial to the business operations of the Company in accordance Office requirements SEC (as detailed in the topic related transactions).

### **5.3.4 Prevention of internal data usage**

The Board of Directors prohibits the executives and staff members who are aware of the internal information to use such information that has not been disclosed to the public, especially if such information might affect the change of the Company's securities value, from buying or selling the Company's securities during the 7-day period before the financial statements are disclosed to the public. Failure to comply and using an undisclosed internal information to seek one's own benefits is held as disciplinary misconduct according to the Company's regulations. One should refrain from buying or selling the securities, or wait until investors are aware of the information at least 24 hours after the information disclosure. If the information is complicated, the waiting period shall be 48 hours after the information has been disclosed. Furthermore, if directors and executives buy or sell the Company's securities, one must notify the Securities and Exchange Commission, the Stock Exchange of Thailand and the Company every time.

In this regard, the Company has regulated that directors and top-level executives must notify the Board of Directors regarding their securities trading at least 1 day prior to making the transactions.

The Company has regulated that directors must disclose their securities trading or ownership of the Company's securities to the Board of Directors' meeting every time.

The Board of Directors has also reported the holding of securities of the directors, Executive directors and executives including the legitimate family of all directors have a duty to report securities holdings and changes in securities holdings to the Securities and Exchange Commission of Thailand (SEC).

#### **5.3.5 Control system and internal audit**

The Board of Directors gives importance to the internal control system, therefore, the Board of Directors has set up an internal control system that covers both financial management and operations to be effective and efficient. In accordance with relevant laws, regulations, and regulations, it can independently audit and fully balanced. In addition, the focus is on continuous development.

The Board of Directors has established an internal audit unit, which is responsible for monitoring the internal control system and risk management. By requiring the Internal Audit Department report, the audit reports the result directly to the Audit Committee on a quarterly basis for the Audit Committee to review that the Company has sufficient internal control systems.

#### **5.4 The Board's Meetings**

The Board of Directors has set a minimum meeting of not less than 6 times a year and may have additional special meeting as necessary. The meeting schedule has been set in advance annually and the meeting agenda has been clearly defined and submitted to the Board of Directors before the meeting date in advance sufficiently to allow the Board of Directors not less than 7 working days and to allow the Board to have time considering sufficient information.

In the meetings, the Chairman of the Board of Directors allowing all directors to freely express their opinions and in the meeting, it is to invite the relevant executives to attend the meeting to identify information or provide additional information as a person directly related to the problem in order to make decisions of the Board of Directors. In addition, there is a written record of the meeting, and storing certified minutes from the Board of Directors systematically which can be checked and referenced at any time. Moreover, in voting for each agenda of the Board of Directors' meeting, there must be no less than two-thirds of all directors.

#### **5.5 Assessment of the annual performance of the Board**

The Board of Directors has provided an annual performance evaluation of The Board of Directors, which is divided into as the board, individual and sub-committees. In this regard, the Company has assigned the Nomination and Remuneration Committee to be the representative in determining the criteria, and evaluating the Board of Directors and individual committees with the same assessment criteria. It is consistent with the self-assessment form of the Securities Commission including having been reviewed for consistency

Self-evaluation form for both the Board of Directors and individual directors, with assessment topics are divided into 4 main topics as follows:

1. Qualifications of directors
2. Meeting attendance
3. Roles, duties and responsibilities of the Board of Directors
4. Other matters, such as the duties of the Board Relationship with management

Self-development of the board and executive development

Individual self-evaluation form of the sub-committee of the individual Company is divided into 3 main topics as follows:

1. Structure and qualifications of sub-committees
2. Meetings of sub-committees
3. Roles, duties and responsibilities of sub-committees

The Company has a process for evaluating the Board of Directors, which the Company Secretary will send the assessment form to the directors to evaluate and return to the Company. The Company will not disclose the name of the appraisal director so that the directors are independent in the assessment results, and the Company has presented the evaluation results to the Board of Directors and individual committees to participate in the evaluation and evaluation of the performance of the directors.

**Evaluation method** Each committee will use the performance evaluation form to evaluate oneself, the entire Board of Directors and the sub-committee by using the method of identifying the opinions of each director by checking the rating box from 1-4.

Each committee will use the evaluation form for the entire Board of Directors and individual and sub-committee by using the method of identifying the opinions of each director by checking the rating box from 1-4.

Which has the following meanings: 1 = strongly disagree 2 = disagree 3 = agree 4 = strongly agree

The evaluation results of the Board of Directors, both individual and sub-committees for the year 2019 is very good

The Chairman of the Board of Directors and the Board of Directors have evaluated the performance of the managing director (CEO) by using the evaluation topics in accordance with the guidelines of the Stock Exchange of Thailand, consisting of the following topics:

1. Leadership
2. Strategy formulation
3. Strategy implementation
4. Financial planning and performance
5. Relationship with the board

6. Relations with external parties
7. Administration and relations with personnel
8. Succession
9. Knowledge of products and services
10. Personal features

The overall performance of the managing director for the year 2019 is included in the "excellent" criteria, with the company intending to evaluate the performance of the managing director on an annual basis in order to comply with good corporate governance principles

#### 5.6 Development of the Board's continuous knowledge

5.6.1 The Board of Directors encourages and facilitates training and education for all Board members, management and employees to continuously improve operations.

The Company has encouraged directors to attend courses related to the performance of duties as directors such as courses organized by the Thai Institute of Directors Association (IOD) and other related institutions. In the year 2019, the directors attended the following courses.

Name	Position	Training
K. Somkid Phadungkietsak	Director	<ul style="list-style-type: none"> <li>- TLCA CFO Professional Development Program (TLCA CFO CPD) 2019</li> <li>- PAEs Accounting Standards in 2019</li> <li>- New must know TFRS</li> </ul>
k. Wachirawan Yamsri	Company director And the Risk Management Committee	- Development of sustainability reporting in accordance with the GRI Standards.

5.6.2 For new directors, the Company has an orientation for new directors, where the managing director of the relevant management will present information about the shareholding structure Organizational Structure, nature of the business, Company operating policy, Company regulations, financial information, information of affiliated companies, board meetings and other related information.

5.6.3 The Board of Directors has established a succession plan for the main positions by defining as part of the strategic plan for the succession of work and as a guideline for the development of executives as planned. This includes performing duties on behalf of the Managing Director or the executive cannot perform his/her duties.

The Nomination and Remuneration Committee prepares the succession plan for the Chairman of the Executive Committee / the Managing Director and the management of the Company by considering the importance of the business operation efficiently and continuously by having a plan to select personnel that will be responsible for important management positions at all levels to be appropriate and transparent, therefore, the criteria for selecting the successors for the job are as follow.

1. Chairman of the Executive Committee / Managing Director

When the position is vacant or those who are unable to perform their duties, the Company will provide a system for management in a similar order acting in a vacant position until a qualified person is selected according to the criteria set by the Company.

2. Executive level from the deputy director level to the director

When the position is vacant or the person in the position cannot perform the duty, the Company has planned the succession of executive level with the following process. There will be analyzing the situation of the business and personnel to be linked with the policy and strategic of the Company to develop or recruit for those who are resigned by defining knowledge and ability and being a person with a vision, knowledge and ability suitable for the culture of the organization. It is to select and evaluate the work, and assess the potential of employees to consider suitability.

## 5.7 Details of changes in the holding of the Company's shares by the directors As of 31 December 2019

Rank	Name-Surname	Position	Amount of shares on December 31, 2018	Shares changing	Amount of shares on December 31, 2019	Shareholding ratio(%)
1	Mr. Viroj Thanalongkorn	Chairman	159,207,000	(1,000,000)	160,207,000	46.10
	Spouses and minor children		-	-	-	-
2	Mr. Bunchai Punturaumporn	Managing Director, Nomination and Remuneration Committee	10,000	678,000	688,000	0.20
	Spouses and minor children		-	-	-	-
3	Mrs. Suchanya Thanalongkorn	Managing Director	-	-	-	-
	Spouses and minor children		-	-	-	-
4	Mr. Somkid Padungkiattisak	Managing Director	10,000	-	10,000	0.003
	Spouses and minor children		-	-	-	-
5	Ms. Somsri Sripatoomrak	Managing Director, Risk Management Committee	10,000	500,000	510,000	0.15
	Spouses and minor children		-	-	-	-
6	Ms. Vachirawan Yamsri	Managing Director, Risk Management Committee	35,000	-	35,000	0.01
	Spouses and minor children		-	-	-	-
7	Ms. Raweewan Peyayopanakul	Independent Director, Chairman of Audit Committee, Nomination and Remuneration Committee	-	-	-	-
	Spouses and minor children		-	-	-	-
8	Mr. Somchai Vanavit	Independent Director, Audit Committee, Chairman of Nomination and Remuneration Committee	-	-	-	-
	Spouses and minor children		-	-	-	-
9	Mr. Yuthana Adipath	Independent Director, Audit Committee, Nomination and Remuneration Committee	-	-	-	-
	Spouses and minor children		-	-	-	-
10	Mr. Chakkrit Uttayopas	Independent Director, Chairman of Risk Management Committee	-	-	-	-
	Spouses and minor children		-	-	-	-
11	Ms. Pensri Suteerasan	Independent Director, Audit Committee,	-	-	-	-
	Spouses and minor children		-	-	-	-

## Sub-committee

The Board of Directors has set up various committees that have the appropriate expertise in each area to be responsible for the work and help increase the work efficiency of the Board, which consists of the Audit Committee, Executive Committee, Nomination Committee, and Remuneration Committee and the Risk Management Committee by the composition and duties of various committees. The details are as follows.

## Audit Committee

The Audit Committee consists of 4 independent directors, whose have full qualifications according to the SEC's regulations, with a 2-year term.

There are 4 members of the Audit Committee

Name	Title
Miss Rawewan Peyayopanakul	Chairman of Audit Committee
Mr. Yuthana Adipath	Member of Audit Committee
Mr. Somchai Vanavit	Member of Audit Committee
Ms. Pensri Suteerasan	Member of Audit Committee

\* Remark : The 4 Audit Committee members are knowledgeable and have experience in reviewing the financial statements of the Company by Miss Rawewan Peyayopanakul, Chairman of the Audit Committee. She graduated Master of Business Administration, Major in Accounting, Michigan State University, USA (Details of education history and work experience of the Audit Committee are in Attachment 1, details about directors, executives, controlling persons and Company secretary)

## Scope of duties and responsibilities of the Audit Committee

1. To review and to ensure that the Company has accurate financial reporting and sufficient information is disclosed by coordinating with independent auditors and responsible executives, and preparing quarterly and annual financial reports. The Audit Committee may suggest the independent auditor to review or examine any transactions that are deemed necessary and important during the audit of the Company's accounts.
2. To review the Company's internal control system and the internal audit system to be appropriate and effective, and to consider the independence of the internal audit unit as well as approving the appointment, transfer and dismissal of the head of the internal audit department or any other agency responsible for internal audit.
3. To review the Company's operations to be in compliance with the law on securities and exchange, regulations of the Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET) and laws related to the business of the Company
4. To review the operation according to the plan, policy, goals and objectives of the organization as well as relevant regulations and laws.

5. To consider selection, to propose to appoint an independent person to act as the Company's auditor including considering proposing termination and the remuneration of such person with regard to reliability, resource adequacy and the amount of audit work of that audit office. This includes the experience of the personnel assigned to perform the audit of the Company to the Board of Directors including attending the meeting with the auditor without the management attending the meeting at least once a year.
6. To consider connected transactions or transactions that may have conflicts of interest to comply with the laws and regulations of the Stock Exchange of Thailand (SET) in order to ensure that such transactions are reasonable and are most beneficial to the Company.
7. To consider the disclosure of Company information in the event of a related transaction or items that may have conflicts of interest to be accurate and complete.
8. To prepare the report of the Audit Committee, which is disclosed in the annual report of the Company, and which the report must be signed by the Chairman of the Audit Committee and must contain at least the following information.
  - A. Opinions on the accuracy, completeness and reliability of the Company's financial reports.
  - B. Opinions on the adequacy of the internal control system of the Company.
  - C. Opinions on compliance with the law on securities and Stock exchange market requirements or laws related to the business of the Company.
  - D. Opinion on the suitability of the auditor.
  - E. Opinions about transactions that may have conflicts of interest
  - F. Number of Audit Committee meetings and the attendance of each member of the Audit Committee
  - G. The overall opinion or observation that the Audit Committee received from performing its duties in accordance with the charter.
  - H. Other items that shareholders and general investors should know under the scope of duties and responsibilities assigned by the Board of Directors.
9. The Audit Committee must be fully cooperative about receiving information that needs resources and operations from the management. The Audit Committee may invite the management or related parties are required to participate in providing relevant information.
10. The Audit Committee has the authority to hire specific experts or hiring an independent professional advisor when deemed necessary with the cost of the Company
11. To give approval of the charter, inspection scope, audit plan, budget and manpower of the Internal Audit Department
12. To review the Company's anti-corruption process in accordance with the guidelines of various regulatory agencies effectively starting from promoting and raising awareness, risk assessment, the creation of a

preventive work system, an investigation until reaching a self-evaluation form about anti-corruption measures as audited and assessed by the Internal Audit Office, to ensure that the Company has various systems in anti-corruption as reported in the self-assessment form of the Thai Institute of Directors Association (IOD).

13. To perform any other duties as assigned by the Board of Directors within the scope of duties as the Audit Committee.

#### **Executive Committee**

The Executive Committee is responsible for managing the business of the Company, proposing solutions to important problems and monitoring the performance of the Company, and subsidiaries to be effective to meet the goals set.

#### **Composition and appointment of the Executive Committee**

The Board of Directors appointed the executive director by electing from a number of directors of the Company.

The Board of Directors of the Company consists of 4 persons, consisting of

Name	Title
Mr. Bunchai Punturaumporn	Chairman of Executive Committee
Mr. Somkid Pardungkiattisak	Executive Director
Miss Somsri Sripatoomrak	Executive Director
Miss Vachirawan Yamsri	Executive Director

#### **Scope of duties and responsibilities of Management Board**

- 1) Determine the company's policies, directions, strategies, and principles that resonate with the business objectives set forth by the Board of Directors and is authorized to execute the policies given by the Board of Directors in compliance with the laws, regulations, and the company's article of associations.
- 2) Establish organization structure and organization administrative authority encompassing selection, hiring, transfer, training, and termination of contract for employees and staff, except the positions of Chief Executive Officer and Managing Directors
- 3) Review annual budget allocation proposed by Managing Director before submitting to the Board of Directors for approval
- 4) Examine and monitor to ensure effective execution of the policies and business conduct guidelines determined
- 5) Has authority to scrutinize and review investment in core and non-core businesses before proposing to the Board of Director for approval

- 6) Has authority to consider and approve borrowings or borrowings from financial institutions and repayment or payment transactions in the normal course of business
- 7) Has authority to allocate reward, prize, or compensation which has been approved by the Board of Directors
- 8) Execute other task as assigned by the Board of Directors from time to time

Management Board may grant its approval authority to the company's management on any or some financial transactions deemed appropriate by Management Board.

Nevertheless, approval of any transaction abovementioned must not result in Management Board being able to approve related party transactions (RPT) that any member of Management Board or other persons with possible conflicts (according to the company's Article of Association and as determined by Securities Exchange Commission) engage with the company or its subsidiaries, except the normal business transactions that comply with the criteria set forth by the Board of Director. In case of related party transactions involving member of Management Board or persons with possible conflicts with the company or its subsidiaries, such directors are prohibited from voting in the agenda of those transactions.

#### **Nomination and Remuneration Committee**

Board of Directors appoints four members of Nomination and Remuneration Committee, three members from a group of independent directors and one member from Management Board. One of the three independent directors becomes Chairman of the committee.

Name	Title
Mr. Somchai Wanawit	Chairman of Remuneration Committee
Mr. Yuthana Adiphat	Remuneration Committee
Ms. Raweewan Pinyopanakul	Remuneration Committee
Mr. Bunchai Punturaumporn	Remuneration Committee

#### **Scope of duties and responsibilities of Nomination and Remuneration Committee**

##### **Responsibility in nomination of directors**

Establish rules and approaches in the selection of the company's directors, considering multiple aspects of candidate qualifications, including personal status, knowledge and abilities, experiences, and specializations, to identify the candidates who fits the nomination rules and guidelines and propose to the Board of Directors and/or the Meeting of Shareholders.

##### **Responsibility in Determination of Remuneration**

Determine remuneration, financial reward, meeting allowance, bonuses, and other compensation of Management Board and other subcommittees and propose to the Board of Directors and Meeting of Shareholders for approval.

In the course of performing duties according to the rules set forth by Nomination and Remuneration Committee, the committee is obliged to regularly report to the Board of Directors at least twice a year.

#### **Risk Management Committee**

Meeting of the Board of Directors No. 6/2018 dated December 21<sup>st</sup>, 2018 has resolution to appoint Risk Management Committee, which are comprised of three members with one independent director as Chairman of the committee.

Name	Title
Mr.Chakkrit Uttayopas	Chairman of Risk Management Committee
Ms.Somsri Sripatoomrak	Risk Management Committee
Ms.Vachirawan Yamsri	Risk Management Committee

#### **Scope of duties and responsibilities of Risk Management Committee**

1. Establish policies, rules, and processes in the assessment and management of risks that affect the company
2. Assess, analyze, prioritize risk factors, and determine proper guidelines and strategies to manage risks
3. Monitor and assess the result of risk management and report to Audit Committee
4. Make decision and give recommendation on critical issues in the risk management process

#### **Nomination and Appointment of Directors and High-level Executives**

The selection of the Company's directors and executives will be conducted through the nomination and remuneration Committee to consider and select the qualified and capable directors in accordance with the business strategy of the company. Then they propose to the board of directors and / or shareholders to consider and appoint again.

Appointment of the company's directors must comply with the company's article of associations and related laws and regulations. Meeting of shareholders consider to appoint directors of the company using majority rule with the following criteria

1. Each shareholder has voting rights equal to the number of shares held
2. Each shareholder can use his/her voting rights according to 1. to choose one candidate or more than one candidate but he/she cannot assign his/her rights to any candidate unequally
3. Candidates are ranked based on his respective votes and the candidates with top votes, the number of whom equals to the vacant director positions, are appointed as directors. In case that two or more candidates are given equal votes, resulting in the total number of eligible

candidates exceeding the vacant director positions, Chairman of the meeting will exercise his authority to give the final vote.

4. In case that the director position become vacant due to the causes other than normal expiration, Board of Directors must obtain at least three-out-of-four resolution to select a qualified candidate who does not possess prohibited characteristics to assume the vacant director position in the next meeting, except when the remaining term of the replaced director is less than two months. The term of the replacing director is equal to the remaining term of the replaced director.
5. The Meeting of Shareholder may vote to cause a director to leave the position before his term using at least three-out-of-four voting rights presence in the meeting, which constitute to more than half of the total voting rights of shareholders

#### Director qualifications

Persons eligible for director positions are knowledgeable and prepared to perform the duties and must possess the following qualifications at the least;

1. Must possess desired qualifications and must not possess prohibited characteristics as stipulated by Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well as must not possess characteristics that may lead to untrustworthiness in his/her management conduct from shareholders as determined by the SEC
2. Must possess knowledge, skills, or experiences in related business or in the field of finance and accounting, business administration, or other fields deemed appropriate by the Board of Directors. At least one non-executive director must have experience working in the business related to the business of the company.
3. Be able to devote sufficient time to cautiously and vigorously perform director duties especially when making the critical decisions for the company's benefits and be able to fully attend the meeting of the Board of Directors and the shareholder meetings, except in the time of emergency
4. Possess morals, ethics, and other characteristics possibly determined by laws or by the Board of Directors

Nomination Committee will consider candidates for independent directors based on the qualifications set by the SEC. The company defines qualifications for "independent directors" as follows:

1. Holds not more than 1% of shares with voting rights in the company, its parent company, subsidiaries, associated companies, or legal entities with possible conflicts. This includes shares held by related persons of such independent directors.
2. Is not currently or has not been an executive director, employee, staff, consultant with monthly compensation, or a controlling person of the company, its parent company, subsidiaries,

- associated companies in the same level, or legal entities with possible conflicts, except refraining from such position for no less than two years before director appointment date
3. Is not connected by blood or by legal-biding registration in the form of paternity, maternity, spouse, siblings, or descendants with executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the company or its subsidiaries
  4. Does not currently have or has not had business relationship with the company, its parent company, subsidiaries, associated companies, or legal entities with possible conflicts which may prevent his/her exercising of independent judgment, and is not currently or has not been a major shareholder, non-independent director, or executive of the entities having business relationship with the company, its parent company, subsidiaries, associated companies, or legal entities with possible conflicts, except refraining from such position for no less than two years before director appointment date
  5. Is not currently or has not been an auditor of the company, its parent company, subsidiaries, associated companies, or legal entities with possible conflicts, nor is a major shareholder, non-independent director, executive, or partner of the audit firm in which the auditor of the company, its parent company, subsidiaries, associated companies, or legal entities with possible conflicts is employed, except refraining from such position for no less than two years before director appointment date
  6. Is not currently or has not been a professional service provider, including legal advisor or financial advisor, receiving monthly compensation in the total amount of more than two million baht per year from the company, its parent company, subsidiaries, associated companies, or legal entities with possible conflicts, and in case that the mentioned professional service provider is a legal entity (not a person), the candidate for independent director must not be a major shareholder, non-independent director, executive, or partner of such professional service provider, except refraining from such position for no less than two years before director appointment date
  7. Is not appointed a representative of the director of the company, its major shareholder, or a shareholder which is a related entity of the company's major shareholder
  8. Does not possess other characteristics that prevent exercising of independent judgment on the business conduct of the company

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

Board of Directors gives consent to the visions, strategies, business plans, and policies of its subsidiaries. The company holds 99.90% of the shares in its subsidiaries and practice the same supervision policy as the one practiced for the company itself, having the company's management as authorized directors and executives of subsidiaries to ensure that the visions, strategies, policies, business plans and budget

consented by the Board of Directors are prudently. The company holds regular meeting with executive of its subsidiaries to make sure that its financial policy and business direction are in line with the company's objective. To ensure that the company effectively monitor and supervise the business conduct of its subsidiaries based on internal control principles, the company has set the following criteria:

- The company put in place a policy to ensure that its subsidiaries have a proper and sufficient internal control system, assigning the company's internal audit unit to regularly monitor and supervise the subsidiaries' internal control process
- The company determines directions of the subsidiaries' operation and sufficiently disclose critical information between the company and its subsidiaries or between the subsidiaries and external parties, such as related party transactions, acquisition and disposal of assets, or other significant transactions, based on regulations on disclosure
- Agreement between the company and other shareholders regarding management of the subsidiaries : None

#### **Policy and approach to supervise the use of inside information**

As shown in Subject Corporate Governance Policy

#### **Audit fee**

To conform to the Public Company Act, regulations set forth by the SEC, and the company's regulations determining that Meeting of Shareholders consider and approve the appointment of auditor and annual auditor fee and Notification of Capital Market Supervisory Board Tor Jor 11/ 2009 Notification of Capital Market Supervisory Board no. Tor. Jor. 11/2009 regarding Rules, Conditions and Procedures for Disclosure of Financial Performance and Business Operation of the Company that issue the securities Section 7(7) stipulating that a listed company issuing securities must arrange to rotate its auditor who has reviewed and expressed his/her opinion for 5 consecutive accounting years. The company can appoint the new auditor working for the same office as the previous auditor.

The Meeting of Shareholders 2019 appointed Mrs. Nattsaruk Sarojnanchin or Mr. Chaiyuth Angsuwittaya Certified Public Accountant No. 4563 and 3885, respectively, of AMT Associate Office to be an auditor of the company and its subsidiaries with total audit fee of 960,000 THB. Auditor from AMT Associate Office has satisfactorily completed his/her job with high professional standard, good auditing experiences, proper auditing fee, and independence without business relationship or interest in the company, its subsidiaries, executives, major shareholders, or related persons of such persons.

**Audit fee**

Unit : Bath

Remuneration	2019	2018
Sabina Public Company	960,000	960,000
Subsidiary's Company	690,000	690,000
Other expenses (Travel, stamp , fax etc.)	will pay for actual expenses	will pay for actual expenses

In 2019, there was no other compensation paid to the auditor of the company and its subsidiaries, audit office in which the auditor worked, and related persons or business connected with the auditor and its office.

**Practice of corporate governance in other areas**

Board of Directors adapted and translated CG Code into practices based on its business context. Principles of CG Code that the company has not been able to put to practices include the followings:

Principles that have not yet practiced	Reasons
1. Board of Directors limits the term for independent directors at 9 years.	Board of Directors has not yet limited the term of independent directors because independent directors still perform their duties with independence and free of influence from the company's executive and major shareholders, and with no personal interests that may conflict with the company's benefit.
2. Board of Directors does not have an independent director with more than 9 years of experience as a director	Board of Directors has three independent directors who serve more than 9 years of directorship. Such independent directors are fully qualified, according to the definition of independent director, are knowledgeable and experienced in the needed fields and have suitably performed the roles of independent directors.
3. Chairman of the Board is an independent director	Board of Directors appointed non-executive director to be Chairman of the Board, considering the fact that he is knowledgeable and experienced in the business of the company. Although Chairman of the Board is not an independent director, he performs his duties independently and allows each director to freely express opinion and give suggestions which are beneficial to the organization.
4. The company should consider appointing CG Committee	Although the company has not appointed CG Committee at the moment, the Board of Directors regularly performs corporate governance duties according to the scope of duties determined in Director Charter.

## Corporate Social Responsibility (CSR)

The company has established guidelines for responsibility towards the environment, society and good governance as follows:



### Environmental responsibility (Environmental)

#### 1. 5S & Green Factory

5S is to increase productivity and green industry (GI Industry). 5S is the basic tool that companies apply in the organization. It improves the environment in the workplace. By extending the 5S operations in the area to the 5S process in the process also allow the company to reduce unnecessary costs and losses that may occur. It is the basis for improving the efficiency of the production process.

After expanding the 5S performance, the company sent factories to participate in the Thailand 5S Award from the Technology Promotion Institute. (Thailand-Japan) in order to verify international standards for 5S operation, with the following details:

Yasothon Factory received the Silver Award on November 26, 2013. It continued to improve and received the Golden Award on 20 November 2014.

Chainat Factory received the Golden Award on 20 November 2014.

Tha Phra Factory received the Silver Award on 20 November 2014.

Phutthamonthon Sai 5 Factory was awarded the criteria in the production area, raw materials stock, and stock in the Art Department on 20 November 2014. And it continued its improvement and have been awarded the Golden Award on 4 November 2015.



In addition, the company also provides training to educate employees on 5S in order to promote the work environment as follows

Phutthamonthon Sai 5 Factory training was being held on 9 August 2019.

Tha Phra Factory Training was held on 29 August 2019.

Chainat Factory Training was held on 16 June 2019, 8 July 2019, 8 August 2019 and 14 August 2019.

Yasothon Factory Training was held on 4 May 2019, 13 August 2019 and 24 August 2019.

As a result of doing 5S, employees are not only helping to take care of their work environment, but also allowing themselves to become more involved in environmental management, such as waste management and classification, which elevates to the green industry.

The Green Industry has been implemented by the Ministry of Industry since 2011 in order to push and promote the industrial sector to operate in an environmentally friendly manner for environment and society.

A focus on 3 matters which are

1. Development and improvement of production process efficiency
2. Environmental management for continuous improvement
3. Social and environmental responsibility both inside and outside the organization (throughout the supply chain)

The green industry is divided into 5 levels as follows;

Level 1: Green Commitment Policy shows the commitment to reduce environmental impact.

Level 2: Green activity: develop an environmental program to reduce the impact

Level 3: Green system, systematically managing the environment

Level 4: Green culture: Create corporate culture in an environment and implement it effectively.

Level 5 The Green Network encourages partners to enter into the green industry through the supply chain, including establishment and connection of environmental activities with communities and consumers.

The company began to operate in the green industry. By developing and improving the efficiency of the production process, utilizing valuable resources and energy, and being responsible to society and the environment both inside and outside the organization, this resulted, in the year 2019, Tha Phra factory has been

certified level 2, the Chainat plant has been certified level 2 and Buriram factory has been certified level 1. This means a total of 3 factories that have already operated into the green industry.



The goal is to expand all 5 factories to the Green Factory by 2020.

## 2. Zero Waste Policy

### Sabina Zero Waste

The company has a zero-waste policy with the goal of controlling amount of industrial waste to the least, and make the most of the resources by adhering to the 3R principle which consists of

- 1.Reduce is to use less waste materials
- 2.Reuse
- 3.Recycle

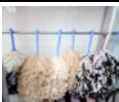






The company began controlling the waste management of the organization by separating waste into 4 types

1. General waste; i.e. food scraps, candy bags, curry bags, plastic cups, etc., with data on general waste collection since 2012, not including industrial waste from production such as boxes, paper, plastic bags, Sponges, rag etc.

Factories	2012	2013	2014	2015	2016	2017	2018
Tha Pra	85,590	76,080	66,570	60,429	59,850	57,915	53,820
Sai 5	478,500	435,000	328,000	203,000	243,600	249,480	269,100
Chatnat	86,130	74,820	65,250	58,825	54,566	53,602	49,860
Yasothon	116,700	91,105	81,200	76,558	66,000	91,476	107,640
Buriram	48,720	36,540	27,840	25,520	26,100	26,730	35,880
Total	815,640	713,545	588,860	424,332	450,116	479,203	526,300
Note:							
Bin liners size 50 x 50 x 100 cm = 30 KG							

The type of waste management strategy is to separate waste in order to be convenient for the operations of the relevant departments.

- Waste left from the cutting department i.e. cloth scraps, sponge scraps, are strategically recycled into various products and sold to employees at cheaper prices. Profit from selling is donated to the Mother Jintana Foundation. Products as in the table below;


Products		Quantity (piece)	Earnings (baht)
	Feather duster	554	11,080
	Doormat	1185	23,700
	Oven gloves	534	5,340
	Hammock	355	24,850
	Pillow case	470	4,700
	Blankets	64	6,400
	Loincloth	10	1,000

- Paper boxes and plastic bag are strategically reused. Kaizen then designs new packaging to reduce the use of plastic bags and paper boxes.

Items	Reduce	Reuse	Processes	Starting time
Sabina boxes		✓	Reuse in packaging process	April 2019
Common boxes		✓	Send to cutting room	June 2019
Mold boxes		✓	Reuse for 2 – 4 time	March 2019
Bubble bag rolls		✓	Reuse as bin liners in cutting room	January 2019
Bubble bags		✓	1. Round 1, use light bubble bags 2. Round 2, use darker bubble bags 3. Round 3, use as bin liners	September 2019
Reduce bags order RE, RP 18x25 pants 20x30 shirt	✓		Change sizes	September 2019
Mold bin liners	✓		Increase amount from 3 pairs to 5 pairs/bag	November 2019

Performance of reusing method and kaizen's new packaging.

Mold boxes & Sabina boxes send back to sai 5 for reuse							
sizes	Factories					Total	Value (Baht)
	Yasothon	Chainat	Burirum	Sai 5	Thapra		
Large	3,489	2,707	1,395	656	795	9,042	596,772
Medium	1,107	1,241	710	177	215	3,450	120,750
Sabina boxes	526	949	205	66	6	1,752	43,800
Total value of reuse method (from May2019 – December2019)							761,322
**Large mold box is 66baht/box, medium box is 35baht/box, sabina box is 25baht/box							

Zero waste (bag use control) Mold bag change from 5 pairs/bag to 10 pairs/bag						
	size	Quantity/kg	Mold quantity/ bag	Mold quantity/ 1 kg bag	Costs for bag/pair	Usage/month
Old black bag Anti UV	19.5 x 38cm	109 pieces	5 pairs	545 pairs	0.15baht/pair	826kg
New black bag Anti UV	25x49cm	94 pieces	10 pairs	940 pairs	0.09baht/pair	479kg
				<p>** bags of both sizes are 80baht/kg Mold production capacity 450,000 pairs/month</p> <p>Reduce usage of black bags/month = 347kg Reduce purchases cost of black bags = 22760baht/month Reduce purchases cost of black bags = 333120baht/year</p>		

4. Start collecting data of waste from production such as rubber, thread, wool, etc., to fully improve the utilization of raw materials for the smallest quantity.

In 2019, started collecting data which covers 4 types of waste as follows;

ข้อมูลขยะแยกประเภทระหว่าง ม.ค.-ธ.ค.2562						
หน่วยเป็นกิโลกรัม						
	S5	TP	YS	CN	BR	รวม
0.ขยะทั่วไป	106,730	52,540	38,715	21,295	34,140	253,420
1.ขยะจากห้องตัด S5,YS รวม ปิ่นโมลส์	128,755	0	78,434	7,550	0	214,739
2.ขยะขาย(เก็บบรรจุวัสดุอุปกรณ์ เกี่ยวกับการผลิต กล่อง,ถุงพลาสติก)	37,485	30,781	16,127	26,691	25,756	136,840
3.วัสดุเหลือจากการผลิต	5,545	997	1,301	2,312	938	11,093
<b>รวม</b>	<b>278,515</b>	<b>84,318</b>	<b>134,577</b>	<b>57,848</b>	<b>60,834</b>	<b>616,092</b>
%ขยะทั่วไป	38%	62%	44%	37%	56%	44%
%ขยะ Reduce Reuse Recycle	62%	38%	56%	63%	44%	56%

In this regard, the operational goal is

General waste, campaigning for employees to reduce waste, especially one-time use type. This controls the amount of general waste to have an additional rate of 0%

Garbage from the cutting room and fabric mold pump is to be effectively improved by reducing raw materials and recycling into various products. It reduces the amount of garbage in this section by 5% or more.

Box and plastic bag garbage are designed for packing mold, bubble and products to reduce the amount of use. Reduce and review the amount of waste in this section by 10% or more.

Waste from production is to be reviewed for production formulas in order to get the most use and to reduce the remaining materials from production. This type of waste reduced by 5%.

The company has set various measures (Discussed above) to take care of all 4 types of waste with the objective to ensure the company's operations is able to live with the community and produce least impact on the environment.

### 3. Non-Plastic Use

In 2019, the company started the project to reduce "non plastic use" by providing knowledge, collecting data for plastic bags usage, and allowing the concept of not using plastic in various forms of improvement, with sample activities as follows;

1. The use of left-over raw materials from production instead of plastic bags is done by using the fabric raw material left from cutting and sewing into a bag. This results in reducing the use of plastic bags. The use of cloth bags can also be used repeatedly.
2. The use of fabric raw materials from production to make a cover for boxes instead of using a plastic bag.

3. The use of waste materials from production to make a garbage bag instead of using a black bag.

4. Operations have been already started at the Yasothorn factory since November 2019 and can initially reduce the use of plastic bags as detailed below.

Amount of Plastic used in Yasothorn Factory

Usage per month	Actual amount in December 2019	Decrease (baht)	%
102,040	69,160	32,880	32%

The target of year 2020 will focus on providing information, understanding and adjusting employee behavior in the organization about reducing the use of plastic bags in accordance with the concept of – reduce-leave – quit.

## Social Responsibility (SOCIAL)

### 4. Mother Jintana Foundation

Mother Jintana Thanalongkorn Foundation

The company wants to provide educational opportunities for students whom believed to important forces of the country in the future but unfortunately had lack of funds. It includes the underprivileged student regarding physical condition or disabled people. This will make the youth have a better quality of life, be part of promoting people to have better opportunity to study and help developing society and the nation.

It began with promoting the education of children and employees within the organization. "Adul-Jintana Scholarship Thanalongkorn ", was a scholarship only for children of employees and internal employees. Later, the company saw the relationship between the organization and community, therefore, founded the "Mother Jintana Thanalongkorn" Foundation on July 27, 2009 with the following objectives

- Promote and support educational activities
- Scholarships for underprivileged and / or students with good grades but lack of funds
- Not seeking benefits or profits from the foundation
- Cooperate with other charities for public benefit.
- Not carrying out political activities in any case at all

The Mother Jintana Thanalongkorn Foundation has continuously donated scholarships to students / students from 2010 to the present.

### Sources of income for Mother Jintana Thanalongkorn Foundation

In addition to receiving donations from Sabina Public Company Limited, the Foundation organized a fund by raising activities to provide scholarships to students who have studied well but lack of funds as follows:

- Total donations of employees, outsiders who visited the factory, including SUPPLIERS.
- Box donation revenue from SABINA SHOP in shopping centers nationwide
- Revenue is also from donations and tender of employees' donations in organizing the anniversary of the foundation and Mother's Day
- Making money from donations from activities of factories and offices such as
  - Activities for paying respect to monks, Father's Day, playing various games such as Soi Dao
  - Selling food and consumer products in organizing the anniversary of the foundation and Mother's Day every year
- Income from the Im- Boon Room (of every branch) sales of items which donated by employees doing 5S at their homes.



The company encourages employees to have better knowledge and understanding about 5S and to apply the principles of 5S in their own home. It has been an extension of the concept 5S from the factory to the community since 2014. The result of doing 5S in their homes is clearing items and selling them for cheaper prices. The revenue from selling those items are donated to the Mother Foundation in order to participate in community development and support disadvantages in education.

### Food stalls and activities photos collection in the year 2019.



### Summary of scholarships that the Foundation has granted grants

A total of 1,843 scholarships have been awarded, with a total of 16,863,000 Baht being given to students. since the foundation was established.

Number of scholarship recipients from 2010 - 2019						
Year	Year funds	Continuing funds	Disable funds	Total funds	Good Grade funds (Baht)	Total Value(Baht)
2010	75	0	0	75		347,000
2011	63	8	48	119		746,000
2012	108	20	63	191		1,706,000
2013	105	31	65	201		1,911,000
2014	89	45	39	173		1,615,000
2015	195	42	54	291	46,000	2,685,000
2016	88	38	24	150	70,000	1,748,000
2017	130	38	26	194	77,000	2,089,000
2018	144	35	34	213	56,000	2,032,000
2019	170	32	34	236	62,000	1,984,000
<b>รวม</b>	<b>1167</b>	<b>289</b>	<b>387</b>	<b>1,843</b>	<b>311,000</b>	<b>16,863,000</b>

Continuing funds are awarded to students / students with GPA of 3.50 and above. At the secondary level, students are awarded 2,000 baht for scholarships, and those with a vocational certificate / bachelor degree will

receive scholarships of 5,000 baht per year, which in the year 2019, the Foundation has donated 62,000 baht to 13 scholarship recipients to support the children with determination.

**Head Office Arun Amarin**



**Brach Chainat**



**Brach Yasathon**



**Brach Burirum**



**Khon Kaen Blind School of Education**



In 2016, Mother Jintana Thanalongkorn Foundation was announced by the Ministry of Finance as a charitable organization, no. 928, which legally enables the Mother Foundation to issue a donation receipt for tax deduction

In this regard, the goal is to provide educational opportunities to the underprivileges with about 2 million baht / year.

### 5. Sewing Cup, Sewing Heart

"Sabina Sewing Sewing Heart is a sewing activity for the 13rd Cancer fight event

Social responsibility and helping the underprivileges are one of the great corporate shared values that the Company has always cared for. It is because the company is a leader in the business of manufacturing and distributing lingerie for ladies.

The company has knowledge about the physiology of women as well as following the physiological changes in each age range. It develops and improves the company's products to suit physiological care. The company therefore has a good desire to be a part in helping women. A breast cancer patient nationwide lost their breast after treatment. To be able to regain physical strength and encouragement and be able to return to normal life, the company initiated the Sewing Cup Sewing Heart project or sewing the breast together to fight against breast cancer. Since 2007, a campaign has been set to educate a correct understanding of breast cancer. It aims for patients to be able to live a normal life after treating breast cancer (Healing) by organizing a volunteer campaign to sew artificial breasts and delivering them to poor breast cancer patients in order to help rebalancing

the body to normal conditions. This shows concern and creates morale for patients as well. Patients or relatives who are in need of artificial breasts can always contact from the company through 3 channels as follows;

1. Online channel via website <http://www.sabina.co.th/sewingcupsewingheart/> and line@ : @sabinathailand



2. Via Sabina Call Center, call 02-422-9430, or
3. Via all selling points nationwide

In 2019, the company conducted a project "Stitching breast fills hearts" to continuously fight against breast cancer by organizing breast implant activities throughout the year, both inside and outside of place. With the cooperation of volunteers from various departments, faculties, students and people of all ages are interested in joining many activities such as

- Hua Chiew Chalermprakiet University (19 March 2019)
- Central World Department Store, "Central Group Pink Power" event (10-13 October 2019)
- Robinson Rayong Department Store (As of 16 October 2019)
- Krungthai Card Public Company Limited (As of 18 October 2019)
- Samitivej Thonburi Hospital (19 October 2019)
- Sufficiency Family Foundation, 24 November 2019

#### Activity to sew artificial breast out of place



In the year 2019, the company organized the 13rd "Sewing Cup Sewing Heart" event to fight against breast cancer. its focus is on raising awareness and the dangers of breast cancer and participating in activities. Therefore, there is a campaign through online public relations under the concept of "4 minutes". Just 4 minutes of yours to fill the happiness for breast cancer patients.



At present, the danger from "breast cancer" is a serious danger that kills Thai women as number one. To help society become more aware of its dangers, Sabina Public Company Limited and Robinson Public Company Limited jointly invite volunteers to join the artificial breast implant. Those interested can obtain breast implants sewing Set via Sabina counters at 44 Robinson Department Stores in all regions for 2 months (31 October - 31 December 2019) All breast implants will be collected and donated to patients in the area where the activity is organized. It is also supported by high-purity LLDPE resin products which are free from harmful chemicals and are used as a replacement for missing materials from PTT Global Chemical Public Company Limited. This year, the company received 2,000 kilograms of plastic pellets worth over 100,000 baht to produce 19,000 artificial breasts. There are also discounts on breast cancer screening from Samitivej Hospital, donations of 92,006 baht from Krungthai Card Public Company Limited, and 2,084 underwear donated to the National Cancer Institute by Sabina.

### The 13rd “Sewing Cup Sewing Heart” to fight against breast cancer activity



production of breast implants 2017 - 2019			
Year	2017 - 2018	2019	Total in 3 years
Production	30,000 pices	19,000 pices	49,000 pices

However, the company The goal is to produce not less than 19,000 breast implants / year to help women. Who has breast cancer After treatment with the breast amputation method

#### 6. AunJai Fund (Micro Finance)

The company's management team have founded AunJai Fund with their great intention. This is because they had the opportunity to closely and continuously talk to the staff about their conditions of lives, happiness and suffering. Suffering includes operational problems and personal matters. The employees reflect the problems encountered in terms of operations and the company has always improved the process. Another important thing is personal problems which affects work in many dimensions, especially the debt problem caused by the necessity of living. Therefore, it has led to the establishment of Aunjai Fund Project which aims to ease the employee's debt burden i.e. a credit card debt, a cash card and / or illegal debt due to emergency. In February 2019, the project began. in March 2019, it has invited interested employees to join. undergone the consideration process by the branch screening committee whom is centrally appointed and conducted standard training. Training included the process of expertise action to find the root cause of the employee debt problem and to help those who truly encounter problems in accordance with the fund's objectives.

### Managing debt Training and presenting the Aunjai Fund project Activity



### AunJai Operation Procedure



People who participated in the AunJai Fund Project will receive a loan 3-5 times the salary with 0% interest, and installment period of 3-5 years of which the first 6 months is free of payment. This is for employees to get back on their knees and start paying by installments in the 7th month.

There was a total of 83 interested applicants who wish to participate in the project since the announcement in March 2019 to date, of which a total of 24 are considered with a total of 1,097,640 baht passed, and 59 people are not passed due to the in-depth consideration. The fund committee found unnecessary causes in the creation of debt with most of them have inappropriate financial behavior. After considering, the initial assistance cannot solve the financial problems of borrowers according to the objectives of the project. It may also help encourage more inappropriate financial behavior. The board therefore resolved to disapprove the borrower.

Performance of at Aunjai fund in 2019

Branches	Approved applicants (person)	Approve value (baht)
Head Quarter	9	410,600
Sales persons	4	212,000
Sai 5	3	127,000
Thapra	4	225,000
Yasothon	4	123,000
<b>Total</b>	<b>24</b>	<b>1,097,640</b>

In 2020, the company has set a goal to help at least 20 employees with debts due to the necessity of living.

## 7. Promote careers for prisoners

The fact that Sabina Public Company Limited, Chainat factory, had the opportunity to attend a meeting of the Pracharath Project to create jobs for the inmates. Therefore, it supports this project by going to teach using sewing machines and fixing basic machinery to inmates until they are able to sew the shoulder straps of the underwear. This provides prisoners with extra income as well as supports Her Royal Highness HRH Princess Bajrakitiyapa's project. Kumlungjai project was established in 2006 to provide assistance and encouragement to those who make mistakes which led life to be involved in the judicial process and other disadvantaged groups as well.



Chainat Factory began to support jobs for inmates since 2018 as of today

Year	Amount (baht)			Shoulder straps compared order
	Female inmates	Male inmates	Total	
2018	128,633.12	95,540.89	224,174.01	14.6%
2019	164,293.26	175,915.69	340,208.95	20.3%

In 2020, the company has set a goal to promote careers with prisons to sew shoulder straps of underwear at least 25% of the order.

### 8. Factory Model

The results of the SPM management tool application (Sabina Productive Management- 5S, Kaizen,

To conserve energy, AM-PM (Total Productive Maintenance), HRD (Human Resource Development), Lean, QCC) continuously, enables the company to have better competitiveness (Productivity, Quality, Deliver, Cost) and work in a good and safe environment (Safety, Morale, Ethics, Environment). Therefore, the company wish to share the concepts and principles used in job improvement with other organizations.

The company has a policy that aims to be a learning centre for establishments, educational institutions, government agencies, State-owned enterprises, etc. by opening the factory for a study visit and accepting students for internships. This creates the opportunity for students to think, analyze, experiment in real work and support for projects in accordance with the curriculum of the institution

#### visiting, studying and observing visitor



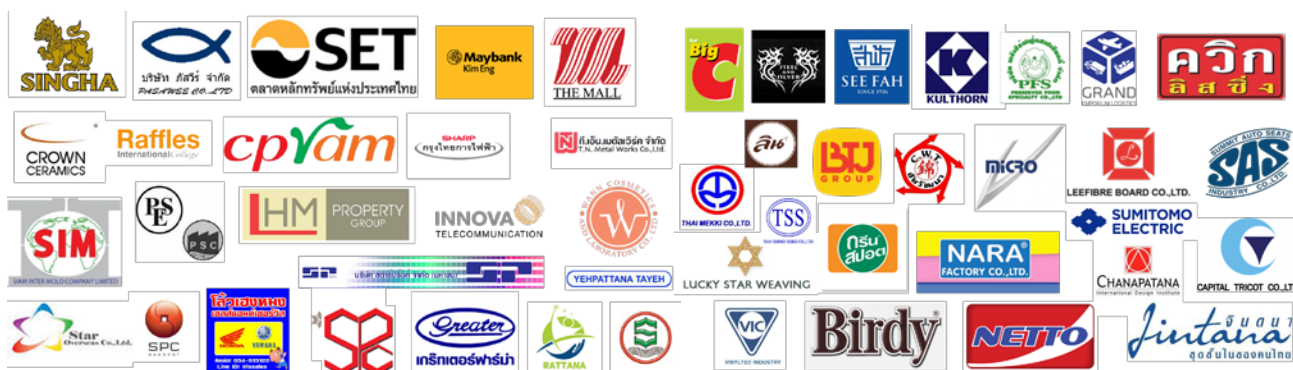
## Number of visits, study trips (person)

Factories	2019	2018	2017
Sai 5	397	152	667
Thapra	16	2	56
Chainat	8	6	12
Burirum	219	160	430
Yasothon	51	-	98
Total	691	320	1,263

## Number of internships

Factories	2019	2018	2017
Sai 5	6	12	-
Thapra	-	4	3
Chainat	6	6	6
Burirum	-	-	-
Yasothon	6	-	-
Total	18	22	9

## Places for study visits



The company has set guidelines and targets to become a factory model as follows

1. Continuously improve the application of management tools.
2. Become a learning organization by allowing interested parties to visit, study, observe, and practice
3. Share ideas and principles for job improvement to exchange and expand with partners / Supplier

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**Corporate Responsibility (Governance)****9. Code of conduct**

Sabina Public Company Limited, manufacturer and distributor of ladies' lingerie is committed to conducting business with honesty, transparency to all relevant parties of the company, including shareholders, employees, customers, business partners and / or creditors, competitors including society, as well as environment in accordance with the 5P mission of the organization People, Product, Partner, Productivity, Planet. It is responsible to various parts and the code of ethics which have been transferred to all levels of the employees of the company as follows:

**Ethical responsibility to shareholders**

Sabina Public Company Limited is committed to taking responsibility and creating maximum satisfaction for the shareholders of the company by using the following guidelines;

**1. Steady growth of the company**

- o Performing duties honestly as well as taking any actions wholeheartedly fair for both major shareholders and small ones who bring the highest overall benefits
- o Managing the organization with care, prudence and transparency by using knowledge and ability and management skills to be fully applied to prevent damage to shareholders
- o Not taking any action which may cause a conflict of interest to the company

**2. Information disclosure**

- o Providing organization situation reports and the future trend of the organization for all shareholders in order to be informed on a regular basis and completely in accordance with the truth
- o Not seeking benefits for oneself or related parties by using any organization's information that has not been disclosed to the public
- o Not disclosing confidential information that may cause a detriment of the company to outsiders

**Ethical responsibility to employees**

Sabina Public Company Limited is committed to developing, enhancing and creating confidence for employees at all levels and levels, with the following operational guidelines.

1. Providing fair remuneration to employees.
2. Providing care safety for the working environment and property of employees at all times
3. Appointment, Relocation Rewarding and punishment of employees will be done in good faith, equal and based on knowledge capabilities and suitability of employees.
4. Giving importance to knowledge development by providing opportunities for employees thoroughly and consistently

5. Listening to comments and suggestions from employees at all levels equally
6. Complying with the law and regulations in relation with employees strictly
7. Managing by avoiding any actions that is not fair which may affect the job security of employees or may threaten and put pressure on the mental state of the employees
8. Treating employees politely and respecting individuality and the dignity of humanity
9. Creating an understanding for employees about ethics and roles that employees can act in order to promote behavior within the ethical framework.
10. Giving employees the opportunity to report legal violations of the organization to the board.

#### **Ethical responsibility to customers**

Sabina Public Company Limited is committed to honesty in business operations and maximize benefits for customers with guidelines for the following practices

1. Producing quality products that are acceptable in the market.
2. Disclosing complete and accurate product information to the benefits of customers at most
3. Providing warranty for product quality under timely conditions
4. Do not deliver products to customers despite knowing that the product is of low-quality and without clarifying to the customer
5. Establishing a system for customers to make complaints about products and services and taking action. We will do our best to provide customers with a quick response.
6. Providing clear labels about the product, such as product code, size, price, production date and product maintenance.
7. Keeping customer confidential strictly, including not using it for one's own benefit and those involved wrongfully
8. Finding ways to reduce production costs by maintaining product quality standards to increase continuous benefits for customers

#### **Ethical responsibility to partners and / or creditors**

Sabina Public Company Limited is committed to honesty in business operations and mutual benefits with business partners and / or creditors. We strictly comply with laws and regulations with guidelines for the following practices

1. Do not call, accept or pay any benefits, dishonest in dealing with business partners and / or creditors
2. If there is information that there is a call or the receipt or payment of any benefits dishonest happens. We disclose details to partners and / or creditors and jointly solve problems fairly and quickly.
3. Complying with various conditions towards the creditors strictly regardless of the purpose of using the money, repaying, maintaining the quality of collateral and any other matters that have been agreed with creditors
4. In the event that conditions cannot be complied with, the company must quickly notify creditors in advance in order to jointly find solutions to problems by using the principles of reasonableness

5. Report the financial status and financial information of the company to customers and / or creditors with accuracy and integrity on a regular basis.

#### **Ethical responsibility to competitors**

Sabina Public Company Limited is committed to conducting business with good ethics for competitors. With guidelines for the following practices

1. Conducting within the framework of good competition.
2. Not trying to damage the reputation of competitors by accusing them without the truth
3. Not seeking confidential information of competitors by dishonest or inappropriate methods such as paying remuneration to employees of competitors.
4. Supporting and promoting free trade Fair, not monopolized or require customers of the company to trade with the company only
5. Supporting cooperation with competitors that are beneficial to consumers. Not for monopolization of revenue allocation and market share. Reducing product and service quality product and service pricing which will cause a negative effect on consumers as a whole.

#### **Ethics for social and environmental responsibility**

Sabina Public Company Limited is aware and concerned about the safety of society, environment and quality of life of people. This includes giving importance to the conservation of natural resources and the environment. The guidelines for practice are as follows.

1. Do not take any action that will affect the damage of natural resources and the environment
2. Supporting activities that will contribute to society and consistent environment
3. Instilling awareness of social and environmental responsibility among employees at all levels continuously and seriously
4. Controlling to be strictly implemented in accordance with the spirit of the laws and regulations, issued by regulatory agencies
5. Not helping or encouraging the avoidance of compliance with the law or regulations
6. Cooperating with regulatory agencies and reporting information relating to violations or non-compliance with laws or regulations to that department
7. Not engaging in or being involved in bribery or corruption or use one's own power and seek personal benefits

The company aims to maintain the standard of business operations with honesty, transparency to all relevant parties of the company in accordance with the principles of good corporate governance.

## 10. CAC (Collective Action Coalition Against Corruption)

### Operations in accordance with the anti-corruption policy

The company has a policy to conduct business correctly, transparently, with the primary benefit of the organization. It does not support operations that are in violation of intellectual property. It does not support politics, not a maverick, by establishing a policy that emphasizes the participation of everyone in the organization to be aware of the disadvantages of corruption. This Includes creating good values without causing the risk of damage to the business. It sets the committee, all executives, employees of the company and its subsidiaries strictly comply with the said policy.

In addition, communicating with both inside and outside the organization to create knowledge and understanding, not to call, accept or agree to receive money, any item or benefit with those involved in business with the company. This includes not doing any actions that fall within the said scope and disciplinary action that has been prescribed for violators or offenders. Also, employees are sent to attend training courses on anti-corruption organized by various institutions in order to study, review and develop information disclosure about anti-corruption of the company.

In 2019, the company invited business partners to attend the meeting and listen to the details about the CAC FOR SME project, and there were 48 partner companies interested in attending the meeting. The company invited Rattana Banangkun, a project director of CAC, CAC FOR SME to provide knowledge about the project details on 4 July 2019 at Meeting Room 702, Arun Amarin Headquarters Building.





At present, the organization has implemented the Anti-Corruption Program at level 4 as follows

Level 1: Have a policy (Committed) as a guideline or commitment to act together and achieve common goals regarding anti-corruption.

Level 2: Declare an announcement for external parties and allies to know about their intention to act in this regard.

Level 3: Preventive measures (Established) is when the organization define various measures to prevent corruption that may occur. It is a practice by setting the Norm (Norm) for general knowledge.

Level 4: Certify when following the above levels, there will be 71 requirements of the Thai Private Sector Collective Action Against Corruption (CAC) for inspection. Check if the organization has complied with all the requirements and must continue to apply for certification as an organization that is anti-corruption. It will be inspected externally every 3 years and the company has received the certificate (renewal certificate) on 17 May 2018 and the certificate will expire on 17 May 2021.

In this regard, the company has put in place policies for practical measures by allowing each department to participate in the formulation of their own procedures in order to properly control the work. With a centralized approach that is a common guideline for the organization and add parts of each department to be more in line with the operations clearly.

#### **Risk Assessment for Corruption**

The Anti-Corruption Committee has assessed the risk of the organization that may cause corruption from the nature of work within the organization. By implementing preventive measures and the guideline, the process must be followed in accordance with the standards, rules and regulations of the company in order to not create channels of action relating to corruption. (Details can be found on the company's website under the heading of Anti-Corruption)

The company does business with transparency. By not seeking benefits that lead to corruption, the company has set policies regarding accepting gifts, assets or other benefits. It includes procedures and controls that can be inspected to ensure the acceptance of gifts, assets or other benefits that is in accordance with the policy set by the company and does not lead to corruption.

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**Guideline**

- The Board of Directors, executives and employees must comply with the anti-corruption policy regarding giving strictly presents, assets or other benefits
- The company has set policies regarding accepting gifts, assets or other benefits to reduce the impact on the decision making of duty with embarrassment or conflicting interests
- The company does not have a prohibition on accepting gift which has the company's logo in order to maintain business relations or act according to tradition and morality.
- Gifts, assets, or other benefits should not be cash or cash equivalents and must not be against the law
- The Board of Directors, executives and employees must be neutral so that procurement does not affect the selection decision. They must strictly comply with the standards and regulations of the company.
- In the cases of selection, price negotiation and procurement of goods, raw materials, sales areas or other benefits for the company, it will not accept gifts, assets or other benefits as bribery, to lead to privileges that should not be and/or making a contract together which will result in the employees refraining from complying with the standards, regulations, as stipulated

To ensure transparency, equality and fairness to all stakeholder groups and to prevent business benefits and incentives for future rights and benefits. The Anti-Corruption Committee jointly formulated a policy to request cooperation, refrained from giving and receiving all types of gifts at all occasions by sending letters to partners and communicate to the Board of Directors, executives, and staff to create understanding and operational guidelines for Giving gifts, assets or other benefits.



บริษัท ซาบิน่า จำกัด (มหาชน)

Sabina Public Company Limited

2 ธันวาคม 2562

เรื่อง ขอความร่วมมือองค์การให้และรับของขวัญทุกประเภทในทุกโอกาส  
เรียน ท่านประธานกรรมการ กรรมการผู้จัดการ และท่านเจ้าของกิจการ ห้างร้าน ทุกท่าน

ตามที่ บริษัท ซาบิน่า จำกัด (มหาชน) และ บริษัท ซาบิน่า ฟาร์อีสท์ จำกัด ได้ให้ความสำคัญกับการดำเนินธุรกิจภายใต้หลักการกำกับดูแลกิจการที่ดี มีจรรยาบรรณและความโปร่งใสเป็นธรรม ในการดำเนินธุรกิจ มีการปฏิบัติต่อผู้เกี่ยวข้องและผู้มีส่วนได้เสียอย่างเท่าเทียมกัน รวมถึงได้รับการรับรองสถานะเป็นแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านการทุจริต (Collective Action Coalition Against Corruption : CAC) โดยมีการประกาศใช้นโยบายต่อต้านคอร์รัปชันทุกรูปแบบทั้งทางตรงและทางอ้อม ตั้งแต่ปี 2558 นั้น

เพื่อให้เกิดความโปร่งใสเท่าเทียมและเป็นธรรมต่อผู้มีส่วนได้เสียทุกกลุ่ม และป้องกันการเอื้อประโยชน์ทางธุรกิจ และแรงจูงใจต่อการได้รับสิทธิและผลประโยชน์ในอนาคต บริษัทฯ ขอความร่วมมือจากท่านงดการให้และไมรับของขวัญทุกประเภทและทุกโอกาส แก่กรรมการ ผู้บริหาร และพนักงาน โดยมีรายละเอียดดังนี้

1. ไม่ให้และไม่รับทรัพย์สิน สิ่งของ ส่วนแบ่งหรือสินบนต่างๆ และผลประโยชน์อื่นใด
2. ไม่ให้และไม่รับกระเช้าทุกประเภท ทองคำ เงินสด เช็คของขวัญ บัตรของขวัญ ของขวัญ/ของกำนัล แพคเกจท่องเที่ยว ตัวเครื่องบิน บัตรรับประทานอาหาร เบเกอร์รี่ ฯลฯ.

หากได้รับการร้องเรียนจาก กรรมการ ผู้บริหาร พนักงาน และผู้มีส่วนได้เสียทุกกลุ่ม บริษัทฯ จะทำการสืบสวนข้อเท็จจริง หากพบว่าข้อมูลหรือหลักฐาน มีเหตุผลอันควรเชื่อได้ว่าผู้ที่ถูกกล่าวหาได้กระทำการละเมิด นโยบายต่อต้านคอร์รัปชันจริง กรณีผู้มีส่วนได้เสียทุกกลุ่ม บริษัทฯ จะพิจารณาในการดำเนินการดำเนินธุรกิจร่วมกัน กรณีกรรมการ ผู้บริหาร และพนักงาน จะพิจารณาความระเบียบของบริษัทฯ ต่อไป

ในโอกาสนี้ บริษัทฯ ขอเชิญชวนทุกท่านเข้าร่วมใน โครงการแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านการทุจริต ผ่านทางเว็บไซต์ของสมาคมส่งเสริมสถาบันกรรมการบริษัทไทย (www.thai-iod.com) เพื่อร่วมกันเป็นส่วนหนึ่งในการสร้างมาตรฐานการประกอบธุรกิจอย่างมีคุณธรรม และจริยธรรมตามหลักธรรมาภิบาลที่ดี

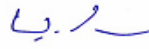
บริษัทฯ ขอขอบพระคุณทุกท่านเป็นอย่างสูงและหวังเป็นอย่างยิ่งว่าจะได้รับความร่วมมือจากทุกท่าน



(นายสมคิด ผดุงเกียรติศักดิ์)

ประธานคณะกรรมการต่อต้านการทุจริตคอร์รัปชัน

ขอแสดงความนับถือ



(นายบุญชัย ปิณฑุรย์พร)

กรรมการผู้จัดการ

บริษัท ซาบิน่า จำกัด (มหาชน)

สำนักงาน : 12 ถนนเจริญนครินทร์ แขวงเจริญนคร เขตคลองเตย กรุงเทพฯ 10700  
โรงงาน : 177 หมู่ 8 ต.วัดไร่ขิง อ.สามพราน จ.นครปฐม 17130  
โรงงาน : 236 หมู่ 10 ต.ทุ่งวัดดอนไชย อ.เมืองราชบุรี จ.ราชบุรี 35000

Sabina Public Company Limited

OFFICE : 12 Anurachin Rd., Anurachin, Bangkok 10700, Thailand Tel: (02) 4229400 Fax: (02) 4345911, 4349312  
FACTORY : 177 Moo 8, Wangkates, Harkas, Chantel 17130 Tel: (056) 437156-8 Fax: (056) 437159  
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Therefore, the Internal Audit Department and the Anti-Corruption Committee are responsible for continuously testing and assessing the risk of corruption. They must be aware of the said risk point and strictly follow the rules by presenting the evaluation results to Audit Committee and report to the Board of Directors respectively. They also have to campaign and raise awareness in the organization in order to cooperate as one way and develop the organization further.

#### Dissemination of anti-corruption measures

For the board of directors, executives and employees of the company, including related persons, must know the policy regarding anti-corruption measures. Therefore, it has disseminated through the following channels

- Announcement via the company's electronic media
- Post company announcements in a clear place
- Arrange new employee orientation
- Distribute anti-corruption measures annually to all executives and employees in the company and its subsidiaries. Both offices and factories acknowledged and understood about various anti-corruption measures. And emphasized for everyone to abide by the said measure, in the year 2019, as follows

- Office of Pinklao Organized training on January 11, 2019
- Yasothon factory held training on December 28, 2019
- Chai Nat plant held training on 28 December 2019
- Phutthamonthon Sai 5 factory held a training on December 21, 2019.
- Tha Phra Factory, held a training session on December 28, 2019
- Buriram Factory Organized training on 28 December 2019

#### **Guidelines for monitoring and evaluating the implementation of prevention guidelines.**

The company has a guideline to review the internal control system and to follow up and evaluate the implementation of guidelines for preventing involvement in corruption. It is done by having the Office of Internal Audit Responsible for examining the internal control system and continuously providing recommendations for the annual audit that has been approved by the audit committee. If investigating the facts from various complaints with evidence is believed that there are transactions or actions that may have a significant impact on the company's financial status and reported significantly in audit results, the audit committee must report to the Board of Directors respectively in order to carry out improvements within the time frame that the Audit Committee deems appropriate

In operating the business in accordance with the anti-corruption policy, the company has a goal of maintaining standards and continuing to comply with the Collective Action Coalition Against Corruption or CAC criteria to request a certificate renewal.

#### **11. Respect for human right and fair labor treatment**

##### **Respecting human rights and treating labor fairly**

##### **Respect for human rights**

The company has a policy to support and respect the protection of human rights. It is done by treating those involved, whether employees, communities and the surrounding society with respect for human values, taking into account equality and equal freedom. It must not violate basic rights and does not discriminate regardless of race, nationality, religion, language, color, gender, age, education, physical condition or social status. It also ensures that the business of the company is not involved in human rights violations, such as the use of child labor and sexual harassment, etc. In addition, the company has promoted the monitoring of compliance with human rights requirements by arranging for participation in opinions and a channel for complaints for those

who have suffered damage due to rights violations arising from the company's business operations and take appropriate remedies.

In order to effectively respect human rights, the company has created knowledge on human rights and created awareness for the company's personnel to comply with human rights principles.

#### **Treatment of labor fairly**

The company is aware of the importance of human resource development and treats workers fairly. This is a factor that will increase the value of the business and enhance the competitiveness and sustainable growth of the company in the future. The company has set policies and guidelines as follows

1. Respect the rights of employees in accordance with human rights principles and comply with labor laws.

Goals of implementation in respect of human rights and the fair treatment of labor continuously is not a labor dispute. It is completed by being certified with Thai labor standards Social Responsibility of Thai Businesses TLS 8001-2010 (TLS.) and The Worldwide Responsible Apparel Production Standard (WRAP) Global Principles on Responsibility for Clothing Manufacturing.

2. Provide employment with process and fair employment conditions, including determination of compensation and consideration of achievement results under a fair performance evaluation process.

The company's goal has been awarded the Outstanding Establishment Award, Excellent labor relations and welfare From the Department of Labor Protection and Welfare

3. Promote personnel development by arranging training seminars, training, including sending personnel to attend seminars and training in various fields related to gain knowledge development capability and potential of personnel. This includes instilling a good attitude, morality, ethics and teamwork for personnel.



There is also a project to develop the potential of employees at the operational level. The personnel development through Small Group Activity (SGA) has 8 year training courses, totaling 42 hours as follows;

8 training course							
5s to increase production	Kaizen	Lean	IE fornon IE	QCC.	Leader Ship	HR fornon HR	Work Happiness
3 hours	3 hours	9 hours	9 hours	9 hours	3 hours	3 hours	3 hours



The number of small group leaders that have passed the training model 1 -3

Factories	SGA model 1 (2015)	SGA model 2 (2016 - 2017)	SGA model 3 (2018 -2019)	2020 Goals
Phutthamonthon Sai 5	72	69	75	75
Thapra	44	40	41	39
Chainat	43	45	50	42
Yasothon	94	100	106	99
<b>Total</b>	<b>253</b>	<b>254</b>	<b>272</b>	<b>255</b>

4. Provide various benefits for employees as required by law, such as social security etc. and other than required by law such as health insurance and accident insurance, including various types of grants to employees such as scholarships to children, and cremation payment etc.



The company's goal has been awarded for Safety, Occupational Health and Working Environment Management from the Department of Labor Protection and Welfare.

5. Provide annual health check-up services for personnel at all levels of the company by considering the risk factors by age, gender and working environment of each person.



The company has a goal of annual health check-ups for personnel at all levels of the company, that is, every 100% of them must be inspected.

6. Provide employees with safe operations and good hygiene in the workplace by providing measures to prevent accidents and strengthen staff awareness of safety. This includes training and encourage employees to have good hygiene and look after the workplace to be hygienic. It has always been safe through the NEAR MISS project to find, report and prevent accidents.



<b>กิจกรรมค้นหา รายงาน และป้องกัน เหตุการณ์เกือบเกิดอุบัติเหตุ (NEAR MISS)</b>		
<b>บริษัท ซาบิน่า จำกัด มหาชน</b> <b>แบบรายงานเหตุการณ์เกือบเกิดอุบัติเหตุ (NEAR MISS REPORT)</b>		
<b>เหตุการณ์:</b> เกิดอุบัติเหตุคนเดินชนโต๊ะเก้าอี้ในห้องประชุม	<b>วันที่:</b> 8/2/2562	<b>เวลา:</b> 10.30 น.
<b>รายละเอียดเหตุการณ์:</b> ขณะประชุมในห้องประชุม 101 มีคนเดินผ่านไปมา และชนโต๊ะเก้าอี้ในห้องประชุม ทำให้โต๊ะเก้าอี้ล้มลง และคนเดินได้รับบาดเจ็บเล็กน้อย		
<b>สาเหตุ:</b> (1) คนเดินไม่ระวังขณะเดิน (2) โต๊ะเก้าอี้ไม่มั่นคง		
<b>การป้องกัน:</b> (1) สวมรองเท้าที่ปลอดภัยขณะเดิน (2) ตรวจสอบโต๊ะเก้าอี้ให้มั่นคง		
<b>ผู้รายงาน:</b> นายสม ใจดี	<b>ผู้ตรวจสอบ:</b> นายสม ใจดี	<b>ผู้รับทราบ:</b> นายสม ใจดี

The company has a goal for safety is zero accident statistics and to create a safety culture with KYT.

7. The company has a department to receive complaints or suggestions from interested parties affected by the company's operations for 24 hours a day, including walk-in, telephone, fax, electronic mail and letters. The company will give an initial explanation of the facts and guidelines for management or operations on such matters for the complainant including those involved as soon as possible, or within 1 day.

If related parties are in doubt and suspect any violation or non-compliance with laws, rules, regulations, ethics, or corporate governance policies, they can make inquiries, report clues or make complaints with details of various evidence and submit to the relevant person or department in the communication channel as follows;

For complaints from within the organization

Contact: Internal Audit Department

Phone: 02-4229400 ext. 9309, 9404

Or contact via the staff suggestion box provided at the work site

For complaints from outside the organization

Contact CIS Agency Tel. 02-4229430 Email: [CRM@sabina.co.th](mailto:CRM@sabina.co.th)



The goal of the company is to set up a department to receive reports of complaints or suggestions from stakeholders and every complaint or problem must be resolved within 2-4 weeks.

### Responsibility to consumers

The company has upgraded the quality of production by using quality indicators from various problems received from both internal customers who are store salespeople and external customers. It is to respond to the needs and maintain the highest level of customer satisfaction. It is completed bringing the information that CS Center or Customer Service collects from all sales channels to analyzed, improved and monitored by comparing sales of million pieces or PPM \* (Parts Per Million) in the year 2019 with the operation as follows

Retail Sales	2017	2018	2019
Problems from management	1.3	1.8	4.8
Problems from products	5.7	8.7	38.9
<b>Total PPM*</b>	<b>7</b>	<b>10.5</b>	<b>43.6</b>

In 2019, problems from products increased to 43.6 pieces / million pieces of services. This is because, at present, Sabina has added various communication channels and it is easier to frequently communicate from customers and companies to benefits in the development of both the service and the products that customers' needs. In term of the problem of the increased quantity of products, it is partly due to some problems with raw materials that has developed in response to comfort. There are easy marks which cause problems and complaints from customers. The company notified returns and changed to new products in order not to cause long-term problems with customers, therefore, causing the number of products encountered the problem to be much higher. However, the said problem has been improved and developed in raw materials to prevent such problems repeatedly.

Online Slaes	2017	2018	2019
Problems with delievery	96.0	9.0	19.8
Problems with incomplete products	41.0	2.7	11.0
Problems from Prodcuts	55.0	32.2	18.3
Other problems	35.0	6.8	6.8
<b>Total PPM</b>	<b>227.0</b>	<b>50.7</b>	<b>55.8</b>

In 2019, the results of data collection for complaints regarding Online sales which has growth in sales compared to 2018 to 32.3%, but the volume of complaints increased from 50.7 pieces per million to 55.8 pieces per million pieces, or as of 10% increase. When compared to sales that have already grown, the problem is still less than of the growing rate. The problem will be caused by the product that has black stains from the production process. This problem has been modified and added tracking to check the quality before delivering to customers.

#### Define

GRI	Topic-specific Standards
GRI 205	Anti-corruption
GRI 301	Materials
GRI 307	Environmental Compliance
GRI 403	Occupational Health and Safety
GRI 404	Training and Education
GRI 405	Diversity and Equal Opportunity
GRI 406	Non-discrimination
GRI 412	Human Rights Assessment
GRI 413	Local Communities
GRI 416	Customer Health and Safety

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## Internal control and risk management

Internal control of the company is investigated and reviewed by Internal Audit Office and process and procedures in each department of the company and its subsidiaries are reviewed based on Audit Plan agreed by Management. The company's Audit Committee reviews internal control system and internal audit system of the company and its subsidiaries to ensure appropriateness and effectiveness.

In Meeting of the Board of Directors No. 1/2020 dated February 21<sup>st</sup>, 2020, the Board of Directors, accompanied by three audit committees, evaluated adequacy of internal control system by reviewing evidence presented by the company's executives and evaluation form for adequacy of internal control prepared by Audit Committee and Management to evaluate internal control system of the company and its subsidiaries in many aspects, including enterprise and environment aspect, risk management aspect, Management's operation control aspect, information and communication aspect, and tracking and measurement aspect. From the evaluation of internal control system of the company and its subsidiaries, the Board viewed that the company and its subsidiaries have adequate and appropriate internal control system that allows transparent and efficient management and operation of the company and its subsidiaries.

In Meeting of Audit Committee dated February 23<sup>rd</sup>, 2017, the Committee appointed Mr. Sampan Puipiom as Secretary of Audit Committee and Head of Internal Audit Unit since he is experienced in the internal audit field and has extensive understanding about the nature of work of the company.

Qualifications of Head of Internal Audit Unit appears in Attachment 2.

## Connected Transactions

### Connected Transactions between the Company, Subsidiary and Other Persons that May Create Conflict of Interests

According to the Auditor, in the year 2019, Sabina Public Company Limited and Sabina Fareast Co., Ltd. made connected transactions that may create conflict of interests. The details are shown in the table below:

Related Companies	Relationship	Nature of transaction	Value (Million Baht)	Opinion of Audit Committee/ Necessity and reasonableness of the transactions
Sabina Fareast Co., Ltd	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Purchase material, such as fabric, lace, and rubber	17.09	<p>Goods purchased from Sabina Fareast Company Limited is offered with pricing and payment conditions similar to the goods purchased from other suppliers.</p> <p><u>Necessity of the transaction:</u> Generally, the company and its subsidiaries do not have the policy to collectively purchase materials through a subsidiary. Nevertheless, in the cases where bulk purchase results in bargained reduced price, the company and its subsidiaries will do so collective purchasing.</p> <p><u>Opinion of Audit Committee:</u> The transaction is considered a normal business transaction having market price as reference price. Payment condition is the same as the conditions of unrelated companies.</p>
		Purchase finished goods	-	

Sabina Fareast Co., Ltd	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Sell finished goods	755.00	<p>The company' sales of goods and materials to Sabina Fareast Company Limited are normal business transactions with normal pricing and payment conditions.</p> <p><u>Necessity of the transaction:</u> The company manages production capacity of each production unit collectively. Thus, in the situation where the company has excess capacity while its subsidiary reaches full capacity, the company will buy material and produce the goods (undergarment) and sell finished goods to its subsidiary.</p> <p><u>Opinion of Audit Committee:</u> The transaction is considered a normal business transaction having market price as reference price. Payment condition is the same as the conditions of unrelated companies.</p>
		Sell material	-	

Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Revenue from undergarment sewing service	103.77	<p>The company offered sewing service to Sabina Fareast Company Limited as a normal business transaction with normal pricing and payment conditions.</p> <p><u>Necessity of the transaction:</u> The company does not mainly and continually offer sewing service to subsidiary. This transaction was temporarily offered because the company wanted to best utilize its excess capacity at the time.</p> <p><u>Opinion of Audit Committee:</u> The transaction is considered a normal hiring transaction having market price as reference price. Payment condition is the same as the conditions of unrelated companies.</p>
Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Cost of Undergarment cutting	21.31	<p>The cost of undergarment cutting that the company compensated Sabina Fareast Company Limited for its cutting service has the same pricing and payment conditions as in the normal course of business.</p> <p><u>Necessity of the transaction:</u> The company manages production capacity of each production unit collectively. Thus, the company allocates undergarment cutting jobs to each and every production unit.</p> <p><u>Opinion of Audit Committee:</u> The transaction is considered a normal hiring transaction having market price as reference price. Payment condition is the same as the conditions of unrelated companies.</p>

Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Rental fee	0.23	On Feb 15 <sup>th</sup> , 2019, the company rented out the space in its Yasothorn factory to Sabina Fareast Company Limited, using rental fee in the nearby area as reference rate. <u>Opinion of Audit Committee:</u> The transaction is considered a normal rental transaction having market rate as reference.
Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Rental fee for office space and warehouse	1.71	On Jun 1 <sup>st</sup> , 2019, the company rented out its office space and warehouse space to Sabina Fareast Company Limited, using rental fee in the nearby area as reference rate. <u>Opinion of Audit Committee:</u> The transaction is considered a normal rental transaction having market rate as reference.
Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Dividend	223.07	The company received dividends from Sabina Fareast Company Limited.
Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Account receivable	353.20	Payment condition is similar to normal, non-related account receivables of Sabina Public Company Limited

		Account payable	2.47	<p>Payment condition is similar to normal, non-related account payables of Sabina Public Company Limited</p> <p><u>Opinion of Audit Committee:</u> The transaction is considered a normal business transaction with market reference. Payment condition is the same as the conditions set for unrelated companies.</p>
Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Interest income	0.68	Interest income arose from the company's lending to Sabina Fareast Company Limited with interest rate of 3.20-5 % per annum, which is higher than fixed deposit rate offered by commercial banks.
Sabina Fareast Co., Ltd.	Subsidiary, in which Sabina Public Company Limited holds 99.90% of its shares	Borrowing	104.00	The company had excess liquidity so it lent to Sabina Fareast Company Limited to repay the loans with other financial institutions.

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**Measures or approval processes for related party transactions (RPTs)**

Board of Directors gave unanimous resolution that any transactions between the company and persons with possible conflicts must be brought to consideration and subject to approval by the Meeting of Board of Directors. The Meeting must be joined by Audit Committee to ensure that the transactions are treated fairly and reasonably with appropriate pricing policy that prioritizes the company's benefits. Directors with possible conflict of interest are prohibited from voting in such transactions.

**Policy on or tendency of future related party transactions**

Meeting of Board of Directors of Sabina Public Company Limited No. 11/2008 dated June 10<sup>th</sup>, 2008 resolved to determine the approval criteria for future related party transactions (RPTs) by categorizing into two RPT types, i.e. normal and frequent trading transactions and infrequent transactions, and to form the policy for future financial support. Details of the RPT approval are as follows:

1. Normal and frequent trading transactions

Normal trading transactions, such as purchase of material, are the transactions expected to frequently take place in the future as they are involved in normal business operations. The company determined criteria and guidelines in handling these transactions by ensuring that the terms and conditions for RPTs are compatible with non-RPT transactions, applying market (fair) prices and reasonable and verifiable conditions. In practice, Audit Committee is responsible for approving the RPT criteria and guidelines as well as for checking and reviewing RPTs periodically.

2. Special and infrequent transactions

Audit Committee is responsible for judging on reasonableness of the transactions and appropriateness of the pricing for special and infrequent transactions, such as sale and purchase of shares. If Audit Committee is not experienced in evaluating such transactions, the company will arrange to appoint independent expert or the company's auditor to investigate such transactions. Opinions of the expert or the auditor will be used to support approval decision to be made by the Board of Directors or the Meeting of Shareholders, as the case may be according to relevant regulations.

3. Policy on Financial Support

Policy on financial support in the future includes the granting of personal guarantee by major shareholder and/or the company's directors against bank loans of the company or its subsidiaries without guarantee fee and financial support from the company to its subsidiaries.

Future related party transactions must comply with the rules, regulations, and announcement made by Securities Exchange Commission and Stock Exchange of Thailand. Internal Audit Unit will randomly check related party transactions and present to Audit Committee in its regular meeting. Besides, the company will disclose related party transactions in audited Notes to Financial Statement in Form 56-1 and Form 56-2, consistent with generally accepted accounting standard.

## Essential Financial Information

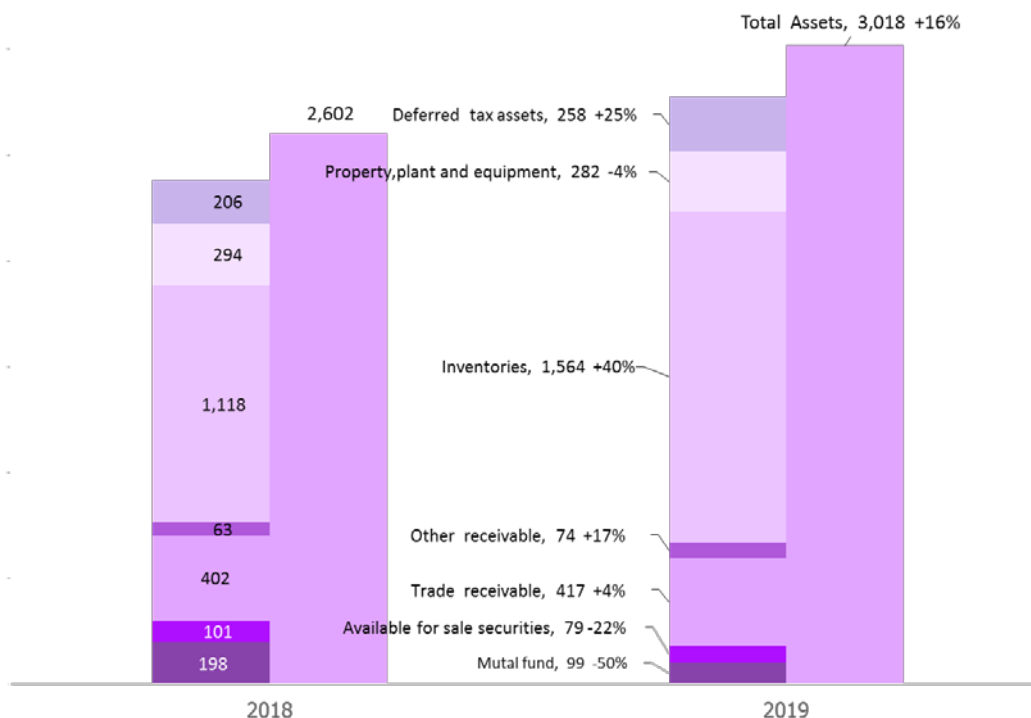
Unit: Million Baht

	<u>Consolidated financial statements</u>		
<u>Performance</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1. Total incomes	2,679.12	3,102.91	3,279.49
2. Incomes from sales and services	2,659.02	3,089.84	3,279.74
3. Gross profit	1,351.91	1,594.99	1,785.37
4. Operating profit	288.81	439.22	504.83
5. Net profit	243.14	361.59	413.25
<u>Financial Status</u>			
1. Total assets	2,387.25	2,602.02	3,017.91
2. Total liabilities	491.89	766.64	1,156.97
3. Total shareholder's equity	1,895.36	1,835.38	1,860.94
<u>Financial Ratio</u>			
<u>Liquidity Ratio</u>			
Current ratio (times)	4.63	3.05	2.33
Account receivable turnover (times)	8.11	8.30	8.00
Inventory turnover (times)	1.23	1.43	1.11
Account payable turnover (times)	9.20	8.87	8.43
<u>Profitability Ratio</u>			
Gross profit margin (%)	50.91	51.62	54.44
Net profitmargin (%)	9.08	11.65	12.54
Return on equity (%)	13.32	19.38	22.36
<u>Efficiency Ratio</u>			
Returns on assets (%)	10.51	14.49	14.71
<u>Financial Policy Ratio</u>			
Debt to equity ratio (times)	0.26	0.42	0.62

## Analysis of Performance and Financial Status with Explanation

### Financial Status

## Assets



### **Total Assets**

In 2018, the Company's total assets increased to 2,602.02 million Baht which about 214.77 million Baht increased 2017 due to investment in the registered fund decreased about 198.05 million Baht, increased in Securities available for sell of 100.92 million Baht, increased in account receivable of 402.27 increased in inventories of 1,117.50 million Baht. Land, building and net utilites increased 293.66 million Baht, increased in deferred income tax of 205.69 million Baht.

In 2019, the Company's total assets increased to 3,017.91 million Baht which about 415.89 million Baht increased 2018 due to, increased in account receivable of 417.41, increased in inventories of 1,563.79 million Baht., increased in deferred income tax of 257.69 million Baht.

### **Account receivable**

In 2018, the Company had account receivable of 402.27 million Baht increased by 60.29 million Baht. The proportions of current account receivable, account receivableoverdue 0 - 3 months, and receivableoverdue 4-6 months was at 93.29%, 3.70% respectively, and 3.01% of the total account receivable.

In 2019, the Company had account receivable of 417.41 million Baht increased by 15.14 million Baht. The proportions of current account receivable, account receivableoverdue 0 - 3 months, was at 97%, and 3% of the total account receivable.

### Inventories

In 2018, the inventories were recorded at 1,117.50 million Baht, and increase of 141.87 million Baht or 14.50%. Most of the increased inventories covered finished products of subsidiary brands and on processing of manufacturing.

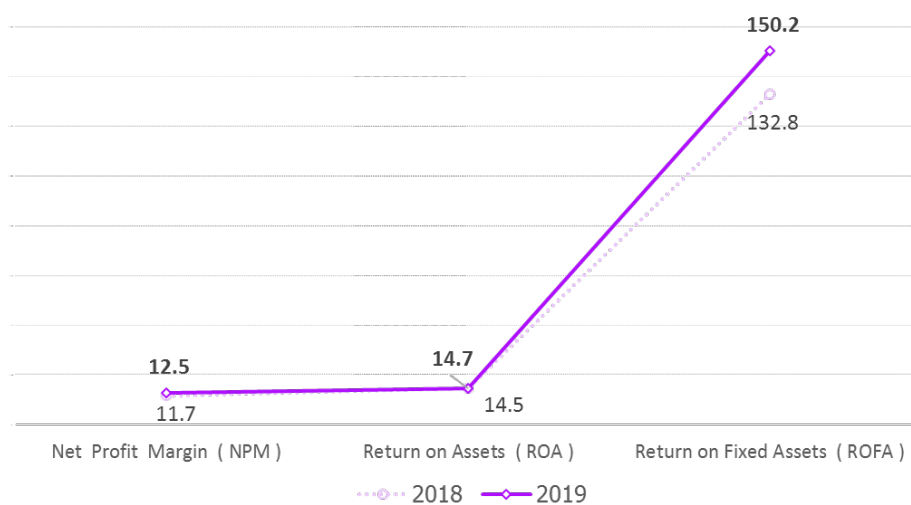
In 2019, the inventories were recorded at 1,563.79 million Baht, and increase of 446.29 million Baht or 39.94%. Increased from the policy of increasing stock in order to reduce loss of sales opportunities In the matter of lacking color cup size

### Estate, Building, and Equipment

In 2018, the book value of estate, building, and equipment was worth at 293.66 million Baht, increased by 10.20 million Baht from the last year figure. At the end of 2018, the depreciation of tangible assets was recorded at 44.35 million Baht.

In 2019, the book value of estate, building, and equipment was worth at 282.09 million Baht, decreased by 11.57 million Baht from the last year figure. At the end of 2019, the depreciation of tangible assets was recorded at 42.75 million Baht.

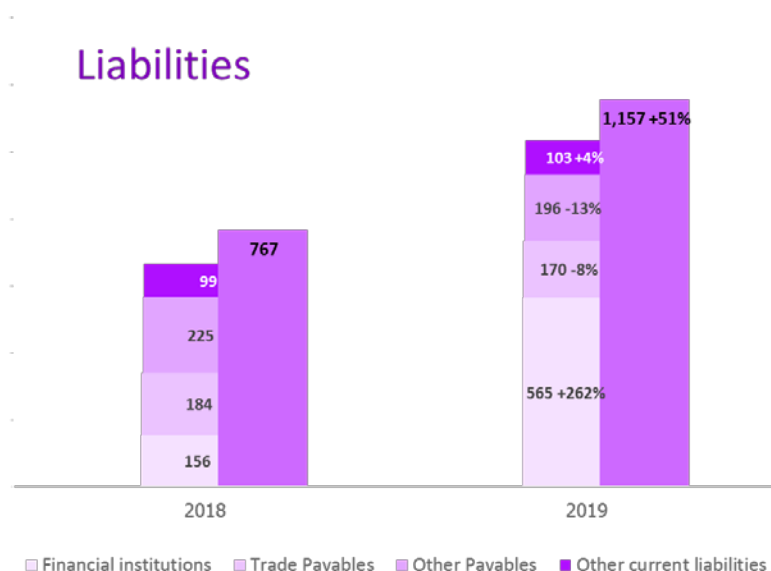
## Efficiency Ratio



### Performance

In 2018, the net profit rate recorded as 11.65% resulting in the return on total assets and the return on fixed assets at 14.49% and 132.80%, respectively.

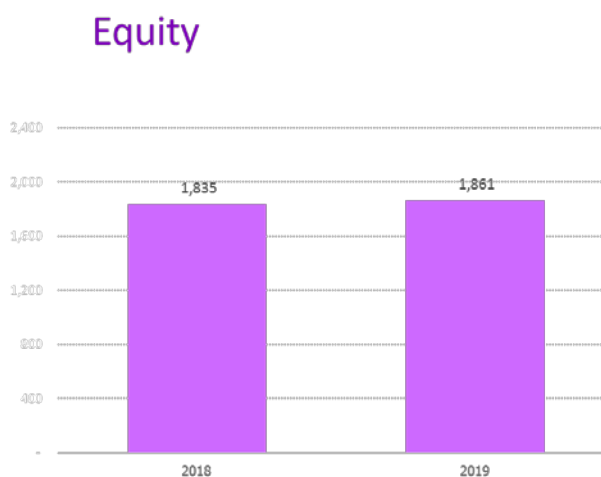
In 2019, the net profit rate recorded as 12.54% resulting in the return on total assets and the return on fixed assets at 14.71% and 150.15%, respectively.



#### Liabilities

In 2018, the Company had the liabilities of 766.64 million Baht, increase of 274.75 million Baht from the last year. The short-term loans from financial institutions increased to 156.16 million Baht and account payable increased 184.24 million Baht. Other payables increased to 225.07 million Baht and other current liabilities increased to 99.00 million Baht.

In 2019, the Company had the liabilities of 1,156.97 million Baht, increase of 390.33 million Baht from the last year. The short-term loans from financial institutions increased to 565.07 million Baht and account payable increased 170.15 million Baht. Other payables decreased to 196.39 million Baht and other current liabilities increased to 102.98 million Baht.

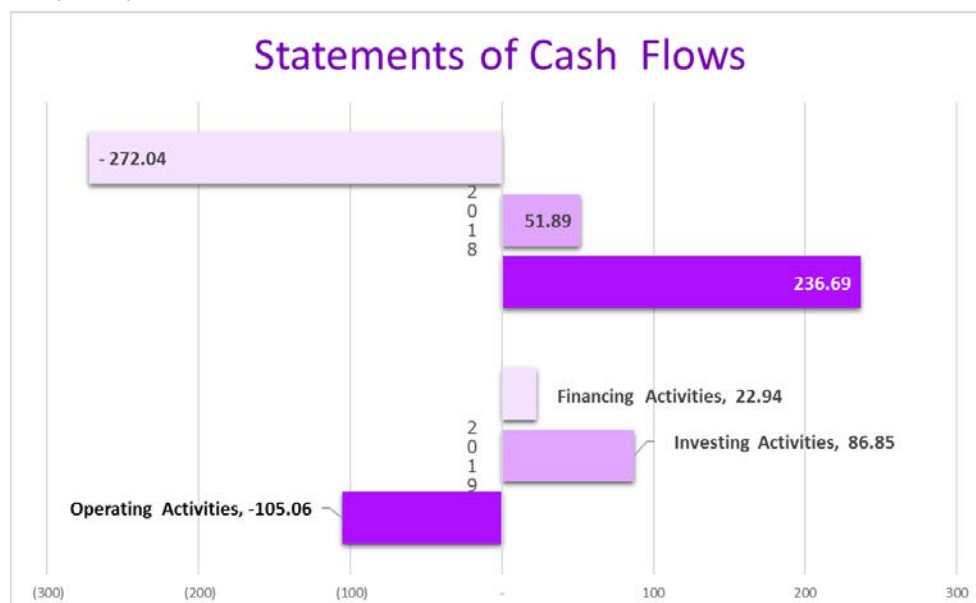


#### Shareholder's Equity

In 2018, the Company's shareholders' equity totaled at 1,835.38 million Baht, decreased in 59.98 million Baht from last year figure.

In 2019, the Company's shareholders' equity totaled at 1,860.94 million Baht, increased in 25.56 million Baht from last year figure.

## Liquidity Analysis

**Operation Cash flow**

In 2018, the Company's cash flow from operating activities was recorded at 236.69 million Baht comprising the net profit of 361.59 million Baht, depreciation and amortization of 50.12 million Baht, account receivable increased by 60.29 million Baht, Other receivables increased by 54.74 million Baht, inventories increased by 141.87 million Baht, Other circulate assets increased by 11.76 million Baht, account payable increased by 28.03 million Baht, and other current liabilities increased to 49.93 million Baht.

In 2019, the Company's cash flow from operating activities was recorded at -105.06 million Baht comprising the net profit of 413.25 million Baht, inventories increased by 446.28 million Baht, Accrued income tax 153.56 million Baht.

**Investment Cash Flow**

In 2018, the Company's cash flow for investment activities was recorded at 51.89 million Baht, The Company invested in temporary investment and building and equipment of 171.38 million Baht and 54.61 million Baht, respectively.

In 2019, the Company's cash flow for investment activities was recorded at 86.85 million Baht, The Company invested in temporary investment, sale of available for sale investment and building and equipment of 98.87 million Baht, 19.91 million Baht and 31.18 million Baht, respectively.

**Funding Cash flow**

In 2018, the Company's cash flow for funding activities was recorded at 272.04 million Baht. The Company paid the dividend of 410.21 million Baht and short-term loans from financial institutions of 138.16 million Baht.

In 2019, the Company's cash flow for funding activities was recorded at 22.94 million Baht. The Company paid the dividend of 385.96 million Baht and short-term loans from financial institutions of 408.90 million Baht.

## Operation Performance

### Incomes from Sales

In 2018, the Company had the incomes from the sales and services of products for 3,089.84 million Baht which increased from 2017 about 427.16 million Baht, equal to 16.04 percent increase. Main reason due to the increasing of subsidiaries' trademarks sales increased about 364.19 million Baht and income from sales of OEM products increased about 66.63 million Baht.

In 2019, the Company had the incomes from the sales and services of products for 3,279.74 million Baht which increased from 2018 about 189.90 million Baht, equal to 6.15 percent increase. Main reason due to the increasing of subsidiaries' trademarks sales increased about 189.42 million Baht and income from sales of OEM products increased about 0.24 million Baht.

### Incomes from Sales Classified by Product (Unit: Million Baht)

	2017	Percentage	2018	Percentage	2019	Percentage
Incomes from OEM product sale						
Bras	158.98	5.98	207.40	6.71	208.52	6.36
Underpants	43.00	1.62	45.75	1.48	42.23	1.29
Others	18.19	0.68	33.65	1.09	36.29	1.11
Total incomes from OEM product sale	220.17	8.28	286.80	9.28	287.04	8.75
Incomes from sale of subsidiary' brandname products						
Bras	1,910.34	71.85	2,261.92	73.21	2,411.05	73.52
Underpants	435.10	16.36	459.65	14.88	501.79	15.30
Others	93.41	3.51	81.47	2.63	79.62	2.43
Total incomes from sale of subsidiary' brandname products	2,438.85	91.72	2,803.04	90.72	2,992.46	91.25
Total incomes from sale	2,659.02	100.00	3,089.84	100.00	3,279.50	100.00

### OEM Products

In 2018, the incomes from the sales of OEM products were at 286.80 million Baht, increase by 66.63 million Baht or 30.26%. The incomes from the sales of OEM products were divided into the sales of lingerie, underpants and other products at 6.71%, 1.48% and 1.09% of the total sales, respectively.

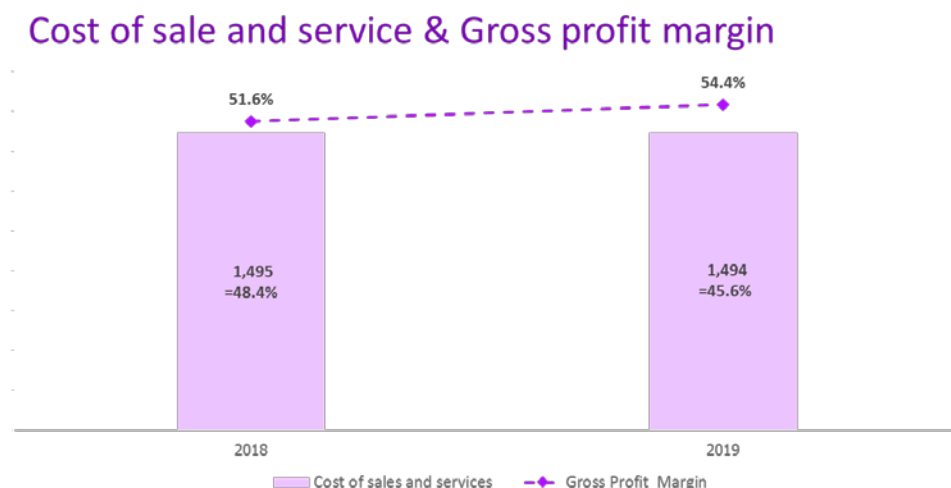
In 2019, the incomes from the sales of OEM products were at 287.04 million Baht, increase by 0.24 million Baht or 0.08%. The incomes from the sales of OEM products were divided into the sales of lingerie, underpants and other products at 6.36%, 1.29% and 1.11 % of the total sales, respectively.

### Subsidiary's Brandname Products

The revenue from the sales of products under the subsidiaries' trademarks is significant to the Company's revenues since the products have better prices and gross profit margin than the OEM products. In addition, the Company can control the design, quantity, and the distribution period. The revenue from the sales of products under the subsidiaries' trademark with continuous growth as follows.

In 2018, the Company had the incomes from the sales of products under the subsidiaries' trademarks of 2,803.04 million Baht, an increase of 364.19 million Baht 14.93%, or 90.72% of the total sales income. The incomes from lingerie, underpants and other products were at 73.21%, 14.88%, and 2.63% of the total sales incomes, respectively.

In 2019, the Company had the incomes from the sales of products under the subsidiaries' trademarks of 2,992.46 million Baht, an increase of 189.42 million Baht 6.76%, or 91.25% of the total sales income. The incomes from lingerie, underpants and other products were at 73.52%, 15.30%, and 2.43% of the total sales incomes, respectively.

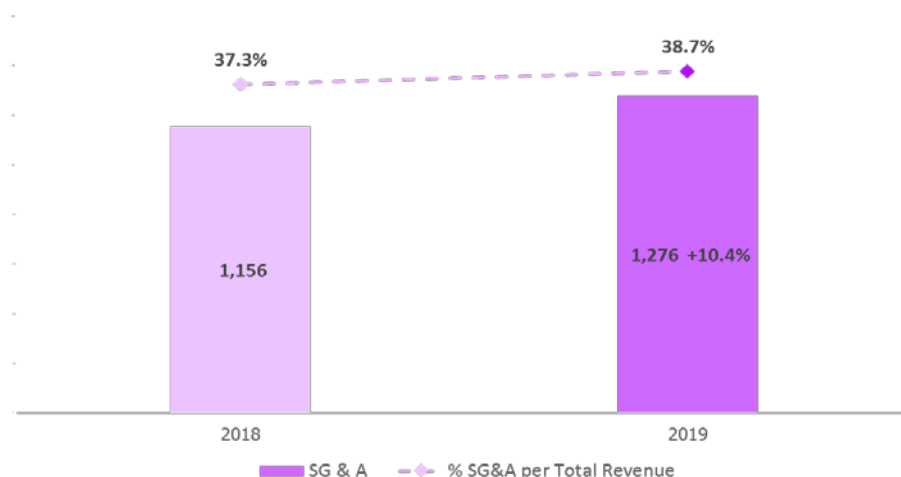


### **Cost of Goods Sold and Gross Profit Margin**

In 2018, the Company's cost of goods sold totaled 1,494.85 million Baht or 48.38% of the incomes from sales and services. The gross profit margin was recorded at 1,594.99 million Baht or 51.62% of the incomes from sales and services. The Company has emphasized on expansion of sales of products under the subsidiaries' trademarks consistently and strictly. Advertising budgets were allocated and marketing promotions were applied. New sales counters were opened at department stores, new retail stores and the Company's shops.

In 2019, the Company's cost of goods sold totaled 1,494.13 million Baht or 45.56% of the incomes from sales and services. The gross profit margin was recorded at 1,785.61 million Baht or 54.44% of the incomes from sales and services. The Company has emphasized on expansion of sales of products under the subsidiaries' trademarks consistently and strictly. Advertising budgets were allocated and marketing promotions were applied. New sales counters were opened at department stores, new retail stores and the Company's shops.

## Selling & Administrative expenses



### Selling and Administrative Expenses and Operating Profit

In 2018, the Company's selling and administrative expenses were at 1,155.76 million Baht, increasing by 89.01 million Baht 8.34% or 37.25% of the total sales incomes. The Company has focused on expansion of sale counters resulting in higher leasing costs for sales and service areas. To increase sales volumes and market shares of products under the subsidiaries' trademarks, salespersons and the budgets for advertising and marketing promotion were added consistently.

Accordingly, the Company had the operating profit of Baht 439.23 million or 14.22% of the incomes from sales and services.

In 2019, the Company's selling and administrative expenses were at 1,276.45 million Baht, increasing by 120.69 million Baht 10.44% or 38.74% of the total sales incomes. The Company has focused on expansion of sale counters resulting in higher leasing costs for sales and service areas. To increase sales volumes and market shares of products under the subsidiaries' trademarks, salespersons and the budgets for advertising and marketing promotion were added consistently.

Accordingly, the Company had the operating profit of Baht 509.16 million or 15.52% of the incomes from sales and services.

### Interest Paid

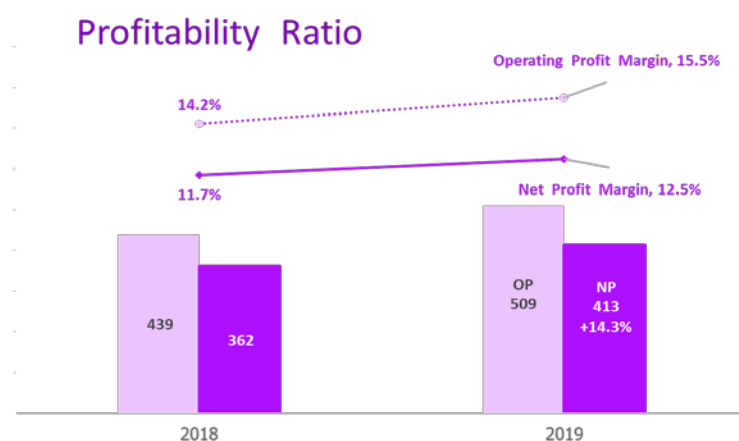
In 2018, the Company had interest paid of 1.44 million Baht, decreasing by 0.01 million Baht.

In 2019, the Company had interest paid of 8.33 million Baht, increasing by 6.89 million Baht.

### Corporate Income Tax

In 2018, the Company had the corporate tax at 89.26 million Baht.

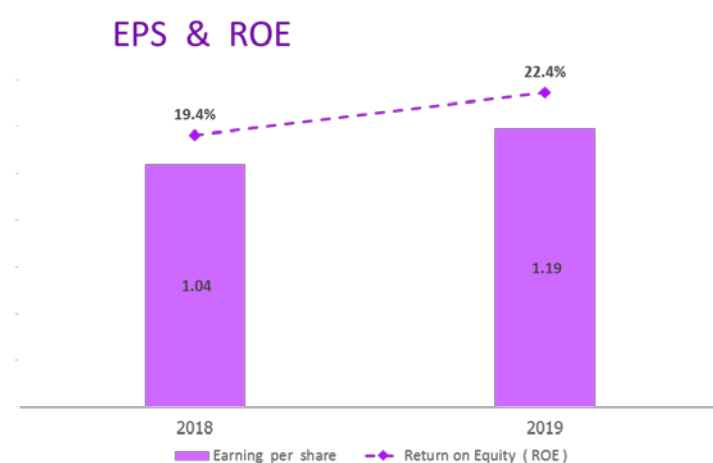
In 2019, the Company had the corporate tax at 102.80 million Baht.



#### Net Profit

In 2018, the Company had the net profit of 361.59 million Baht increasing by 118.45million Baht or 48.72%

In 2019, the Company had the net profit of 413.25 million Baht increasing by 51.66million Baht or 14.29%



#### Returns on Equity

In 2018, the Company's basic earnings per share was at 1.04 Baht; and the Return on Equity (ROE) was at 19.38%

In 2019, the Company's basic earnings per share was at 1.19 Baht; and the Return on Equity (ROE) was at 22.36%

#### Remuneration to Auditor

From 2017 to 2019, the auditor, A.M.T Associate Office, was paid as follows:

Unit: Baht	2017	2018	2019
Remuneration to auditor	960,000	960,000	960,000
Other payments	-	-	-

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## Report of Audit Committee for the year 2019

Audit Committee of Sabina Public Company Limited, which is comprised of three independent directors (Miss Raweewan Pinyopanakul, Mr. Yuttana Adipat, Mr. Somchai Vanawit and Miss Pensri Suteerasan), performed the critical duties assigned from the Board of Directors, i.e. reviewing of financial statement and information disclosure, reviewing of corporate governance, reviewing of internal control and internal audit, reviewing of conflict of interest among related parties, reviewing of risk assessment system, and appointment of auditors for the year 2020. There were four Audit Committee Meetings in 2019 (in one agenda in the fourth meeting, audit committee held the meeting with the company's auditor without the presence of the company's Management). Audit Committee's performance of duty in 2019 can be summarized as below:

1. Reviewing of quarterly financial statement and annual financial statements for the year 2019

Audit Committee reviewed quarterly financial statements and annual financial statements for the year 2019 which were prepared based on Thai Financial Reporting Standards (TFRS) consistent with International Financial Reporting Standards (IFRS) and complying with the laws and regulations, accounting standards and financial reporting standards set forth by the Securities Exchange Commission (SEC). In addition, Audit Committee held the meeting with the auditor without the presence of the company's Management.

2. Reviewing of corporate governance

Audit Committee reviewed and supervised to ensure that the company adhere to its article of association, regulations of Securities Exchange Commission (SEC), regulations of Stock Exchange of Thailand (SET), related laws, and principles of good governance, that disclosure of information and related party transactions according to the announcement of SEC and SET are done precisely, comprehensively, and timely, and that the company focuses on transparency and fairness in its business conduct.

3. Reviewing of internal control and internal audit system

Audit Committee reviewed the company's internal control system and found that the company's internal control system is appropriate and adequately rigorous. Audit Committee agreed to the company's annual audit plan and reviewed audit plan execution to ensure that the plan was accordingly implemented, as well as to follow up on the correction of control weaknesses previously found.

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4. Reviewing of conflict of interests among connected parties

Audit Committee reviewed related party transactions and transactions with possible conflict of interests, including transactions or business arrangement between the company and directors, executive, or connected parties, according to the definition by the Stock Exchange of Thailand and related regulations on a quarterly basis and found that the company strictly complies with the regulations set forth by the Stock Exchange of Thailand and the principle of corporate governance, as well as discloses such transactions to SET accurately and timely.

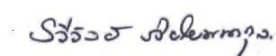
5. Reviewing of risk Assessment and management system

Audit Committee reviewed the company's risk assessment and management system by discussing with Management Board on a quarterly basis. Management Board assesses critical risk factors, probability of the occurrence, and severity of the impact to business so as to formulate the plan to prevent or management such risks if taking place.

6. Nomination of Auditor for the year 2020

Audit Committee selected and appointed AMT Associate Office to be a company's auditor, considering its satisfactory performance in the previous year. The committee reviewed qualifications of the auditor to ensure completeness and nominated to the Board of Director. The Meeting of Shareholders 2020 appointed Mrs. Nattsaruk Sarojnanchin, Mr. Chaiyuth Angsuwittaya, Ms. Daranee Somkumnerd and Ms. Jarunee Nuammea Certified Public Accountant No. 4563, 3885, 5007 and 5596 respectively, of AMT Associate Office to be a company's auditor for the year 2020.

On behalf of Audit Committee



(Miss Raweewan Pinyopanakul)

Chairman of Audit Committee

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## Board of Directors' Responsibility for Financial Report

The Board of Directors of Sabina Plc. are responsible for the financial statements and consolidated financial statements of the Company and subsidiary, including the financial information that appears on the annual report. The said financial statements are prepared according to the generally recognized accounting standard with appropriate accounting policies and usual practices adopted, with utmost care and best projection where essential information is sufficiently disclosed in the notes attached thereto for the benefit of shareholders and investors to ensure transparency.

The Board of Directors have and maintain an efficient internal control system to ensure that the accounting entries are made correctly, completely and sufficiently for the maintenance of properties and awareness of weaknesses so that frauds or irregularities can be prevented.

In this regard, the Board of Directors have appointed an Audit Committee to audit the financial reports and the internal control system to ensure the quality and efficiency thereof, and the Audit Committee's views related thereto appear on their report, which is attached to the annual report.

The financial statements and consolidated financial statements of Sabina Plc. and its subsidiary have been audited by A.M.T. Associate Office, the Company Auditor, during which the Board of Directors provided the information and documentations to assist the Auditor in the audit and expression of their views according to the generally recognized accounting standard, the details of which appear on the Auditor's Report attached to the Annual Report.

The Board of Directors are of the opinion that the Company's overall internal control system is efficient enough to ensure reliability of the financial statements and the consolidated financial statement of Sabina Plc. and its subsidiary for the year ending December 31, 2019 and compliance with the generally recognized accounting standard, the laws and regulations applicable thereto.



.....

(Mr. Viroj Thanalongkorn)

Chairman of Board of Directors



.....

(Mr. Bunchai Punturaumporn)

Chairman of the Executive Committee

## Summary of Audit Report

The consolidated financial statements and the separate financial statements for the year ended December 31, 2019

Auditor name: Miss NATSARAK SAROCHANUNJEEN Certified Public Accountant Registration No. 4563

A.M.T Associate Office

Auditor's Opinion: I have audited the consolidated financial statements of Sabina Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Sabina Public Company Limited (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2019, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Sabina Public Company Limited and its subsidiaries and of Sabina Public Company Limited as of December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

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**SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
AND  
INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To The Shareholders and Board of Directors of SABINA PUBLIC COMPANY LIMITED**

#### **Opinion**

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

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Sabina Public Company Limited and its subsidiaries and of Sabina Public Company Limited as of December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

#### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Key Audit Matters**

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

Key Audit Matters included Audited Procedures are as follows:

#### **Presentation of inventories valuation (the consolidate and separated financial statements)**

As describe in note 2.5 and note 7 to the financial statement, the Group has significant amount of inventories which stated at the lower of cost and net realizable value. Most of inventories aging are not long, due to main business of the Group is manufacturing and distribute ready-made clothes, which the main products are underwear. And the management used information from inventories aging analysis report and individual obsolete stock analysis report to consider the allowance for inventories declining value, therefore, I have identified that the valuation of inventories is the significant matter that requires special attention in the audit.

#### **My Audited Procedures to the Key Audit Matters**

I assessed and tested the internal control related to the calculation of inventories cost, observed the inventory count, checked the aging report of inventories, inquired the management, and considered reasonableness of the policy regarding setup allowance for inventories declining value, and tested compliant of the allowance for inventories declining value to the policy. Including test the calculation of the allowance for inventories declining value by comparing cost of inventories and net realizable value. Additionally, I considered the adequacy of information disclosure related to the measurement of inventories.

#### **Other matter**

The financial statements of Sabina Public Company Limited for the year ended December 31, 2018 audited by another auditor in my office, in accordance with auditing standards, and expressed an unqualified opinion on those statements in his report dated February

20, 2019. The statements of financial position as of December 31, 2018, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

**Other Information**

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

My opinion on the consolidated and separate 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 consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.



(NATSARAK SAROCHANUNJEEN)  
Certified Public Accountant  
Registration No. 4563

A.M.T. & ASSOCIATES  
Bangkok, Thailand  
February 21, 2020

## SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS OF December 31, 2019

		Baht			
		Consolidated Financial Statement		Separate Financial Statement	
NOTE		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	4	65,146,522.43	60,416,139.44	20,028,265.15	16,760,554.51
Temporary Investment					
- Mutual funds	5.1	99,188,533.02	198,055,487.43	99,188,533.02	198,055,487.43
- Available-for-sale securities	5.2	78,757,000.00	100,916,841.80	78,757,000.00	100,916,841.80
Trade receivables and other receivables					
Trade receivable - net					
- Related parties	3.1	-	-	353,201,045.77	390,472,452.07
- Other parties	6	417,414,629.02	402,269,830.69	10,168,548.84	664,484.29
Other receivables					
- Other parties		74,224,921.64	63,310,187.56	786,238.75	1,441,521.07
Short-term loan to related party	3.2	-	-	104,000,000.00	15,000,000.00
Inventories - net	7	1,563,787,868.43	1,117,502,988.59	114,693,847.25	123,625,635.43
Other current assets					
Prepaid output VAT		105,104,185.82	84,539,612.23	-	-
Others		3,434,073.07	2,022,132.52	307,332.03	242,499.02
Total current assets		2,407,057,733.43	2,029,033,220.26	781,130,810.81	847,179,475.62
NON-CURRENT ASSETS					
Investment in subsidiary company	1.5	-	-	144,849,500.00	144,849,500.00
Long-Term Investments	8	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
Property, plant and equipment - net	9	282,087,545.41	293,662,558.39	71,510,283.97	81,316,821.37
Intangible asset	10	8,689,511.42	8,609,356.92	1,040,049.00	1,000,049.00
Deferred tax assets	18.4	257,694,338.93	205,690,633.80	25,912,214.16	24,672,270.55
Others non-current assets					
Leasehold right - net	11	8,672,531.13	13,141,346.37	-	-
Deposit		48,705,790.28	46,885,272.20	171,840.00	171,840.00
Total non-current assets		610,849,717.17	572,989,167.68	248,483,887.13	257,010,480.92
TOTAL ASSETS		3,017,907,450.60	2,602,022,387.94	1,029,614,697.94	1,104,189,956.54

The accompanying notes to financial statements are an integral part of these financial statements.

(Signed).....Director

(Signed).....Director

SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENTS OF FINANCIAL POSITION

AS OF December 31, 2019

NOTE	Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Bank overdrafts and short-term loans from				
financial institutions	12	565,067,721.84	156,162,831.78	-
Trade payables and other payables				
Trade payable				
- related parties	3.3	-	-	2,465,680.27
- other parties		170,144,570.64	184,243,184.17	61,534,382.15
Other payables	13	196,388,170.51	225,068,762.68	70,094,388.92
Other current liabilities				
Accrued income tax		82,020,569.48	77,367,152.28	7,438,383.23
Others		20,961,702.15	21,634,730.57	6,065,468.02
Total current liabilities		1,034,582,734.62	664,476,661.48	147,598,302.59
<b>NON-CURRENT LIABILITIES</b>				
Employees' benefit obligation	14	115,653,128.67	95,623,146.00	65,561,276.33
Employees' deposit		6,731,500.00	6,543,500.00	54,000.00
Total non-current liabilities		122,384,628.67	102,166,646.00	65,615,276.33
Total liabilities		1,156,967,363.29	766,643,307.48	213,213,578.92

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## SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS OF December 31, 2019

NOTE	Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>SHAREHOLDERS' EQUITY</b>				
Share capital - Par value Baht 1 each	15			
Authorized share capital				
Common share 347,500,000 shares of Baht 1 each		347,500,000.00	347,500,000.00	347,500,000.00
Issued and paid - up share capital				
Common share 347,500,000 shares of Baht 1 each		347,500,000.00	347,500,000.00	347,500,000.00
Premium on share capital		275,164,000.00	275,164,000.00	275,164,000.00
Retained earnings				
Appropriated – legal reserve	16	49,250,000.00	49,250,000.00	34,750,000.00
Unappropriated		1,248,572,922.94	1,169,492,003.49	218,533,954.65
Total other components of equity		(59,546,835.63)	(6,026,923.03)	(59,546,835.63)
Total equity of the Parent		1,860,940,087.31	1,835,379,080.46	816,401,119.02
Non-controlling interests		-	-	-
Total shareholders' equity		1,860,940,087.31	1,835,379,080.46	816,401,119.02
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,017,907,450.60</b>	<b>2,602,022,387.94</b>	<b>1,029,614,697.94</b>

The accompanying notes to financial statements are an integral part of these financial statements.

(Signed).....Director

(Signed).....Director

SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
CONSOLIDATED FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2019

	BAHT										
	Retained earnings				Other components of equity						
	Issued and paid - up share capital	Premium on share capital	Appropriated legal reserve	Unappropriated	Net book value of subsidiary company which exceed cost of investment ( Note 1.5)	Others			Total Equity of the Parent	Non Controlling Interests	Total Shareholders' Equity
						Gain (loss) from valuation of available-for-sale investment	Comprehensive Income Gain (loss) on actuarial estimates	Other components of equity			
NOTE	347,500,000.00	275,164,000.00	49,250,000.00	1,067,468,182.02	202,435,519.16	(46,455,000.00)	-	155,980,519.16	1,895,362,701.18	-	1,895,362,701.18
Balance as of January 1, 2018											
Changes in shareholders' equity for the year											
Total comprehensive income (loss) for the year	-	-	-	361,586,858.47	-	(11,363,962.19)	-	(11,363,962.19)	350,222,896.28	-	350,222,896.28
Dividend Paid	-	-	-	(259,563,037.00)	(150,643,480.00)	-	-	(150,643,480.00)	(410,206,517.00)	-	(410,206,517.00)
Balance of December 31, 2018	347,500,000.00	275,164,000.00	49,250,000.00	1,169,492,003.49	51,792,039.16	(57,818,962.19)	-	(6,026,923.03)	1,835,379,080.46	-	1,835,379,080.46
Balance as of January 1, 2019											
Changes in shareholders' equity for the year											
Total comprehensive income (loss) for the year	-	-	-	413,250,650.29	-	(1,727,873.44)	-	(1,727,873.44)	411,522,776.85	-	411,522,776.85
Dividend Paid	-	-	-	(334,169,730.84)	(51,792,039.16)	-	-	(51,792,039.16)	(385,961,770.00)	-	(385,961,770.00)
Balance as of December 31, 2019	347,500,000.00	275,164,000.00	49,250,000.00	1,248,572,922.94	-	(59,546,835.63)	-	(59,546,835.63)	1,860,940,087.31	-	1,860,940,087.31

The accompanying notes to financial statements are an integral part of these financial statements.

(Signed).....Director

(Signed).....Director

SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
SEPARATE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE	Retained earnings			Other components of equity			
	Issued and paid - up share capital	Premium on share capital	Appropriated legal reserve	Others		Total Other components of equity	Total Shareholders' Equity
				Gain (loss) from valuation of available-for-sale investment	Gain (loss) on actuarial estimates		
Balance as of January 1, 2018	347,500,000.00	275,164,000.00	34,750,000.00	448,252,472.53	-	(46,455,000.00)	1,059,211,472.53
Changes in shareholders' equity for the year							
Total comprehensive income (loss) for the year	-	-	-	242,083,559.78	-	(11,363,962.19)	230,719,597.59
Dividend Paid	-	-	-	(410,050,000.00)	-	-	(410,050,000.00)
Balance as of December 31, 2018	347,500,000.00	275,164,000.00	34,750,000.00	280,286,032.31	-	(57,818,962.19)	879,881,070.12
Balance as of January 1, 2019	347,500,000.00	275,164,000.00	34,750,000.00	280,286,032.31	-	(57,818,962.19)	879,881,070.12
Changes in shareholders' equity for the year							
Total comprehensive income (loss) for the year	-	-	-	323,977,922.34	-	(1,727,873.44)	322,250,048.90
Dividend Paid	-	-	-	(385,730,000.00)	-	-	(385,730,000.00)
Balance as of December 31, 2019	347,500,000.00	275,164,000.00	34,750,000.00	218,533,954.65	-	(59,546,835.63)	816,401,119.02

The accompanying notes to financial statements are an integral part of these financial statements.

(Signed).....Director

(Signed).....Director

## SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE	B A H T			
	Consolidated Financial Statement		Separate Financial Statement	
	For the year ended December 31		For the year ended December 31	
	2019	2018	2019	2018
<b>REVENUES</b>				
Revenues from sales - net	3,279,499,014.23	3,089,842,593.66	821,706,420.20	798,171,537.58
Revenues from services	243,000.00	-	103,766,204.00	102,798,142.00
Revenues from dividend				
- related parties	-	-	223,068,230.00	150,643,480.00
- other parties	3,992,852.50	1,436,000.00	3,992,852.50	1,436,000.00
Other incomes	11,221,776.44	11,627,845.95	6,601,556.24	5,550,638.81
Total Revenues	3.4 3,294,956,643.17	3,102,906,439.61	1,159,135,262.94	1,058,599,798.39
<b>EXPENSES</b>				
Cost of sales and services	1,494,131,372.48	1,494,852,995.55	713,045,016.24	703,161,107.51
Selling expenses	1,055,729,809.74	910,400,194.38	698,478.66	998,550.15
Administrative expenses	220,718,397.08	245,361,950.32	97,870,282.59	90,325,005.70
Financial expenses	8,330,135.73	1,441,340.21	345.68	351.29
Total Expenses	3.4 2,778,909,715.03	2,652,056,480.46	811,614,123.17	794,485,014.65
PROFIT BEFORE INCOME TAX		516,046,928.14	450,849,959.15	347,521,139.77
INCOME TAX EXPENSE	18.1, 18.3 (102,796,277.85)	(89,263,100.68)	(23,543,217.43)	(22,031,223.96)
PROFIT FOR THE YEAR		413,250,650.29	361,586,858.47	323,977,922.34
Net income attributable to :				
Equity holders of the parent		413,250,650.29	361,586,858.47	323,977,922.34
Non - controlling interests		-	-	-
		413,250,650.29	361,586,858.47	323,977,922.34
<b>BASIC EARNINGS PER SHARE</b>				
Earnings (loss) per share (Baht)		1.19	1.04	0.93
Number of weighted average common shares (shares)		347,500,000	347,500,000	347,500,000

The accompanying notes to financial statements are an integral part of these financial statements.


(Signed).....Director


(Signed).....Director

SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2019

	B A H T			
	Consolidated Financial Statement		Separate Financial Statement	
	For the year ended December 31		For the year ended December 31	
	2019	2018	2019	2018
PROFIT FOR THE YEAR	413,250,650.29	361,586,858.47	323,977,922.34	242,083,559.78
Other comprehensive income;				
<i>Item that will be reclassified subsequently to profit or loss :</i>				
Gain (loss) from valuation of - available-for-sale investment	(2,159,841.80)	(14,204,952.74)	(2,159,841.80)	(14,204,952.74)
Income tax related to other components of equity	431,968.36	2,840,990.55	431,968.36	2,840,990.55
	(1,727,873.44)	(11,363,962.19)	(1,727,873.44)	(11,363,962.19)
Total comprehensive income for the year	411,522,776.85	350,222,896.28	322,250,048.90	230,719,597.59
Total comprehensive income attributable to :				
Equity holders of the parent	411,522,776.85	350,222,896.28	322,250,048.90	230,719,597.59
Non - controlling interests	-	-	-	-
	411,522,776.85	350,222,896.28	322,250,048.90	230,719,597.59

*The accompanying notes to financial statements are an integral part of these financial statements.*

(Signed)  Director

(Signed)  Director

## SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE	B A H T			
	Consolidated Financial Statement		Separate Financial Statement	
	For the year ended December 31		For the year ended December 31	
	2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
Net profit	413,250,650.29	361,586,858.47	323,977,922.34	242,083,559.78
Adjustments to reconcile net profit to net cash proceed (paid)				
Depreciation	9	42,753,947.15	44,352,919.50	12,038,447.79
Amortization	10, 11	5,617,060.74	5,768,277.72	-
Employees' benefits obligation	14	34,644,522.00	18,139,914.00	14,237,217.00
Loss (gain) from sale of available for sale investment		92,368.92	-	92,368.92
Loss (gain) from disposal of property		(479,315.78)	(1,417,754.06)	(380,944.76)
Unrealised (gain) loss on exchange rate		2,257,688.45	3,463,759.25	47,228.25
Interest expenses		8,330,135.73	1,441,340.21	345.68
Current tax expense	18.1	154,368,014.62	129,749,818.81	24,351,192.68
Deferred tax expense (income)	18.1	(51,571,736.77)	(40,486,718.13)	(807,975.25)
(Increase) decrease in trade receivable - related parties		-	-	37,271,406.30
(Increase) decrease in trade receivable - other parties		(15,144,798.33)	(60,289,821.85)	(9,504,064.55)
(Increase) decrease in other receivable				
- other parties		(7,066,407.18)	(54,741,289.73)	3,717,309.70
(Increase) decrease in inventories		(446,284,879.84)	(141,866,880.98)	8,931,788.18
(Increase) decrease in other current assets		(21,976,514.14)	(11,760,345.80)	(64,833.01)
(Increase) decrease in other non-current assets		(1,820,518.08)	(1,053,344.42)	-
Increase (decrease) in trade payables - related party		-	-	(1,127,674.27)
Increase (decrease) in trade payables - other parties		(16,356,301.99)	28,029,252.37	(5,603,155.16)
Increase (decrease) other payables		(28,837,601.48)	49,925,428.15	(7,985,208.10)
Increase (decrease) in other current liabilities - others		(673,025.42)	2,973,062.28	1,218,076.54
Others non-current liabilities				
- Increase (decrease) in employees' benefit obligation	14	(14,614,539.33)	(4,212,838.00)	(10,197,340.67)
- Increase (decrease) in - Employee deposit		188,000.00	88,500.00	-
Net cash received (paid) from operation		56,676,749.56	329,690,137.79	390,212,107.61
Payment of interest expenses		(8,173,126.42)	(1,362,420.87)	(309.25)
Payment of Corporate income tax		(153,562,927.30)	(91,641,842.34)	(29,097,707.57)
Net cash provided by (Used in) operating activities		(105,059,304.16)	236,685,874.58	361,114,090.79

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## SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

		B A H T			
		Consolidated Financial Statement		Separarate Financial Statement	
		For the year ended December 31		For the year ended December 31	
NOTE		2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES :					
Cash proceed (paid) on sales (purchase)					
- for temporary investment	5.1	98,866,954.41	171,383,425.62	98,866,954.41	171,383,425.62
Cash received from sale of available for sale investment	5.2	19,907,631.08	(59,996,794.54)	19,907,631.08	(59,996,794.54)
Cash paid for short-term loan to subsidiary	3.2	-	-	(89,000,000.00)	163,000,000.00
Acquisition of property, plant and equipment	9	(31,179,356.17)	(54,605,277.88)	(2,232,026.39)	(21,658,743.93)
Cash received from sales of property and equipment		479,737.77	1,465,284.84	381,060.75	32,848.24
Acquisition of intangible assets		(1,228,400.00)	(6,359,400.00)	(40,000.00)	(1,000,000.00)
Net cash provide by (Used in) investing activities		86,846,567.09	51,887,238.04	27,883,619.85	251,760,735.39
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend Paid	17	(385,961,770.00)	(410,206,517.00)	(385,730,000.00)	(410,050,000.00)
Bank overdrafts and short-term loans received from					
- financial institutions increase(decrease)		408,904,890.06	138,162,831.78	-	-
Net Cash Provided by (Used in) Financing Activities		22,943,120.06	(272,043,685.22)	(385,730,000.00)	(410,050,000.00)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - NET		4,730,382.99	16,529,427.40	3,267,710.64	2,680,735.48
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4	60,416,139.44	43,886,712.04	16,760,554.51	14,079,819.03
CASH AND CASH EQUIVALENTS, END OF PERIOD	4	65,146,522.43	60,416,139.44	20,028,265.15	16,760,554.51

The accompanying notes to financial statements are an integral part of these financial statements.

(Signed)..........Director

(Signed)..........Director

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**SABINA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. GENERAL INFORMATION**

**1.1 General matter**

SABINA PUBLIC COMPANY LIMITED (Formerly J & D Apparel Company Limited) was incorporated as a limited company under the Civil and Commercial Code on August 17, 1995, and changed its status to a Public Company Limited under the Public Company Limited Act and changed its name to be SABINA PUBLIC COMPANY LIMITED on May 18, 2007. The address of the head office is 177 Moo 8, Wang kaituen Sub-district, Han- ka District, Chai-nart Province. There is a plant as its branch at 236 Moo 10, Doo Tung Sub-district, Mueng District, Yasothon Province. The company gets privilege in investment promotion from The Board of Investment. On December 28, 2010, the company established two factory's branches which located at 81 and 106 Moo 6, Nhong-Boht Sub-district, Nang-Rong District, Burirum province The company operates its business in Thailand and the main business is producing and distributing ready made clothes which main product is lady's underwear.

SABINA FAREAST COMPANY LIMITED which is a subsidiary, was incorporated as a limited company under the Civil and Commercial Code on January 11, 1977. The address of the head office is 12 Arun-Amarin Road ,Arun-Amarin Sub-district, Bangkok Noi District, Bangkok Province. There are plants, which Ta Pra plant located at 93/8 Soi Pet Ka Seam 7, Pet Ka Seam Road, TA PA Sub-district, Bangkok Yai District, Bangkok Province, and Budhamonthon Soi 5 plant located at Rai Keing Sub-district, Sam Pran District, Nakonpathom Province. The subsidiary company operates its business in Thailand and the main business is producing and distributing ready made clothes which main product is lady's underwear.

**1.2 Basis for preparation of interim financial statements**

The company's financial statements have been prepared in accordance with financial reporting standards including guidelines promulgated by the Federation of Accounting Professional

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

An English language version of the interim financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the interim financial statements in Thai language shall prevail.

### 1.3 Basis for preparation of consolidated of interim financial statements

The consolidated financial statements incorporated the financial statements of Sabina Public Company Limited and Sabina Fareast Company Limited, its subsidiary, which 99.90 % of share hold by the Company (treated 100% in the consolidate preparation), and being under common controls with the Company. For the purpose of the consolidation, all significant inter-company transactions and all inter-company account balances have been eliminated.

### 1.4 Related parties

Enterprises that directly or indirectly control by the Company, or are under common shareholders/ director controls are as follows:

Name	Type of business	Relationship	Share holding (%)
<u>Subsidiary</u>			
- Sabina Fareast Co., Ltd.	Producing and distributing ready made clothes and lady's underwear	Shares holding and joint directors	99.90%

### 1.5 Restructure of company and its subsidiary's shareholders structure

In March 2007, the Company acquired 448,495 shares of a subsidiary's capital shares from its existing shareholder, who is the related parson, at par value of Baht 100 per share, while the book value of the share as of December 31, 2006 is approximately Baht 247.29 million and booked as investment in subsidiary amounting to Baht 44.85 million. The Company has presented the difference between book value of the subsidiary company and cost of the investment in others components of equity.

In 2018 and 2019, the subsidiary company paid dividend to the Company in amount of Baht 150.64 million and Baht 165.13 million, resulting in the difference is eliminated.

### 1.6. ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

#### 1.6.1 Financial reporting standards which are effective for the current year

During the year, the Company adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2019. Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

### 1.6.2 Financial reporting standards which are not effective for the current year

The Federation of Accounting Professions has issued the new accounting standard, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after January 1, 2020 as follows:

#### Accounting Standard

- TAS 1 Presentation of Financial Statements
- TAS 2 Inventories
- TAS 7 Statement of Cash Flows
- TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- TAS 10 Events after the Reporting Period
- TAS 12 Income Taxes
- TAS 16 Property, Plant and Equipment
- TAS 19 Employee Benefits
- TAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- TAS 21 The Effects of Changes in Foreign Exchange Rates
- TAS 23 Borrowing Costs
- TAS 24 Related Party Disclosures
- TAS 26 Accounting and Reporting by Retirement Benefit Plans
- TAS 27 Separate Financial Statements
- TAS 28 Investments in Associates and Joint Ventures
- TAS 29 Financial Reporting in Hyperinflationary Economies
- TAS 32 Financial Instruments: Presentation
- TAS 33 Earnings per Share
- TAS 34 Interim Financial Reporting
- TAS 36 Impairment of Assets
- TAS 37 Provisions, Contingent Liabilities and Contingent Assets
- TAS 38 Intangible Assets
- TAS 40 Investment Property
- TAS 41 Agriculture

#### Financial Reporting Standard

- TFRS 1 First - time Adoption of International Financial Reporting Standards
- TFRS 2 Share - based Payment

TFRS 3 Business Combinations

TFRS 4 Insurance Contract

#### Financial Reporting Standard

TFRS 5 Non - current Assets Held for Sale and Discontinued Operations

TFRS 6 Exploration for and Evaluation of Mineral Resources

TFRS 7 Financial Instruments: Disclosures

TFRS 8 Operating Segments

TFRS 9 Financial Instruments

TFRS 10 Consolidated Financial Statements

TFRS 11 Joint Arrangements

TFRS 12 Disclosure of Interests in Other Entities

TFRS 13 Fair Value Measurement

TFRS 15 Revenue from Contracts with Customers

TFRS 16 Leases

#### Accounting Standard Interpretations

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

TSIC 29 Service Concession Arrangements: Disclosures

TSIC 32 Intangible Assets - Web Site Costs

#### Financial Reporting Standard Interpretations

TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities

TFRIC 5 Rights to Interests arising from Decommissioning,  
Restoration and Environmental Rehabilitation Funds

TFRIC 7 Applying the Restatement Approach under TAS 29  
Financial Reporting in Hyperinflationary Economies

TFRIC 10 Interim Financial Reporting and Impairment

TFRIC 12 Service Concession Arrangements

TFRIC 14 TAS 19 - The Limit on a Defined Benefit Asset,  
Minimum Funding Requirements and their Interaction

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 17 Distributions of Non - Cash Assets to Owners

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

TFRIC 21 Levies

TFRIC 22 Foreign Currency Transactions and Advance Consideration

TFRIC 23 Uncertainty over Income Tax Treatments

The management of the Company has assessed TAS, TFRS, TSIC and TFRIC which are effective for financial statement year beginning on or after January 1, 2020 as follows:

1) TAS 1, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 19, TAS 21, TAS 24, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TFRS 8, TFRS 13 and TFRS 15 will not have material impact on the financial statements when they are applied.

2) The management of the Company is currently evaluating the impact of TAS 32, TFRS 7, TFRS 9, TFRS 16, TFRIC 16 and TFRIC 19 to the financial statements when they are adopted.

3) The other TAS, TFRS, TSIC and TFRIC which have not been stated in No.1) and 2) are not relevant to the Company business, therefore they do not have impact on the financial statement when they are applied.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company has significant accounting policies as follows :-

### 2.1 Revenue and expense recognition

The company records revenue and expenses on an accrual basis.

- Sales revenue are recognized as revenue once the goods have been transferred to customers, that is, when the goods are delivered, except in the case of revenue from sales of products manufactured by customers with special orders will recognize income by considering the stage of work completion
- Service income will be recorded as income by considering Stage of success
- Interest income is recognized as income on an accrual basis, taking into account the real rate of return.

Dividends are recognized as income when the company has the right to receive dividends.

### 2.2 Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows consist of cash on hand, and banks

saving and current deposits with an original maturity of three months or less.

### 2.3 Temporary investment

Investment which the Company intend to held less than one year period, consists of investment Mutual fund,

Trading security, Available-for-sale security, other investment, debts instrument due within one year.

Investment in trading security and mutual fund are presented in fair value. Change in the value of the investments is recorded as gain or loss in the statements of income.

Investment in available-for-sale security is presented in fair value. Change in the value of the investments is recorded as premium on share capital in shareholders' equities.

Fair value of the marketable securities is calculated from the latest bidding price of the securities on the last working day of the year of the Stock Exchange of Thailand.

If the category of investment is changed, the Company will adjust the value of the investment using fair value of the changed date. Differences between the book value and fair value on the changed date is recorded as gain or loss in the statements of income or recorded as capital premium or (deficit) from change in value of shareholders' equities depends on type of the investment that is changed.

#### 2.4 Allowance for doubtful accounts

Allowance for doubtful accounts is estimated based on those receivables that might be uncollectible. The estimation is based upon the experience and the current status of existing receivables.

#### 2.5 Inventories

Inventories, working process and raw material are stated at the lower of cost (FIFO) or net realizable value.

Company has estimated amount of inventory impairment or inventory obsolete to be expenses by considering of the condition of inventories and trend of consumer preference.

#### 2.6 Investments in subsidiary

Investments in subsidiary, which is the companies in which the Group, directly or indirectly, has an interest

of more than one half of the voting rights or otherwise has power to exercise control over the financial and

operating policies, has been consolidated. Subsidiary is consolidated from the date on which effective control is transferred to the Group and is no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealized gains (losses) on transactions between group companies have been eliminated.

Investment in subsidiary (in the Separate financial statements) is stated at the cost method.

## 2.7 Property, plant and equipments

Lands and land improvements are stated at cost.

Building, building improvement and equipment stated at cost less accumulated depreciation.

Depreciation is computed by the straight-line method over the estimated useful life as follows ;

	Year
Building and building improvement	20
Machinery and equipment	10
Computer equipment	3
Fixture, equipment and furniture	5
Vehicles	5

## 2.8 Foreign currency transactions

Transactions in foreign currencies are converted at the exchange rate of the transaction date. Assets and

liabilities in foreign currencies at the end of period are converted at average (buying and selling) rate that

Bank of Thailand announce at date of statement of financial position. Gain or loss from conversion is included in the Statements of Income.

## 2.9 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to business combination or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities at the reporting date and tax base of the relating assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 2.10 Employees benefits

The Company and its subsidiary recognize salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits as expenses when incurred.

Severance Payment as specified in Thai Law are recognized as expenses in the income statement along the service period of employees. The Company and its subsidiaries' post-employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method. However, the actual benefit obligation may be different from the estimate.

The Company and its subsidiary recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

The Company and its subsidiaries recognized termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Past service costs are recognized in the income statement when the Company and its subsidiaries' plan amendment or curtailment occurs, or recognition in related restructuring costs or termination benefits.

## 2.11 Accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ.

## 2.12 Basic earnings (loss) per share

Basic earnings (loss) per share is determined by dividing the net profit (loss) by the weighted average number of issued and paid-up of common shares at the end of accounting period.

## 3. RELATED PARTY TRANSACTIONS

The Company had certain accounting transactions with its subsidiary and related persons, which were considered as a normal business practice. The transactions were based on the general market price and in cases where market price was not available, the contract price was used.

Balance of assets and liabilities, accounting and business transactions with subsidiary and related person presented in the statements of financial position as of December 31, 2019 and 2018 are as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	Dec-31, 2019	Dec-31, 2018	Dec-31, 2019	Dec-31, 2018
<b>ASSETS</b>				
<b>3.1 Trade Receivable</b>				
<u>Subsidiary Company</u>				
Sabina Fareast Co., Ltd.	-	-	353,201,045.77	390,472,452.07
Less : Allowance for doubtful	-	-	-	-
Trade receivable – Related parties net	-	-	353,201,045.77	390,472,452.07

The outstanding balance of above trade receivable is undue amount.

### 3.2 Short-term loan to related party

Movement of short - term loan to related party is as follows;

	Baht			
	Balance As of	Increase	Decrease	Balance As of
	December 31, 2018			December 31, 2019
<u>Subsidiary Company</u>				
Sabina Fareast Co., Ltd.	15,000,000.00	249,000,000.00	(160,000,000.00)	104,000,000.00
				3% p.a.
	15,000,000.00	249,000,000.00	(160,000,000.00)	104,000,000.00

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Liability</b>				
<b>3.3 Account Payable</b>				
<u>Subsidiary Company</u>				
Sabina Fareast Co., Ltd.	-	-	2,465,680.27	3,593,354.54
Accounts payable – Related parties	-	-	2,465,680.27	3,593,354.54

### 3.4 Related party transactions for the year ended December 31, 2019 and 2018 are as follows:

	BAHT				Transfer
	Consolidated Financial Statement		Separate Financial Statement		Pricing
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	Policy
<u>Subsidiary company</u>					
Sales of finished goods	-	-	774,996,355.00	762,476,817.00	Contract price
Sawing service cost	-	-	103,766,204.00	102,798,142.00	"
Purchase of raw materials	-	-	17,085,003.85	20,145,762.67	"
Rent of office space and warehouse	-	-	1,476,000.00	1,476,000.00	"
Cutting service cost	-	-	21,305,083.35	23,884,364.63	"
Interest income	-	-	681,862.99	3,199,432.90	"
Dividend Received	-	-	223,068,230.00	150,643,480.00	"

### 3.5 MANAGEMENT REMUNERATIONS

Management remunerations consist of salary, bonus, director attendance fee etc.

Management remuneration for the year ended December 31, 2019 and 2018 as follow;

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	2019	2018	2019	2018
Benefits – Short-term	41,388,653.96	40,843,241.37	41,388,653.96	40,843,241.37
Benefits – After retirement	14,557,133.33	4,126,993.00	14,557,133.33	4,126,993.00
Benefits – Long-term	-	-	-	-
Total	55,945,787.29	44,970,234.37	55,945,787.29	44,970,234.37

### 4. CASH AND CASH EQUIVALENTS

For the purpose of preparation of the statement of cash flows with relevant accounting standards, as of December 31, 2019 and 2018 are consisted as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash	8,954,426.46	6,622,894.05	441,128.25	268,573.25
Cash at banks and financial institution	56,192,095.97	53,793,245.39	19,587,136.90	16,491,981.26
Total Cash and Cash Equivalents	65,146,522.43	60,416,139.44	20,028,265.15	16,760,554.51

## 5. TEMPORARY INVESTMENT

Temporary investment as of December 31, 2019 and 2018 are consisted as follows:

### 5.1 INVESTMENT IN MUTUAL FUND

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Investment in Commercial paper fund				
K-Treasury Fund	99,188,533.02	198,055,487.43	99,188,533.02	198,055,487.43
Total Temporary Investments	99,188,533.02	198,055,487.43	99,188,533.02	198,055,487.43

### 5.2 INVESTMENT IN AVAILABLE-FOR-SALE SECURITIES

As of December 31, 2019 and 2018 Investment in available-for-sale securities of the Company and its subsidiary are as follow;

	BAHT					
	Consolidated Financial Statement / Separate Financial Statement					
	December 31, 2019			December 31, 2018		
	Cost	Unrealized Profit (loss)	Fair Value	Cost	Unrealized Profit (loss)	Fair Value
Marketable Security	142,756,794.54	(63,999,794.54)	78,757,000.00	162,756,794.54	(61,839,952.74)	100,916,841.80
Total	142,756,794.54	(63,999,794.54)	78,757,000.00	162,756,794.54	(61,839,952.74)	100,916,841.80

Movement of the unrealized profit (loss) of the available-for-sale securities for the year ended December 31, 2019 are as follow;

	BAHT	
	Consolidated Financial Statement	Separate Financial Statement
Balance as of January 1, 2019	100,916,841.80	100,916,841.80
The increase(decrease)during the year	(20,000,000.00)	(20,000,000.00)
Movement during the year	(2,159,841.80)	(2,159,841.80)
Balance as of December 31, 2019	78,757,000.00	78,757,000.00

## 6. TRADE RECEIVABLES – OTHER PARTIES - NET

Trade receivables – other parties as of December 31, 2019 and 2018 are consisted as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Trade receivables– other parties	417,414,629.02	402,269,830.69	10,168,548.84	664,484.29
<u>Less: Allowance for doubtful account</u>	-	-	-	-
Trade receivables–other parties - net	417,414,629.02	402,269,830.69	10,168,548.84	664,484.29

As of December 31, 2019 and 2018 trade receivables–other parties were classified by aging of debt outstanding are as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Trade receivables– other parties				
- Current	404,965,758.47	375,275,858.33	10,168,548.84	664,484.29
- Overdue 0 - 3 months	12,446,091.20	14,891,605.61	-	-
- Overdue 4 - 6 months	2,779.35	8,113,777.50	-	-
- Overdue 7 - 12 months	-	3,988,589.25	-	-
- Overdue over 12 month	-	-	-	-
Trade receivables–other parties - net	417,414,629.02	402,269,830.69	10,168,548.84	664,484.29

## 7. INVENTORIES - NET

As of December 31, 2019 and 2018 inventories – net are consisted as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Finished goods	1,349,721,365.11	885,083,440.04	-	-
Work in process	147,318,696.03	141,389,866.47	94,444,579.18	101,599,352.05
Raw materials	46,495,269.95	50,136,693.44	18,239,529.97	19,235,647.43
Supplies	6,496,038.69	6,555,906.06	2,009,738.10	2,790,635.95
Inventories in transit	29,756,498.65	50,337,082.58	-	-
Total	1,579,787,868.43	1,133,502,988.59	114,693,847.25	123,625,635.43
Less: Allowance for obsolete	(16,000,000.00)	(16,000,000.00)	-	-
Inventories – net	1,563,787,868.43	1,117,502,988.59	114,693,847.25	123,625,635.43

As of December 31, 2019 and 2018 the balance of inventories in subsidiary's account which purchased from the Company have been presented net from profit in inventories totaling of Baht 185,864,753.00 and Baht 178,608,500.00 respectively (eliminated in consolidated financial statement).

Movement of allowance for obsolete inventories account for the year ended December 31, 2018 is as follow;

	BAHT	
	Consolidated	Separate
Balance as of January 1, 2019	16,000,000.00	-
Increase during the year	-	-
Balance as of December 31, 2019	16,000,000.00	-

## 8. LONG-TERM INVESTMENT

During August 2017 the Company invested in 5,000 units subordinated perpetual debentures of CP All Public Company Limited, face value 1,000 Baht per unit, total amount of Baht 5,000,000, which redeem upon company liquidation with the issue's right to early redemption. The interest will be paid semi annually and unconditional interest deferral. Interest rate is float rate which the rate during 1<sup>st</sup> to 5<sup>th</sup> year is 5% per annum, after that the rate is sum of (a) the rate of 5 years government bond, and (b) Initial Credit Spread, and (c) the stated rate of each periods.

9. PROPERTY, PLANT AND EQUIPMENT - NET

BAHT					
Consolidated Financial Statement					
As of					As of
Dec-31, 2018	Increase	Decrease	Transfer - In	Transfer - Out	Dec-31, 2019
119,012,674.5	-	-	-	-	119,012,674.50
328,222,917.4	-	-	6,853,648.61	-	335,076,566.05
302,683,061.3	858,000.00	(1,118,306.96)	137,088.40	-	302,559,842.79
15,573,876.11	1,069,763.69	(178,695.89)	-	-	16,464,943.91
158,107,693.46	1,270,406.37	(243,977.29)	8,787,300.00	-	167,921,422.54
56,493,127.36	1,468,764.55	(513,484.95)	1,470,000.00	-	58,918,406.96
34,181,857.38	-	(8,048,909.36)	-	-	26,132,948.02
960,012.37	5,149.53	(3,738.32)	-	-	961,423.58
-	394,551.58	-	-	(394,551.58)	-
51,867,244.23	6,414,209.67	(3,334,619.28)	-	-	54,946,834.62
391,850.00	19,698,510.78	-	-	(16,853,485.43)	3,236,875.35
<u>1,067,494,314.20</u>	<u>31,179,356.17</u>	<u>(13,441,732.05)</u>	<u>17,248,037.01</u>	<u>(17,248,037.01)</u>	<u>1,085,231,938.32</u>
(251,532,451.21)	(11,486,123.77)	-	-	-	(263,018,574.98)
(255,831,992.85)	(8,253,402.96)	1,118,292.96	-	-	(262,967,102.85)
(12,706,538.90)	(974,946.28)	178,663.89	-	-	(13,502,821.29)
(127,391,585.74)	(12,626,886.21)	243,951.29	-	-	(139,774,520.66)
(49,273,062.56)	(3,334,784.11)	513,422.95	-	-	(52,094,423.72)
(33,021,224.21)	(339,999.60)	8,048,908.36	-	-	(25,312,315.45)
(908,260.80)	(23,043.41)	3,737.32	-	-	(927,566.89)
(43,166,639.54)	(5,714,760.81)	3,334,333.28	-	-	(45,547,067.07)
<u>(773,831,755.81)</u>	<u>(42,753,947.15)</u>	<u>13,441,310.05</u>	<u>-</u>	<u>-</u>	<u>(803,144,392.91)</u>
293,662,558.39					282,087,545.41

Depreciation for the year ended December 31, 2019 and 2018 has been included in cost of goods sold, and selling and administrative expenses as follows:

	BAHT	
	2019	2018
Cost of goods sold	22,542,014.38	20,956,363.12
Selling and administrative	20,211,932.77	23,396,556.38
<b>Total</b>	<b>42,753,947.15</b>	<b>44,352,919.50</b>

## BAHT

## Separate Financial Statement

	As of Dec-31, 2018	Increase	Decrease	Transfer - In	Transfer - Out	As of Dec-31, 2019
<b>COST :</b>						
Land	17,424,744.50	-	-	-	-	17,424,744.50
Building & building improvement	145,309,135.22	-	-	394,551.58	-	145,703,686.80
Machinery & equipment	175,350,580.70	413,500.00	(1,118,306.96)	-	-	174,645,773.74
Tools & supplies	5,671,647.94	705,320.02	(126,886.36)	-	-	6,250,081.60
Furniture & fixture	10,792,287.69	311,979.65	(216,977.29)	-	-	10,887,290.05
Office equipments	8,039,881.30	401,525.61	(122,092.43)	-	-	8,319,314.48
Vehicles	9,003,299.06	-	(1,010,280.37)	-	-	7,993,018.69
Other equipments	960,012.37	5,149.53	(3,738.32)	-	-	961,423.58
Construction in progress	-	394,551.58	-	-	(394,551.58)	-
Assets installation in progress	-	-	-	-	-	-
<b>Total cost</b>	<b>372,551,588.78</b>	<b>2,232,026.39</b>	<b>(2,598,281.73)</b>	<b>394,551.58</b>	<b>(394,551.58)</b>	<b>372,185,333.44</b>
<b>Less: Accumulated depreciation</b>						
Building & building improvement	(111,295,900.90)	(6,371,901.55)	-	-	-	(117,667,802.45)
Machinery & equipment	(148,696,674.20)	(4,464,482.10)	1,118,292.96	-	-	(152,042,863.34)
Tools & supplies	(4,357,703.52)	(477,543.54)	126,856.36	-	-	(4,708,390.70)
Furniture & fixture	(9,750,674.62)	(330,821.56)	216,955.29	-	-	(9,864,540.89)
Office equipments	(7,222,261.31)	(370,655.63)	122,044.43	-	-	(7,470,872.51)
Vehicles	(9,003,292.06)	-	1,010,279.37	-	-	(7,993,012.69)
Other equipments	(908,260.80)	(23,043.41)	3,737.32	-	-	(927,566.89)
<b>Total accumulated depreciation</b>	<b>(291,234,767.41)</b>	<b>(12,038,447.79)</b>	<b>2,598,165.73</b>	<b>-</b>	<b>-</b>	<b>(300,675,049.47)</b>
<b>Property, plants and equipment -net</b>	<b>81,316,821.37</b>					<b>71,510,283.97</b>

Depreciation for the year ended December 31, 2019 and 2018 has been included in cost of goods sold, and selling and administrative expenses as follows:

	BAHT	
	2019	2018
Cost of goods sold	11,313,927.19	10,773,922.24
Selling and administrative expenses	724,520.60	474,922.36
<b>Total</b>	<b>12,038,447.79</b>	<b>11,248,844.60</b>

The Company has pledged a part of land, buildings and machineries owned by company and subsidiary as collateral with banks for the Company's credit facilities.

## 10. INTANGIBLE ASSETS

	BAHT				
	Consolidated Financial Statement				
	As of Dec-31, 2018	Increase	Decrease	Transfer	As of Dec-31, 2019
Cost:					
Computer Software	32,272,994.09	364,400.00	-	774,000.00	33,411,394.09
Software under installation	2,000,000.00	864,000.00	-	(774,000.00)	2,090,000.00
Total	34,272,994.09	1,228,400.00	-	-	35,501,394.09
Less: Accumulated amortization expenses					
Computer Software	(25,663,637.17)	(1,148,245.50)	-	-	(26,811,882.67)
Total	(25,663,637.17)	(1,148,245.50)	-	-	(26,811,882.67)
Intangible assets – net	8,609,356.92				8,689,511.42

Amortization expenses for the year ended December 31, 2019 and 2018 has been included as selling and administrative expenses in the consolidated financial statement are as follow;

	BAHT	
	2019	2018
Cost of goods sold	112,929.15	133,379.95
Selling and administrative expenses	1,035,316.35	1,166,082.53
Total	1,148,245.50	1,299,462.48

	BAHT				
	Separate Financial Statement				
	As of Dec-31, 2018	Increase	Decrease	Transfer	As of Dec-31, 2019
Cost:					
Computer Software	2,469,288.38	-	-	-	2,469,288.38
Software under	1,000,000.00	40,000.00			1,040,000.00
Total	3,469,288.38	40,000.00	-	-	3,509,288.38
Less: Accumulated amortization expenses					
Computer Software	(2,469,239.38)	-	-	-	(2,469,239.38)
Total	(2,469,239.38)	-	-	-	(2,469,239.38)
Intangible assets – net	1,000,049.00				1,040,049.00

Amortization expenses for the year ended December 31, 2019 and 2018 has been included as selling and administrative expenses in the consolidated financial statement are as follow;

	BAHT	
	2019	2018
Cost of goods sold	-	-
Selling and administrative	-	-
Total	-	-

#### 11. LEASEHOLD RIGHT -NET

As of December 31, 2019 and 2018 leasehold right – net are consisted as follows:

	BAHT			
	Consolidated Financial Statement			
	As of Dec-31, 2018	Increase	Decrease	As of Dec-31, 2019
<u>LEASEHOLD RIGHT</u>				
COST	73,968,316.67	-	-	73,968,316.67
<u>Less:</u> Accumulated Amortization	(60,826,970.30)	(4,468,815.24)	-	(65,295,785.54)
Leasehold Right - net	13,141,346.37			8,672,531.13

Amortization for the year ended December 31, 2019 and 2018 have been included in cost of goods sold, and selling and administrative expenses as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	2019	2018	2019	2018
Selling expenses	4,468,815.24	4,468,815.24	-	-
Total	4,468,815.24	4,468,815.24	-	-

## 12. BANK OVERDRAFTS AND SHORT TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short term loans from financial institution as of December 31, 2019 and 2018 were consisted of the follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Bank overdrafts	-	-	-	-
Short term loan	426,000,000.00	120,000,000.00	-	-
Loan on trust receipt	139,067,721.84	36,162,831.78	-	-
Total	565,067,721.84	156,162,831.78	-	-

The Company and its subsidiary have entered into the bank overdraft and short term loan agreement with several banks. The interest rate was ranging from 1.85% to 7.675% per annum. The Company and its subsidiary pledged its land, buildings and machinery as collateral with the banks. Besides, the company's director and shareholder are also guarantor for the loans.

## 13. OTHER PAYABLES

As of December 31, 2019 and 2018 other payables are consisted as follows:

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Advance for merchandise	7,966,468.78	2,347,591.90	7,402,360.74	617,697.89
Accrued expenses	187,721,650.56	222,109,765.67	16,991,977.01	76,789,981.59
Accrued dividend	700,051.17	611,405.11	700,051.17	671,881.11
Total	196,388,170.51	225,068,762.68	70,094,388.92	78,079,560.59

#### 14. EMPLOYEES' BENEFIT OBLIGATION

Movements of present value of employee benefit obligation for the year ended December 31, 2019 and 2018 were as follows:

	Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	For the year ended	For the year ended	For the year ended	For the year ended
	Dec-31, 2019	Dec-31, 2018	Dec-31, 2019	Dec-31, 2018
Employee benefits obligation as of beginning of years	95,623,146.00	81,696,070.00	61,521,400.00	52,038,450.00
Payment of Employees' benefit	(14,614,539.33)	(4,212,838.00)	(10,197,340.67)	(1,928,761.00)
Increase due to revising Labour law	14,011,496.00	-	3,669,350.00	-
Current service cost and interest cost	20,633,026.00	18,139,914.00	10,567,867.00	11,411,711.00
Employee benefits obligation as of ending of years	115,653,128.67	95,623,146.00	65,561,276.33	61,521,400.00

Expenses recognized in statements of income for the year ended December 31, 2019 and 2018 are as follow;

	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	2019	2018	2019	2018
Current service cost	18,055,146.00	15,937,394.00	9,057,035.00	9,881,691.00
Interest cost	2,577,880.00	2,202,520.00	1,510,832.00	1,530,020.00
Total	20,633,026.00	18,139,914.00	10,567,867.00	11,411,711.00

The principle actuarial assumptions used to calculate the provision under the retirement benefit obligation as of

December 31, 2019 are as follows:

	Consolidated Financial Statement	Separate Financial Statement
Discount rate	2.33 %	2.33%
Salary scale increase rate	3.00 %	3.00 %
Employee with voluntary resignation before retirement	0-67 %*	0-52 %*
Mortality rate	TMO 2017 **	TMO 2017 **

\* Based on rate weighted by age group of employee

\*\* Reference to Thai Mortality ordinary Table of 2017 common type

### Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that was reasonably possible for the year 2019 as follows:

- If the discount rate increases (decreases) by 1.0%, the employee benefit obligation would decrease Baht 3.09 million (increases Baht 3.49 million)
- If the salary increase rate increases (decreases) by 1.0%, the employee benefit obligation would increase Baht 3.33 million (decrease Baht 3.01 million).
- If the Employee with voluntary resignation before retirement increases (decreases) by one year for all employees, the employee benefit obligation would decrease Baht 3.33 million (increases Baht 1.95 million). In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statement of financial position.

On December 13, 2018, the National Legislative Assembly approved draft of Labour Protection Act. The main point is increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. Which announcement in the Government Gazette on April 4, 2019. Provisions for the employee benefits obligation which calculated by Actuarial is increasing amount of Baht 14,011,496.00. The Company recorded the amount as the past service cost in the statement of income in second quarter of 2019.

## 15. REGISTERED CAPITAL

15.1 On May 15, 2008 the Company common shares have been approved to be a registered security in SET and the share initial trading has been started since that date.

15.2 On July 26, 2012, an extra ordinary shareholder meeting no 1/2012 had approved a resolution to change number of shares and par value of the share capital from; a registered capital of Baht 347,500,000 with 69,500,000 shares at Baht 5.00 par value to a registered capital of Baht 347,500,000 with 347,500,000 shares at Baht 1.00 par value. The change was registered with the Ministry Commerce on July 27, 2012.

## 16. LEGAL RESERVE

According to public company legislation 1992, the Company has to allocate a portion of net profit for the year to be Legal Reserve not less than 5% of profit of the year. The allocation of Legal Reserve should be deducted with the beginning balance of deficit (if any) until the balance of Legal Reserve not less than 10% of registered capital. The Company cannot pay dividend from the Legal Reserve.

## 17. DIVIDEND PAYMENT

On April 9, 2018 , the shareholder meeting no. 1/2018 has approved to pay dividend for the year 2017 to shareholders, at Baht 0.68 per share for the 347.50 million shares, total amount of Baht 236.30 million, which was paid in May 2018.

On August 7, 2018, the shareholder meeting no. 3/2018 has approved to pay interim dividend for the six month period to shareholders, at Baht 0.50 per share for the 347.50 million shares, total amount of Baht 173.75 million, which was paid in September 2018.

On April 23, 2019, the shareholder meeting no. 1/2019 has approved to pay dividend for the year 2018 to shareholders, at Baht 0.54 per share for the 347.50 million shares, total amount of Baht 187.65 million, which will be paid in May 2019.

On August 13, 2019 , the shareholder meeting no. 3/2019 has approved to pay interim dividend for the six month period to shareholders, at Baht 0.57 per share for the 347.50 million shares, total amount of Baht 198.08 million

On February 21, 2020, the shareholder meeting no. 1/2020 has approved to pay dividend for the year 2019 to shareholders, at Baht 0.62 per share for the 347.50 million shares, total amount of Baht 215.45 million.

## 18. INCOME TAX EXPENSE

In accordance with taxable conditions on Thailand's revenue code, the Company and its subsidiaries have calculated its net taxable profit (loss) by taking both any for bidding expenditures and any reduced or exceptionable accounting transactions to adding - up or deducting from net profit (loss) under accounting base.

The Company has calculated income tax on its taxable profit for the years 2019 and 2018 at the rate 20%.

18.1 Income tax expense for the year ended December 31, 2019 and 2018, consisted of;

## BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Income tax charge of current periods	154,368,014.62	129,749,818.81	24,351,192.68	23,927,813.96
Deferred income tax Expense (Revenue)				
from temporary difference	-	-	-	-
Effects of deferred income tax				
from change of tax rates	(51,571,736.77)	(40,486,718.13)	(807,975.25)	(1,896,590.00)
Income tax expense presented				
in the statement of income	102,796,277.85	89,263,100.68	23,543,217.43	22,031,223.96

18.2 Income tax relating to components of statements of comprehensive income – other for the year ended December 31, 2019 and 2018 consisted of :

## BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax expense (income) presented	12,799,958.91	12,367,990.55	12,799,958.91	12,367,990.55
Deferred income tax relating to;				
- Investment in marketable securities	(2,159,841.80)	(14,204,952.74)	(2,159,841.80)	(14,204,952.74)
- Actuarial estimates	-	-	-	-
Deferred tax expense (income) presented	431,968.36	2,840,990.55	431,968.36	2,840,990.55
in statement of comprehensive income	(1,727,873.44)	(11,363,962.19)	(1,727,873.44)	(11,363,962.19)

18.3 The reconciliation of the income tax expense and the result of the multiplying of the accounting profit with tax rate for the year ended December 31, 2019 and 2018 are presented as the following:

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before corporate income tax	516,046,928.14	450,849,959.15	347,521,139.77	264,114,783.74
Corporate income tax rates	20%	20%	20%	20%
Accounting profit before corporate income-				
-Multiply by tax rates	103,209,385.63	90,169,991.83	69,504,227.95	52,822,956.75
Effects to deferred income tax	(51,571,736.77)	(40,486,718.13)	(807,975.25)	(1,896,590.00)
Effects of income and expenses-				
- not related to income tax	1,451,250.60	331,340.00	-	-
Income tax effects that is nondeductible in				
Calculation of profit:				
- Revenue exempted in tax calculation	45,056,241.97	35,232,873.18	(45,986,539.48)	(31,203,352.79)
-Nondeductible expenses	4,651,136.42	4,015,613.80	833,504.21	2,308,210.00
Income tax expense presented in the -				
Statement of Income	102,796,277.85	89,263,100.68	23,543,217.43	22,031,223.96

18.4 Components of deferred tax assets and deferred tax liabilities comprised of the following items;

	BAHT			
	Consolidated financial statements		Separate financial statements	
	As at Dec-31, 2019	As at Dec-31, 2018	As at Dec-31, 2019	As at Dec-31, 2018
<u>Deferred tax assets</u>				
Investment in marketable securities	12,799,958.91	12,367,990.55	12,799,958.91	12,367,990.55
Consignment receivable	300,297,673.76	241,541,749.22	-	-
Allowance for impairment of inventories	3,200,000.00	3,200,000.00	-	-
Employee benefit obligation	23,130,625.72	19,124,629.20	13,112,255.25	12,304,280.00
Total	339,428,258.39	276,234,368.97	25,912,214.16	24,672,270.55
<u>Deferred tax liabilities</u>				
Consignment inventories	(81,733,919.46)	(70,543,735.17)	-	-
Total	(81,733,919.46)	(70,543,735.17)	-	-
<u>Deferred tax assets – net</u>	257,694,338.93	205,690,633.80	25,912,214.16	24,672,270.55

## 19. PROVIDENT FUND

During year 2005, the Company and its employees agreed to establish employees' provident fund under authorization from Ministry of Finance as per provident fund legislation 1987. This provident fund is comprised of a portion of not less than 3% from employee's salary and a portion that contributed at the same amount from the Company. Employees entitle to receive money from provident fund if he/she resign and comply with its regulation. The provident fund is managed by MFC Public Co., Ltd.

## 20. COMMITMENT

### 20.1 Lease agreement and long term services

20.1.1 On June 1, 2019, company has entered into the lease of buildings agreement with Sabina Far East Co., Ltd., to use the buildings as company's office and warehouse for 3 years. The Company has a right to renew the lease agreement for 3 times at 3 years each. However the Company has to inform landlord by written in advance not less than 180 days. The rental is Baht 142,500 per month; landlord is responsible for municipal taxes. Landlord promised that it will not sell or dispose the assets in 12 years.

20.1.2 On June 12, 2009, the subsidiary has entered into another lease contract with the department store and for extension the lease period to another 10 years, which will expire in June 2020. The subsidiary had paid for the leasehold right for the 10 years approximately amounting to Baht 13.71 million.

The commitment for the long-term lease, which should be paid the rent and service in the future, as of December 31, 2019 are as follow;

#### The Company

<u>For the period</u>	<u>Unit (Million baht)</u>
Not over 1 year	1.71
Over 1 year but not over 5 years	2.42
Over 5 years	-
Total	<u>4.13</u>

#### The Subsidiary Company

<u>For the period</u>	<u>Unit (Million baht)</u>
Not over 1 year	82.82
Over 1 year but not over 5 years	69.18
Over 5 years	0.16
Total	<u>152.16</u>

## 20.2 Letter of bank guarantee

As of December 31, 2019 and 2018, the Company has letter of guarantee which issuing by the bank on behalf of company as follows:

Objective	BAHT			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
1. Guarantee for Custom Department	3.25	1.36	-	-
2. Others	3.25	3.25	1.34	1.34
Total	6.50	4.61	1.34	1.34

## 21. DISCLOSURE FOR FINANCIAL INSTRUMENTS

### Risk from foreign exchange rate

The Company and its subsidiary encounters risk in foreign exchange rate because company has foreign receivables and payables. However, the credit terms given or received from the receivables and payables are short period.

As of December 31, 2019 and 2018, the Company and its subsidiary have assets and liabilities in foreign currencies as follows:

	Amount in Foreign Currencies			
	Consolidated Financial Statement		Separate Financial Statement	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>ASSETS</u>				
US Dollar	1,083,288.26	535,453.39	354,197.16	49,884.43
Hong Kong Dollar	-	-	-	-
Euro Dollar	-	-	-	-
Pound Sterling	805,469.11	726,969.35	-	-
<u>LIABILITIES</u>				
US Dollar	914,863.24	580,701.98	301,909.54	64,057.22
Hong Kong Dollar	52,951.15	62,106.00	-	-
Euro Dollar	20,279.34	4,235.58	-	-
Pound Sterling	11,506.70	3,384.29	-	-

#### Risk from interest rate

The interest rate risk depends on the fluctuation of interest rate in financial market. The fluctuation of the interest rate may have impact on the company's operation and cash flows. However, management believes that risk is insignificant in the current financial market because company can generate enough income and cash flows to pay interest.

#### Risk from credit term

Credit risk refers to the risk that trade accounts receivable may default in its obligations resulting in a financial loss to company. However, since the company currently sells its products to creditworthy customers, it does not anticipate any material problem in collecting its debt. The concentration of credit risk with respect to trade receivable is limited because company's debtors are spread over in different area and type of business. Account receivable showed in the statement of financial position, net of a portion of allowance for doubtful debts, represents the maximum exposure to credit risk.

#### Fair value

The fair value of company's financial assets and liabilities determine by the following basis.

Consolidated and Separate Financial Statement					
(Thousand Baht)					
	Cost	Fair value			
		Level 1	Level 2	Level 3	Total
As of December 31, 2019					
<u>Current</u>					
Temporary Investment					
<i>Available-for-sale securities</i>	142,756	78,757	-	-	78,757

The fair value of the Group's investment were determined to the Level 1 under the fair value hierarchy as such current investment has a published quotation price in an active market.

## 22. FINANCIAL INFORMATION BY SEGMENT OF BUSINESS

Statements of income segmented by business for the year ended December 31, 2019 and 2018 are as follows:

	Consolidated Financial Statement (Million Baht)					
	December 31, 2019			December 31, 2018		
	Export	Domestic	Total	Export	Domestic	Total
Revenue						
Sales – net	373.27	2,906.22	3,279.49	332.91	2,756.93	3,089.84
Services income	-	0.24	0.24	-	-	-
	<u>373.27</u>	<u>2,936.46</u>	<u>3,279.73</u>	<u>332.91</u>	<u>2,756.93</u>	<u>3,089.84</u>
Cost of sales			(1,494.13)			(1,494.85)
Gross profit						1,594.99
Selling and administrative			(1,276.44)			(1,155.76)
Net profit from operation			509.16			439.23
Other income and expenses						
Other income			15.21			13.06
Financial cost			(8.33)			(1.44)
Total other income and expenses			6.88			11.62
Profit before income tax			516.04			450.85
Income tax expense			(102.79)			(89.26)
Net profit			<u>413.25</u>			<u>361.59</u>

Property, plant and equipment of company have been commonly used for export and domestic operations.

Statements of income segmented by business for the year ended December 31, 2019 and 2018 are as follows:

	Separate Financial Statement (million Baht)					
	December 31, 2019			December 31, 2018		
	Export	Domestic	Total	Export	Domestic	Total
Revenue						
Sales – net	43.03	778.67	821.70	35.69	762.48	798.17
Services income	-	103.76	103.76	-	102.80	102.80
Total revenue	<u>43.03</u>	<u>882.43</u>	<u>925.46</u>	<u>35.69</u>	<u>865.28</u>	<u>900.97</u>
Cost of sales			(713.04)			(703.16)
Gross profit			212.42			197.81
Selling and administrative			(98.56)			(91.32)
Net profit from operation			<u>113.86</u>			<u>106.49</u>
Other income and expenses						
Other income			233.66			157.62
Financial cost			-			-
Total other income and expenses			<u>233.66</u>			<u>157.62</u>
Profit before income tax			347.52			264.11
Income tax expense			(23.54)			22.03
Net profit			<u>323.98</u>			<u>242.08</u>

Property, plant and equipment of the Company have been commonly used for export and domestic operations.

#### Major customer information

During year 2019, the Company has earned from 3 major customers amounting to Baht 1,112 million.



## 23. EXPENSE BY NATURE

The significant expenses for the year ended December 31, 2019 and 2018 classified by nature are as follow;

	Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	2019	2018	2019	2018
Changes in finished goods -				
- and work in process	(470,566,754.63)	83,844,636.22	7,154,772.87	6,079,974.48
Purchase of finished goods	502,837,461.19	152,395,539.80	-	-
Raw material and supply usage	706,390,890.87	678,427,183.14	321,100,994.84	309,075,591.13
Employees' expenses -				
- (Exclude management)	698,729,234.49	700,812,179.07	132,857,176.82	148,428,886.93
Depreciation and Amortization	48,371,007.89	50,121,197.22	12,038,447.79	11,248,844.60
Transportation expense	16,663,024.80	14,376,869.72	30,582.46	17,225.00
Chemical supplies and				
-cost of analysis	7,910,684.21	9,775,800.87	245,490.00	208,815.00
Advertising and promotion	135,387,560.94	94,608,795.23	158,727.37	75,650.00

## 24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statement has been approved by the Company's board of directors on February 21, 2020

(Signed)  Director (Signed)  Director

**Particulars of Directors, Executives, Persons Controlling and Secretary the Company, and Directors of Subsidiaries**

Name / Title / Year for Director	Age (Year)	Education /Training	Share- holding ratio (%)	Relation- ship	Work experience during the past 5 years		
					Period	Title	Company and nature of business
1. Mr. Viroj Thanalongkorn (authorized director as per details in the Certificate of Company Registration)  Year for Director 3 May 2007	66	MINI MBA, Thammasat University  Thai Institute of Directors (IOD) - DAP 64/2007	46.10	Mrs. Suchanya Thanalong korn's brother	<u>Listed Company</u>		
					2007 - Present	- Chairman - Consultant of Executive Committee	- Sabina Plc. - Sabina Plc.
					<u>Subsidiary's Company</u>		
					1973 - Present	- Chairman	-Sabina Fareast Co., Ltd./design and manufacturing of ladies lingerie
2. Mr. Bunchai Punturaumporn (authorized director as per details in the Certificate of Company Registration / Nomination and remuneration committee)  Year for Director 3 May 2007	55	MBA (Marketing) , Thammasat University  Thai Institute of Directors (IOD) - DAP 63/2007 - EDP 5/2010 - HRP 6/2014 - FSD /2016 - BMT 6/2018	0.20	None	<u>Listed Company</u>		
					2015-Present	-Nomination and Remuneration Committee	- Sabina Plc
					2007 - Present	- Chairman of Executive Committee and Chief Executive Officer	- Sabina Plc.
					<u>Subsidiary's Company</u>		
					2007 - Present	- Chairman of Executive Committee and Director	- Sabina Fareast Co., Ltd./design and manufacturing of ladies lingerie
3. Mrs. Suchanya Thanalongkorn (Director)  Year for Director 26 July 2012	64	Bachelor of political Science Ramkhamhaeng University /  Thai Institute of Directors (IOD) - DAP 105/2013	-	Mr. Viroj Thanalong korn's sister	<u>Listed Company</u>		
					2012-Present	-Director	- Sabina Plc.
					<u>Other company</u> (not listed company)		
					2009-Present	-Managing Director	-36 Property

Name / Title / Year for Director	Age (Year)	Education /Training	Share- holding ratio (%)	Relation- ship	Work experience during the past 5 years		
					Period	Title	Company and nature of business
4. Mr. Somkid Pardungkiattisak (authorized director as per details in the Certificate of Company Registration)  Year for Director 24 April 2015	53	Bachelor's degree in cost accounting University of the Thai Chamber of Commerce/  Thai Institute of Directors (IOD) - DAP 120/2015 - EDP 16/2016 - ACPG /2016 - FSD34/2017 - BFI 5/2018 - CISA 13/2018	0.003	None	<u>Listed Company</u>		
					2015-Present	- Director, Executive Committee	-Sabina Plc.
						- Accounting and Financial director	-Sabina Plc.
					<u>Subsidiary's Company</u>		
5. Miss Somsri Sripatoomrak (authorized director as per details in the Certificate of Company Registration / Risk Management Committee)  Year for Director 3 May 2007	55	MBA (Marketing), Thammasat University /  Thai Institute of Directors (IOD) - DAP 63/2007 - EDP 8 - ACPG /2016	0.15	None	<u>Listed Company</u>		
					2018-Present	- Risk Management Committee	- Sabina Plc.
					2015-Present	-Director of Human Resource (Caretaker)	- Sabina Plc.
					2010-Present	-Director of Purchase and Production Preparation (Caretaker)	- Sabina Plc.
					2007 - Present	- Director and Executive Committee	- Sabina Plc..
					<u>Subsidiary's Company</u>		
					2015-Present	-Director of Human Resource (Caretaker)	-Sabina Fareast Co., Ltd.
					2010-Present	-Director of Purchase and Production Preparation (Caretaker)	-Sabina Fareast Co., Ltd.
					2007 - Present	- Director and Executive Committee	-Sabina Fareast Co., Ltd.

Name / Title / Year for Director	Age (Year)	Education /Training	Share- holding ratio (%)	Relation- ship	Work experience during the past 5 years		
					Period	Title	Company and nature of business
6. Miss Vachirawan Yamsri (Director / Risk Management Committee)  Year for Director 1 March 2012	54	Bachelor of political and administrative Science (finance) Chulalongkorn University /  Thai Institute of Directors (IOD) - DAP 99/2012 - EDP 10 - HRP 6/2014	0.01%	None	<u>Listed Company</u>		
					2018-Present	- Risk Management Committee	- Sabina Plc.
					2012 – Present	- Director and Executive Committee - Director of Production	-Sabina Plc.  - Sabina Plc.
					<u>Subsidiary's Company</u>		
					2012 – Present	- Director of Production	-Sabina Fareast Co., Ltd.
7. Miss Rawewan Peyayopanakul (Independent Director / Chairman of Audit Committee / Nomination and Remuneration committee)  Year for Director 3 May 2007	72	MBA (Accounting) , Michigan State University, USA. /  Thai Institute of Directors (IOD) - DAP ปี 2003 - ACP ปี 2005	-	None	<u>Listed Company</u>		
					2015-Present	- Nomination and Remuneration Committee	- Sabina Plc.
					2007 - Present	-Independent Director - Chairman of Audit Committee	- Sabina Plc.  - Sabina Plc.
					<u>Other company</u> (not listed company)		

Name / Title / Year for Director	Age (Year)	Education /Training	Share- holding ratio (%)	Relation- ship	Work experience during the past 5 years		
					Period	Title	Company and nature of business
8. Mr. Somchai Vanavit (Independent Director / Audit Committee / Chairman of the Nomination and Remuneration)  Year for Director 3 May 2007	70	MBA, Southeastern Louisiana University, USA. /  Thai Institute of Directors (IOD) - DAP 8/2004 - DCP 49/2004	-	None	<u>Listed Company</u>		
					2015-Present	-Chairman of the Nomination and Remuneration Committee	- Sabina Plc
					2011 - Present	-Independent Director and Chairman of Audit Committee	-T.S.Flowmill Plc. (wheat flour Manufacture)
					2007 – Present	-Independent Director - Audit Committee	-Sabina Plc. -Sabina Plc.
					<u>Other company</u> (not listed company)		
9. Mr. Yuthana Adipath (Independent Director / Audit Committee / Nomination and Remuneration Committee)  Year for Director 3 May 2007	74	MBA, Eastern New Maxico University  Thai Institute of Directors (IOD) - DAP 63/2007	-	None	<u>Listed Company</u>		
					2015-Present	- Nomination and Remuneration committee	- Sabina Plc.
					2007 – Present	-Independent Director - Audit Committee	- Sabina Plc. -Sabina Plc.
					<u>Other company</u> (not listed company)		
10.Mr.Chakkris Uthayoplas (Independent Director / Chairman of Risk Management Committee)  Year for Director 24 April 2015	56	Master of Science Industrial Engineering&Manage ment The Asian Institute of Technology/ /  Thai Institute of Directors (IOD) - DCP 24/2002	-	None	<u>Listed Company</u>		
					2018-Present	- Chairman of Risk Management Committee	-Sabina Plc.
					2015-Present	- Independent Director	-Sabina Plc.
					<u>Other company</u> (not listed company)		
					2010-Present	-Chief Executive Officer - Director	-Kelx Kaew Kor Kit Co.,Ltd. -Ongkarn-kaew Co. Ltd.
					2015-Present	- Director	-Krabi Ngern Foods Co. Ltd.

Name / Title / Year for Director	Age (Year)	Education /Training	Share- holding ratio (%)	Relation- ship	Work experience during the past 5 years		
					Period	Title	Company and nature of business
11. Ms.Pensri Suteerasan (Independent Director / Audit Committee )  Year for Director 23 April 2019	51	Master Degree/ MBA (Finance)/ California State University   <b>Thai Institute of Directors (IOD)</b> - DCP 86/2007 - SFE 6/2010	-	None	<u>Listed Company</u>		
					2019-Present	-Independent Director  - Audit Committee	- Sabina Plc.  - Sabina Plc.
					<u>Other company</u> (not listed company)		
					Present	-Director -Audit Committee	-Ready Planet Co.,Ltd. -Ready Planet Co.,Ltd.
11.Miss Vaja Mukto (Company Secretary)	51	Bachelor of Accounting,Suan Dusit Rajabhat University /  <b>Thai Institute of Directors (IOD)</b> - CSP 53/2013	0.003	None	<u>Listed Company</u>		
					2015-Present	- Company Secretary and Accounting Manager	-Sabina Plc.
					2014	-Company Secretary and Accounting Division Manager	-Sabina Plc.
					2007 – 2013	-Accounting Division Manager	-Sabina Plc.
					<u>Subsidiary's Company</u>		
					2015-Present	- Accounting Manager	-Sabina Fareast Co., Ltd./design and manufacturing of ladies lingerie

## Particulars of Directors, Executives and the Persons Controlling the Company; Directors of Subsidiary

Directors and Executives	Company	Sabina Fareast Co., Ltd.
1.Mr. Viroj Thanalongkorn	X	X
2.Mr. Bunchai Punturaumporn	/, //	/, //
3.Mrs.Suchanya Thanalongkorn	/	
4.Mr. Somkid Pardungkiattisak	/, //	/, //
5.Ms. Somsri Sripatoomrak	/, //	/, //
6. Ms. Vachirawan Yamri	/, //	
7. Ms. Rawewan Peyayopanakul	/, **	
8. Mr. Somchai Vanavit	/, *	
9. Mr. Yuthana Adipath	/, *	
10. Mr.Chakkris Uthayoplas	/	
11. Ms. Pensri Suteerasan	/, *	

Note: X = Chairman / = Director // = Executive Director

\*\* = Chairman of Audit Committee\* = Audit committee

### Particulars Head of Internal Audit




Name and Title	Age (Year)	Education	Share- holding ratio (%)	Relatio n-ship	Work experience during the past 5 years		
					Period	Title	Company and nature of business
Acting Sub Lt.Samphan Puypirom (Head of Internal Audit)	37	Bachelor of Accounting, Sripatum University	-	-	<u>Listed Company</u>		
					2012-Present	- Head of Internal Audit	- Sabina Plc.



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