



SIAM GLOBAL HOUSE
PUBLIC COMPANY LIMITED



ANNUAL REPORT 2019

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED
232 Moo 19 Rob Muang, Muang, Roi Et 45000



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In this regards, investors may obtain further information from form 56-1 at www.set.or.th

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Message from Chairman

Dear Shareholders

In the past year, the overview of the construction material industry in the first half of the year was slowly growing due to the country's economic condition, causing consumers to be more cautious in spending. While in the second half of the year, the growth rate was rising due to the severe flooding in many provinces of the country.

In 2019, Siam Global House Public Company Limited has shown the strong potential and experience in performance by altering the operating strategies to be in line with the dynamic economic conditions. This has resulted in a net profit of 2,114.08 million baht, an increase of 6.20 percent from the previous year. With the continuous expansion of 5 branches, the Company holds a total of 66 branches operating by the end of the year 2019. Concerning customer service, the Company has developed a management system in order to meet customers' needs for faster and more accurate service. Additionally, having renovated the stores to be more attractive and modern to facilitate and attract customers to purchase goods and services. With the effective operation and management by the board of directors and management, and employees, as a result, Global House could proceed to create its highest returns for shareholders and be able to continue for sustainable growth.

On behalf of Global House, the board of directors and management, and all employees, we are truly proud to be a part of the Company's management and development for sustainable growth along with the highest returns to shareholders. Also, we appreciate and thank all shareholders, customers, business partners, financial institutions, including all patrons who have always been trusting and fully supporting the operation of the Company, and, we are certainly looking forward to receiving support and trust from all of you on and on.

Mr. Apisit Rujikeatkamjorn
Chairman





Message from Chief Executive Officer

Dear shareholders,

I'm pleased to inform shareholders and all concerned persons regarding the Company's operating results. In 2019, the Company showed a total revenue of 28,081.45 million baht, which increased by 10.55% from the year 2018, the growth rate from the existing branch which is accounted to 3.40 %, a gross profit margin of 20.59% which is slightly decreased compared to the previous year by 0.30 %, EBITDA of 3,833.24 million baht which increased in 8.97%, net profit of 2,114.08 million baht which increased by 6.20% from the previous year and accounted for 7.53% of sales revenue.

Last year we have expanded 5 more branches to a total of 66 branches and as at the end of 2019, we have renovated all existing branches by installing air-conditioning and solar roofs systems to enhance the atmosphere and lighting in the stores to support the change of customer's needs and generation, also, to increase competitiveness, including creating opportunities for new products for customers. By the end of 2019, we have generated electric power of 62.4 MW ourselves. Also, we have started to fully renovate Roi-Et branch together with installing ASRS (Automated Storage & Retrieval System), increasing the efficiency of customer service.

Furthermore, we are now a leader in applying automated systems to the retail system in the field of Digital Transformation, which we have been done since 2013. It has been 7 years since we could develop from our own ERP system, causing API in many systems to connect internally and externally as well as AI systems in many fields, increasing the effective operation process throughout the Company. This also caused by the use of database software to apply with the Company's software systems which are seamlessly connected without the burden in cost of software licenses, including continuous development in many IT systems in the Company to always create a competitive advantage to ourselves. Besides, we are a Paperless organization by reducing the consumption of paper and adjust to work in Digital format and Digital Process instead, to decrease the cost of excessive paper consumption and to reduce the use of natural sources.

In the year 2020, we plan to expand more 7-9 branches. I and My team are ready and aim to bring the Company through the crisis, which has sent signal since quarter 4 of the previous year, for the best return to all shareholders and will lead the Company to keep up to digital generation with the change in technology. Lastly, I would like to thank everyone who encouraged our team.

Mr. Witon Suriyawanakul
Chief Executive Officer



1. Financial Highlights for the year 2017 - 2019

(Unit : Million Baht)

Summary of Financial Statements Information	Consolidated Financial			Financial Statements in the Equity Method		
	2019	2018	2017	2019	2018	2017
Income Statement						
Sales	28,081.45	25,402.07	20,830.56	27,482.16	25,336.49	20,830.56
Total Revenues	29,182.28	26,262.41	21,552.18	28,576.91	26,196.49	21,552.13
Gross Profit	5,782.52	5,305.93	4,286.91	5,620.09	5,283.83	4,286.91
EBIT	2,875.08	2,713.37	2,146.97	2,783.47	2,727.02	2,161.42
Net Profit (Loss)	2,114.08	1,990.66	1,602.09	2,038.93	2,003.86	1,612.94
Balance Sheet						
Total Assets	35,986.39	31,016.98	28,229.56	35,592.87	30,567.90	28,177.34
Total Liabilities	19,855.47	16,130.62	14,849.46	19,718.07	15,897.57	14,830.29
Total Shareholders' Equity	16,130.92	14,886.37	13,380.10	15,874.80	14,670.33	13,347.05
Financial Ratio						
Gross Profit Margin (%)	20.59	20.89	20.58	20.45	20.85	20.58
Net Profit Margin (%)	7.24	7.58	7.43	7.13	7.65	7.48
Return on Equity (%)	13.63	14.08	12.46	13.35	14.30	12.56
Return on Assets (%)	6.31	6.72	6.25	6.16	6.82	6.30
Debt to Equity Ratio (Time)	1.23	1.08	1.11	1.24	1.08	1.11
Earnings per Share						
Earnings per Share (Baht / share)	0.4983	0.4767	0.4020	0.4853	0.4769	0.4031
Book Value per Share (Baht / Share)	3.8393	3.7202	3.4831	3.7783	3.6662	3.4745
Common Stocks (Shares)	4,201,540,599	4,001,469,549	3,841,414,033	4,201,540,599	4,001,469,549	3,841,414,033

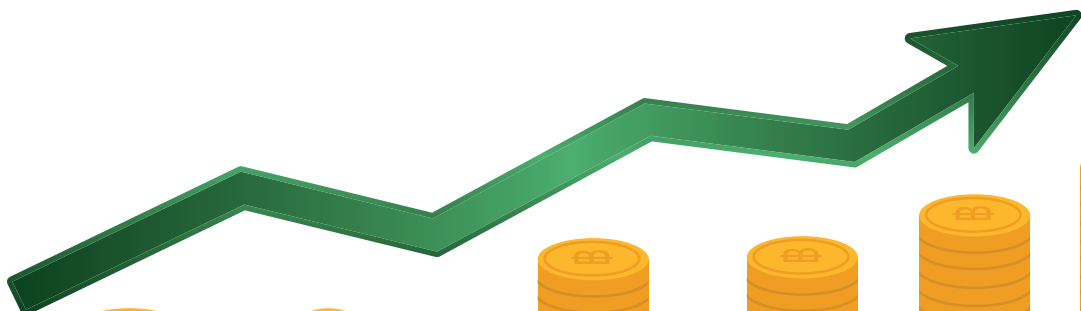
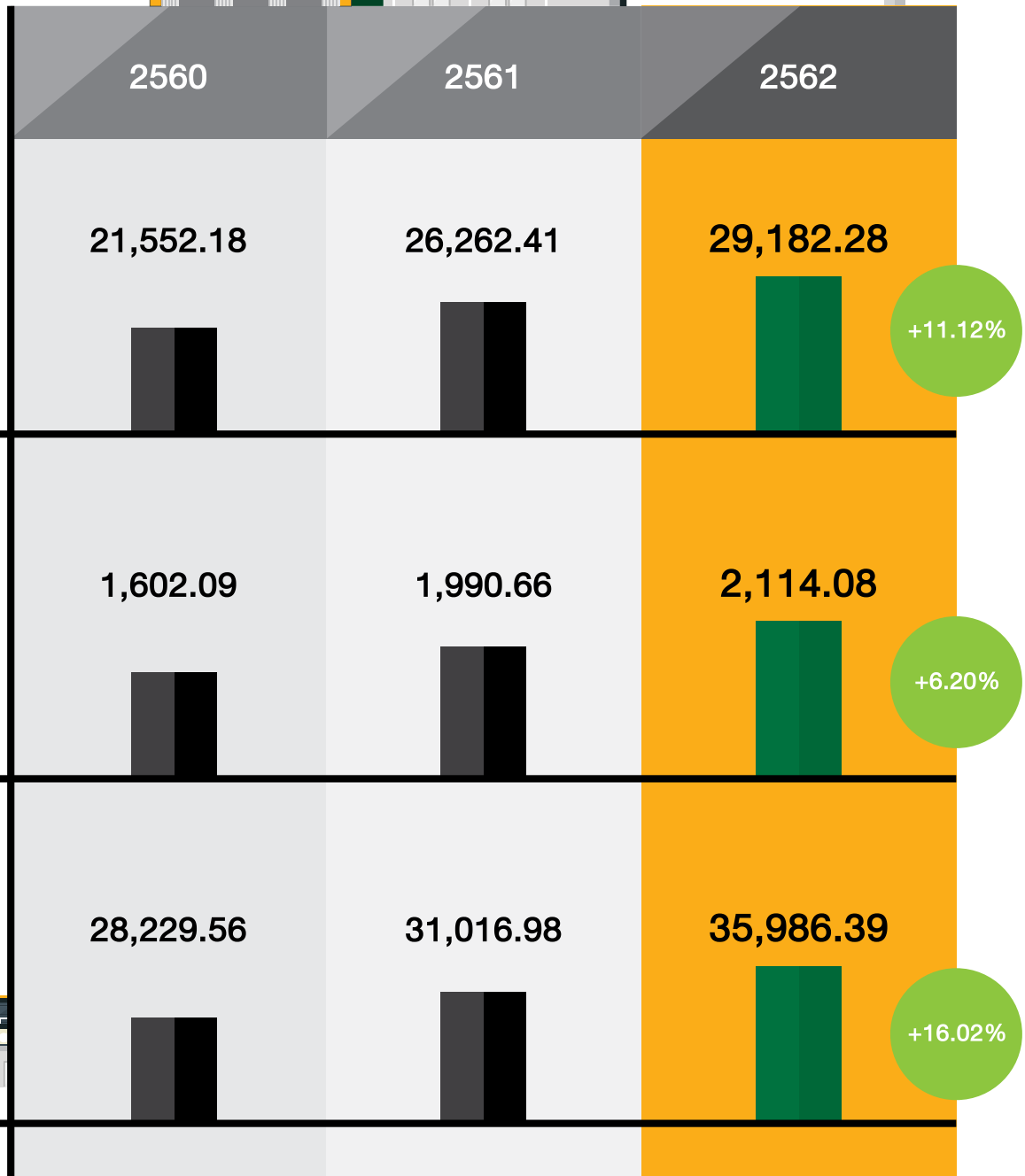
Financial Highlights for the year 2017 - 2019



Unit : Million Baht



Total Assets



02

General Information

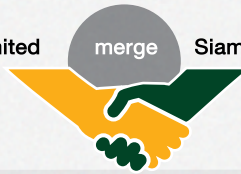


General Information

Siam Global House Company Limited

merge

Siam Global House Khon Kaen Company Limited



Siam Global House Public Company Limited



Initial Registered Capital
700,000,000 Baht



Company Registration
8th June 2007



First Branch
Roi Et



Mr. Witoon Suriyawanakul
Chief Executive Officer



The Huge Store Warehouse Average Area Of 18,000-32,000 sq.m

Selling goods and providing complete range of services relating to construction, decorations, tools, office equipment, and additional improvement of buildings, houses, and other places as One Stop Shopping.



various categories
of items
>260,000


The Concept


“All Inclusive for Your House,”





Registered Capital 4,201,543,026.00 baht


Paid-up Capital 4,201,540,599.00 baht

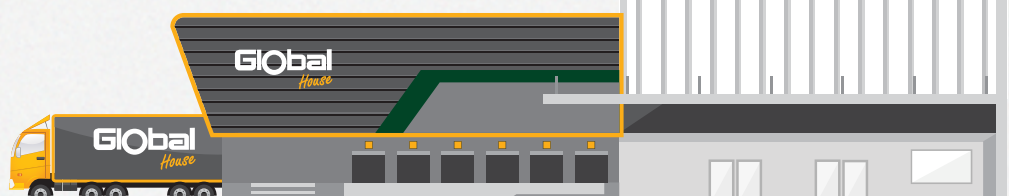
Par Value  1 baht

 232 Moo 19, Rob Muang, Muang, Roi Et, Thailand 45000

 0-4352-7222, 0-4351-9777

 0-4351-1492, 0-4351-9649

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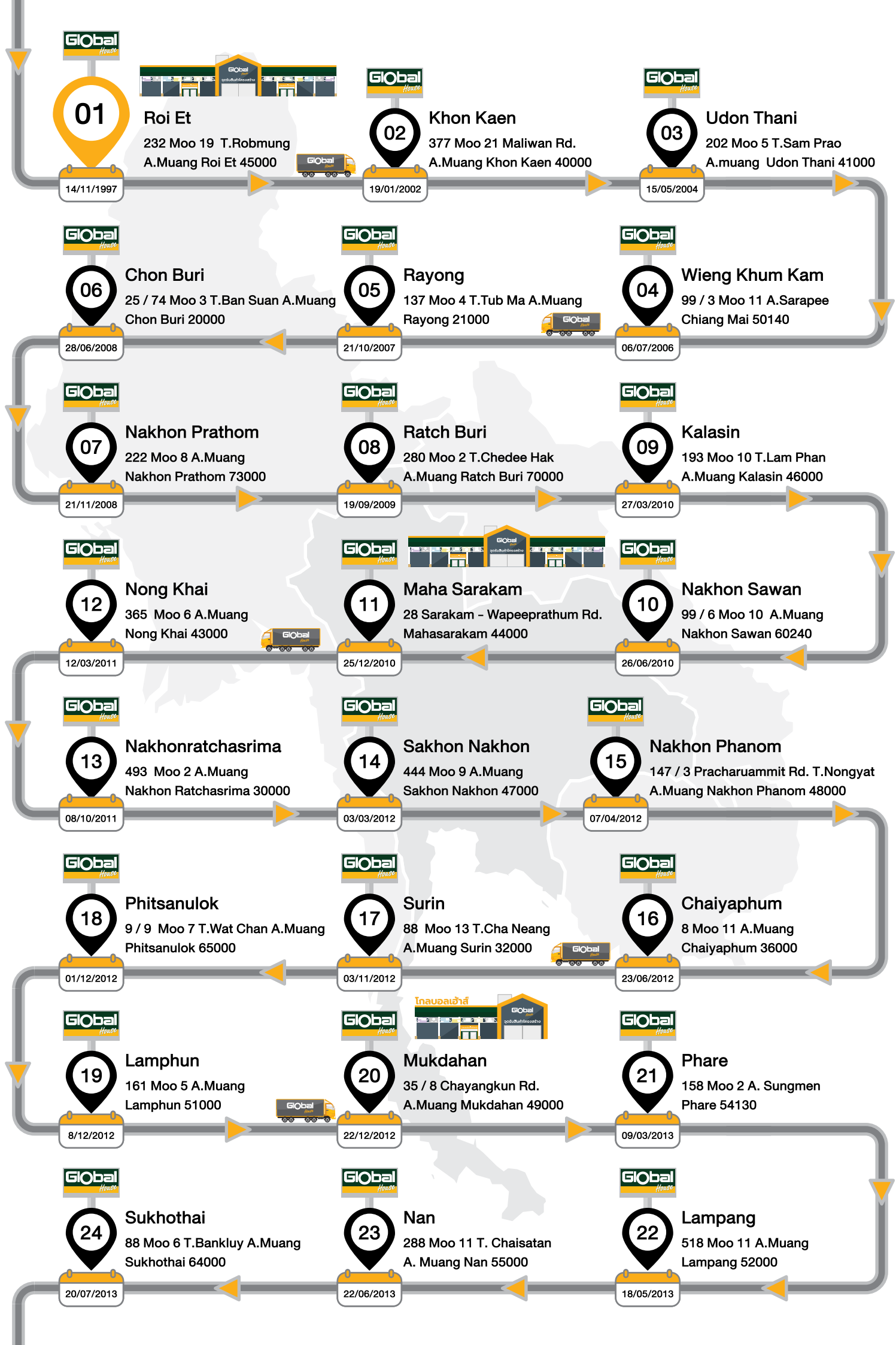


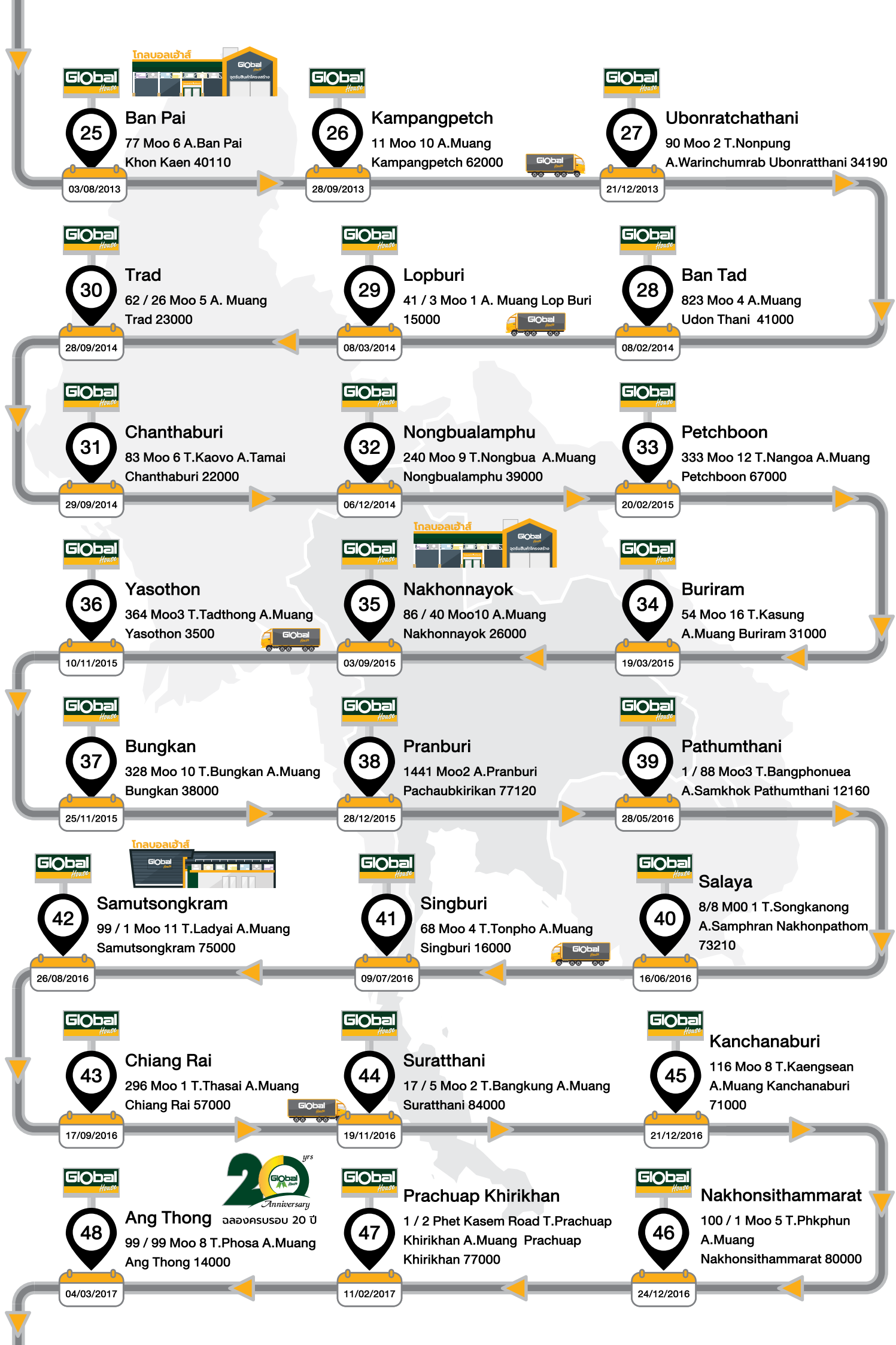
2. General Information

Siam Global House Public Company Limited has established from the merge of two companies (Siam Global House Company Limited and Siam Global House Khon Kaen Company Limited) on 8th June 2007 with initial registered capital of 700,000,000 million Baht. The main objective of the company is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. The company opened its first branch in Roi Et. Operated by Mr.Witoon Suriyawanakul who had experience in construction business over 20 years. Global House operates under the concept “All Inclusive for Your House”. “Global House” was the first of its kind which adopted “the modern trade Innovation system” to distribute construction materials, decorative items and gardening products. The store contains various categories of items more than 260,000 SKUs, over million items. All in the huge store warehouse under the same roof where feature average area of 18,000-32,000 sq.m in order to provide our customers the convenience of viewing, feeling, and selecting the product themselves.

Siam Global House’s Information

Company’s Listed Name	: Siam Global House Public Company Limited
Symbol	: GLOBAL
Registration No	: 0107551000029
Type of Business	: Selling goods and providing complete range of services relating to construction, decorations, tools, office equipment, and additional improvement of buildings, houses, and other places as One Stop Shopping.
Address	: 232 Moo 19, Rob Muang, Muang, Roi Et, Thailand 45000
Telephone	: 0-4351-9597
Fax	: 0-4351-1492, 0-4351-9649
Home Page	: www.globalhouse.co.th
Registered Capital	: 4,201,543,026.00 Baht
Paid-up Capital	: 4,201,540,599.00 Baht
Par Value	: 1 Baht







โกลบอลเฮ้าส์

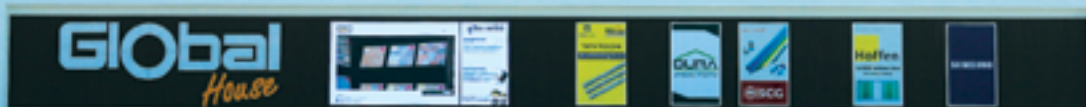


GRAND Opening



โกลบอลเฮ้าส์

ฉลองเปิดสาขาใหม่





Vision

The best distribution channel for building materials and home furnishings of ASEAN
(A Better Choice for A Better Home)



Mission

The Company will focus on the value of products and services according to the customers' need of each area along with the management of cost and administrative expenses to appropriate level in order to deliver the value of products and services to the customers.



To achieve the vision of "A Better Choice for A Better Home".
In addition the management under the principles of good governance and excellence of working process.



The Company will focus on developing distribution channels, collaboration with the strategic partner along with the development of information technology and human resources to support business growth and the stakeholders.



5 Culture



1 Customer Oriented

Prescribed that both external and internal customers and customers' needs are important and used as a major part of decision-making.



2 Professional

Performing work at full capacity, using logical decision-making on facts and information, being responsible for the assigned duties, including respect to the commitment for the completion.



3 Teamwork

Giving importance to the team participation, encourage each other to achieve a goal, and building good relationship and communication between employees and departments to achieve the Company's goal



4 Innovation

Innovation to discover working methods, solving new problems to increase convenience and speed of working, including other business forms and opportunities for the Company.



5 Social Responsibility

Contribute to the community and society together with volunteering in various activities for the public both outside and inside the Company.



Objectives & Goals

Siam Global House Public Company Limited is a listed company founded which aims to conduct a retail business of construction materials, decorative materials, tools, equipment used for home and garden construction, renovation, decoration within a single large building, using the trade name “Global House”. By the end of the year 2019, there are a total of 66 domestic branches covering 6 regions ;

The central 12 branches ; Nakhon Pathom, Lopburi, Nakhonnayok, Salaya, Pathumtani Singburi, Samutsongkram , Ang Thong, Tapharak, Phra Nakhon Si Ayutthaya, Chai Nat and Krathum Baen.

The Eastern 4 branches ; Rayong, Chon Buri, Chanthaburi and Trad.

The Western 4 branches ; Ratchaburi, Pranburi (Prachuap Khirikhan), Kanchanaburi and Prachuap Khirikhan

The northeastern 26 branches ; Roi Et, Khon Kaen, Udon Thani, Kalasin, Maha Sarakham, Nong Khai, Nakhon, Ratchasima, Sakon Nakhon, Nakhonphanom, Chaiyaphum ,Surin, Mukdahan ,Ban-Phai (Khon Kaen), Ubonratchatani ,Ban Tad(Udonthani) Nongbualamphu, Buriram, Yasothon, Bungkan, Loei, Chum Phae, Phang khon, Chokchai, Dankhun Thot ,Nang Rong and Kantharak.

The northern 15 branches ; Chiang Mai, Nakhon Sawan, Phitsanulok, Lumphoon, Phare, Lampang, Nan, Sukhothai, Kampangeth, Petchboon, Chiang Rai, Uttaradit, Fang, Mae Hong Son and Mae Sai.

The Southern 5 branches ; Suratthani, Nakhonsithammarat, Phatthalung, Satun and Phuket and 1 overseas branch.

In addition to achieve “*The best distribution channel for building materials and home furnishings of ASEAN*”, the Company be in process of stores expansion to cover areas of Thailand ,including of distribution channel development to support the changing of life style. Currently, the Company is studying of opportunities to expand distribution channels to other countries in ASEAN.

The company’s objective is to become the leader in retail business of construction and home improvement segment in order to provide our customers with varieties products all at affordable in one store. And realized that the business growth is continuing must come from the growth of the business and expanding stores. Therefore, the Company is focus on serving of the customers’ needs. It will be considered for a review of products and services processes, sourcing of products, reasonable pricing, an efficient storage of goods and cost effective. As well as goods presentation in each store, that depends on consumers behavior. In addition, the Company aims to expand stores which coverage the provinces to response the consumers’ need. In the year 2019, the Company expanded 5 stores. By the end of year, the Company has operated 66 branches.

03

Nature of Business



3. Nature of Business

The Structure of Business Group as 31 December 2019



Siam Global House PCL.

Business Type: Retailing building materials
and home decoration products



Global House International Co.,Ltd

Business Type : Holding Company
for investment in retail building materials
and home decoration products in ASEAN

Holds : 50 %



Global House Cambodia Co.,Ltd.

Business Type : Retailing building materials
and home decoration products in Cambodia

Holds : 55%

Nature of Business of the Company

“Global House” operates a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products under the concept One Stop Shopping Home Improvement Center. Our target markets are retail customers, small distributor, and professionals. “Global House” divided products into 2 groups;

Building Material Group	Decorative items
Cements and Construction materials	Doors, Windows and Woods
Steels, Nails and Wires	Hardware
Roofs and Installation tools	Electrical Accessories
Tanks, Pipes, Water Systems and Gardening	Sanitary wares and Kitchens
	Ceramic Tiles and Decorative items
	Paints and Chemicals
	Furniture and Appliances

Nature of Business of Subsidiary

Global House Cambodia Co.,Ltd (“GBC”) is a subsidiary and established on 27 February 2017. The objective for retailing construction materials and home decorate materials in Cambodia which Global House holds 55% of GBC.

Global House International Co.,Ltd.(“GBI”) is a joint venture and established on 25 February 2015 by a partnership between Global House Public Company Limited and SCG Distribution Co.,Ltd. proportion of 50 : 50. The main objective is Holding Company for investment in retailing building materials and home decorate products in ASEAN. The investment of GBI focus on shareholding and participate with local partners. The knowledge and expertise in business management of GBI with local partner. Now, GBI has invested in the Lao People’s Democratic Republic by holding shares 34% of Suvanny Home Center Public Company.

Revenue Structure

The Company’s revenues include of sales revenue and other income the detail are as follows ;

Revenue Structure	Revenue (Unit : Million Baht)					
	31 December 2019		31 December 2018		31 December 2017	
	Amount	%	Amount	%	จำนวน	%
1. Sale Revenue	27,482.16	94.17	25,336.49	96.47	20,830.56	96.65
1.1 Building Material Products	10,439.47	35.77	9,746.65	37.11	8,507.35	39.47
1.2 Decorative Products	17,042.69	58.40	15,589.84	59.36	12,323.21	57.18
2. Other Revenue	1,094.75	3.75	860.00	3.28	721.62	3.35
3. Subsidiary Revenue	605.37	2.08	65.92	0.25	-	-
Total Revenue	29,182.28	100.00	26,262.41	100.00	21,552.18	100.00

Notes : Other revenue is the revenue service, rental, interest income and other income from gain and loss of foreign exchange, in store promotion of vendors

Product Lines and Services

The company distributes construction materials, decorative items and gardening products. All in large store warehouse under single roof under the name “Global House”. The store contains various categories of construction material and decorative item such as; construction material, roofing, steel, sanitary ware and ceramic tile, paint and chemical, electric and lighting, water system and plumbing, door and window, woodcraft and timber, furniture, tool, electric hardware, more than 260,000 SKUs. Each Global store features average area of 18,000 - 32,000 sq.m. and can accommodate more than 200 cars. The product can be divided into 2 categories.

Type of Goods	Example of Goods	Number of items
1. Building Material Group		
• Cement and Structure	Cement Portland, Cement Plaster	665
• Steel, Tack and Wire	Steel Round, Steel Deformed bars	3,861
• Tile and Equipment Installation	Ceramic Tile, Concrete Tile	12,017
• Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	19,281
2. Hardware and Decorative Group		
• Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	17,105
• Tools	Steels Tools, Wood Tools etc.	44,202
• Electricity and Equipment	Switch, Plug, Cables, Lighting	34,125
• Electrical Appliances and Kitchenware	Home Appliances and Kitchenware	26,126
• Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	28,533
• Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	27,199
• Painting and Chemical material	Paints, Base, Oil	16,921
• Furniture and Home Decoration Products	Bed, Wardrobe, Chairs, Mattress, Sofa, Office Equipments	17,907
• Sport and Leisure Equipments	Bicycle, Exercise Bike, Treadmill, Fitness Equipments	2,518
• Home and Cleaning Equipments	Sideboard, Shelves, Home Equipments, Cleaning Equipments	6,322
• Outlet & Living	Home Decoration and Products, Office Equipment, Recreation, Skill Development Toys for Children, Vehicle Care Products, Coffee Shops	4,909
Total	261,691 Items	

From our concept “All Inclusive for your House”, Global provided the categories of product more than 260,000SKUs. As a result of this, the company adopted “the modern trade Innovation system” to establish large warehouse store. Furthermore, we have divided our store into 2 sections;

Area 1 : Shopping Area. This is the place where the customers are able to walk and view the product freely with plenty of service mind staffs who are ready to help and support the customers with the right knowledge immediately.

Area 2 : Drive Through Area This is the place where distributes construction material. We prepare many facilities such as forklifts and overhead cranes for customer service. Moreover, in the concept of Drive Through system, customers can drive their vehicles through the store to collect their order, from placing order and driving off the store with the product, all within 10 minute.

Services

As a leading construction material and home improvement retailer we focus on being :

GBH Smart People



Special Order This service provide for the customers who demand the product that the company doesn't stock in the store.

Satisfaction Guarantee and Return Policy The Company guarantees the satisfaction of customer. We offer the 30 days cash return policy for most of our product in the store. Customer just needs to bring the product and show the receipt (under the right terms and conditions).

Installation Service The Company provides installation service to support our products with the installation guarantee for 180 days by specialist. Furthermore, "Lady Service" which service electric appliance installation and home improvement especially for lady customers.

Procurement and Management

Procurement

Procurement is managed and operated by our experienced team of buyers located in Roi Et head office. The department always searches for new products by following the concepts below:

1. Offering from Manufacturers
2. Sourcing team study the market and source new products accordingly
3. On basis of Customers' preferences

Sourcing

The company distributes construction materials, decorative items and gardening products. All in the huge store warehouse under the same roof. The products separate into 2 sections, purchasing domestic products about 80% and importing products about 20% of all purchasing the details are as follows:

1. The company purchased products from local manufacturers as the product line. We have many of suppliers for more than 500 suppliers. We have supported each other in advertising, public relation, promotion and grand opening event for the new branches.
2. The company also purchased products from Chinese and Vietnamese manufacturers totaling more than 200 suppliers. The import products are granite tiles, glass brick, spa bathtub, shower curtain, plywood, steel door, hardware, knob, lamp, insulation, switch and plug, etc.

House Brand Products

The Company currently has house brands products over 10,000 items. We are providing more alternatives for customer. Global house has registered house brands of good quality product and reasonable price. With the efforts of our Procurement team, we could provide longer guarantee service and low cost products that could make the company become the leading player in the industry.

HOUSE BRAND



Knob, Hinge and Door Accesories

BIGROW

Janes

HOK

FIGHTER

Kitchen Ware

CLOSE

sane

CLEO

JANNINE

AILO

ADAMAS

CROWN

KUP

お金

gome

Hardware and Tools

TUF

BIGON

HESSEY

GOLD ELEPHANT

VIMON TOOLS

HUMMER

BAUM

KONIG

ComfortGrip

PRO-Safe

deflect-o

KAMPER

PROX

Furniture

Smith

ULA

PIRELLA

NICE

PROX

delicato

TreeO

APLITO

Heritage

MUNICH

Da Vinci

SOLAR

WETZ JARA

habe

hawdd

Truffle

TRIO

Ceramic

Mac

Marbella

PAZZTile

Roof

COOL GUARD

CELESTINO

Chemical

DOUBLE

HOUSE BRAND



Electric Appliance



Sanitary Ware



Door, Window and Floor

Cleaning



Home and Garden



Construction Material

The Vehicle

Fitness Equipment



Marketing and Competition

Competitors

We can divide our competitor into 2 groups:

1. Home Improvement Stores for example :

- **Home Pro** manages by Home Product Center Public Company Limited under an objective to operate a retailing business. The company distributes construction material, home improvement under the concept “One Stop Shopping Home Center”. Home Pro currently has more than 84 branches. and Home Pro’s has 9 branches.
- **Thai Watsadu** manages by CRC Power Retail Company Limited. The company distributes construction material, home improvement under the concept “One-Stop-Shopping Construction Material Suppliers for Thai”. Thai Watsadu has 49 branches.
- **Home Hub** manages by Mr. Ongat Tangmitpracha. The company distributes construction material, home improvement under the concept “Home Hub Fast and Easy”. Home Hub has 5 branches. They establish on Ubon Ratchathani for 3 branches, Khon Kaen and Udonthani.
- **Do Home** manages by Ubonwatsadu Co Ltd,. The company distributes construction material, home improvement under the concept “One-Stop Shopping and Cheap at Do Home”. They have 10 branches and establish on Ubon Ratchathani, Nakhon Ratchasima, Pathumthanee (Rung Sit, Klong 7), Khon Kaen , Udonthani, Rama2, Bangbuathong, Chiangmai BangNa-Trad 38 and Phet Kasem. And Do Home To Go has 5 branches.
- **MEGA HOME** manage by Mega Home Center, the building materials distribution center and appliances. The major shareholder is Home Product Center Public Company Limited was operated 12 branches in Mae Sot, Rangsit, Nong Khai Boa Win Kabinburi, Arunprathed, Minburi, Rojana, Hat yai, Nakhon Ratchasima, Nakhon Phanom and Chiang Rai.
- **Baan & BEYOND** manage by CRC Thai Watsadu Co.,Ltd. It’s department store for home and operated in year 2013, currently has 6 branches in Chaing Mai, Khon kean, Pattaya, Ratthanatibat, Ratchapruek and Phuket.

2. Specialty Stores for example :

- **Small retail store** Home mart, which have the objective to distribute the SCG product. However, the company still lack of the other products such as ceramic tile, paint, electrical equipment and pumping.
- **Ceramic and Sanitary ware Center** Boonthavorn, Decormart, Grand Home Mart, Inter Sanitary Ceramic, and IKEA they all focus on ceramic and sanitary ware product.
- **Furniture and decorative** such as Index Living Mall and SB Furniture. These companies sell decorative item, furniture, bed room set, living room set and kitchen accessories for high purchasing power customers.
- **Electronic Appliances** Power Buy, it is managed by Central Retail Corporation. Power Mall, it is managed by The Mall Group.
- **Specialty Store** such as paint store, pumping store, electrical equipment store hardware store etc. However, this kind of store still lack of diversity in product and operate under traditional trade concept.

04

Risk Factors



4. Risk Factors

Risk factors that may affect to the Company's performance in the future are as follows.

4.1 Business Operation Risk

In the last year, the building material business was likely to gradually improve. Because of the government's policies to encourage investment and stimulate the economy such as the transportation infrastructure, that the government tried to accelerate investment. And not only the large projects but there were small and medium projects such as improvement of the road, irrigation dams and government buildings improvement which positive impact on the building material business. However, the market for building materials for individual consumers not able to improve well because of the economic had not recovered and the consumers slow down of spending.

The Company have realized on the risk and impact to the business operations and in order to business operating with target. The Company has determined the risk and risk management that may occur as follows.

1) Expansion Risk

In 2019, the company has opened 6 new stores that totaling 66 branches coverage 55 provinces i.e. Roi-Et, Khon Kaen (3stores), Udonthani (2 stores), Chiang Mai (2 stores), Rayong, Chonburi, Nakhonprathom (2 stores), Ratchaburi, Kalasin, Nakhonsawan, Mahasarakam, Nong Kai, Nakhonratchasima 2 stores), SakonNakhon (2 stores), Nakhon Phanom, Chaiyaphum, Surin, Phitsanulok, Lamphun, Mukdahan, Phare, Nan, Lampang, Sukhothai, Kampangetch, Ubonratchathani, Lopburi, Trad, Chanthaburi, Nongbualamphu, Petchboon, Buriram (2stores), Nakhonnayok, Yasothon, Bungkan, PrachuapKhirikhan (2stores), Pathumthani, Singburi, Samutsongkram, Chiang Rai (2 stores), Suratthani, Kanchanaburi, Nokhonsithammarat, Ang Thong, Uttaradit, Loei, Phatthalung, Samut Prakan, Phranakhonsi Ayutthaya, Chai Nat, Mae Hong Son, Satun, Phuket, Kanthararak, Mae Sai and Krathum Baen. Now, the Company still has 10 stores which have been under construction such as Nonthaburi (Sai Nai), Ubon Ratchathani (Detudom), Phayao, Prachin Buri (Kabin Buri), Chiang Rai (Wiang Pa Pao), Kalasin (Kuchinarai), Maha Sarakham (Phayakkhaphum Phisai), Surat Thani (Samui), Chiang Rai (Phan) and Udon Thani (Nong Han). which would be operate in 2020.

As, the investment in opening more new branch has to spend money around 300 - 400 million baht. So, the cost of high investment would be risk business if company could not complete the objective on time. The uncontrollable factors can also be effected any problem to company (for example, the business crisis in Thailand, the world business crisis, changed government in the country, and customer behavior).

In addition, to invest in new store, the company does probability research and analyze the environment of business and customer target in the area that company will get business into that area. Moreover, the company has more experience than 20 years of home improvement business. It is easy to find cheaper price than competitors about small cost of land and material of construction.

2) Risk from expanding oversea investment

The Company has expanded to Cambodia and opening the first store in Phnom Penh on 17 November 2018. It is the first branch in AEC (Asean Economic Community) and the first center of building materials and decoration goods in Cambodia. The Company considers readiness in various parts such as the opportunities of business growth, consumer's behavior and purchasing of consumer's power.

Due the Company has a policy to expand the investment in oversea continuously. The Company managed the risk from expanding oversea investment by studying marketing, law, tax government policies and other factors, in order to assess the impact and opportunities that may occurred for determine the investment plans to reduce the risk.

3) Inventory Risk

As at 31st December 2017, 31st December 2018, and 31st December 2019, the Company had inventory of 12,603.61 million Baht 13,297.75 million Baht and 15,602.53 million Baht respectively, or in percentage to total asset are 44.65%, 42.87% and 43.36%. In addition, the risks of inventory could be becoming damaged, lost, and obsolete. As for mitigation, the Company has plans and practices in place to manage inventory risks such as providing various channels and campaign (i.e. reduce price, buy one get another one for special price, and send coupon for complete any prize) to reduce slow moving stock.

In addition, the company installed the “Automated Storage & Retrieval System: ASRS” for stores that operated in the year 2016. ASRS is a warehouse management system be more efficient and reduced inventory by connecting IT with the management system of the company. That reduces the inventory risk of the company.

4) Competition Risk

Overview of retail businesses on construction materials, decoration and repairing products is highly competitive due to the increasing number of entrepreneurs. Also, the market value has been continuously increasing over the past years, causing major wholesaler and retailer groups such as Home Pro, Home Mart, Thai Watsadu, Home Hub, and Do Home, to continuously expand their branches or appoint distribution agents to areas where are near the communities, business areas and department stores in Bangkok, and other regions. This may affect the Company regarding the market share from sales revenue that may not meet the goal as expected, and it could affect the profit margin of the Company due to the price competition.

However, the Company has made plan to deal with such competition by the emphasis on the differentiation strategy for sales and services, for example, the distribution of various construction materials and equipment more than 260,000 products, allowing customers to browse and purchase for all kinds of items which are necessary for construction, renovation or decoration. In addition, there are structure items such as cement, steel bars, structural steel, roof tiles and construction materials that are available for sale while these products are only sold in certain wholesalers and retailers. Plus, the Company pays attention to the sourcing of plants that could produce high-quality products at the production cost for our competitive advantage. Therefore, these are major factors that help to decrease the competition risk in this industry for the Company.

5) Volatility of the Cost of Product

Since the cost of products can fluctuate towards the economic conditions and affect some products that company sells, consisting of the products that have low fluctuate cost and structural products that have frustrations at price all the time such as steel bars, structural steel, wires, etc. Thus, the Company might gain some risk when stocking such items into inventory. However, the Company has set a policy on pricing to be flexible concerning the fluctuating cost and has closely managed on the stock retention period, hence, the Company did not receive much impact by price fluctuation. Besides, the Company has ordered most products directly from the manufacturer, as a result, the Company received a certain price and also cheaper price than ordering through agents. It causes the company to be able to set the price at an appropriate and competitive for the market while the Company still has the ability to earn a profit at the same or greater amount.

6) Conflagration Risk

As, the conflagration can damage life and destroy any products. So, the company has policy of fire protection by set up the first aid tools to prevent the unexceptional from fire such as fire extinguisher and rubber tube for water which can find in the proper area around the store. The company also check those tools everyday. Moreover, we also specify and train our staffs about how to do when the conflagration is happened. In addition, the company have been done the Residential and Commercial Property Insurance to defend any caused that can effect to company. We have to concern about the money value from supplier every time because we have to assure that our company are in the protection zone.

7) Natural Disasters

Due to the natural disasters occurred in last year . The management is aware of the building safety, stakeholders and inventory that the management assigned to engineering teams to inspect the strength of buildings every stores. In addition the Company has also insured cover the damage from natural disasters to the building and inventory.

8) Customer's value and Obsolete Products Risk

The Company is the distributor of construction materials and furnishing products, that some kind of goods will be popular for a while only .That the Company may not sell the obsolete goods. Therefore, the Company managed by transferred those products to other branches or made the in stores promotion to reduce amount of obsolete goods. Furthermore, the Company has authority to negotiate with the suppliers that can change the new products replace the obsolete products, which reduced the risk of changes in the value's customers and the obsolescence products

9) Fraud

The company has a strong control framework in respect of potential fraud or other dishonest behavior, which is regularly reviewed by internal audit. A set of policies is in place to provide colleagues with clear guidance on behavior. In addition, there are 'whistle blowing' procedures in place to enable colleagues to raise concerns about possible improprieties on a confidential basis. Internal audit undertakes detailed investigations and highlights its findings to the Audit Committee.

4.2 Financial Risk

1) Financial Risk

Although the Company will repayment the long term loan to the financial institutions, but still keep the relationship by continuing to use credit limit with several banks in order to increase the ability of negotiate.

In addition, the company policy is to sell our product mostly in cash and hence most of our revenue is in cash. As in 2017 was 98.60 %, in 2018 was 94.22% and in 2019 was 95.89 %. The figures is showing a decreasing trend as the Company is paying a lot of attention giving credits and only consider reliable projects and customers. As at December 31, 2018 the Company has account receivable of 159.45 million Baht.

However, for the credit sales, the Company will consider only project that has reliable financial status, which the company has analyzed the result of operation and financial status or having the contractor place with a letter of guarantee as security against debt payment, etc. Besides, the receivables that are more than 6 months but not exceeding 12 months, the allowance for doubtful bad debts is set to be 50% and for the receivables that exceeding 12 months, the allowance for doubtful bad debts is normally set to be 100%. In 2019, the Company recorded the allowance for doubtful account of 3.86 million Baht and the last year, the Company had not bad debt.

2) Foreign Currency Volatility

The products in store are both domestic and import from international. As the fluctuation of exchange rate will be gain some problem because we cannot predict the world situation. So to reduce the risk of exchange rate, the company has policy to follow the foreign currency volatility. In addition, the company has to control any risk within the fluctuation of foreign exchange rates by used any forward Contract from banks to defend any risk if occur. The Company had 2 forward contracts and as of December 31, 2019. The volume of monetary is 4,310 million baht and 53.34 million USD, credit used is 812.28 million Baht. However, the Company not effected by exchange rate risk.

4.3 Risk from the major shareholder

1) The Major Shareholders' Risk more than 25%

As at 31 December 2019 the Suriyawanakuls and SCG Distribution Co.,Ltd. are the major shareholders that totaling 2,900,134,987 shares or 69.02 % of the total issued shares. Therefore the Suriyawanakuls and SCG Distribution Co.,Ltd. can control the resolution of the shareholders passed at all, the appointment directors or other matters that require the approval of a majority of the shareholders' meeting. Exception to the law or the Company determines to get 3 / 4 votes of AGM. So the other shareholders may not have enough votes to check and balance that proposed by major shareholders.

05

Shareholding Structure



5. Shareholding Structure

Security& Shareholders

As at December 31, 2019, the Company has the authorized capital of 4,201,543,026.00 Baht and the paid-up capital amount 4,201,540,599.00 Baht. There are common stock of 4,201,540,599 shares par values at 1 Baht per share.

The top ten of shareholders holding the shares on the closing date as of December 31, 2019

Rank	Name	Shares	Percentage (%)
1	The Suriyawanakuls	1,546,601,569	36.81
2	SCG Distribution Company Limited	1,353,533,418	32.21
3	Thai NVDR company Limited	181,955,938	4.33
4	Social Security Office	114,970,999	2.74
5	Mr.Jearanai Lerdrachkut	81,396,965	1.94
6	Mr. Boonyong Thanyawut	49,062,389	1.17
7	Mrs.Pitchaya Poonlarp	47,688,200	1.14
8	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	43,077,674	1.03
9	MORGAN STANLEY & CO. INTERNATIONAL PLC	40,000,000	0.95
10	SCB Dividend Stock 70/30 Long Term Equity Fund	22,060,192	0.52
11	Others	721,193,255	17.16
Total		4,201,540,599	100.00

Note : Details of the Suriyawanakuls as following table.

List of the” Suriyawanakuls”

Rank	Name			Shares	Percentage (%)
1	Ms.	Kunnatee	Suriyawanakul	494,034,435	11.76
2	Mr.	Kriengkrai	Suriyawanakul	468,086,987	11.14
3	Mr.	Kongphop	Suriyawanakul	165,382,320	3.94
4	Ms.	Chama	Suriyawanakul	163,996,875	3.90
5	Mr.	Kokrit	Suriyawanakul	162,791,015	3.88
6	Mrs.	Ratnawadee	Suriyawanakul	28,410,179	0.68
7	Mr.	Witoon	Suriyawanakul	22,719,706	0.54
8	Mrs.	Warunee	Suriyawanakul	18,990,013	0.45
9	Ms.	Patumwan	Suriyawanakul	5,677,898	0.14
10	Mr.	Anavat	Suriyawanakul	5,096,455	0.12
11	Mr.	Apilas	Suriyawanakul	3,459,342	0.08
12	Mrs.	Karuna	Suriyawanakul	2,250,934	0.05
13	Mr.	Wiboon	Suriyawanakul	2,233,121	0.05
14	Mr.	Yutthana	Suriyawanakul	1,631,925	0.04
15	Mr.	Pongsak	Suriyawanakul	1,101,361	0.03
16	Mr.	Pongkorn	Suriyawanakul	309,706	0.01
17	Mr.	Adisak	Suriyawanakul	174,544	0.00
18	Mrs.	Nipapun	Suriyawanakul	99,766	0.00
19	Mr.	Jakapong	Suriyawanakul	94,967	0.00
20	Mr.	Pichit	Suriyawanakul	21,316	0.00
21	Mrs.	Pawika	Suriyawanakul	17,499	0.00
22	Mr.	Jarupol	Suriyawanakul	16,129	0.00
23	Mr.	Wittaya	Suriyawanakul	5,076	0.00
Total				1,546,601,569	36.81

Other Securities Issued

The Company issuance and offer of debenture amount 3,000 million Baht following the approval of the 1 / 2013 Extraordinary General Meeting of Shareholders held on 20 September 2013 at amount not exceeding 5,000 million Baht. And the approval of the Annual General Meeting of Shareholders held on 22 April 2015 to issuance and offering of the additional 3,000 million Baht ceiling of debenture, totaling 8,000 million Baht. Key details are as follow.

Name	:	The Debenture of Siam Global House Pcl.1 / 2014
Type	:	Unsubordinated and unsecured debentures
Offer Amount	:	3,000,000 Unit
Total	:	3,000 Million Baht
PAR Value	:	1,000 Baht
Offer Price	:	1,000 Baht
Issuance Date	:	27 February 2014
Tenor	:	3 Years
Maturity Date	:	27 February 2017
Coupon rate	:	3.85 %
Coupon Payment	:	Semi-annually
Repayment of Debentures	:	Repayment of principal due on maturity date.

The Company was repayment of debentures No.1 / 2014 on 27 February 2017 and the new debenture been offered on 20 June 2018, in the amount of 500 Million Baht by the following details;

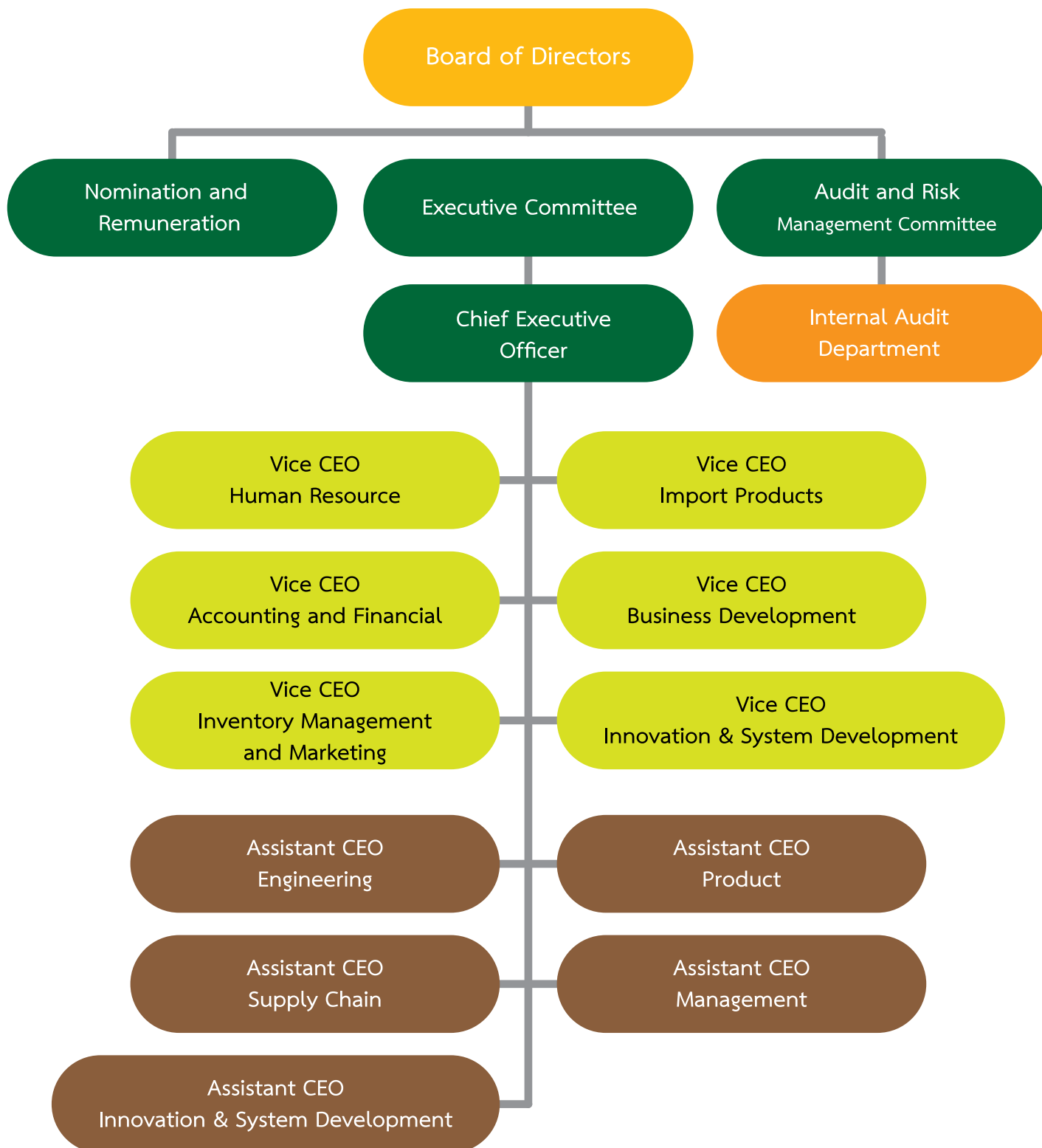
Name	:	The Debenture of Siam Global House Pcl.1 / 2018
Type	:	Unsubordinated and unsecured debentures
Offer Amount	:	500,000 Unit
Total	:	500 Million Baht
PAR Value	:	1,000 Baht
Offer Price	:	1,000 Baht
Issuance Date	:	20 June 2018
Tenor	:	3 Years
Maturity Date	:	12 July 2021
Coupon rate	:	2.44 %
Coupon Payment	:	3 Monthly
Repayment of Debentures	:	Repayment of principal due on maturity date.

06

Organization Chart



6. Organization Chart



07

Management



7. Management

The management structure of the Company consist of the Board of Directors and 3 sub-committee Executive Committee , Audit and Risk Management Committee and Nomination and Remuneration Committee.

7.1 Board of Directors

As at 31 December 2019, the Board of Directors has totaling 10 persons, consisting of 3 Directors who is management, and 7 Non-Executive Directors.

The Board of Directors has balance sufficient and the appropriate structure as follow;

- Consist of 4 dependent directors which is 1/3 of all directors.
- The Audit Committee consist of 3 dependent directors which is dependent, acknowledge, experienced of reviewed financial statements and include of operated in Audit Committee duty.

	Name	Position
1. Mr. Apisit	Rujikeatkamjorn	Chairman
2. Mr.Pairoj	Juarprathoom	Director / Independent Director Chairman of Audit & Risk Management Committee
3. Dr.Boonchai	Pitugdamrongkija	Director / Independent Director Audit & Risk Management Committee
4. Dr.Vongsak	Swasdipanich	Director / Independent Director Audit & Risk Management Committee / Nomination & Remuneration Committee
5. Mr. Witoon	Suriyawanakul	Director / Executive Director/ Nomination & Remuneration Committee
6. Mrs.Warunee	Suriyawanakul	Director / Executive Director
7. Pol.Gen.Kawee	Supanun	Director / Independent Director/ Chairman of Nomination & Remuneration Committee
8. Mr. Nithi	Phatrachok	Director / Executive Director
9. Mr. Paramate	Nisagornsen	Director
10. Mr. Wiroat	Rattanachaisit	Director

Authorized Signatory Directors of the Company

1. Mr. Witoon Suriyawanakul signing and affixed thereto with the Company's official seal or
2. Mr. Apisit Rujikeatkamjorn, Mrs. Warunee Suriyawanakul, and Mr. Paramate Nisagornsen signing jointly two persons out of three and affixed thereto with the Company's official seal.

Board of Directors Meeting

The Board of directors shall regularly attend the Board of directors' meeting to acknowledge and jointly regarding the business operations of the Company. At each meeting, the Company has prescribed a minimum quorum policy, describing that at least two-thirds of the Board of directors shall attend the meeting in order to constitute a quorum. Each director must present at the meeting at least 75 percentages of total number of meeting held during the year. The meeting will be set in advance for each year. As for the year 2020, the meeting date is informed to the Board of directors in November 2019. Also, for the Board of director to have adequate time to perceive the contents of the meeting's agendas. The corporate secretary will send the invitation letter with agendas and information 7 days in advance before the meeting unless there is an event of insufficient information or urgent meeting.

Statistics of the meetings for year 2019

Name		Attend / Total Meeting(times)			
		Board of Directors	Audit Committee	Nomination & Remuneration Committee	Executive Committee
1. Mr.Apsit	Rujikeatkamjorn	4/4			
2. Mr.Pairoj	Juarprathoom *	3/3	3/3		
3. Dr.Boonchai	Pitugdamrongkija *	3/3	3/3		
4. Dr.Vongsak	Swasdipanich	4/4	5/5	2/2	
5. Pol.Gen.Kawee	Supanun *	3/3		1/1	
6. Mr.Witton	Suriyawanakul	4/4		2/2	9/9
7. Mrs.Warunee	Suriyawanakul	4/4			9/9
8. Mr. Nithi	Phatrachok	4/4			0/9
9. Mr. Paramate	Nisagornsen	4/4			
10. Mr. Wiroat	Rattanachaisit	4/4			
11. Assco.Prof Phonsiri	Thivavarnvongs *	1/1	2/2		
12. Mr.Pornsak	Sakpunpanom *	1/1	2/2		
13. Mr.Anawat	Suriyawanakul *	1/1			7/9

Note :

*1. Assco.Prof Phonsiri Thivavarnvongs, Mr.Pornsak Sakpunpanom and Mr.Anawat Suriyawanakul complete their terms of office on 23 April 2019.

2. Mr.Pairoj Juarprathoom, Dr.Boonchai Pitugdamrongkija and Pol.Gen.Kawee held on the position on 23 April 2019

7.2 Executive Officers

The Company's executives 12 persons as at 31 December 2019

Name		Position
1. Mr. Witton	Suriyawanakul	Chief Executive Officer
2. Mr. Anavat	Suriyawanakul	Vice CEO-Inventory Management and Marketing
3. Mrs. Warunee	Suriyawanakul	Vice CEO-Human Resource
4. Mr. Yuttana	Suriyawanakul	Vice CEO-Import Products
5. Ms. Chutikan	Sriseangchan	Vice CEO-Accounting and Financial
6. Mr. Piphop	Vasanaarchasakal	Vice CEO-Business Development
7. Mr. Isara	Rujikeatkamjorn	Vice CEO
8. Mr.Khemchat	Sungkakam	Vice CEO - Innovation & System Development Development
9. Mr. Pongkorn	Suriyawanakul	Assistant CEO Engineering
10. Ms. Apanchanit	Petchvong	Assistant CEO Marketing Management
11. Mr. Kriangkai	Suriyawanakul	Assistant CEO Supply Chain
12. Mr. Thapanat	Asawachchulamanee	Assistant CEO Innovation & System Development Development

Authority of Chief Executive Officer

The Managing Director has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manages the Company according to the framework and corporate governing policy, and maintain the best interest of the Company and shareholders. Roles and responsibilities are detailed as follows :

1. Manage, monitor, and control normal operations of the company
2. Manage the company as assigned by the Board of Directors
3. Manage and oversee the overall operation of the company according to the policy stipulated by the Board of Directors
4. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the plans and budget stipulated by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
5. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.
6. Consider, plan, and prioritize business strategies and fundraising for the company to propose for approval to the Board of Directors.
7. Have the authority to employ, dismiss, and lay off any employee at any level.

8. Have the authority to open and close any of company's saving account at any institutions to facilitate the operation of the company.
9. Propose for approval any appropriate consultants necessary for the company to the Board of Directors.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary. Any other roles other than stated above are out of Authorization, except for being entrusted at the Board of Directors' meeting in a case-by-case manner.

Structure of Authorization is detailed as follows

Position	Movables		Real Estate		Purchase for Tools Operation per Month
	Per Purchase	Per Sale	Per Purchase	Per Sale	
Board of Executive Directors Committee	50,000,000	50,000,000	300,000,000	100,000,000	According to Normal Business Operation
Chief Executive Officer	10,000,000	10,000,000	10,000,000	10,000,000	According to Normal Business Operation
Vice Chief Executive Officer	500,000	500,000	500,000	500,000	According to Normal Business Operation

Note :

As the quantity of procured goods for sell and for internal use vary with the demand of customers and the need for internal use, together with cost of goods, may results in an exceptional high quantity of order. As a consequence, it is not feasible to specify the exact financial amount. However, the principles and framework of practice of the company are followed.

Directors and Executive Officers with the Control over the Company, Subsidiaries and Joint Ventures.

Name	Siam Global House PCL.	Subsidiary and Joint Venture	
		Global House Cambodia Co.,Ltd	Global House Interantional Co.,Ltd
1. Mr. Witoon Suriyawanakul	Director / CEO	Director	Chairman
2. Mrs. Warunee Suriyawanakul	Director / Vice CEO		Director
3. Mr. Apisit Rujikeatkamjorn	Chairman	Chairman	
4. Mr. Nithi Phatrachok	Director		Director
5. Mr. Paramate Nisagornsen	Director		Director
6. Mr. Wiroat Rattanachaisit	Director		Director
7. Mr. Pairoj Juarprathoom	Director		
8. Dr. Vongsak Swasdipanich	Director		
9. Dr. Boonchai Pitugdamrongkija	Director		
10. Pol.Gen. Kawee Supanun	Director		
11. Mr. Anawat Suriyawanakul	Vice CEO		Director
12. Mr. Phphop Vasanaarchasakal	Vice CEO		Director
13. Ms. Chutikan Sriseangchan	Vice CEO		
14. Mr. Yuttana Suriyawanakul	Vice CEO		
15. Mr. Khemchat Sungkakam	Vice CEO		
16. Mr. Isara Rujikeatkamjorn	Vice CEO		Director
17. Mr. Kriangkai Suriyawanakul	Asisstant CEO	Director	

7.3 Secretary of the Board of Directors

On 15 February 2012, the Board of Directors has resolution to appoint Ms. Siriwan Na-Nan manager of Audit Department as the secretary of the Board of Directors.

Authority of Secretary of the Board of Directors:

- 1) Arrange and maintain documents as follow;
 - Directors registration
 - Notice calling for the Board of Directors Meeting, Minutes of the Board of Directors Meeting and the Annual Report of the Company
 - Notice calling for the Shareholders Meeting and Minutes of the Shareholders Meeting.
- 2) Maintain the report on interests which have been reported by the directors or executives.
- 3) Manage other matters as stipulated by the Capital Market Supervisory Board.
- 4) Facilitate for activities of the Board of Directors.
- 5) Coordinate with relevant person in order to be in compliance with the resolution of the Board of Directors.

Ms. Siriwan Na-Nan	
Age	47 years
Position	Company Secretary
Education	<ul style="list-style-type: none"> • Master of Economics (Business Economics), Ramkhamhaeng University • Bachelor of Business Administration (Accounting), Chiang Mai University
Training	<ul style="list-style-type: none"> • Anti - Corruption : The Practical Guide (ACPG) 46 / 2018 (IOD) • Developing Leadership for Finance and Accounting Professionals • Smart Disclosure Program (SDP) 2015 - 2019
Working experience	<ul style="list-style-type: none"> • July 2010 - Present Internal Audit Manager Siam Global House Public Co., Ltd. • 1995 - June 2010 Internal Audit Offer TMB. Bank

7.4 Remuneration for Directors and the Executive Officers

Remuneration of Board of Directors and Chief of Executives Office Policy

The company specifies the remuneration of directors clearly, transparently, and appropriately to the company performance by comparing to that of other companies in the same industrial area. The consideration bases on the performance and responsibilities of the director. Nomination and Remuneration Committee is in charge of setting the remuneration and proposing to the Board of Directors for the approval before proposing to the Shareholders' meeting.

Cash Remuneration

The resolution of the Annual General Meeting of Shareholders 2019 on 23 April, 2019 approved on the remuneration for the directors with amount of not exceeding Baht 15,000,000. The directors' remuneration consists of the monthly remuneration only directors who is not employees of the Company, remuneration per meeting attendance and bonus at the rate not exceed of 0.50% of dividend paid to shareholders. Details of remuneration payment for the Board of Directors and sub-committee for the year 2019 are as follows.

Monthly Remuneration

- Chairman 70,000 Baht / Person / Monthly
- Independent Director / Director 35,000 Baht / Person / Monthly

Remuneration of the BOD 's Meeting

- Chairman 40,000 Baht / Person / Time
- Directors 35,000 Baht / Person / Time

Remuneration of the Sub Committee's Meeting

- Chairman 30,000 Baht / Person / Time
- Directors 25,000 Baht / Person / Time

Detail of Remuneration Directors 2019

(Unit : Baht)

Directors		Position	Meeting Allowances	Monthly Remuneration	Bonus	Total
Mr. Apisit	Rujikeatkamjorn	Chairman	160,000.00	840,000.00	1,278,300.00	2,278,300.00
Mr. Pairoj	Juarprathoom *	Director / Chairman of Audit & Risk Management Committee	195,000.00	289,333.33	-	484,333.33
Dr. Boonchai	Pitugdamrongkija *	Director / Audit & Risk Management Committee	180,000.00	289,333.33	-	469,333.33
Dr. Vongsak	Swasdipanich	Director / Audit & Risk Management Committee / Nomination & Remuneration Committee	325,000.00	420,000.00	639,100.00	1,384,100.00
Mr. Witoon	Suriyawanakul	Director / Executive Director/ Nomination & Remuneration Committee	195,000.00	-	5,257,500.00	5,452,500.00
Mrs. Warunee	Suriyawanakul	Director / Executive Director	140,000.00	-	2,228,000.00	2,368,000.00
Pol.Gen. Kawee	Supanun *	Director / Chairman of Nomination & Remuneration Committee	135,000.00	289,333.33	-	424,333.33
Mr. Nithi	Phatrachok	Director / Executive Director	140,000.00	420,000.00	639,100.00	1,199,100.00
Mr. Paramate	Nisagornsen	Director	140,000.00	420,000.00	106,516.00	666,516.00
Mr. Wiroat	Rattanachaisit	Director	140,000.00	420,000.00	106,516.00	666,516.00

Detail of Remuneration Directors 2019

(Unit : Baht)

Directors		Position	Meeting Allowances	Monthly Remuneration	Bonus	Total
Assoc.Prof. Phornsiri Thivavanvongs *		Director / Chairman of Audit & Risk Management Committee	105,000.00	131,833.33	639,100.00	875,933.33
Mr.Pornsak Sakpunpanom *		Director / Audit Committee / Chairman of Nomination & Remuneration Committee 0	125,000.00	131,833.33	639,100.00	895,933.33
Mr. Anavat Suriyawanakul *		Director / Executive Director	35,000.00	-	-	35,000.00

Note : The Directors' bonus paid from the operating result of 2018 and Assoc.Prof. Phornsiri Thivavanvongs, Mr.Pornsak Sakpunpanom and Mr.Anavat Suriyawanakul who complete their terms of office on 23 April 2019, with Mr.Pairoj Juarprathoom, Dr.Boonchai Pitugdamrongkija and Pol.Gen.Kawee Supanun who replaced the directors positions on 23 April 2019 in accordance with the resolution of the Annual General Meeting of Shareholders for the year 2019.

CEO & Executive Remuneration

The executive remuneration consists of salary, bonus, provident fund, social security and other remuneration. The criteria used to pay based on the knowledge, experience and performance by compared with companies in the same business.

Remuneration of CEO & Executives Officers	2017		2018		2019	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	5	26,801,550.00	5	32,230,800.00	12	43,792,800.00
Bonus	4	4,261,200.00	5	5,182,800.00	12	15,641,190.00
Provident Fund	5	797,561.00	5	949,829.00	12	2,270,422.00
Social Security	5	42,000.00	5	45,000.00	12	108,000.00
Others	5	3,542,150.00	5	3,718,400.00	12	6,065,400.00
Total		35,444,461.00		42,126,829.00		67,877,812.00

Remuneration for Non-Monetary Term

In 2011, IAS 19: Employee Benefits announce that company have to keep Additional Expense in reserve for the employees who will be retired and/or quit (These payments are the policy by Department of Labor Protection and Welfare). The Additional Expense in the year 2019 the company reserve amount 6,070,142.68 Baht.

7.5 Human Resource

The Amount of Staffs during year 2017 - 2019

Employees	31 December 2017	31 December 2018	31 December 2019
Company Employees			
Head Office	621	420	395
Branch	7,150	8,110	9,003
Subsidiary Employees	0	200	189
Total	7,771	8,730	9,587

Note : The amount of staffs had included staff of new stores that will operate next year.

Change in Number of Employee with Significance

By the end of 2017, the number of employees of the Company has increased from the previous year. This is due to the expanding branch from 55 stores at the end of year 2017 to 61 stores at the end of year 2018 and to 66 stores at the end of year 2019. The amount of staffs at the end of year 2017, 2018, 2019 were 7,771 persons, 8,530 persons and 13,277 persons respectively. For the past 3 years, the Company has no significant labor disputes.

Staffs Remuneration

(Unit : Thousand Baht)

Staff Remuneration	2017		2018		2019	
	Staff (persons)	Amount	Staff (persons)	Amount	Staff (persons)	Amount
Salary	8,122	1,029,108.00	12,709	1,168,789.48	13,265	1,259,686.82
Bonus	-	92,759.00	5,083	114,937.20	5,755	108,696.02
Provident Fund	6,199	25,577.00	7,070	29,944.24	8,002	35,885.07
Social Security	8,122	46,711.00	12,709	52,745.04	13,265	59,142.26
Total		1,194,155.00		1,366,415.96		1,436,410.17

Note : The Bonus of year, 2019 was booked in Accrued Expenses account which not allocate, so the company could not count the actual number of staffs who got paid from company. The number of employees in 2019 which include employees who resigned

Human Resource Management Policy

Siam Global House Public Company Limited give priority to “The value of human resources” according to the company policy and practices in the business for long time. In addition to the developing the ability of work and increase their ability to operate business. The company has also focused and pay attention to create environment of workplace for the employees’ healthy, that lead to the creation of good performance by 5 parts as follow;

1) The structure of employees.

The company give priority to the public and people who disadvantaged around the store location. Then the company promote the employment in the area , through the process of recruitment by board. Including of the student’s supporting in order to training for workforce.

2) The rights and equality of employees

The company adheres to the principle of respect equality and the ability of employees to the company’s code of conduct by instilling employees since starting of work. Comprehensive of human rights. The company focus on quality of employees’ life by providing the training and opportunity in the company’s activities. It also supports the employees to develop their skill continuously.

3) The compensation and benefits management.

The company manage compensation and benefits under the merit system and focus on the ability of each employee. Including career path with the self - improvement. The welfare, the company base on appropriate and benefit of most employees which accordance with situation and capabilities of company.

4) The management of occupational health and safety.

The company adhering to the policy of health and safety at work of employees and targeted “Accidents to zero”. The regulatory measures cover safety established business partner, third party and surrounding community.

5) The employees development.

The company continue to improve and develop curriculum and employees development in accordance with the environment and business practices. In order to provide employees with knowledge and ability to effective performance. The company has set guidelines for employee development to enhance performance such as follows;

- E-learning system for self - learning continuously.
- Skill Base system for employees in each function of work.
- The development by on the job training and mentor.
- The trainee management project by learning the function and actual work.
- The executive program development by selecting the potential employees to training in the learning center at head office.

08

Corporate Governance



8. Corporate Governance

The Company realizes the importance of the good Corporate Governance, the transparent management system and accountability in order to confidence of shareholders, investors and stakeholders. Therefore, the Board of Directors had set the manual Code of Conduct for committee, executive officer and employees and published through https://www.globalhouse.co.th/service/inv_corpor

8.1 Corporate Governance Policy

The company gives priority to the good governance, transparent management system, and the accountability to promote trust among shareholders, investors, and all relevant people. The company implements Code of Best Practices principles as the guidelines for business operation which involving the following five articles.

1. Rights of Shareholders

The Board of Directors of the Company gives the importance to the right of shareholders by not performing any act that violates or lessens the rights, and to facilitate the exercise of rights on various matters. Shareholders will be protected under the basic rights as follows :

- (1) The Company invites shareholders to propose meeting agenda in advance to be submit the AGM 2019 from October 11, 2018 to January 15, 2019.
- (2) Shareholders will be provided with information relating the annual Shareholders Meeting such as date, time, place, and the agenda in advance prior to the Meeting. Meeting calling notices including related information and meeting's agenda will be sent to Shareholders at least 21 days prior to the Meeting according to the company's rules or 14 days prior depending on the agenda and / or as stipulated by the laws.
- (3) The Company has a policy to accommodate the shareholders and institutional shareholders to attend the meeting. Therefore, the Company has chosen meeting venue location with access by convenient transportation for shareholders attending the meeting
- (4) The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
- (5) The company facilitates Shareholders in attendance of the Meeting and in using the right to vote. The company will ensure every Shareholder has equal opportunity to attend the Meeting.
- (6) In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
- (7) In case of the shareholders cannot attend the meeting that they can appoint Independent Directors to be their proxy. The annual general meeting of shareholders for the year 2019, the Company has provided Assoc.Prof Phornsiri Thivavarnvongs, Mr.Pornsak Sakpunpanom and Dr. Vongsak Swasdipanich.
- (8) After the general meeting of Shareholders, the company will consistently keep the Shareholders informed on the information related to the Company through the Company's Website or the Stock Exchange of Thailand's website within 14 days.

- (9) The Company informed the performance to shareholders through the Company website or the Stock Exchange of Thailand.
- (10) The company has the policy to promote the institutional investors to attend the shareholders' meeting. The company shall coordinate to facilitate the registration one day prior to the meeting.
- (11) In voting, the company uses the ballot by implementing barcode system for counting for the convenience, time-saving, and efficiency. There is the representative as the witness to the counting and it shall be clearly disclosed in the shareholder's report, including the vote count for agreed, disagreed, and no vote.
- (12) The Annual General Meeting of Shareholders 2019 on 23 April 2019, the Company encourages the shareholders to attend the meeting by holding the meeting at the Chaophya Park Hotel which convenient to travel. Because, it is located on Ratchadaphisek MRT station. The Company has submitted the invitation letter along with attachments for shareholders in advance on 22 March 2019, as well as published the Company's website on 7 March 2019 for shareholders to consider before the meeting.

2. Equitable Treatment of Shareholders

The Company has policy to treat shareholders equally by assigning independent directors to be responsible for minority shareholders. The minority shareholders be able to suggest or express opinions to independent directors. The independent directors will consider the appropriate of each issue such as the complaint, the independent directors investigated and find appropriate resolution. Therefore, the shareholders able to propose any questions to be include in the agendas and nominating persons to be elected as directors via website of the Company <http://www.globalhouse.co.th>

In 2019, the shareholders not to propose agenda or nominating persons to be elected as directors in advanced before the Annual General Meeting of Shareholders 2019.

2.1 Prevention misuse of Inside information

The Board of Director has determined measures to prevent misuse of inside information by related person including directors, executives, staff and employee of the Company (include spouse and minor child) used inside information before disclosure in order to buy , sell, transfer or receive stocks of the Company for 30 days before disclosure financial statements to SEC or public. The Company imposed penalty on information disclosure or using information for personal benefit in according with the policy to prevent of misuse inside information. And providing knowledge to the Board of Director and executives responsible to report securities holding to SEC under Section 59, Securities and Exchange Act B.E.2535 (1992), information from SEC and SET. In 2019, Directors and executives unused of Inside information to buy/sell securities and no violation of the securities trading rules.

2.2 Related Transactions

In case of related transactions must be considered and approved by the Board of Directors. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person. In the case of normal deal, administrative section can process normally under the Meeting's resolution. Moreover, the company will prepare the summary report for the higher than 10 million Bath deal for every quarter and also report to the meeting for not-over 10 million Bath deal every quarter.

In the case of related transaction which may cause conflict, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET, the person who has conflict of interest in the connected transaction will not have the right to vote.

2.3 conflict of interest

Board of Directors sets the policy for conflict of interest bases on the principle that any decision-making on business operation shall be taken for the highest benefits of the company and avoid the action leading to conflict of interest.

- Person related to or connected to the considering issue shall inform the company about the relationship or the connection to the issue, and shall not take part in the consideration, or has any authority to approve the transaction.
- Audit Committee shall propose the connected transactions and the transaction with the conflict of interest which is considered carefully to the Board of Director.
- The company shall follow the criteria of SET strictly about pricing and conditions to the person that potentially have conflict of interest as same as to the outsider, and send the report at the time required by SET.
- Executives, employees, families, and the residents in the same residency shall not run the business or any activity that mislead the public to understand that it is the business or activity that has conflict of interest with the company directly and indirectly.
- Executives and employees shall not cooperate with the family member or the intimate person to operate business or activity that may lead to the conflict of interest directly or indirectly. To avoid the potential inappropriateness, the relationship of family member or other people that may lead to conflict of interest should be disclosed to the supervisor in written.

3. Roles of Stakeholders

The company has considerate for the rights of all stakeholders involved the company including internal stakeholders who is shareholders, employee and board of director or external stakeholders who is competitor, Partners, customers, community and society etc. The company realized that the support and get the feedback as well as build a good relationship to the stakeholders will be good benefit for the operation and develop the company to grow and expand in the future. The company has provide the group to get the rights in Equitable including comply with provision of the laws and regulation related as below.

1) Shareholders

The company focus on being a good representation to satisfy the shareholders by considerate about the growth of company value over the long term with the good control system and internal audit with clean disclosure information.

2) Employee

The company are supporting the development of the potential of human resource for maximum benefit because the company has considerate that the employee is one of the primary resources that are critical in the development of the organization to grow therefore, the company are treat the employee all equally and fairly without discrimination by give the rewards and welfare proper. Including, the opportunity for employees to complaints in the case of not being fair.

2.1 Recruiting and Employment

Employment of Older Workers : The Company support employment of older workers and provide appropriate work according to potential of older workers. Presently, the Company has older workers 26 persons in 12 stores.

Employment of Disabilities persons : The Company support employment of disabilities persons and provide appropriate work according to potential of older workers. In addition, provided the area for disability persons to sell government lottery, without charge in order to support and encourage **disabilities persons** to has career for take care themselves. In 2018, the Company employ disabilities persons as follow;

Information of Disabilities persons

Transaction	31 Dec 2019
Disabled Employees	81
To provide the area to sell lottery without cost	13
Total	94
Total Employees	13,277

2.2 Employees Development and Training

The Company focus on personnel development to improve potential and efficiency for working at every levels to support business growth. In 2019, the Company has trained the employee 7,439 persons total 76,726 hours and training cost amount 1,303,087.24 Baht. The details as follow ;

Course	Employees (Persons)	Total Training Hour	Average Hour / Person
Advanced Fiber optic cabling	38	410	10.79
Knowledge Development & Review the Work Process	1,269	13,674	10.76
HR Professional : Human Resource Management & Knowledge of Labor protection Law	57	414	7.26
Occupational Safety, Health and Environment, Knowledge of Using Equipment	474	8,364	17.65
Personality Development in Service Image & Sales Potential	3,875	28,531	7.36
Team Building	275	2,853	10.37
Good Selling	1,012	6,892	6.81
Motivation to Improve Work Efficiency	190	1,405	7.39
Improving Skill of Directors and Deputy Directors	59	12,390	210
Reduce Global Warming with Wood Substitute	20	140	7
Products Knowledge	170	1,653	9.72

2.3 Caring for Employees

The Company relized the value of employees, which is the key factor for business operation, praise, reward and be a morale for dedication of employees to the Company for long time.

Remuneration and Employee Benefit Policy

1. Short-term employee benefits

Remuneration of Employee In forms of salary, bonus and contribution for social security funds The Company has performance evaluation criteria system and evaluate by quarterly total 4 times per year via HR Employee Program. Inaddition, the special salary adjustment during the year 1 time for the employees who had excellent performance to be a morale. The results of evaluation submit to Human Resource Department in order to adjustment of salary and promotion.

2. Provident Fund

The Company has provided the provident fund as the benefit for employees with the objective to promote long-term savings of the Company's employees, which will allow them to have reserve money for retirement or resignation. As for the accumulated payment into the provident fund, employees have an option to choose the payment rate of 3 –15% of the wages. Besides, employees could select the investment policy as may be appropriate. As for the contributions from the Company, the contributions will be paid into the said fund following the employment period of employees as the rates below :

Employment Period (Year)	The Company's Contribution Rates (Percentage of wages)
Less than 5 years	3
From 5 years but less than 10 years	4
From 10 years but less than 15 years	5
More than 15 years	7

3. Rewarding performance for 10 years, 15 years and 25 years.

In 2019, the Company gave reward and certificate to the employees and the detail as follow ;

Duration of Employment	Employees (Persons)	Reward
10 years	35	Golden Medal 25 St.
15 years	29	Golden Medal 50 St.
25 years	1	Golden Medal 2 Baht.

**The employee with the right to receive rewards must have status the Company's employees at the date of the reward only.



4. Retirement Employee Benefit

According to the regulation of the Company that the employees' termination, compensation and special compensation. The Company provide benefit to employees who retirement aged 60 years by paying compensation according to the law and renewal of employment contract. In 2019, the Company paid benefit to retirement employees aged 60 years total 12 persons from 9 stores.

5. Other benefits

The Company provides benefit and activities to employees such as accident insurance, uniform, scholarships for employees' children, employee welfare, sport day, travel program for domestic country and abroad for the employees who had meet target

2.4 Safety and Occupational Health

Safety Policy

The Company concerned for the employees' health and safety by keeping the working environment hygienic and safe, along with risk assessment, prevention of accidents, health effects from operation, instill awareness of such matters for employees and related persons, and to operate as relevant guidelines :

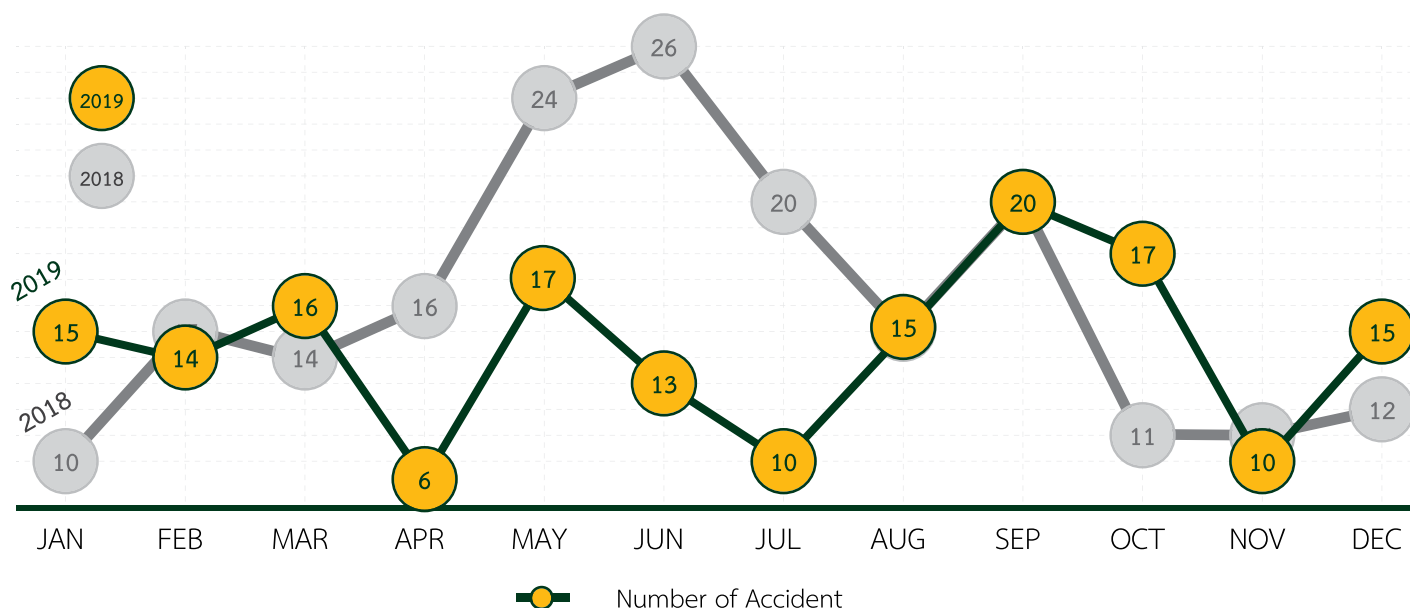
1. Comply with the laws, regulations and guidelines for health and safety which are published at present and in the future.
2. Risk assessment of activities related to business operations such as conflagration, inventory storage, the use of machines, forklift, equipment, chemical and electrical system, etc.
3. Determine appropriate preventive measures and provide safety protection equipment to be adequate and ready to use anytime.
4. Improving knowledge and cultivating health and safety awareness to employees through various channels and activities such as training, safety activity, and media via various channels, etc.

In 2019, the Company still continues to reach the goal "Zero Accident" for employees' safety of operation by providing the safety training in order to encourage and develop them to gain knowledge and understanding to the safety of operation from various programs as follows :

- Safety, occupational health and working environment program for general and new employees
- Program to enhance the potentiality for safety officer in supervisor level at the enterprise
- Safety of operation program
- Safe and proper operation of crane for particular personnel program
- Safe and proper forklift driving program

In addition to the training for employees, the Company also provides Personal Protective Equipment (PPE) such as back-support belts, safety shoes, safety helmet, gloves and reflective vests which required employees to wear while working every time. The statistic of accidents which have caused to absences in 2019 was 168 times from all 66 branches, a decrease of 13.40% compared to the year 2018 as shown below :

Accident Rate



3) Partners

The Company will treat the business partners in accordance with the trustworthy trading framework, adhering to regulations in contracts, trade terms, and the commitment given to partners. In order to building good business relationships which will be beneficial to all parties. In addition, the Company has a policy and sustainable guideline for business partners, which aims for partners to comply as follows :

3.1 Business Ethics

- **Business Integrity** Conduct business in an ethical manner with adherence to correctness, honesty, integrity and transparency and strictly comply all applicable laws and regulation and shall not participate in any fraudulent act or corruption, shall not offer, give, or promise any bribes, valuable things, gifts, or other advantages to any person, nor shall improperly influence any action or decision for their own benefit or the benefit of any other person.
- **Fairness** Conduct business responsibly to ensure fair treatment to all stakeholders.
- **Information Disclosure** Provide full and accurate disclosure of information as stipulated by law.
- **Confidentiality** Do not disclose or use any confidential information of customers or related parties without consent
- **Intellectual Property** Respect intellectual property rights of others and undertake not to allow violation of such rights.

3.2 Labor & Human Rights

- **Non - discrimination** Respect human dignity, equality, and fairness and shall not discriminate against employees on the grounds of physical or mental differences, race, nationality, religion, gender, age, education, or any other matter.
- **Labor Protection**
 1. Do not employ child labor younger than the legally required minimum age. Should child labor above the legally required minimum age be employed, their legally mandated rights shall be fully protected and proper development and promotion of quality of life and work be provided.

2. Female employees shall not engage in work which may harm their health and safety. Pregnant workers shall be protected and provided their legally -mandated benefits.

3. Employment of foreign workers must be fully compliant with the regulatory requirements

- **Prevention of Involuntary Labor** Do not use or exploit forced labor through the use of corporal punishment, threat, confinement at the workplace, coercion, harassment, human trafficking or any other means of violence.
- **Wages and Benefits** Pay workers wages, overtime pay, and holiday pay, as well as provide legally mandated benefits accurately, fairly, and not less than the minimum wage according to applicable laws. Wages, overtime pay or other benefits shall be allocated within the time set.
- **Working Hours** Do not force workers to work longer than the maximum working hours specified by applicable laws. Working overtime or working on a public holiday is voluntary. Workers must be granted holidays and leave as required by applicable laws.

3.3 Occupational Health & Safety

- **Safety and Working Environment** Implement safety systems for workers and involved persons by providing a safe and healthy work environment; reducing and controlling accident risks and health impacts associated with performance of duty, transport, and service; and establishing an emergency plans in order to reduce loss.
- **Personal Protective Equipment** Provide workers sufficient and reliable personal protective equipment appropriate for risk exposure and ensure its proper use and care.

3.4 Environment

Operate in an environmentally responsible manner, preserve the environment, utilize natural resources efficiently and effectively. Conserve natural resources, and minimize the environmental impacts of their business activities Consistent with the 3R Concept as follows :

- Reduce
- Reuse
- Recycle, Replenish

3.5 Laws & Regulation

- Abide by all applicable laws, rules, and regulation

4) Competitor

Treat the competition have a code of ethics with great competitiveness by avoiding competition with dishonest way to destroy rivals.

5) Customers

The company are concentrate to give a great service and satisfy for customers. Supply of goods and services quality. Trade with customers with honesty and fairness.

5.1 Customers Responsibility

Pre-Sales Service

- The Company committed to fair marketing that employees must provide the fact information of products and service and not conceal important information that lead to misunderstanding. Which affect the customers' decision to buy products.
- The employees must inform products instruction , risk from products using and hazard prevention to the customers.

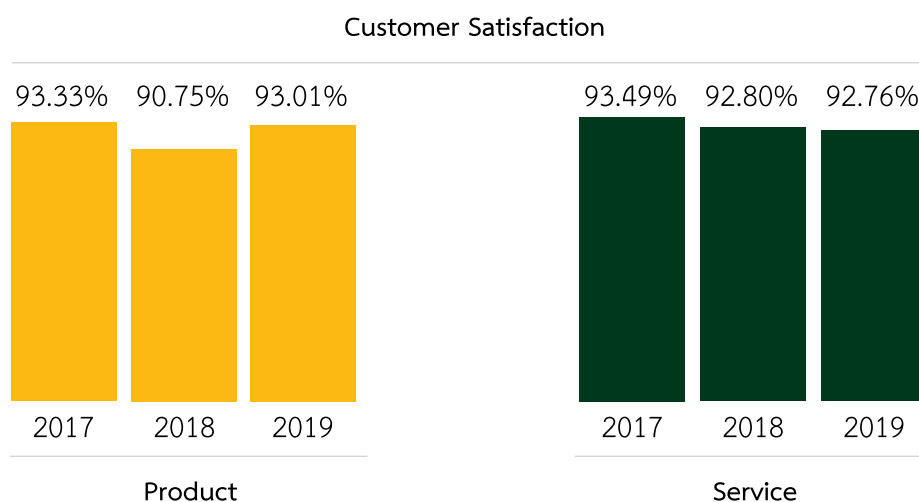
After-Sales Service

- Delivery and Installation Service : Electrical appliances , electric system, floor tile, doors-windows , laminate, tank, water pump and paint according to the Company's conditions including after warranty installation.
- Products Repair Service: For the House Brand products ,the Company responded to repair by specified conditions. For the national brand products, the Company coordinated with the products owners and tracking the repaired until completed.
- The Company has policy of products returned within 30 days afters purchased date.

5.2 Customers Satisfaction

The Company has process to survey customers satisfaction and customers feedback to develop products and service. As well as improving business operation continuously.

Customer Satisfaction Level



6) Community Society and Environment

6.1 Community and Society

The Company committed to create good and sustainable things for society almost 20 years, by considered that the Company was a part of social. The Company set the business policy that relized to importance of education, employment, health care and social investment for participate social development as follows ;

1. Encouragement Employment : the Company determined the policy of employment workers in the area in order to encourage people in the area to have income and better quality of life which affect to society and country.
2. Encouragement employee to training : the Company participated annually with Institute for Skill Development in each area for skill and abilities development of employees to be potential employees.

3. Paying Value Added Tax of each stores to Revenue Department Aera in order to used for local development.
4. Supporting Education of Community: the Company participated suppliers to give scholarships to schools in the community, while opened new stores in stead of receiving gifts.
5. Anti-Drug Campaign: the Company determined the policy to inspect the addictive substance annually and training the employees to acknowledge of the danger of drug to support the drug - free community.

6.2 Environmental

The Company has set the business policy together with the conservation of the environment by adhering to sustainable resource use, along with climate change mitigation and adaptation. Hence, the Company designed the building structure with high roofs and surrounding air ventilation, installed insulation throughout the building, implemented the warehouse management system (Automated Storage & Retrieval System), and installed the solar panels on the roof of store buildings by the guideline as follows :

1. Changing the light bulbs in the stores into LED High Bay, reducing the electrical energy up to 75%
2. Increasing the skylight to the store roofs to reduce electrical energy.
3. As for the office area, the work unit was divided into separate office rooms to reduce the electrical energy of large air conditioning.
4. Changing the paper size for receipt/tax invoice from A4 to A5 including required office staff to reduce printing, paper usage, and using the reused papers. As well as promoting the paperless work.
5. Implementation of the Automated Storage & Retrieval System (ASRS) for the stores that have been operated in 2016 onwards which is a more efficient warehouse management system. The operation of ASRS is a closed system that does not require light while it is operating, reducing the electricity consumption of the Company. By the end of 2019, there are a total of 30 branches that implemented the automatic warehouse management system.
6. Since 2017, the Company has policy aims to use renewable energy from solar energy instead of using power from electricity. Hence, the solar roof systems were installed to the store buildings of every branch to produce electricity from solar energy. After implemented to all branches in 2019, the Company could reduce the operating costs, and it could also help to reduce the impact on the environment since solar energy is clean and does not cause carbon dioxide emissions.

Operating Results

Year	Number of Branches	Number of Branches which Installed Solar Rooftop	Amount of Electricity Generated (kwh/year)	Amount of CO ₂ Reduction (tCo ₂ e/year)
2017	55	5	717,424	408.36
2018	61	19	5,431,120	3,091.39
2019	66	66	18,505,129	10,533.12

Besides, in 2019 the Company organized Global Warming Reduction for Beautiful Earth with Substitute Wood Products training course for employees to promote and raise awareness of the conservation of natural energy and environment.

7) Creditor

The Company has treated creditors fairly with the policy and guideline as follows;

- 7.1 Comply with contract agreements strictly
- 7.2 Using loan for the purpose of borrowing
- 7.3 Repayment of loans according to the time
- 7.4 Prepare contracts with creditors legally and transparently

Noninfringement of intellectual property or copyright

The company has the policy and guidelines for non-infringement of intellectual property by not supporting any actions considered intellectual property infringement, as stated in intellectual property law. If the company discovers any infringement, the quick appropriate process shall be implemented to cease or stop the access to the infringement.

Anti – Corruption

The company is committed to protecting and promoting the anti-corruption which is regarded as a crucial policy to strictly conduct business with integrity, honesty, transparency and accountability so as to create good values and corporate image. The company has expressed intention in the project of Collective Action Coalition against Corruption in the year 2015. And in the Board of directors meeting no.6/2016 held on 21 December 2016, resolved to approve the Anti-Corruption Policy. That prescribed the company's personnel must comply with the "Anti-Corruption Policy" and not be involved in all forms of corruption, whether direct or indirect. Including defined the definitions according to the Anti-Corruption Policy, duties and responsibilities, practice guidelines and penalties which were promulgated throughout the company, acknowledged and implemented by the directors, executives and employees. The company put the policy and practice guidelines as follows :

The Company has set anti - corruption policy and the guidelines are as follows :

- (1) Directors, executives and employees at all levels of the Company must comply with Anti - Corruption policy and do not act or involved in the corruption. Whether directly or indirectly.
- (2) Prohibiting executives and employees demanding or receiving any benefits from trade partners or any other persons who do business with the Company.

(3) The executives and employees of the Company avoid giving or receiving gift from person to contact for trade partner. Except to traditional or local trade.

(4) The executives and employees avoid the reception party or accepting from trade partner. Those who do business or negotiating with the Company. Except there is reasonable cause and the regular entertainment in general.

(5) The employees should not neglect or ignore, when found the corruption with the Company. Then need to notify supervisors or persons who responsible. Through various defined and to cooperate in the investigation.

(6) The Company will ensure fairness and protect employees who refuse or inform the corruption. The protective measures for complainants as defined in the code of conduct regarding the complaints and suggestions.

(7) Those who act corruption that violation of regulations on business ethics and best practices. Which be considered by disciplinary regulations may also punished by law. If the actions is illegal.

(8) The Company recognizes the importance of disseminating knowledge and understanding of the other person to perform with the company or may impact on the company, that comply with the anti – corruption policy.

(9) The Company is set to be evaluated, compliance policy of anti-corruption by the unit responsible for monitoring and report to Audit Committee. To ensure that the implementation of the policy get response from the person concerned.

(10) The Company is committed to create and maintain a corporate culture that corruption is unacceptable all transactions with government and the private sector.

Guidelines and Risk Assessment

The Company emphasizes all employees and product consultants (PC) must comply with anti-corruption and business ethics policy by not being involved in all forms of corruptions whether by direct or indirect way. The Company has set up the internal control and audit process in all aspects regarding to the corruption risk management, including the assessment of potential risks. Also, to encourage all employees and PC to attend the trainings, and promote to related persons for the comprehension of such policy. Employees and PC must not ignore any corruptions, including to impose the penalties for employee or PC who are involved in corruption.

In 2019, the Company promoted the Anti-Corruption by not allow PC to get product installation directly without passing through the Company's technicians', and the Company has informed to all branches for employees and PC to be noted and for the practice, in order for customers to get good installation services from qualified technicians, and to prevent employees and PC from accepting money from customers.

Training and Communication

- The company is publishing and communications the Anti-Corruption Policy to directors ,executives and employees as well as stakeholders to acknowledge on the company's website https://www.globalhouse.co.th/service/inv_corpor
- The Company set the training about knowledge of anti - corruption. The practical on orientation day of new employees every 1st and 16th of months.



Monitoring of the Practice, Notification and Reporting of Anti-Corruption

Directors, executives and employees are responsible for acknowledge and understanding that good corporate governance policy. And guidance in practice for promote effective implementation, administration and good governance. The Company has set communication channels to complaint from stakeholders that directly to the Board or Director (Whistle Blowing)

In case of reporting a complaint, please contact

E-mail	secretary@globalhouse.co.th
Website	http://www.globalhouse.co.th
Letter	Secretary Company Siam Global House Public Co.,Ltd. 232 Moo 19 T.Robmuang A.Muang Roi Et 45000
Tel.	043-519777, 043-527222 ext. 101
Fax	043-519649

4. Disclosure and Transparency

The Company realized the importance of disclosure with transparency including financial reports and general information complied with regulation of SEC and SET. As well as other information that affects to price of securities and decision making of investors and stakeholders. The Company will disclose information to shareholders or investors through SET and SEC including the Company's website, newspapers for the shareholders access to information equally. In 2019 company disclosed the following information :

- 1) Board of Directors requires the financial report to show the financial status and performance as required by law according to the generally accepted accounting standard by appointing the audit and risk management committee who is responsible for reviewing financial report to be accurate, complete, and reliable.
- 2) The company has the disclosure policy for financial report, general information affecting the security price, which has impact on the decision-making of the investors and stakeholders of the company, to be complete, accurate, and timely.
- 3) Prepare a report on the responsibility of the Board of Directors for financial reports
- 4) The Company disclosure additional information in the Annual Report and Form 56-1 as follows;
 - Roles, duties and attendance of the board of Directors meeting and Sub – Committee
 - Remuneration of directors and executives
 - Disclosure directors' profile and training by individual
 - Disclosure audit fee and other service in Annual Report
- 5) The Company has disclose the Invitation Letter of the Annual General Meetingm2019 via the Company's website on 7 March 2019 that the meeting held on 23April 2019
- 6) Disclosure the Code of Conduct on the Company's website for the Directors, executives and employees to adhere the guidelines.

Information Dissemination Channels

The Company relied to disclosure of financial and operating results information, that was accurate, completed, transparent. The Company provide the information dissemination channels as follows;

- Organized the investor relation unit to be communication channel for domestic investors and foreign investors.
- Arrange activities to meet investors both domestic and abroad.
- Published informations in various such as press releases, news, advertising media and social media.
- Prepare publications to disseminate various information of the Company such as annual report.
- Disseminate information to the employees via various electronic media such as intranet, email and social media.
- Disclosure information via the Company's website <https://www.globalhouse.co.th/>

Investor Relation Unit

The Company has assigned the investor relation department the responsibility to communicate with institutional investors, small investors, retail investors, shareholders and security analysts. If additional information are needed, investors could contact the investor relation department via Email: IR@globalhouse.co.th or on the Company's website https://globalhouse.co.th/Contactinvs/contact_inv.

In 2019, the Company has offered the opportunities for domestic and international securities analysts, institutional investors to meet with the management through various events as follows :

- Investor conference calls: to inform and clarify the general information and business conduct guidelines for a total of 7 times
- Road shows: for both domestic and international retail investors and institutional investors, for a total of 12 times
- Company Visits as One on One Meetings: in order to allow the analysts to inquire about the company's operation guidelines and strategies for a total of 2 times

5. Responsibility of Board of Directors

- The Board of Directors determined a corporate good governance policy in order to be guideline. As well as defined the roles, duties and responsibilities of the Board of Directors.
- The Board of Directors determined a Code of Conduct and published on website by being as an honest policy for directors, executives and employees that must comply with the requirements.
- The Board of Directors has clearly defined the vision and mission of the Company. For all employees upheld as guidelines for accomplish their work as targeted. The Board of Directors will consider these vision and mission on an annual basis. In 2019, The Board of Directors reviewed vision and mission shall remain unchanged.
- The Board of Directors has approved the strategic plans and reviewed on an annual basis to be in line with the current economic. The management is the operator and report the performance to the Board of Directors on a quarterly basis.

5.1 Board of Directors structure

Board of Directors involves the persons who has knowledge and experiences that facilitate benefits for the company. They plays important roles in giving agreement on policy setting and business plan. Further, they give importance to the internal control and internal audit system for the benefits of company and shareholders.

Currently, Board of Directors consists of 10 people, involving three executive directors, three non-executive directors, and four non-executive directors who are independent directors, which is more than one-third of all directors, whose roles are to balance the voting for any consideration and to verify the performance of management to ensure the highest benefits of the company. Besides, the company appoints the sub-committee consisting of Audit Committee, Nomination and Remuneration Committee, and Executive Committee, and sets the scope of roles and responsibilities of each committee clearly.

5.2 Roles and responsibilities of Board of Directors

- 1) Board of Directors is responsible for setting vision, objectives, strategies, and goals of business operation, including considering and reviewing operational strategies and goals every year.
- 2) Board of Directors shall perform duties with responsibilities, care, and honesty (duty of care and duty of loyalty), and supervise the operation to comply with laws, regulations, and resolution of the shareholders' meeting for the highest benefits and fairness of the stakeholders.
- 3) Board of Directors shall consider and determine business plan and annual budget to correspond with the company objectives and goals by considering the resources allocation and appropriate operation, including environmental analysis, factors and risk that may affect the stakeholders.
- 4) Board of Directors shall ensure that the strategies are implemented and monitor the performance by having the report constantly, and developing and improving business operations with health and safety concern, social and environmental responsibility.
- 5) Board of Directors shall issue Board of Directors Charter, Corporate Governance and Ethics policy as the guidelines for the directors, executives, and employees in coupled with company rules and regulations for the fairness of the stakeholders.
- 6) Board of Directors shall supervise and promote the useful innovations for the company, customers, partners, society, and environment.
- 7) Board of Directors shall ensure that the company has the reliable accounting system, financial report, accounting audit, risk management and internal control, and internal audit, and monitor, evaluate, and review risk management and internal control system regularly for the efficiency and effectiveness.
- 8) Board of Directors shall supervise the implementation of information technology management and technologies to strengthen competitiveness under the social and environmental responsibility.
- 9) Board of Directors takes care of anti-corruption practice, promotes all employees to comply with relevant policies, laws, and regulations, and monitors the compliance with anti-corruption constantly.

- 10) Board of Directors considers development plan and carry on the top management positions, and supervises the evaluation of top management performance every year.
- 11) Board of Directors shall review and evaluate the performance of the board and individual director once a year.
- 12) Board of Directors arranges continuing knowledge and work potential development by participating in the courses related to director performance, or the seminar to enhance and pursue knowledge.
- 13) Board of Directors shall attend all meetings. In the force majeure circumstance and unable to attend, inform the Chairman or the Secretary prior to the meeting. Regarding, the directors or any persons having conflict of interest with the Company do not exercise right to vote on that matter.

The transactions that be approved by shareholders' meeting

These transactions in following cases must be approved by the board of directors meeting and the shareholders' meeting with a vote not less than 3 of 4 of total votes of shareholders who attend the meeting and have the right to vote.

- Selling or transferring all or significant amount of shares
- Buying or receiving shares from other companies in the name of the Company
- Signing, changing, or canceling of lease of company in significant amount.
- Altering or changing of memorandum or regulations
- Fundraising, Fund reducing, issuing corporate bond, merging or closing.

5.3 Roles and responsibilities of Chairman of Board of Directors

- 1) Supervise and monitor the performance of directors and subcommittee to be efficient in order to achieve the objectives of the company.
- 2) Supervise to ensure the participation of directors in promoting ethical organization culture and Good Corporate Governance.
- 3) Set the agenda of Board of Directors meeting and ensure that the directors receive accurate and complete information before the meeting for the appropriate decision-making.
- 4) Lead the Board of Directors, act as the Chairman of the Board of Directors meeting, and allocate time sufficiently by controlling and running the Board of Directors meeting, allow all directors to discuss and exchange opinions freely, use discretion in decision-making carefully and efficiently.
- 5) Be the leader of the shareholders' meeting to follow the agenda, company regulations, and laws, give a chance for expressing opinion equally, and control the questions and answers of the shareholders appropriately and transparently.
- 6) Strengthen the positive relationship between the executive directors and non-executive directors.

5.4 Roles and responsibilities distribution between directors and management

The company distributes the roles and responsibilities between the Board of Directors and management clearly. Board of Directors is responsible for policy making and supervising the operation of management. Meanwhile, the management administrates the operation followed the policies. Therefore, Chairman of Board of Director shall not be the same person.

5.5 Determination of number of registered company the director and CEO taking position of director

Board of Directors identifies the number of registered company the director can take the position of director to ensure the sufficient and efficient dedication to the company. Therefore, Board of Directors identifies that the director is able to hold the position of director in the other five registered companies at the maximum. As for the Chief Executive Officer who will be a director in other listed companies must be approved from the Board of Directors.

5.6 The performance assessment of the Board of Directors, Sub-Committee and Executives

The performance Assessment of the Board of Directors : the Company assess annually of the Board of Directors, Sub-Committee and Executives by assessment in 3 forms such as Board of Directors Assessment form, Sub-Committee Assessment form and Individual Assessment form. The Company's secretary sent assessment form to all directors to assess the performance of the Board of Director and Sub-Committee. Then the secretary collected and summarize the performance assessment before submit to the chairman, which has criteria of performance assessment be in line with the Stock Exchange of Thailand as follows ;

- 1) Performance assessment form of Board of Directors by group cover 6 main categories;
 1. Structure and qualifications of the Board of directors
 2. Roles, duties and responsibilities of the Board
 3. Board of Directors' meetings
 4. Performances of the duties of directors
 5. Relationship with management
 6. Self-development of directors and development of executives
7. Performance assessment form of Sub-Committee by group cover 3 main categories;
 8. Structure and qualifications of Sub-Committee
 9. Sub-Committee's meeting
 10. Roles, duties and responsibilities of Sub-Committee
- 2) Performance assessment form of Board of Directors by group cover 6 main categories;
 1. Structure and qualifications of Sub-Committee
 2. Directors' meeting
 3. Roles, duties and responsibilities of directors

The method of scoring as a percentage from the full score of each item is as follows;

- Over 90 % = Excellent
- 81 - 89 % = Very Good
- 66 – 80 % = Good
- 50 – 65 % = Satisfactory
- Under 50 % = Poor

The performance assessment results of the Board of Directors and Sub-Committee in 2019

	Board-Committee Assessment		Individual Assessment	
	Scored	Rating	Scored	Rating
Board of Directors	97.45%	Excellent	97.95%	Excellent
Audit and Risk Management Committees	90.00%	Excellent	96.97%	Excellent
Nomination and Remuneration Committees	96.05%	Excellent	96.21%	Excellent

The overall result of the 2019 Board Assessment indicates an average rating of “Excellent” both Board of Directors & Sub-Committee Assessment and Individual Assessment. The Board of Director will consider assessment result for improving the performance in the future.

The Performance Assessment of Executives In 2019

The Nomination and Remuneration Committee will assess performance of executives by considered from business operation result, business operation according to the Board of Directors’ policy, abilities to business development and improving the business’s operation efficiency yearly with the overall of economic and social situation. Which have criteria according to the Stock Exchange of Thailand by separate 3 parts as follows ;

- Progressive of Business Plans
- Performance Measurement
- CEO Development

The result of performance will be considered and determined the compensation of Chief Executive Officer and approved by the Board of Directors.

5.7 Training Program for the Board of Directors and Executive Officers

- 1) The Board of Directors promote and support directors to attend training course or seminars in order to accumulate knowledge that will benefit the Company annually at least 1 person. The Board of Directors assigned the Secretary of the Board of Directors to collaborate and notify directors of upcoming training courses and seminars.
- 2) The Company has policy to organize orientation to every newly direct or in order to acknowledge the roles, duty and responsibility and nature of business. By presenting information, manual of the code of conduct and Company’s Articles of Association. Including training programs for newly directors held by Thai Institute of Directors (IOD).
- 3) The Board of Directors assigns the Chairman of the Executive Directors to acknowledge about the development plans and prepare a succession plan in case incapable of performing duties.

- 4) The Board of Directors Form Directors' development project and the Chairman of Executive Director report back the progress every year and assess in conjunction with the succession plan.

In 2019, there were three new directors and two of whom had passed the courses Directors certification Program (DCP) and Directors Accredited Program (DAP) of Thai Institute of Directors Association (IOD). therefore, the board of directors assigned the company secretary to coordinate the training course of Directors Accredited Program (DAP) 161 / 2019 for Mr. Pairoj Juarprathoom, Chairman of Audit & Risk Management Committee to enhance understanding the directors's roles and responsibilities.

The directors completed the training courses by Thai Institute of Directors Association (IOD).

Directors	Position	Course
Mr. Apisit Rujikeatkamjorn	Chairman	<ul style="list-style-type: none"> Director Accreditation Program 21 / 2004 Director Accreditation Program 27 / 2004 Finance for Non-Finance Director (FND) 24 / 2005 Understanding the Fundamental of Financial Statements Program (UFS) 5 / 2006 Audit Committee Program 22 / 2008 The Role of Chairman Program 26 / 2011 Director Certification Program 166 / 2012
Mr. Pairoj Juarprathoom	Director / Chairman of Audit & Risk Management Committee / Independent Director	<ul style="list-style-type: none"> Director Accreditation Program 161 / 2019
Dr. Boonchai Pitugdamrongkija	Director / Member of Audit & Risk Management Committee / Independent Director	<ul style="list-style-type: none"> Director Certification Program 155 / 2012
Pol.Gen. Kawee Supanun	Director / Chairman of Nomination & Remuneration Committee / Independent Director	<ul style="list-style-type: none"> Director Accreditation Program 129 / 2016
Dr. Vongsak Swasdipanich	Director / Independent Director / Member of Audit & Risk Management Committee / Member of Nomination & Remuneration Committee	<ul style="list-style-type: none"> Director Accreditation Program 134 / 2017
Mr. Witoon Suriyawanakul	Director / Executive Director	<ul style="list-style-type: none"> Director Accreditation Program 68 / 2008
Mrs. Warunee Suriyawanakul	Director / Executive Director	<ul style="list-style-type: none"> Director Accreditation Program 68 / 2008
Mr. Nithi Phatrachok	Director / Executive Director	<ul style="list-style-type: none"> Director Accreditation Program 140 / 2017
Mr. Paramate Nisagornsen	Director	<ul style="list-style-type: none"> Director Certification Program 258 / 2018
Mr. Wiroat Rattanachaisit	Director	<ul style="list-style-type: none"> Director Accreditation Program 163 / 2019

5.8 Appointment and term of Board of Directors

Appointment of Board of Directors

- Nomination and Remuneration Committee selects and nominates the qualified person to take the position of director or independent director of the company by considering from the experience, knowledge, capability that shall be useful for the company before proposing to the Board of Directors for consideration. Board of Directors shall propose the opinion in the Annual General Meeting of Shareholders for approval. The resolution shall be approved with the majority votes from the shareholders attending the meeting.
- The company gives the opportunity to the shareholders to nominate the list of qualified person to be considered for the director in advance before the Annual General Meeting of Shareholders.

Office term

- In the Annual General Meeting of Shareholders, one-third of the directors at the time being shall resign from the position. If the number of the director cannot be divided into three portions, the number closest to the one-third is applied. Those who are vacated may resume the position.
- Director shall vacate the position in case of death, resignation, lack of qualifications, or having incompatibility according to Securities and Exchange law, resolution from the shareholders' meeting, or the judicial order.
- The company determines the year of the office term of the director to comply with Public Limited Companies Act, B.E. 2535. Currently, there are 10 directors who will be holding the position for three years.
- The independent director has the office term not exceeding nine years from the first term appointed as the independent director. Board of Directors may propose the independent director name to the Shareholders' meeting to consider resuming the position if the person is knowledgeable and experienced.

8.2 Sub - Committees

8.2.1 Board Structure

From the Second Meeting of the Board of Director (2 / 2012), the Board Director have made an adjustment to decrease the number of Sub-Committees from 5 committees to be 3 committees on 28 April 2011. This adjustment would be flexible to manage and useful for the company.

1. Executive Committee

Name		Position
1. Mr.Witoon	Suriyawanakul	Chairman of the Executive Committee
2. Mr.Anavat	Suriyawanakul	Executive Director
3. Mrs.Warunee	Suriyawanakul	Executive Director
4. Mr.Nithe	Phatrachoke	Executive Director
5. Mr.Yutthana	Suriyawanakul	Vice-CEO Import Products
6. Ms.Chutikan	Sriseangchan	Vice-CEO Accounting and Financial

Functions and Responsibilities of Executive Directors

- 1) Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.
- 2) Lay out strategies and directions for the company under the framework and boundary of goals and objective of the business and/or policy of business.
- 3) Propose appropriate investment and/or fundraising plans to the Board of Directors and/r the Shareholder's meetings.
- 4) Consider and approve business consultants necessary to business operations.
- 5) Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.
- 6) Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.
- 7) Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
- 8) Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

However, the Executive Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

2. Audit and Risk Management Committees

Name	Position
1. Mr.Pairoj Juarprathoom	Chairman of Audit & Risk Management Committee (Independents Directors)
2. Dr.Boonchai Pitugdamrongkija	Member of Audit & Risk Management Committee (Independent Directors)
3. Dr.Vongsak Swasdipanich	Member of Audit & Risk Management Committee (Independent Directors)

Note : Mr. Pairoj Juarprathoom, have well knowledge about accounting and financial management.

Roles of Audit and Risk Management Committee

Functions and Responsibilities of the Audit Committee

- 1) To review the accuracy and sufficiency of the financial reports of the company.
- 2) To review the company to ensure that the internal control and internal audit systems are suitable and effective, and to review the independence of internal audit section, including approving the appointment, transference, or termination of internal audit section s supervisors (heads) or those of other workgroups responsible for internal audit.

- 3) To review the company to ensure that their operations are in accordance with securities laws and SET legal requirements, rules and regulations, as well as other laws that may be related to the company's business.
- 4) To consider, propose, appoint and dismissal independent persons who shall be assigned as the company's auditors, to propose their remuneration, and to participate in a meeting with the auditors at least once a year without management team.
- 5) To review connected transactions and any other transaction that may cause potential conflicts of interest in accordance with SET laws and SET regulations in order to ensure that those items are reasonable and of utmost benefits to the company.
- 6) To publicize the audit committee report signed by the chairman of the audit committee in company annual report; the report should include the following details:
 - 6.1 Opinions on accuracy, completeness and credibility of the company's financial reports;
 - 6.2 Opinions on sufficiency of the company's internal control system;
 - 6.3 Opinions on the company's compliance with securities and SET laws and SET regulations, or business laws related to the company and its subsidiaries;
 - 6.4 Opinions on suitability of external auditors of the company;
 - 6.5 Opinions on transactions of possible conflicts of interest;
 - 6.6 The number of audit committee meetings, and attendance of each audit committee member;
 - 6.7 Opinions or observation by the audit committee during their auditing practice according to charter; and
 - 6.8 Other transactions that shareholders and public investors should be informed under the scope of work and responsibilities assigned by the company's board of directors.
- 7) To take care of any other action assigned by the board of directors with the consent of audit committee

Functions and Responsibilities of the Risk Management Committee

- 1) To determine and principles and framework for proper risk management to the Board of Directors.
- 2) To consider and analyze all risks and problems that may arise
- 3) To consider and approve risk management plans
- 4) To report to the Board of Director about the risks and plans in place that may affect the corporate objectives and operation
- 5) To monitor the risk in each function of operation
- 6) To monitor risk of false reports including internal and external reports and documentation
- 7) To monitor that the business operates and govern in compliance with governing laws and regulations.

In this regard, the abovementioned delegation of authority of roles and responsibilities of Risk Management Committee will not include the authority and/or the delegation of authority to appoint a Sub - Attorney to approve any transactions in which the Committee or a Sub-Attorney or any related persons who may have any conflict (as defined in the Notification of the Securities and Exchange Commission) or interest with the Company or its subsidiary. Any approval of such matter shall be proposed to the Board and/or the shareholders' meeting (as the case may be) for approval of such matter as stipulated in the Company's articles of a subsidiary company or any applicable laws.

3. Nomination and Remuneration Committeeed

Name	Position
1. Pol.Gen. Kawee Supanun	Chairman of the Nomination and Remuneration Committees (Independent Directors)
2. Dr. Vongsak Swasdipanich	Member of the Nomination and Remuneration Committees (Independent Directors)
3. Mr. Witoon Suriyawanakul	Member of the Nomination and Remuneration Committees (Independent Directors)

Functions and Responsibilities of the Nomination and Remuneration Committees

Nomination

- 1) Consider the criteria and procedure in nomination of qualified persons for the director and executive officer positions, including selection of persons according to the prescribed nomination procedure, proposing opinions to the Board of director for further proposal to the shareholders' meeting to appoint directors subsequently.
- 2) Prepare developing plans for trainings relating to the directors' duties and knowledge related to the business of the Company for the Board of directors and executive officers continuously to increase the potential of the Board of directors and the Company's executives.
- 3) Prepare and review the succession plan of the Company's chief executive officer. In order to prepare the potential person for the succession in management position for the Company to be able to perform its operations continuously.
- 4) Select directors who have appropriated qualification as committee member in the sub-committee. In order to propose to the Board of directors meeting for appointment when there is a vacancy.
- 5) Propose to the shareholders' meeting to elect the directors with the rules and procedures in accordance with the Company's Articles of Association as follows :
 - A shareholder shall have one vote per share.
 - A shareholder must exercise his right according to number of votes specified under (1) to vote for directors, either one candidate at a time or a group of persons. In case of a group of persons, the number of votes cannot be divided differently for each person.
 - The persons who have been received majority votes respectively shall be elected as directors in accordance with the number of directors required or to be elected at a time. In the event of persons received equal votes exceeding the number of directors required, the Chairman of the meeting shall have the casting vote.
- 6) At the annual general meeting of shareholders, one-third of the directors shall be retired. If case of one-third of the number is impossible, the nearest number to one-third of number of directors will be retired. The retired directors may be reelected. The directors retiring in the first and second year after registration of the company shall be done by drawing lots. As for the subsequent years, the directors holding longest position shall be retired automatically.

- 7) In case a director demands to resign, that person need to submit resignation letter to the Company. Resignation will be considered effective once reached.

Remuneration

- 1) Consider and determine remuneration of the directors, Sub-committee and executive officer to propose opinions for the Board of directors. The Board of directors will consider the approval for remuneration of executive officer. As for the remuneration of directors and Sub-committee, it must be proposed to the shareholders' meeting for approval.
- 2) Review all types of remuneration, considering by the amount of money and the portion of each type of remuneration to be appropriate, compared to the companies that operate in the similar business.
- 3) Consider the suitability and various conditions in case the Company will make a public offering of securities or warrants to purchase shares for the directors and employee as a remuneration and motivation to perform their duties.
- 4) Perform other duties related to the nomination and remuneration as assigned by the Board of directors.

In this regard, the abovementioned delegation of authority of roles and responsibilities of Nomination and Remuneration Committee will not include the authority and/or the delegation of authority to appoint a Sub-Attorney to approve any transactions in which the Committee or a Sub-Attorney or any related persons who may have any conflict (as defined in the Notification of the Securities and Exchange Commission) or interest with the Company or its subsidiary. Any approval of such matter shall be proposed to the Board and/or the shareholders' meeting (as the case may be) for approval of such matter as stipulated in the Company's articles of a subsidiary company or any applicable laws.

8.2.2 Financial Statement Auditing

The Audit Committee who has knowledge and experience in financial statement auditing, Mr. Pairoj Juarprathoom.

8.3 Independent Directors

Definition of Independent Directors

In according to the corporate governance of the Company's policy and comply with the rules of the Stock Exchange of Thailand. The Company has defined of independent director as follow:

Independent Director means the director who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly.

There are 4 independent directors of the company which consists of :

	Name	Position
1.	Mr.Pairoj Juarprathoom	Independent Directors
2.	Pol.Gen.Kawee Supanun	Independent Directors
3.	Dr.Boonchai Pitugdamrongkija	Independent Directors
4.	Dr.Vongsak Swasdipanich	Independent Directors

The Company has determined the qualification of Independent Director as follow ;

- 1) Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest.
- 2) Does not have management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.
- 3) Does not have business relationship with the Company, its affiliates, or its associated companies; and not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest, for at least 2 years before appointing the duty of Independent Director.
- 4) Is not a person having blood relationship of other directors, management person, major shareholder, controlling person, or the person being nominated to be a director, management person or a controlling person of the Company or subsidiary company
- 5) Must not be appointed to protect the interest of any director or major shareholders.
- 6) Capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company and report result of duty performing as assigned by the Board of Directors, not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
- 7) Does not have any other characteristics which may restrict such person from offering independent comment or opinion on the Company's operations.

All the definition about has complied with the rules and regulations stipulated by Securities and Exchange Commission and the Stock Exchange of Thailand.

Criteria for Selection of Independent Directors

The Nomination and Remuneration Committee recruits qualified persons to be Independent Directors and propose to the Board of Directors Meeting and/or the Annual General of Shareholders Meeting for considered and appointment of Independent Directors.

8.4 Nomination and Appointment of the Board of Directors and Sub - Committee

The Company assigned the Nomination and Remuneration Committee to select qualified persons to be directors by considered persons who has knowledge, abilities and experienced.

Criteria for Selection of the Directors are as follows :

1. The Board of Directors consists of at least 5 Directors, not exceeding 15 Directors are appointed in the Shareholders' Meeting, (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations).
2. The appointment of Directors at the shareholders' meeting in compliance to regulations and corporate procedures as follows:
 - 2.1 Each shareholder has the vote equivalent to one vote per one share held.
 - 2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his / her varied voting rights to any person.
 - 2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any person who has been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.
3. In the shareholder annual meeting, one third of directors must be retired. In case one third (1/3) of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.
4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.
5. In the event where a director is voted to dismiss prior to the completion term, the votes must be more than three in four (3 / 4) of the shareholders attending the meeting with the right to vote.

Criteria and Selection of Audit and Risk Management Committee as follows :

Audit and Risk Management Committee must be the Director of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 person with knowledge, capability and experience in Accounting and Finance.

Criteria and Selection of Nomination and Remuneration Committee as follows :

Nomination and Remuneration Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

Criteria and Selection of Executive Directors as follows :

Executive Directors must be the Directors of the Company appointed by the Board of Directors. The Board of Directors considers the number of the Executive Directors and the Board of Director will appoint one Chairman of Executive Director.

The Board Diversity Policy

The Board of directors has set the diversity in structure of the Board of directors policy for persons who will be directors, considering by their professional skills, expertise, knowledge and ability in particular fields related to the business of the Company. Also, they shall be able to devote their time to perform their works and responsibilities without restrictions on age, gender, religion, or any restrictions in order to be the factors that support the balance in thinking and quality of work which are beneficial for the business' operation.

In addition, the Board of Directors has required the qualifications and skills necessary for the selection of directors (Board Skill Matrix), comprising of engineering, marketing strategy and competition, accounting and financial, economics, legal, risk management, government administration, and other aspects which are in line with the Company's business goal.

8.5 Selection of Executive and Succession Plan

The Company has personne selection plan to be the executive which appropriate and transparent to ensure that executive has knowledge, skill, professionalism and effectively management. The Nomination and Remuneration Committee will prepare succession plans to propose the Board of Director for considering. The Company has executive recruitment process by considering educational qualifications, abilities, skill, experience for business operation, able to manage that achieve the objectives and understanding of the business. Including, not possessing prohibited characteristics under the Public Limited Companies Act B.E. 2535.

8.6 Control of Subsidiaries and Associated Companise's Business Operations

Global house(Cambodia) Co.,Ltd ("GBC") and Global house International Co.,Ltd ("GBI") are subsidiary company and joint venture . The objective for investment in building materials retails and home decorate products in ASEAN and Cambodia. The investment attribute to take equity and collaborative management with the individual local partner.

The Board of Director has appointed directors and executives to position in GBC and GBI for managing and policies as same as the Company

8.7 Internal Information Monitoring

Internal Information Monitoring Policy

The Company realized the importance of controlling the use of inside information, especially the information that undisclosed to public which may affect to price securities. By defining a policy on code of conduct manual as follow ;

1. The Board of Directors has define stipulation to prevent the wrongfully use of inside information by individual concerned that including directors, executive officers and employees (including spouse and minor child).By using the inside information was undisclosed for buy , sales or transfer the securities within 30 days before disclosure information to SEC or the publicly.
2. The Company assigned the Accounting and Financial department submit the financial reports to SET and SEC that reviewing by the Audit Committee and the Board of Directors in order to insure that the information will not be disclosed to public prematurely.
3. Informing to directors and executive officers for disclosure of shareholding to SEC according to the Article no.59 and penalties under the Public Limited Companies Act B.E 1992.

Penalty Measure

The Company has implemented measure of penalty to misuse of inside information, according to the Public Limited Companies Act B.E.2535 (Including additional amendments) and relevant other regulations for transparency and treating all stakeholders fairly.

Details of Company's shareholding of the Directors and Executive Officers as 31 December 2019

No	Name	Position	A number of shareholding		
			31 Dec 2019	31 Dec 2018	Increase / (Decrease)
1.	Mr. Apisit Rujikeatkamjorn	Chairman	-	-	-
2.	Mr. Pairoj Juarprathoom	Director / Audit Committee	-	-	-
3.	Dr. Boonchai Pitugdamrongkija	Director / Audit Committee	-	-	-
4.	Pol.Gen.Kawee Supanun	Director / Audit Committee / Nomination & Remuneration	-	-	-
5.	Dr. Vongsak Swasdiapanich	Director / Audit Committee / Nomination & Remuneration	-	-	-
6.	Mr. Wittoon Suriyawanakul	Director / Executive	22,719,706	20,926,768	1,792,938
7.	Mrs. Warunee Suriyawanakul	Director / Executive	18,990,013	18,085,727	904,286
8.	Mr. Nithi Phatrachok	Director / Executive	-	-	-
9.	Mr. Paramate Nisagornsen	Director	-	-	-
10.	Mr. Wiroat Rattanachaisit	Director	-	-	-
11.	Mr. Anavat Suriyawanakul	Vice - CEO	5,096,455	22,489,005	(17,392,550)
	Spouse and minor children		191,201,194	182,096,376	9,104,818
12.	Mr. Yutthana Suriyawanakul	Vice - CEO	1,631,925	1,554,215	77,710
13.	Ms. Chutikan Srisaengchan	Vice - CEO	1,148,437	1,093,750	54,687
14.	Mr. Piphop Vasanaarchasakul	Vice - CEO	-	-	-
15.	Mr. Isara Rujikeatkamjorn	Vice - CEO	8,858,125	8,312,500	545,625
16.	Mr. Khemchat Sungkakam	Vice - CEO	129	123	6
	Spouse and minor children		242	231	11
17.	Mr. Pongkorn Suriyawanakul	Assistant - CEO	309,706	294,959	14,747
18.	Ms. Apanchanit Petchvong	Assistant - CEO	1,676	1,597	79
19.	Mr. Kriangkai Suriyawanakul	Assistant - CEO	468,086,987	464,844,750	3,242,237
	Spouse and minor children		17,499	16,666	833
20.	Mr. Tahpanat Asawachchulamanee	Assistant - CEO	138	132	6

Note ; The numbers of shares that increase in 2019 mostly from the stock dividend payment.

8.8 Audit Fee

The resolution of Annual General Meeting of shareholders 2019 approved and appointed Mr. Methee Ratanasrimetha Certified Public Accountant Registration No. 3425 or Ms. Varaporn Vareesawedsuvan Certified Public Accountant Registration No. 5087 or Mr. Akadet Pliensakul Certified Public Accountant Registration No. 5389 or Ms. Kornthip Wanichwisedkul Certified Public Accountant Registration No. 6947 of M.R. & Associates Company Limited to be the Company's auditors for the year 2019 with 3,100,000 Baht.

Transaction / Year	2017	2018	2019
Audit Fee	2,600,000.00	2,800,000.00	3,100,000.00
Non Audit Fee	128,950.00	134,365.00	140,920.00

8.9 Implementation of Corporate Governance Code for Listed Companies 2017

The Board of Directors has recognized with the principles of Corporate Governance Code for Listed Companies 2017, that issued by the Securities and Exchange Commission, Thailand agreed to revised and update the corporate governance manual and the code of conduct of the Company in accordance with the new principles. And promulgated to director's executives and employees of adopting for the Company's sustainable value creation.

8.10 Good corporate governance guidelines in other aspects

The Company has consistently implemented the principles of "Corporate Governance Code" for listed companies of the Stock Exchange of Thailand. In 2018, the Board of Directors has considered to apply the principles of "Corporate Governance Code" for listed companies 2017 that issued by the Securities and Exchange Commission, Thailand and regional international guidelines "ASEAN CG Scorecard" being adopted to consistent with the business of the Company. In 2019, the Company has not adopt with the principles of Corporate Governance Code as follows ;

1. All members of the Nomination and Remuneration Committee are independent directors

The Nomination and Remuneration Committee comprises 3 members, 2 independent directors that more than half of the committee, and the chairman of the Nomination and Remuneration Committee is also an independent director. In order to the recruitment and remuneration of the Company to be the most independent.

1. Noninfringement of intellectual property or copyright

The company has the policy and guidelines for non-infringement of intellectual property by not supporting any actions considered intellectual property infringement, as stated in intellectual property law. If the company discovers any infringement, the quick appropriate process shall be implemented to cease or stop the access to the infringement.

2. Anti – Corruption

The company is committed to protecting and promoting the anti-corruption which is regarded as a crucial policy to strictly conduct business with integrity, honesty, transparency and accountability so as to create good values and corporate image. The company has expressed intention in the project of Collective Action Coalition against Corruption in the year 2015. And in the Board of directors meeting no.6 / 2016 held on 21 December 2016, resolved to approve the Anti-Corruption Policy. That prescribed the company's personnel must comply with the "Anti-Corruption Policy" and not be involved in all forms of corruption, whether direct or indirect. Including defined the definitions according to the Anti-Corruption Policy, duties and responsibilities, practice guidelines and penalties which were promulgated throughout the company, acknowledged and implemented by the directors, executives and employees. The company put the policy and practice guidelines as follows

09

Corporate Social Responsibility



9. Corporate Social Responsibility

Activities for Social Benefits

The Company continues to support activities for social benefits; donation of money and goods, or corporate with government or private sector through 66 stores of our branches. In 2019, the Company supported activities for social benefits, representing 221 transactions with the total amount of 7,240,862.56 Baht and the details are as follows :

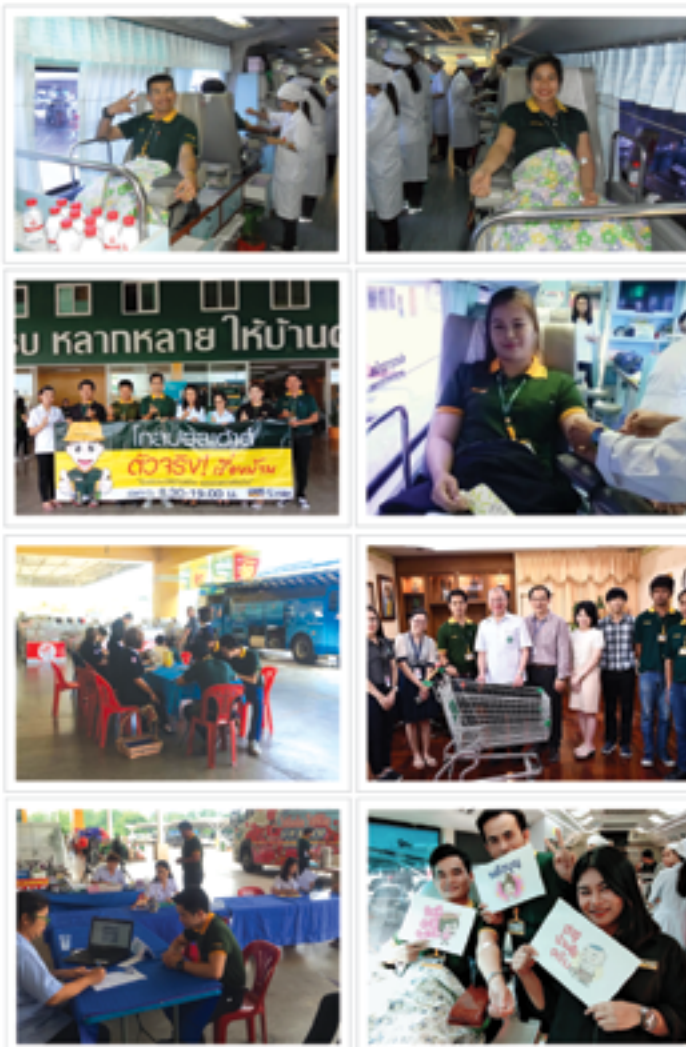
- 1) Education and Youth Development : The Company has realized the importance of education and youth development by setting a goal to promote and create educational opportunities for local students. In 2019, the Company supported educational and various activities as follows :
 - The Company donated goods for teaching and learning materials for schools, vocational college, technical college and Rajamangala University of Technology, a total of 22 educational institutions in 13 provinces: NakhonPathom, PrachuapKhiri Khan, Chonburi, NakhonRatchasima, Chaiyaphum, BuengKan, Kalasin, KhonKaen, NongKhai, NakhonPhanom, MahaSarakham, Sukhothai and Nan, with the total amount of 2,266,712.78 Baht.
 - The Company carried on the project ‘Global House Volunteer’ to donate five computers with equipment, two of 1,500-liter onground water tank, eighty sets of folding tables and chairs which are worth 217,263.96 Baht to Ban KlongKum school, Amphur Wang Nam Khiao, NakhonRatchasima. Also, the management and employees raised funds and donated items giving to students in need.
 - The Company provided support for the Music Performance Project (8th Duriyangkasilp Project) which was held by Music Education students, Faculty of Education, RoiEtRajabhat University.
- 2) Medical : Global House has concerned and recognized the importance of saving human lives, and in the last year, the Company participated in many medical activities as follows:
 - Donation to “*Srinagarind Day Fund*” under the royal patronage of Her Royal Highness Princess Maha Chakri Sirindhorn totaled to the amount of 500,000.00 baht. This will be used to help the poor or low-income patients admitted to Srinagarind Hospital, and to support the teaching and learning of medical students of Faculty of Medicine Khon Kaen University, including medical resident training and research to promote health science knowledge to the public.
 - Medical Equipment Donation: The Company raised the fund together with the suppliers who joined the New branch grand opening ceremony, giving the total amount of 438,885.00 Baht to Nangrong hospital, Kantharalak hospital, Vachira Phuket hospital, and Satun hospital to purchase medical materials and medical equipment.
 - Blood Donation: The Company participated in the blood donation of the Thai provincial red cross chapter and provincial hospital and facilitated the blood donors with the convenience area for the blood donation. In 2019, there were 1,780 of the Company employees attended the blood donation with blood quantity of 691,300 cc, and 31 people also signed up for eye and other organ donation.
- 3) Helping Disabled and Disadvantaged Persons : Being a part of raising donation from the faithful customers and employees in our stores with “The project of your 1 Baht for creating dream and opportunity” for the Roi - Et School for the Blind by placing donation boxes in our stores which could collect donations up to 400,000.00 Baht.
- 4) Religion : The Company donated goods, materials and equipment for the construction and restoration of the Buddhist sanctuary, parsonage and temple pavilion, which are a total of 12 places in 7 provinces : RoiEt, Kalasin, MahaSarakham, SakonNakhon, NakhonSawan, NakhonPathom, and NakhonNayok, in the total amount of 2,752,602.00 Baht.
- 5) Traditional and Local Activities : Participated in supporting traditional festivals and local activities to preserve cultural traditions and build goods relationships with the community, such as UbonRatchathani Candle Festival, LoiKrathong Cultural Preservation Project in Ang Thong, Songkran Festival in Roi Et, Bun Bang Fai in SakonNakhon and Bun KhunLan tradition in Roi Et, etc.
- 6) Government and Public Relation Activities : Participated and supported in the donation of goods and money, along with cooperated with government agencies and private sectors through our branches of the Company as follows :
 - Offered a donation of 100,000 Baht to Roi Et province for helping flood victims in Roi Et area

- Promoted and provided support for charity walk and run events which were held in Roi Et, NakhonPathom, Surin, Uttaradit, Chiang Mai and Phitsanulok, which is a total of 12 events, offering the donation of money and drinking water, which are worth 212,252,45 Baht, to support the following events : Santisuk Half Marathon 2019, Phuwa Pa Seua Wing Mini Marathon 2019, Run for Down event, Run through the New Year Withee Thai Saang Bun YaiWitheeBhudhist event, Walk and Run across Mekong River NakhonPathom-Khammouan Marathon 2019, “Pi Dai Wing, Nong Dai Rean” event, the 1st Run for the Young Mini Marathon event, the 4th SraPhang Thong Cup Mini Marathon; Walk Run Ride Hom Bun event, SomdejPhraEkathotsarotCamp Combat X Ran Run 2019, Phraya KanKaak Mini Half Marathon 2019, and Surin Mini Marathon 2019
 - Promoted the national red cross fair of the year 2019 with the donation of money and prizes, a total value of 134,884.94 Baht, for the national red cross fair in the following provinces: PathumThani, Kanchanaburi, Chai Nat, Sukhothai, Lamphun, Chiang Mai, KhonKaen, Surin, Kalasin, Mukdahan, NongKhai, NongBua Lam Phu and Chaiyaphum.
 - Encouraged the Rotary Club in RoiEt, KhonKaen and NakhonPhanom with a total donation of 45,000.00 Baht.
 - Supported by goods and equipment to 6 police stations in Kanchanaburi, PrachuapKhiri Khan, Roi Et, Sing Buri and NakhonPhanom for the construction of pavilion to facilitate visitors of government agencies
 - Contributed the 101 Ride Plant Share event with Plant on People Hearts Volunteer Club following The King’s Philosophy in Roi Et, with the amount of 50,000.00 Baht to plant and reforest the Dongtamlay-Don Yai Community Forest in Suwannabhumi, Roi Et
- 7) Supporting 40,804 bottles of drinking water “Global House” brand with total value of 112,577.94 Baht to promote 66 various events through Global House branches such as helping flood victims, national labor day activity, anti - drug sport, charity walk and run event, and local police station for public service during New Year and Songkran festival, etc.

Education and Youth Development



Medical



Helping Disabled and Disadvantaged Persons



Religion



Traditional and Local Activities



Government and Public Relation Activities



Donation of "GLOBAL HOUSE" Drinking Water



10

Internal Control and Risk Management



10. Internal Control and Risk Management

The opinion of the Board of Directors

The Board of Directors assigned to the Audit & Risk Management Committee that consist of 3 independent directors who not employees of the Company and their responsibilities for reviewed the accuracy of financial report and effectiveness of internal control system.

The Board of Director meeting 1/2020 on 25 February 2020, the directors and the Audit Committee evaluated the adequacy of internal control system. The Board of Directors' opinion that the internal control system was adequate and appropriated to nature of business and accordance with COSO (The Committee of Sponsoring Organization of the Tread way Commission) as follow;

1. Organization and Environment

The committee agreed that the company has clear organization chart and specified scope of authority and responsibility of each department. There is clearly state of business goal. The Management and administrator considered and defined business target and strategies, which can be adapted accordingly to environment .

The Board of Directors approved the code of conduct manual and published to website and intranet of the Company in order to be guideline for directors executives and staffs to adhere. For the policy of employees, the company was training all employees to develop skill and reviewed operation to be in the same line. Furthermore, also educated employees to love organization and provide best environment and welfares, as well as defined standard of performance assessment and fairly compensation.

2. Risk Management

The committee agree that the company has regularly considered and risk assessment that impact on operations. The Management committee have meeting with all relevant departments every months to acknowledge and follow up the result of operation and closely tracking for setting risk management to control the risk to be at acceptable level

3. Operational Control

The committee agree that the company has specified the scope of authority and detail of approval ineach level clearly. There is completely separated duty and responsibility for approval , account booking and information technology for examine each other.

4. Information Technology and Communication System

The committee agree that the company emphasis on Information Technology. There is development and improvement about operational system for more efficient and support internal control system.

For the communication between executive officers and employees, the company has developed internal communication channels for more effectively, for employees are aware of policies and procedures in order to operate in the same line.

5. Monitoring System

The committee agree that the company has specified to meeting with all relevant departments every months to acknowledge and follow up regularly. Furthermore, specifying to Internal Audit Department directly reported audit's result and evaluated of internal control system of units to Management Committee and Audit and Risk Management Committee so that internal auditors can perform independently

The committee's opinion of the internal control system all 5 components is sufficient, appropriate and provided staffs to perform on internal control to be effective. The management has focused on the understanding of internal control with training on supervisors to optimize the performance.

The Executive Committee assigned to the Account and Financial department to audit and accurate of the Company's assets regularly. In addition, the auditing of financial statements of the year 2019 the certified auditor has no comment about the internal control system. and the risk management is set to promptly handle with any situation.

The opinion of Audit and Risk Management Committee.

The Audit and Risk Management Committee agree with the Board of Directors that the internal control system has adequate and appropriate with the Company' business, satisfactory level, acceptable of risk management, accounting system and accuracy of financial reports and complied with the regulations related to the Company's business.

Internal Audit Manager

The Audit and Risk Management Committee had appointed Ms. Siriwan Na-Nan to be the Internal Audit Manager. She has educated and experienced in internal audit and trained related courses of internal audit. Including also understanding of the Company's operations. As a result, it is appropriate to appoint her to perform such duties.

The Audit and Risk Management Committee is responsible for approving the appointment, dismissal and transfer of the Internal Audit manager.

Name : Mr. Siriwan Na - Nan

Position : Internal Audit Manager

Education :

- Master of Economics (Business Economics), Ramkhamhaeng University
- Bachelor of Business Administration (Accounting), Chiang Mai University

Specific Training Courses :

- Anti - Corruption : The Practical Guide (ACPG) 46 / 2018 (IOD)
- Developing Leadership for Finance and Accounting Professionals
- Internal Control System Framework COSO 2013, Federation of Accounting Professions
- Internal Control for Auditor
- Control Self Assessment, for Risk Management, PWC.
- IDEA Program for Auditing

The Brief Working Experience

- July 2010 - Present Internal Audit Manager Siam Global House Public Co., Ltd.
- 1995 - June 2010 Internal Audit Officer TMB. Bank

Shareholding : 0.00%

11

Dividend Policy



11. Dividend Policy

The Company has the policy to pay dividend to shareholders not less than 30% of the net profit of each year after deducting the legal reserve. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

The dividend payment for the year 2016 - 2018

	2016	2017	2018
Earnings per share (Baht / Share)	0.4348	0.4199	0.5008
Dividend per share (Baht / Share)	0.2156	0.2263	0.2556
Proportion of dividends payment of net profit (%)	55.76	56.74	53.71

Note : The earning per share above is basic earnings per share which based on the financial statements of each year, that did not adjust the number of shares of previous years due to increasing of capital for stocks dividend payment

12

Related Transactions



12. Related Transactions

In 2019, the Company had significant business transactions with related parties (related by having common shareholding or co - directors), which have been concluded on commercial terms and bases agree upon in the ordinary course of business between the Company and those companies. The Company had related transaction between 2017 - 2019 as follows ;

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2019	2018	2017
1. Inter Concrete Industry Co.,Ltd.				
• 3 co-directors and major shareholder 78.57% of capital register.	Sale	10.10	10.05	9.29
	Purchase	0.23	-	-
1) Mr.Witoon Suriyawanakul	Account Receivable	0.99	0.50	0.38
2) Mr.Anawat Suriyawanakul	Purchase Assets	-	0.11	0.16
3) Mrs.Warunee Suriyawanakul	(As of 31 Dec)			
Audit Committee's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
2. Siam Global Engineering Co.,Ltd.				
• 1 co-directors Mr. Anawat Suriyawanakul	Sale	79.29	83.46	79.38
	Purchase	0.62	-	-
and 3 co-directors are shareholders 29.65% of capital register;	Account Receivable	0.76	11.57	0.24
	Purchase Assets	385.69	486.03	537.22
1) Mr. Witoon Suriyawanakul	Other expense	0.72	-	-
2) Mr. Anawat Suriyawanakul	Other Payables	135.93	169.09	174.05
3) Mrs.Warunee Suriyawanakul	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
3. Sima Kraft Industry Co.,Ltd.				
• Subsidiaries of The Siam Cement PCL	Sales	0.06	0.06	0.07
	Other Income	-	-	0.01
	Account Receivable	-	-	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2019	2018	2017
4. Sосуco and Group (2008) Co.,Ltd.				
• Subsidiaries of The Siam Cement PCL.	Sales	-	0.01	-
	Account Receivable	-	0.12	-
	Purchase	-	73.61	128.49
	Account Payable	-	-	1.01
	Other Account Receivable	-	5.62	-
	Other Income	-	0.10	-
	Sale promotion income	-	7.30	10.59
	Accrued sale promotion income	-	-	4.41
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
5. Thai-German Ceramic Industry PCL.				
• Subsidiaries of The Siam Cement PCL.	Sales	-	0.01	-
	Account Receivable	-	0.06	-
	Other Account Receivable	-	0.42	-
	Purchase	-	62.10	160.67
	Account Payable	-	-	2.51
	Other income	-	0.12	-
	Sale promotion income	-	2.64	12.44
	Accrued sale promotion income	-	-	0.35
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
6. SCG Logistic Management Co., Ltd.				
• Subsidiaries of The Siam Cement PCL.	Sales	0.13	0.53	0.39
	Purchase	33.63	27.94	69.35
	Account Payable	0.18	0.35	0.82
	Other income	0.40	2.23	-
	Other expense	0.03	-	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2019	2018	2017
7. Thai Ceramic Co., Ltd.				
• Subsidiaries of The Siam Cement PCL.	Sales	-	0.04	-
	Purchase	-	53.75	193.40
	Account Payable	-	-	1.93
	Sale promotion income	-	0.75	2.79
	Accrued sale promotion income	-	-	0.57
	Other income	-	0.18	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
8. Siam Sanitary ware Industry Co.,Ltd.				
• Subsidiaries of The Siam Cement PCL.	Account Payable	20.26	15.18	15.67
	Purchase	104.11	82.14	77.40
	Sales	0.02	0.03	-
	Other Account Receivable	2.47	1.94	-
	Sale promotion income	11.67	7.16	6.76
	Accrued sale promotion income	-	-	2.50
	Distribution management income	0.11	0.35	-
	Other Income	0.23	0.45	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2019	2018	2017
9. The Nawaplastic Industries (Saraburi) Co., Ltd.				
• Subsidiaries of The Siam Cement PCL	Sales	0.01	0.04	-
	Purchase	279.68	236.50	250.40
	Account Payable	-	8.94	10.97
	Other Account Receivable	-	2.17	-
	Sale promotion income	2.49	4.01	2.09
	Accrued sale promotion income	-	-	2.04
	Distribution management income	5.01	4.16	-
	Other Income	0.51	5.00	0.60
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
10. SCG Cement - Building Materials Co.,Ltd				
• Subsidiaries of The Siam Cement PCL.	Sales	2.07	4.62	1.91
	Purchase	1,001.57	810.18	699.35
	Account Payable	15.10	2.71	8.79
	Other Account Payable	1.62	0.79	0.79
	Account Receivable	0.01	1.04	-
	Other Account Receivable	11.36	14.85	-
	Management Fee	8.84	8.84	8.84
	Sale promotion income	59.21	52.54	37.45
	Accrued sale promotion income	-	-	8.28
	Other Income	2.01	2.00	-
	Distribution management income	0.75	0.16	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2019	2018	2017
11. Souvanny Home Center Public Company.	Sales	-	0.72	16.47
• Associate of Global House International Co., Ltd.	Other Income	0.25	0.33	0.69
	Account Receivable (As of 31 Dec)	0.07	0.01	0.04
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
12. Global House International Co., Ltd.	Interest Expense	-	3.98	1.29
• Joint venture	Interest income	0.12	0.06	-
	Other Income	0.24	0.12	0.10
	Other Account Receivable	6.74	6.62	0.10
	Other Account Payable	-	-	0.02
	Other Expense (As of 31 Dec)	-	-	0.02
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.				
13. Global House (Cambodia) Co., Ltd.	Other Account Receivable (As of 31 Dec)	-	-	0.01
• Subsidiary of Siam Global House PCL.				
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
14. SCG Trading Vietnam Co.,Ltd,	Purchase (As of 31 Dec)	136.61	205.73	126.57
• Subsidiaries of The Siam Cement PCL.				
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2019	2018	2017
15. Lok Chum Teav Kim Heang • A shareholder of subsidiary	Rental Expense Accrued Rental (As of 31 Dec)	21.80 33.34	22.75 41.90	17.31 17.17
Audit Committee's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and negotiated agreement price.				
16. SCG CERAMICS PUBLIC COMPANY LIMITED • Subsidiaries of The Siam Cement PCL.	Sales Other Income Purchase Account Payable Account Receivable Other Account Receivable Sale promotion income (As of 31 Dec)	0.14 0.14 556.48 36.09 - 4.90 26.43	0.03 - 148.43 42.23 0.01 6.43 14.83	- - - - - - -
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
17. SCG Experience Co.,Ltd • Subsidiary of SCG Distribution Co.,Ltd	Sales Other Income Other Account Receivable (As of 31 Dec)	1.38 0.68 0.02	- - -	- - -
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

Audit Committee Commendations

From the meeting of the Audit Committee No.1/2020 on 24 February 2020, audit committee commented on the related transaction between the company and person which may cause conflict of interest or will cause conflict of interest in the future follow Notification of Capital Market Supervisory Board. The meeting resolved unanimously that these related transaction was reasonable and fair price and benefit the company's business. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person.

Procedure to Approve the Related Transaction

From the meeting of the Board No.4/2008 on 11 August 2008, the board approved on the case of entering into any deal or contract between the company and director, manager or any related person which may cause conflict. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person. In the case of normal deal, administrative section can process normally under the Meeting's resolution. Moreover, the company will prepare the summary report for the higher than 10 million Bath deal for every quarter and also report to the meeting for not-over 10 million Bath deal every quarter.

In the case of related transaction which may cause conflict, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET, the person who has conflict of interest in the connected transaction will not have the right to vote.

Guidelines for Treating Future Related Transactions

If the company have to make the transaction with person who may cause conflict of interest or will cause conflict of interest in the future, the company will give policies on the necessity of related transaction and the appropriate pricing of that transaction and consider the conditions to be in line with the general business in this industry and compare the price with the transaction done with a third party or the market price. In addition, the company will provide an independent expert or the company's auditor to give opinion on that transaction to use as guidance for the Board.

The future related transaction must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and not approve any transaction which may cause conflict of interest. In the case of related transaction between Siam Global House Public Company Limited and person who may cause conflict in the future, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET. The information was shown on 56-1 and 56 - 2 document.

Investor protection

In the order to protect the investor, the transaction which may cause conflict of interest in the future has to review by the audit committee in the meeting. Moreover, the company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and follow the rule of transaction disclosure.

13

Management Discussion and Analysis of Financial Status and Operating Results



13. Management Discussion and Analysis

Overview of Business Operating Results

The business operation results have grown significantly over the past three years (2017-2019) as a result of the increase of sale amount from same stores and new stores, include strategies to increase the proportion of sales of HOUSE BRAND products. Although the previous year, the economy has been affected by turbulences in politics and natural disasters but had not impact to the business operations and everything went according to plans. The Company expand new branches continuously from 55 stores in the end of year 2017 to 66 stores in the end of year 2019, by 14 stores which opened 2 years such as Phatthalung, Chokchai (Nakhon Ratchasima), Tapharak (Samut Prakan), Pra Nakhon Si Ayutthaya, Chainat, Dan Khun Tod (Nakhon Ratchasima), Fang (Chiang Mai), Mae Hong Son Nangrong (Buriram), Satun, Phuket Kantharak (Sisaket), Mae sai (Chiang Rai) and respectively.

In addition, the policy of expanding branches continuously in domestic. The Company has a policy to expand branches to neighboring countries. By the end of 2018, the Company has opened a branch of the subsidiary company GLOBAL HOUSE (CAMBODIA) Co., LTD in Phnom Penh. Which is the first center for construction materials and home decoration products in Cambodia.

The operating results for the year 2019 the Company has net profit (consolidated financial statement) is Baht 2,114.08 million that increase by Baht 123.41 million or increase 6.20 % compared to the year 2018 and equal 7.53% of sales which the mainly result from the adjustment of business operating strategy to be in line with the economics.

The overall of performance during 2017 - 2019

Total Revenue

Unit : Million Baht

Transaction	31 December 2019		31 December 2018		31 December 2017	
	Amount	%	Amount	%	Amount	%
1. Sales Revenues	27,482.16	94.17	25,336.49	96.47	20,830.56	96.65
1.1 Building Material Products	10,439.47	35.77	9,746.65	37.11	8,507.35	39.47
1.2 Decorating Products	17,042.69	58.40	15,589.84	59.36	12,323.21	57.18
2. Other Revenues	1,094.75	3.75	860.00	3.28	721.62	3.35
3. Revenues from Subsidiary	605.37	2.08	65.92	0.25	-	-
Total revenues	29,182.28	100.00	26,262.41	100.00	21,552.18	100.00

The Company's total revenue since 2017 - 2019 has grown from 21,552.18 million Baht in 2017, 26,262.41 million Baht in 2018 and 29,182.28 million Baht in 2019. These figures are reflections of the performance of same stores and branches expansion continuously. The total revenues comprise of the following ;

- Sales revenues, which separate products into 2 groups as construction materials products and home decorating products

- Other revenues from sales promotion and other services fees

Distribution Costs and Administrative Expense

The proportions of costs of sales to the revenues from 2017- 2019 were 76.76%, 76.52% and 76.41% respectively. Administrative expenses from 2017 – 2019 were 2,865.09 million Baht, 3,467.20 million Baht and 4,037.62 million Baht respectively. It was mainly driven by the increase of salary expenses of new stores from 55 stores in 2017 to 66 stores in 2019

In 2019, the Company had the provision of legal employee benefit that changed the payment of compensation from 300 days to 400 days amount of 12.56 million Baht, loss recognition from fire incidents of Lamphun branch amount of 20.70 million Baht. However, all property damages were covered under insurance policy. Currently, the Company is waiting to receive all amount of compensation. And estimation of obsolete and slow moving products amount of 10.00 million Baht.

Gross Profit

The Company' gross profit from 2017-2019 were 4,286.91 million Baht, 5,305.93 million Baht and 5,782.52 million Baht respectively.

If comparing with sales revenues that the Company has gross profit margin in 2017-2019 equal 20.58% , 20.89% and 20.59% respectively. The gross profit margin which has been increasing because of the increase in the proportion of house brand products.

Net Profit

The Company' net profit in 2017-2019 were 1,602.09 million Baht, 1,990.66 million Baht and 2,114.08 million Baht respectively.

If comparing with total revenues that the Company has profit margin in 2017-2019 equal 7.43%, 7.58% and 7.24% respectively. The mainly driven by the adjustment of business operating strategy to be in line with the economics and efficiency in managing the company's expenses.

Total Assets

The total assets of the Company from 2017 - 2019 were 28,229.56 million Baht, 31,016.98 million Baht and 35,986.39 respectively. Significant changes are as follows:

- 1) Cash and cash equivalent as at 31st December 2017 was 346.97 million Baht, as at 31st December 2018 was 661.60 million Baht, and as at 31st December 2019 was 1,299.27 million Baht.
- 2) Account receivables as at 31st December 2017 was 33.85 million Baht, as at 31st December 2018 was 161.20 million Baht, and as at 31st December 2019 was 159.45 million Baht. Show that, there was the increasing of account receivable in 2017-2019. However, the company has the policy to strict on giving credits and collection to reduce any risk of lately payment.
- 3) Inventory as at 31st December 2017 was 12,603.61 million Baht, as at 31st December 2018 was 13,297.75 million Baht and as at 31 December 2019 was 15,602.53 million Baht. The significant increase in inventory was the result of stores expansion.

- 4) Land, Building and equipment as at 31st December 2017 was 12,491.83 million Baht, as at 31st December 2018 was 13,958.58 million Baht and as at 31 December 2019 was 16,105.03 million Baht. Including, Land not use in operation as at 31 December 2017 was 500.36 million baht, as at 31 December 2018 was 500.36 million Baht and as at 31 December 2019 was 500.36 million baht. This is due to the expansion of stores every year and do not new revaluation.

Liabilities

The total liability as at 31st December 2017 was 14,849.46 million Baht, as at 31st December 2018 was 16,130.62 million Baht and 31 December 2019 was was 19,855.47 million Baht. The debt ratios over the three years were 1.11, 1.08 and 1.23 respectively.

Shareholders' Equity

The Company has shareholders' equity as at 31st December 2017 was 13,380.10 million Baht, as at 31st December 2018 was 14,886.37 million Baht and as at 31 December 2019 was 16,130.92 million Baht. In the year 2019 the Company has increase the registered capital amount 4,201,543,026.00 Baht and paid-up capital of 4,201,540,599.00 Baht. As at 31st December 2019, the Company has the appropriated retained earnings and in compliance with the laws of 484.18 million Baht and had inappropriate retained earnings of 6,507.73 million Baht, which means the shareholder's equity increased comparing to 2018 approximately by 8.36%

Cash flows

Unit : Million baht

Transaction	Consolidated Financial Statement		Separate Financial Statement	
	2019	2018	2019	2018
Cash flows from operating activities	1,530.20	2,252.80	1,521.61	2,359.80
Cash flows from investing activities	(2,862.56)	(2,257.10)	(2,864.37)	(2,425.14)
Cash flows from financing activities	1,981.56	317.92	1,981.56	317.92
Transaction adjustments	(11.53)	1.00	-	-
Net increase in cash and cash equivalents	637.67	314.62	638.80	252.58

As at 31 December 2019, the Company has cash and cash equivalents were 1,299.27 million Baht that increase from 31 December 2018 amount 637.67 million Baht because of the following activities;

In 2019, the company had profit from operating activities before change in operating assets and liabilities of 3,891.06 million Baht. The working capital increased based on calculation of net change in operating of 1,893.79 million baht, and payment for taxes during the year of 467.07 million Baht, thus resulting in net cash from operating activities of 1,530.20 million Baht.

Net cash flows investing activities 2,862.56 million Baht that comprising of key transaction such as purchased the property plant and equipment of Baht 2,872.00 million and computer software Baht 10.34 million.

Net cash flows from financing activities 1,981.56 million Baht. The Company had repayments of long-term loans from financial institution and dividends payment by 1,328.33 million Baht and 822.53 million Baht respectively. Thus, the Company disbursed additional from financial institution for short-term loans 4,179.15 million Baht and long-term loans 223.00 million baht.

Factors that may affect the Company's performance in the future.

The key factors that may affect to the Company's performance in the future consist of 4 cases as follow;

1. The fluctuations of the domestic economy.

Currently, the opinion of academics and economic' experts shown the economics of Thailand may be slow down by several factors, especially the drought in several regions of country that may affect to investment and including the reduction of public spending. During the past, the Company has been monitoring the situation and analyzed the impact on sales continuously. The Company trust on the strength of financial status of the Company that will support long term plans to expand business cover the country and ASEAN. In addition, the Company is establishing a distribution center in Ayutthaya province. In order to improve supply chain management which enhance the company's profitability in long term. The Distribution Center has operated in October 2017.

2. The fluctuations of exchange rate

The Company has imported goods for sales and the fluctuation of exchange rates is a key factor in business operation. The monthly executive meeting was tracked economic and financial situation in order to risk assess and impact from exchange rate along with setting of risk prevention continuously.

3. Competition in the industry.

The last 3 years, the acceleration of expansion of competitors including of new entrepreneurs in business that make higher competition. The Company focus on products presentation about building materials to appropriate for target customers along with the policy " All inclusive for your house" .In addition, the Company will continue focus on making a difference of service and knowledge of the staffs in order to retain the customers in long term.

In 2019, the company have renovated all existing stores to enhance the atmosphere and lighting in the stores to support the change of customer's needs and generation. Furthermore, the company is applying automated systems to the retail system in the field of Digital Transformation and development in many IT systems in the company to always create the industry competitive advantage.

4. Human resource recruitment.

The Company is currently in period of expansion to cover the country. The Company realized that the human resources , staff development and maintenance for the long term is importance. The Company has improved training courses and set human resources management policy collaborated with strategic partner "SCG Distribution Co.Ltd." . The Company ensure that be able to recruit and develop staffs to support business expansion.

14

Audit and Risk Management Committee's Report



14. Audit and Risk Management Committee's Report

Dear Shareholders

The Audit and Risk Management Committee of the Company consists of 3 independent directors who are knowledgeable and have experience in various sectors, such as accounting and finance, risk management, legal affairs and organization management, including independence in compliance with the Stock Exchange of Thailand's requirements.

1. Mr. Pairoj Juarprathoom Chairman of Audit and Risk Management Committee
2. Dr. Vongsak Swasdipanich Member of Audit and Risk Management Committee
3. Dr. Boonchai Pitugdamrongkija Member of Audit and Risk Management Committee

This year, the committee's composition change with the resignation of Assoc.Prof.Phornsiri Thivavarnvongs and Mr.Pornsak Sakpanpanom, who completed their term at the 2019 Annual General meeting of Shareholders.

For the year 2019, the Audit Committee has performed the duty according to the scope of responsibility as stipulated in the charter of the Audit Committee and according to the assignment from the Company's Board of Directors. There were 5 meetings. The Essence of the Work Performed in year 2019:

1. Having considered and review the quarterly financial report of the company and the annual financial statements for the year 2019 with the top managing director in company (Vice Chief Executive Officer in Accounting & Financial) before such were disclosed to the Stock Exchange of Thailand and the Office of the Securities and Stock Exchange Commission. The financial report of the Company is reliable, accurate and complete according to the generally accepted accounting principle and has sufficiently timely disclosed material information and creditable which useful for financial statements users.
2. Having review the related transactions between the person who relate with the company, the Audit and Risk Management Committee agree that all transactions are normal condition of trading, there are no transfer of benefit. Company is also revealed the financial statement to the public.
3. Having review the company's internal control system, the Audit and Risk Management Committee agree that the company has sufficient and efficient internal control system which cover the organization and environment, risks management, operational control, Information Technology and Communication system and the monitoring system.
4. Having performed of internal audit that the Audit and Risk Management Committee is review audit's plan 2019 and acknowledge audit's operating. They have given suggestion to internal audit department for more efficiency performance.
5. Having review the performance to be comply with the laws on Securities and Stock Exchange, the rule of Stock Exchange or the laws relevant to the business proceeding of the company. The Audit and Risk Management Committee agree that the company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.

6. Having considered the selection and nomination of company's independent auditor and determination of the audit fee to propose in 2019 to the Company's Board of Directors for the request for approval from the meeting of shareholders. The candidates are Mr. Methee Ratanasrimetha CPA No. 3425 or Ms. Varaporn Vareesawedsuvan CPA No. 5087 or Mr. Akadet Pliensakul CPA No. 5389 or Ms. Kornthip Wanichwisedkul CPA No. 6947 of M & R ASSOCIATES CO., LTD as the auditors of the Company for the year 2019 and approved the auditor fee of 3,100,000 Baht for the Company's Financial Statements.
7. Having convened with the independent auditors 3 times to discuss key issues in the preparation of the financial statements and acknowledge audit issues and recommendation from auditors. The meeting had no attendance of the management for independence in the performance and giving opinion.

The Audit and Risk Management Committee has opinions from the review of the Company's operations in the year 2019, that the Company has followed the relevant laws and regulations that according to the good corporate governance and sufficient internal control system for business operations.



(Mr. Pairoj Juarprathoom)

Chairman of Audit & Risk Management Committee
Siam Global House Public Company Limited

24 February 2020

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Board of Directors' Responsibility for Financial Reporting



15. Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for overall financial statements of Siam Global House Public Company Limited and its subsidiaries and any financial information shown in the Annual Report. The financial statement was prepared in accordance with the accounting standard as generally accepted. The Company chooses appropriate accounting policy and always acts accordingly together with careful discretion and the best estimation for such arrangements. This includes adequate disclosures of necessary information in remarks and appendix of the financial statements.

The Board of Directors maintains the efficiency of the internal audit control system in order to be reasonably confident that records of any accounting information are accurate, through, complete and enough to maintain the Company's assets. It is also aimed at substantially identify and acknowledge weaknesses to prevent malfeasance or inappropriate performances.

In this regard, the Board of Directors of the Company has appointed an Audit & Risk Management Committee, comprising the Independent Directors who are not Executives. The Audit Committees shall have the responsibilities relating to the quality of the report on financial statement and internal control system. The opinion of the Audit Committee with regards to these subjects appeared in the report of the Audit Committee as shown in the Annual Report.

The financial statement of the Company have been examined by external auditor, M.R. & Associates Co., Ltd. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considered that, in general, the internal control system of the Company has achieved satisfactory level. It can also reasonably ensure the reliability of the Company and its subsidiaries' accounting system as of December 31, 2019.



(Mr. Apisit Rujikeatkamjorn)

Chairman of the Board

Siam Global House Public Company Limited

25 February 2020

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Board of Directors & Executives Profile



16. Board of Directors

Mr. Apisit Rujikeatkamjorn

Age : 74 Years **Nationality :** Thai

Position : Chairman

Appointed as the Director on 26 February 2008

Education / Training

- Master of Engineering , Lama University Texas
- Bachelor of Engineering Program in Civil Engineering, Khon Kaen University

Director Training

Director training program of Thai Institute of Directors (IOD)

- Director Accreditation Program 21 / 2004 and 27 / 2004
- Finance for Non-Finance Director 24 / 2005
- Understanding the Fundamental of Financial Statements Program 5 / 2006
- Audit Committee Program 22 / 2008
- The Role of Chairman Program 26 / 2011
- Director Certification Program 166 / 2012

Training in 2019 : (None)

The Brief Working Experience in 5 years.

2008 - Present	Chairman, Siam Global House PCL.
2012 - Present	Chairman, Sea Oil, PCL.
2014 - Present	Vice - President, Asia Green Energy PCL., Chairman , Asia Bio Mass , Co., LTD
2015 - Present	Chairman, D.T.C.Enterprise Co.,LTD
2017 - Present	Chairman, LAO Agro Tech Public Company, Chairman, Global House (Cambodia) Co., Ltd

Director position other listed company : 4 Companies

Director position other non-listed company : 3 Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : Mr.Isara Rujikeatkamjorn's father.



Mr. Witoon Suriyawanakul

Age : 61 Years **Nationality :** Thai

Position : Director / Executive Director /
Nomination & Remuneration Committee / CEO

Appointed as the Director on 10 May 2017

Education / Training

- Master of Business Administration, Khon Kaen University
- Bachelor of Engineering Program in Civil Engineering, Khon Kaen University

Director Training

- Director Accreditation Program 68 / 2008 (IOD)

Training in 2019 : (None)

The Brief Working Experience in 5 years.

- | | |
|--------------------|---|
| 1997 - Present | Director, Inter Concrete Industry Co., Ltd.
Director, Siam Global Asset Co., Ltd. |
| 2008 - Mar2016 | Director / Executive Director / Nomination & Remuneration Committee / CEO, Siam Global House PCL. |
| 2015 - Present | Chairman, Global House International Co.,Ltd |
| May 2017 - Present | Director / Executive Director / Nomination & Remuneration Committee / CEO, Siam Global House PCL. |
| 2017 - Present | Director, Global House Cambodia. Co.,Ltd |

Director position other listed company : 1 Company

Director position other non-listed company : 4 Companies

Shareholding (%) : 0.54% (Held personally : 0.54%) , Held by spouse or minor children : None)

Family Relationship among Directors and Executives : Mrs.Warunee Suriyawanakul's husband, Mr.Anawat Suriyawanakul's brother and Mr.Kiangkai Suriyawanakul's father.



Mrs. Warunee Suriyawanakul

Age : 59 Years **Nationality :** Thai

Position : Director / Executive Director / Vice - CEO Human Resource

Appointed as the Director on 26 February 2008

Education / Training

- Secondary Education

Director Training

- Director Accreditation Program 68 / 2008 (IOD)

Training in 2019 : (None)

The Brief Working Experience in 5 years.

1997 - Present	Director, Inter Concrete Industry Co., Ltd.
2008 - Present	Director / Executive Director Vice - CEO Human Resource, Siam Global House PCL.
2015 - Present	Director, Global House International Co.,LTD

Director position other listed company : 1 Company

Director position other non-listed company : 2 Companies

Shareholding (%) : 0.45% (Held personally : 0.45% , Held by spouse or minor children : None)

Family Relationship among Directors and Executives : Mr. Witoon Suriyawanakul's wife
and Mr. Kriangkai Suriyawanakul's mother.



Mr. Nithi Patarachoke

Age : 56 Years **Nationality :** Thai

Position : Director / Executive Director

Appointed as the Director on 23 November 2012

Education / Training

- Master of Finance and Operations Management
University of Chicago ,USA
- Bachelor of Engineering Industrial Engineering
Chulalongkorn University
- Advanced Management Program (AMP)
Harvard University , USA

Director Training

- Director Accreditation Program 140 / 2017 (IOD)

Training in 2019 : (None)

The Brief Working Experience in 5 years.

2012 - Present	Director / Executive Director Siam Global House PCL.
2013 - Present	Director, SCG Cement - Building Materials Co., Ltd and Vice Chairman,Thailand Management Association
2015 - Present	Director, Global House International Co.,Ltd
2018 - Present	President, Cement- Building Materials Business, The Siam Cement PCL Chairman of the Board of Director / Chairman of the Executive Committee / Member of the Nomination, Remuneration and Corporate Governance Committee, SCG Ceramics PCL
2019 - Present	Chairman of the Board of Director / Chairman of the Executive Committee, Quality Construction Products PCL. President Commissioner - PT Keramika Indonesia Assosiasi Tbk* President Commissioner - PT Kokoh Inti Arebama Tbk Indonesia*

Director position other listed company : 4 Companies

Director position other non-listed company : 4 Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)

Remarks : * Listed Company in Indonesia



Mr. Paramate Nisagornsen**Age :** 52 Years **Nationality :** Thai**Position :** Director**Appointed as the Director on** 9 November 2018**Education / Training**

- Master of Science in Management, Massachusetts Institute of Technology, USA
- Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology North Bangkok
- Certificate of Advanced Management Program from Harvard Business School, USA

Director Training

- Director Certification Program 258 / 2018 (IOD)

Training in 2019 : (None)**The Brief Working Experience in 5 years.**

2012 - 2015	Operations Vice President Director, PT. Chandra Asri Petrochemicals Tbk. Indonesia
2016 - 2017	Managing Director, Bangkok Synthetics Co., Ltd.
2018 - Present	Director, Siam Global House PCL.
2018 - Present	Director, Global House International Co., Ltd
2018 - Present	Vice President Regional Business SCG Cement - Building Materials Co., Ltd
2018 - Present	Vice President Regional Business, The Siam Cement PCL
2018 - Present	Commissioner PT Catur Sentosa Adiprana Tbk*
2018 - Present	Commissioner PT Keramik Indonesia Asosiasi Tbk *
2018 - Present	Commissioner PT Kokoh Inti Arebama Tbk*

Director position other listed company : 2 Company**Director position other non-listed company :** 2 Companies**Shareholding (%) :** Held personally : (None) , Held by spouse or minor children : (None)**Family Relationship among Directors and Executives :** (None)**Remarks :** * Listed Company in Indonesia

Mr. Wiroat Rattanachaisit

Age : 49 Years **Nationality :** Thai

Position : Director

Appointed as the Director on 9 November 2018

Education / Training

- Bachelor of Business (Marketing),
University of the Thai Chamber of Commerce.

Director Training in 2019

- Director Accreditation Program 163 / 2019 (IOD)

The Brief Working Experience in 5 years.

2013 - 2016	Managing Director-Sales and Channels, Domestic Market, SCG Cement - Building Materials Co., Ltd
2017 - 2018	Managing Director-Sales and Channels, SCG Cement-Building Materials Co., Ltd
2018 - Present	Managing Director-Distribution and e - Channel Business, SCG Cement – Building Materials Co., Ltd
2018 - Present	Director Siam Global House PCL. Director, Global House International Co., LTD
2019 - Present	Director / Executive Director, Quality Construction Products PCL.

Director position other listed company : 2 Companies

Director position other non-listed company : 2 Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)



Mr. Pairoj Juarprathoom**Age :** 62 Years **Nationality :** Thai**Position :** Director / Independent Director
/ Chairman of Audit & Risk Management Committee**Appointed as the Director on** 23 April 2019**Education / Training**

- Master Degree Graduate School of Public Administration , National Institute of Development Administration (NIDA)
- Bachelor Degree Faculty of Commerce and Accountancy, Chulalongkorn University
- Bachelor Degree School of Law, Sukhothai Thammathirat University
- Advance Executive Program 6, Office of the Civil Service Commission (OCSC)
- Advance Certificate Course of Good Governance for Medical Executive 6, The Medical Council of Thailand and King Prajadhipok's Institute

**Director Training in 2019**

- Director Accreditation Program 161 / 2019 (IOD)

The Brief Working Experience in 5 years.

2015 - 2016	Director Regional Revenue Office 9
2016- 2017	Director Regional Revenue Office 5
2017	Deputy Director-General of the Revenue Department
2018	Principal Advisor on Tax Base Management, The Revenue Department
2019 - Present	Director / Independent Director / Chairman of Audit & Risk Management Committee, Siam Global House PCL.
2019 - Present	Director / Independent Director / Chairman of Audit Committee, KTB General Services and security Co., Ltd

Director position other listed company : 1 Company**Director position other non-listed company :** 1 Company**Shareholding (%) :** Held personally : (None) , Held by spouse or minor children : (None)**Family Relationship among Directors and Executives :** (None)

Dr. Boonchai Pitugdamrongkija

Age : 65 Years **Nationality :** Thai

Position : Director / Independent Director
/ Audit & Risk Management Committee

Appointed as the Director on 23 April 2019

Education / Training

- Doctor of Manage Degree Graduate School (Business Management), Suan Dusit Rajabhat University
- Master Degree Faculty of Economics, Thammasat University
- Bachelor Degree Faculty of Economics and Business Administration, Kasetsart University
- Capital Market Academy (CMA.16), Stock Exchange of Thailand
- Towards High Potential Leaders Project, Office of the Civil Service Commission
- Leading Change for Executive of Excise Department 2nd Generation, NIDA
- GSB Middle management Leadership Program 2007, Nanyang Technological University
- Advance Executive Program 45, Office of the Civil Service Commission (OCSC)
- Strategy for Improving Directors Effectiveness, Kellogg School of Management
- Middle Management Professional Development, Revenue Canada
- Program Tax Analysis and Revenue Forecasting, Harvard University



Director Training

- Director Accreditation Program 155 / 2012 of IOD

Training in 2019 : (None)

The Brief Working Experience in 5 years.

2009 - 2010	Deputy Director, General of the Excise Department
2011 - 2014	Advisor of Excise Tax Strategic Plan
2019 - Present	Director / Independent Director / Audit & Risk Management Committee, Siam Global House PCL.

Director position other listed company : 1 Company

Director position other non-listed company : (None)

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)

Dr. Vongsak Swasdipanich**Age :** 68 Years **Nationality :** Thai**Position :** Director / Independent Director
/ Audit & Risk Management Committee
/ Nomination & Remuneration Committee**Appointed as the Director on** 11 May 2016**Education / training**

- D.Litt.PA , St.Clements University , UK
- MPA. Public Affairs , Kentucky State University USA
- Bachelor of Art (Political Science), Chiang Mai University
- Thailand National Defence College (NDC44)
- Executives Planned High Level of NIDA
- Executives of Interior level 8 & level 9, Dumrongrachanupharph Institute, Ministry of the Interior
- The Leader of Bangkok Course 3

**Director Training**

- Director Accreditation Program 134 / 2017 (IOD)

Training in 2019 : (None)**The Brief Working Experience in 5 years.**

2008 - 2011	Director-General of Department of Provincial Administration
2011 - 2013	Director of Vice-Minister
2016 - Present	Director / Independent Director / Audit & Risk Management Committee / Nomination & Remuneration Committee, Siam Global House PCL

Director position other listed company : 1 Company**Director position other non-listed company :** (None)**Shareholding (%) :** Held personally : (None), Held by spouse or minor children : (None)**Family Relationship among Directors and Executives :** (None)

Pol.Gen. Kawee Supanun

Age : 61 Years **Nationality :** Thai

Position : Director / Independent Director
/ Chairman of Nomination & Remuneration Committee

Appointed as the Director on 23 April 2019

Education

- Ph.D. (Industrial Business Administration),
King Mongkut's Institute of Technology Ladkrabang
- Master Degree Faculty of Social Sciences and Humanities,
Mahidol University
- Bachelor Degree Royal Police Cadet Academy 33
- Superintendent Course 25
- Air Command and Staff College Course 37
- Critical Incident Management, USA
- Advanced Police Management Course 18
- Thailand National Defence College Course 51



Director Training

- Director Accreditation Program 129 / 2016 (IOD)

Training in 2019 : (None)

The Brief Working Experience in 5 years.

2012 - 2013	Commissioner of Provincial Police Region 4
2013 - 2014	Commissioner of Provincial Police Region 2
2014 - 2016	Assistant Commission-General of Royal Thai Police
2016 - 2018	Advisor (Level 10) Royal Thai Police
2019 - Present	Director / Independent Director / Chairman of Nomination & Remuneration Committee, Siam Global House PCL

Director position other listed company : 1 Company

Director position other non-listed company : (None) Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)

Profile of Executive

Mr. Anavat Suriyawanakul

Age : 59 Years **Nationality :** Thai

Position : Executive Director / Vice - CEO
Inventory Management and Marketing

Appointed as the Director on 26 February 2008

Education

- Secondary Education

Director Training

- Director Accreditation Program 68 / 2008 (IOD)

The Brief Working Experience in 5 years.

1997 - Present Director, Siam Global Engineering Co., Ltd
1997 - Present Director, Inter Concrete Industrial Co., Ltd
1997 - Present Director, Global Concrete Co., Ltd
1997 - Present Director, Siam Global Asset Co., Ltd
2008 - Present Executive Director / Vice - CEO Inventory
Management and Marketing,
Siam Global House PCL.
2008 - Apr2019 Director / Executive Director,
Siam Global House PCL.
Mar 2016 - May 2017 Director / Executive Director /
CEO, Siam Global House PCL
2015 - Present Director, Global House International Co., Ltd

Shareholding (%) : 4.67%

Held personally : 0.12% ,

Held by spouse or minor children : 4.55%

Family Relationship among Directors and Executives :

Mr. Witoon Suriyawanakul's brother

Mr. Yutthana Suriyawanakul

Age : 48 Years **Nationality :** Thai

Position : Vice CEO - Imported Products

Appointed as the Director on 23 November 2012

Education

- Master of Business Administration, Texas University
- Bachelor of Engineering Program in Industrial Engineering, Kasetsart University

Director Training

- Director Accreditation Program 68 / 2008 (IOD)

The Brief Working Experience in 5 years.

2008 - 2012 Director / Executive Director of
Siam Global House PCL.
2012 - Present Vice CEO - Imported Products,
Siam Global House PCL.

Shareholding (%) : 0.04%

Held personally : 0.04% ,

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

Mr. Witoon Suriyawanakul's nephew

Ms. Chutikan Srisaengchan
Age : 50 Years **Nationality :** Thai

Position : Vice CEO - Accounting & Financial

Appointed as the Director on 23 November 2012

Education

- Master of Business Administration, Khon Kaen University
- Bachelor of Accountancy, Thammasat University

Training

- Director Accreditation Program 68 / 2008
- Towards the 2nd Decade, TA Association : New Tax Law 2018 & Accounting Standard Directions
- Solution for Accounting Error According to Financial Reporting Standards
- Review Course of Financial Reporting Standards
- Tax from Paying Overseas and Double Tax Treaties
- Guideline and Solution in According with Transfer Pricing Act (New)
- Catch Up with New Tax Law and Update Accounting Standard for SMEs 2019
- Investment in Associates, Subsidiaries and Joint Ventures.
- Entire System Tax Related to sales Promotion

The Brief Working Experience in 5 years.

 2008 - Oct 2012 Director / Executive Director,
Siam Global House PCL.

 Nov 2012 - Present Vice CEO - Accounting & Financial ,
Siam Global House PCL.

Shareholding (%) : 0.03%

Held personally : 0.03% ,

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)

Mr. Piphop Vasanaarchasakul**Age :** 49 Years **Nationality :** Thai**Position :** Vice CEO - Business Development**Appointed as the Director on** 11 December 2017**Education**

- Bachelor of Humanities, Kasetsart University
- LDP 1,2 (Leadership Development Program)

Training

- Strategic Customer Retention CRM
- Store Tour Modern Trade in USA (Home Depot, Lowes)

The Brief Working Experience in 5 years.

2014 - Nov 2017 Assistance of Vice - CEO - Business Development, Siam Global House PCL

Dec 2017 - Present Vice CEO - Business Development , Siam Global House PCL

Dec 2017 - Present Director, Global House International Co., Ltd

Shareholding (%) : (None)**Family Relationship among Directors and Executives :** (None)**Mr. Khemchat Sungkakam****Age :** 37 Years **Nationality :** Thai**Position :** Vice CEO - Innovation & System Development**Appointed as the Director on** 11 December 2017**Education**

- Bachelor of Engineering Program in Industrial Engineering, Khon Kaen University

The Brief Working Experience in 5 years.

2012 - Nov 2017 Manager of Innovation & System Development, Siam Global House PCL

Dec 2017 - Present Vice CEO - Innovation & System Development, Siam Global House PCL

Shareholding (%) : 0.00%**Held personally :** 0.00% ,**Held by spouse or minor children :** 0.00%**Family Relationship among Directors and Executives :** (None)

Mr. Isara Rujikeatkamjorn**Age :** 40 Years **Nationality :** Thai**Position :** Vice CEO**Appointed as the Director on** 4 October 2018**Education**

- MBA Texas A & M University ,USA
- Bachelor of Engineering, Khon Kaen University

Training

- Training Anti - Corruption Course : The Practical Guide, ACPG 46 / 2018, IOD

The Brief Working Experience in 5 years.

Dec 2017 - Sep 2018 Assistant CEO of

Siam Global House PCL.

Oct 2018 - Present Vice CEO of Siam Global House PCL.

Nov 2018 - Present Director of Global House

International Co.,Ltd

Shareholding (%) : 0.21% (Held personally : 0.21% ,**Held by spouse or minor children :** (None)**Family Relationship among Directors and Executives :**

Mr. Apisit Rujikeatkamjorn's son

Mr. Kriangkai Suriyawanakul**Age :** 31 Years **Nationality :** Thai**Position :** Assistant CEO Supply Chain**Appointed as the Director on** 13 December 2017**Education**

- Master of Logistics and Supply chain Management, The University of Nottingham
- Bachelor of Engineering, Thammasat University
- Engineering The University of Nottingham

The Brief Working Experience in 5 years.

Dec 2017 - Present Assistant CEO Supply Chain,

Siam Global House PCL

Shareholding (%) : 11.14%**Held personally :** 11.14%**Held by spouse or minor children :** (None)**Family Relationship among Directors and Executives :**

Mr. Witoon - Mrs. Warunee Suriyawanakul's son

Mr. Pongkorn Suriyawanakul**Age :** 38 Years **Nationality :** Thai**Position :** Assistant CEO Engineering**Appointed as the Director on** 13 December 2017**Education**

- Bachelor of Engineering, Thammasat University

The Brief Working Experience in 5 years.

Dec 2017 - Present Assistant CEO - Engineering,

Siam Global House PCL

Shareholding (%) : 0.01%**Held personally :** 0.01%**Held by spouse or minor children :** (None)**Family Relationship among Directors and Executives :**

Mr. Witoon Suriyawanakul's nephew

Miss. Apanchanit Petchvong**Age :** 42 Years **Nationality :** Thai**Position :** Assistant CEO - Marketing Management**Appointed as the Director on** 13 December 2017**Education**

- Master of Economics, Kasetsart University
- Bachelor of Engineering, Khon Kaen University

The Brief Working Experience in 5 years.

Dec 2017 - Present Assistant CEO Marketing Management,

Siam Global House PCL.

Shareholding (%) : 0.00%**Held personally :** 0.00%**Held by spouse or minor children :** (None)**Family Relationship among Directors and Executives :** (None)**Mr. Thapanat Asawachulamanee****Age :** 36 Years **Nationality :** Thai**Position :** Assistant CEO Innovation & System
Development**Appointed as the Director on** 13 December 2017**Education**

- Bachelor of Engineering (Computer Engineering) ,
Khon Kaen University

The Brief Working Experience in 5 years.

Dec 2017 - Present Assistant CEO Innovation & System

Development, Siam Global House PCL

Shareholding (%) : 0.00%**Held personally :** 0.00%**Held by spouse or minor children :** (None)**Family Relationship among Directors and Executives :** (None)

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Financial Statement 2019



SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY

Financial Statements

For the Year Ended December 31, 2019
and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and Board of Directors of Siam Global House Public Company Limited

Opinion

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

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Siam Global House Public Company Limited and its subsidiary as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Thai Financial Reporting Standards. Also, the accompanying separate financial statements present fairly, in all material respects, the financial position of Siam Global House Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

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

Valuation of merchandises

High competition in the current market outlook for construction material sectors in Thailand. The selling price depends on the competitive situation of the market. Certain merchandises may not be sold at the expected selling price. The Company reviews their merchandises values by comparing their cost against their net realizable value. Any loss on decline in value of merchandises was charged to expense for the year.

Significant accounting policies and other information relating to merchandises was disclosed in Notes 3 and 6 to the financial statements.

My audit procedures included inquiring the management who is responsible for this to obtain the Company's policy for loss on decline in value of merchandises. I have understood and review the compliance with the Company's accounting policy and randomly test of loss on decline in value of merchandises whether it is in accordance with the Company's accounting policy, and testing calculation of such loss by comparing the cost of merchandises against net realizable value.

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information 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 audit committee.

Responsibilities of Management and Audit Committee for the Financial Statements

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

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

Audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with audit committee 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 audit committee 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 our independence, and where applicable, related safeguards.

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

(Mr. Methee Ratanasrimetha)
 Certified Public Accountant
 Registration No. 3425

M.R. & ASSOCIATES CO., LTD.
 Bangkok
 February 25, 2020

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 AND 2018

ASSETS

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
CURRENT ASSETS					
Cash and cash equivalents		1,299,271,170	661,596,250	1,226,171,568	587,375,634
Trade and other accounts receivable					
- Related parties	4	24,608,178	45,318,584	24,608,178	45,318,584
- Others	5	1,246,484,316	1,376,177,070	1,208,012,573	1,321,757,924
Short-term loans to joint venture					
and accrued interest income	4	6,500,331	6,500,331	6,500,331	6,500,331
Merchandises	6	15,602,534,491	13,297,753,934	15,367,420,616	13,058,513,981
Total current assets		18,179,398,486	15,387,346,169	17,832,713,266	15,019,466,454
NON-CURRENT ASSETS					
Investment in subsidiary	7	-	-	287,764,950	287,764,950
Investment in joint venture	8	814,896,785	785,570,613	759,500,000	759,500,000
Property, plant and equipment	9	16,105,033,808	13,958,582,098	15,832,839,958	13,632,691,583
Land not use in operation	10	500,357,431	500,357,431	500,357,431	500,357,431
Intangible assets	11	15,388,018	9,686,846	14,699,093	8,756,245
Deferred tax assets	12	49,862,174	32,596,210	49,821,701	23,497,891
Other non-current assets					
- Leasehold rights	13	307,897,372	329,138,657	301,818,729	322,326,245
- Others		13,553,028	13,703,352	13,357,027	13,542,725
Total non-current assets		17,806,988,616	15,629,635,207	17,760,158,889	15,548,437,070
TOTAL ASSETS		35,986,387,102	31,016,981,376	35,592,872,155	30,567,903,524

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 AND 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		December 31,	December 31,	December 31,	December 31,
	Note	2019	2018	2019	2018
CURRENT LIABILITIES					
Short-term loans from financial institutions	14	14,219,591,411	10,040,438,376	14,219,591,411	10,040,438,376
Trade and other accounts payable					
- Related parties	4	222,279,358	248,908,589	221,818,892	239,269,179
- Others	15	3,176,929,134	2,618,771,791	3,079,455,330	2,442,343,528
Current portion of long-term loans	14	943,333,333	1,328,333,333	943,333,333	1,328,333,333
Current portion of accrued rental expenses	13	10,082,138	10,071,249	6,691,527	6,484,928
Income tax payable		224,185,863	188,696,877	223,937,955	188,696,877
Other current liabilities		27,481,858	99,857	27,481,858	99,857
Total Current Liabilities		18,823,883,095	14,435,320,072	18,722,310,306	14,245,666,078
NON-CURRENT LIABILITIES					
Long-term loans	14	333,333,333	1,053,666,667	333,333,333	1,053,666,667
Debentures	16	500,000,000	500,000,000	500,000,000	500,000,000
Accrued rental expenses	4, 13	66,897,863	56,114,199	36,946,953	17,805,226
Deferred tax liabilities	12	10,403,174	6,014,112	4,529,247	930,963
Provisions for employee benefits	17	115,601,365	79,500,025	115,601,365	79,500,025
Other non-current liabilities		5,350,000	-	5,350,000	-
Total non-current liabilities		1,031,585,735	1,695,295,003	995,760,898	1,651,902,881
Total liabilities		19,855,468,830	16,130,615,075	19,718,071,204	15,897,568,959

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 AND 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		December 31,	December 31,	December 31,	December 31,
Note		2019	2018	2019	2018
SHAREHOLDERS' EQUITY					
Share capital	18				
Authorized share capital		4,201,543,026	4,001,472,951	4,201,543,026	4,001,472,951
Issued and paid-up share capital		4,201,540,599	4,001,469,549	4,201,540,599	4,001,469,549
Share premium	19	4,739,295,827	4,739,295,827	4,739,295,827	4,739,295,827
Retained earnings					
Appropriated for legal reserve	20	484,182,751	484,182,751	484,182,751	484,182,751
Unappropriated		6,507,727,315	5,448,789,251	6,449,781,774	5,445,386,438
Other components of shareholders' equity		(20,607,740)	(1,308,861)	-	-
Equity attributable to equity holders of the parent		15,912,138,752	14,672,428,517	15,874,800,951	14,670,334,565
Non-controlling interest		218,779,520	213,937,784	-	-
Total shareholders' equity		16,130,918,272	14,886,366,301	15,874,800,951	14,670,334,565
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		35,986,387,102	31,016,981,376	35,592,872,155	30,567,903,524

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2019	2018	2019	2018
REVENUES	4				
Net sales	26	28,081,447,440	25,402,065,797	27,482,160,786	25,336,486,145
Other income	21	1,100,829,417	860,348,112	1,094,751,462	860,008,811
Total revenues		29,182,276,857	26,262,413,909	28,576,912,248	26,196,494,956
EXPENSES	22				
Cost of goods sold	4	22,298,928,229	20,096,140,252	21,862,071,156	20,052,660,909
Distribution costs		2,178,697,299	1,852,128,661	2,134,919,618	1,843,472,574
Administrative expenses	4	1,858,924,853	1,615,075,267	1,796,449,337	1,573,344,332
Finance costs		268,240,913	261,184,153	268,240,913	261,184,153
Total expenses		26,604,791,294	23,824,528,333	26,061,681,024	23,730,661,968
Share of Profit of Joint Venture		29,356,959	14,306,678	-	-
Profit before Income Tax		2,606,842,522	2,452,192,254	2,515,231,224	2,465,832,988
Income Tax Expense	12	492,765,316	461,527,498	476,303,285	461,976,935
PROFIT FOR THE YEAR		2,114,077,206	1,990,664,756	2,038,927,939	2,003,856,053
OTHER COMPREHENSIVE INCOME	23				
Items that will not be reclassified subsequently to profit or loss					
- Actuarial gain (loss) on defined benefit plan		(11,934,879)	28,665,760	(11,934,879)	28,665,760
Items that will be reclassified subsequently to profit or loss					
- Currency translation differences of subsidiary		(35,032,895)	566,145	-	-
- Share of other comprehensive loss of joint venture (currency translation differences)		(30,787)	(160,724)	-	-
		(35,063,682)	405,421	-	-
Other comprehensive income for the year		(46,998,561)	29,071,181	(11,934,879)	28,665,760
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,067,078,645	2,019,735,937	2,026,993,060	2,032,521,813

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

		In Baht				
		Consolidated		Separate		
		financial statements		financial statements		
Note		2019	2018	2019	2018	
Profit (loss) attributable to:						
	Equity holders of the parent	2,093,470,667	2,003,038,845	2,038,927,939	2,003,856,053	
	Non-controlling interests	20,606,539	(12,374,089)	-	-	
		<u>2,114,077,206</u>	<u>1,990,664,756</u>	<u>2,038,927,939</u>	<u>2,003,856,053</u>	
Total comprehensive income						
attributable to:						
	Equity holders of the parent	2,062,236,909	2,031,855,440	2,026,993,060	2,032,521,813	
	Non-controlling interests	4,841,736	(12,119,503)	-	-	
		<u>2,067,078,645</u>	<u>2,019,735,937</u>	<u>2,026,993,060</u>	<u>2,032,521,813</u>	
Earnings per share						
attributable to equity holders						
	of the parent (Baht)	24	0.4983	0.4767	0.4853	0.4769

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

In Baht									
Consolidated financial statements									

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

In Baht

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2019		4,001,469,549	4,739,295,827	484,182,751	5,445,386,438	14,670,334,565
Profit for the year		-	-	-	2,038,927,939	2,038,927,939
Other comprehensive income for the year		-	-	-	(11,934,879)	(11,934,879)
Total comprehensive income for the year		-	-	-	2,026,993,060	2,026,993,060
Stock dividends	18	200,071,050	-	-	(200,071,050)	-
Dividends	18	-	-	-	(822,526,674)	(822,526,674)
Balance as at December 31, 2019		4,201,540,599	4,739,295,827	484,182,751	6,449,781,774	15,874,800,951

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

In Baht

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2018		3,841,414,033	4,739,295,827	384,182,751	4,382,162,349	13,347,054,960
Profit for the year		-	-	-	2,003,856,053	2,003,856,053
Other comprehensive income for the year		-	-	-	28,665,760	28,665,760
Total comprehensive income for the year		-	-	-	2,032,521,813	2,032,521,813
Stock dividends	18	160,055,516	-	-	(160,055,516)	-
Dividends	18	-	-	-	(709,242,208)	(709,242,208)
Appropriation for legal reserve		-	-	100,000,000	(100,000,000)	-
Balance as at December 31, 2018		4,001,469,549	4,739,295,827	484,182,751	5,445,386,438	14,670,334,565

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit for the year	2,114,077,206	1,990,664,756	2,038,927,939	2,003,856,053
Adjustments for				
Depreciation and amortization	930,500,407	810,799,931	904,766,850	807,284,455
Decrease of merchandises				
to net realizable value	20,211,728	18,360,186	20,211,728	18,360,186
Increase in allowance for obsolete and				
slow-moving inventories	10,024,165	-	10,024,165	-
Provisions for employee benefits	32,725,310	35,699,325	32,725,310	35,699,325
Interest income	(2,302,865)	(1,874,978)	(2,029,525)	(1,735,614)
Interest expense	267,469,976	257,052,961	267,469,976	257,052,961
Increase (decrease) in allowance for				
doubtful accounts	(844,522)	2,493,671	(844,522)	2,493,671
Unrealized loss (gain) on exchange rate	27,532,672	(4,738,707)	27,532,672	(4,738,707)
Loss (gain) on sale of fixed assets	9,250,599	(2,542,715)	9,250,599	(2,542,715)
Loss on write-off fixed assets	24,244,983	10,192,203	24,244,983	10,192,203
Gain from insurance claim	(5,234,876)	-	(5,234,876)	-
Share of profit of joint venture	(29,356,959)	(14,306,678)	-	-
Income tax expense	492,765,316	461,527,498	476,303,285	461,976,935
	<u>3,891,063,140</u>	<u>3,563,327,453</u>	<u>3,803,348,584</u>	<u>3,587,898,753</u>
Changes in operating assets and liabilities				
Trade and other accounts receivable	153,944,180	(48,618,350)	137,996,777	(645,170)
Merchandises	(2,335,016,450)	(712,501,329)	(2,339,142,528)	(473,261,376)
Other non-current assets	150,324	(1,101,128)	185,698	(940,501)
Trade and other accounts payable	293,326,833	(133,971,972)	386,214,517	(338,926,128)
Payment of post-employment benefits	(11,542,569)	(1,425,266)	(11,542,569)	(1,425,266)
Other non-current liabilities	5,350,000	-	5,350,000	-
Income tax paid	(467,072,959)	(412,910,724)	(460,804,013)	(412,903,275)
Net cash provided by operating activities	<u>1,530,202,499</u>	<u>2,252,798,684</u>	<u>1,521,606,466</u>	<u>2,359,797,037</u>
Cash flows from investing activities				
Interest received from banks and proceeds from				
penalty income on delay payment	2,285,700	1,874,978	2,012,360	1,735,614
Increase in short-term loans to joint venture	-	(6,500,000)	-	(6,500,000)
Proceeds from sale of fixed assets	5,482,308	4,181,678	5,482,308	4,181,678
Proceeds from insurance claim	2,555,543	377,389	2,555,543	377,389
Increase in property, plant and equipment	(2,871,998,090)	(2,200,036,448)	(2,873,532,820)	(1,931,779,265)
Increase in computer software	(10,338,471)	(6,574,356)	(10,338,471)	(5,627,500)
Decrease (increase) in leasehold rights	9,447,782	(81,697,760)	9,447,782	(81,697,761)
Increase in investment in subsidiary	-	-	-	(241,328,450)

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Increase in investment in joint venture	-	(164,500,000)	-	(164,500,000)
Increase in investment in subsidiary of non-controlling interest	-	195,773,260	-	-
Net cash used in investing activities	(2,862,565,228)	(2,257,101,259)	(2,864,373,298)	(2,425,138,295)
Cash flows from financing activities				
Interest paid	(269,730,261)	(262,647,355)	(269,730,261)	(262,647,355)
Increase in short-term loans from financial institutions	4,179,153,035	2,009,481,782	4,179,153,035	2,009,481,782
Issuances of debentures	-	500,000,000	-	500,000,000
Increase in long-term loans	223,000,000	1,277,000,000	223,000,000	1,277,000,000
Repayment of long-term loans	(1,328,333,334)	(2,036,666,667)	(1,328,333,334)	(2,036,666,667)
Repayment of short-term loans from joint venture	-	(460,000,000)	-	(460,000,000)
Dividends paid	(822,526,674)	(709,242,208)	(822,526,674)	(709,242,208)
Net cash provided by financing activities	1,981,562,766	317,925,552	1,981,562,766	317,925,552
Currency translation difference	(11,525,117)	1,000,844	-	-
Net increase in cash and cash equivalents	637,674,920	314,623,821	638,795,934	252,584,294
Cash and cash equivalents at beginning of year	661,596,250	346,972,429	587,375,634	334,791,340
Cash and cash equivalents at end of year	1,299,271,170	661,596,250	1,226,171,568	587,375,634
Supplementary disclosures of cash flow information:				
a. Cash and cash equivalent at end of year				
Cash in hand	92,680,603	228,213,304	90,063,962	222,620,751
Current accounts at banks	89,606,584	80,253,466	44,812,491	25,803,749
Saving deposits at banks	1,116,983,983	353,129,480	1,091,295,115	338,951,134
	1,299,271,170	661,596,250	1,226,171,568	587,375,634
b. Non-cash transaction				
Purchases of property, plant and equipment for which no cash has been paid	755,263,609	504,158,163	755,227,020	500,322,082
Stock dividends	200,071,050	160,055,516	200,071,050	160,055,516

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements

December 31, 2019 and 2018

1. GENERAL

Siam Global House Public Company Limited, “the Company”, is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on August 19, 2009.

The Company is engaged in merchandising of construction and decoration materials and equipment.

The registered office is 232 Moo 19, Tambol Robmuang, Amphur Muang Roi-Et, Roi-Et.

As at December 31, 2019, the Company has a total of 66 branches operating in other provinces and The Distribution Center (DC Wang - noi) 1 branch, is established in Amphur Wang-noi, Phra Nakhon Si Ayutthaya. The total of value added tax registration operating branch is 67 branches. (December 31, 2018: 62 branches).

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in Thai Baht, which are the core functional currency, and in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

Starting from January 1, 2019, the Group had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), newly issued and revised by TFAC, which became effective from the accounting period starting on or after January 1, 2019. The aforesaid adoption of the newly issued and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Group.

Subsequently, TFAC issued several Notifications which were announced in the Royal Gazette during 2019 regarding the revision and issuance of new TAS and TFRS as well as TSIC TFRIC and accounting guidance with the effective from the accounting period beginning on or after January 1, 2020 whereby the Group has not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such new and revised TAS and TFRS as well as TSIC, TFRIC and accounting guidance are as follows :

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

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
TFRS 1	First-time Adoption of Financial Reporting Standards
TFRS 2	Share-based Payment
TFRS 3	Business Combinations
TFRS 4	Insurance Contracts
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
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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

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
Accounting guidance	Exemption for business combination under common control : first-time adoption of Thai financial reporting standards

Management of the Group has preliminarily assessed and believed that there will be no material effect to the financial statements of the Group upon adoption of the revised and new TAS and TFRS as well as TSIC and TFRIC and accounting guidance with the effective for the accounting period starting in 2020 except:

TFRS 9 - Financial Instruments and other related standards

TFRS 9 specifies the methods that the entity shall classify and measure its financial assets, financial liabilities, and contracts to purchase or sell the non-financial items. TFRS 9 is divided into the following three parts :

1. Classification and measurement
2. Impairment
3. Hedge accounting

Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset's contractual cash flows which is divided into three categories i.e. amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

Impairment of financial assets shall be recognized in the following stages :

- 1) Stage 1 : the 12-month expected credit loss shall be recognized in profit or loss. Interest income (if any) shall be calculated base on gross carrying amount without netting the allowance for expected credit loss.
- 2) Stage 2 : upon significant rise in credit risk and not being at low level, the entity shall recognize the full lifetime credit loss in profit or loss. Interest income (if any) shall be calculated based on the same principle to Stage 1.
- 3) Stage 3 : upon significant rise in credit risk of financial asset that is considered as credit impaired, Interest income (if any) shall be calculated base on gross carrying amount net of the allowance for expected credit loss.

Hedge accounting is purposed for reflecting the impacts in the financial statements that are caused in risk management activities using the financial instruments on management of exposures to the risks and such risks shall affect profit or loss and/or other comprehensive income. TFRS 9 specifies the relationships of hedge accounting into three categories i.e. fair value hedge, cash flows hedge, and hedge of net investment in foreign entity.

Thus, TFRS 9 affects the Group to reclassify and measure its financial assets and financial liabilities in statement of financial position for each of the periods ended in 2020 with respect to aforesaid principle.

TFRS 16 - Leases

TFRS 16 specifies that lessee shall recognize right-of-use in asset (a kind of asset) and lease liability (a kind of liability) for all lease agreements with exception for short-term lease agreement (not exceeding 12-month period) or lease agreement for the underlying low-value asset. Right-of-use in asset shall be depreciated by straight-line method over the lease term or any other systematic basis with better reflection of information. Lease liability shall be discounted for cash flows of payments throughout the lease term whereby the discount rate shall be considered appropriate in situation and to the entity.

For lessor, classification and accounting for operating lease or finance lease is still required as previously done. Therefore, there is no significant change or impact on the lessor.

The Group has not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before the effective period. Management of the Company is during the assessment and consideration of the impacts from adoption of the aforesaid TFRS.

The Group disclosed information for the year ended December 31, 2018 for being the comparative information in the financial statements for the year ended December 31, 2019 in the form of corresponding figures.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”) and interests in joint venture. Significant intra-group transactions between the Company and its subsidiary and joint venture are eliminated on consolidation.

Subsidiary

Subsidiary is the entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies as well as variable returns from a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiary are transformed as deemed necessary to uniform for the similar policies.

Accounting for acquisitions of non-controlling interests

Changes in a parent’s ownership interest in subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of subsidiary, any gain or loss is recognized in the profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

Foreign Currencies**Foreign Currency Transactions**

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entity

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period (the closing rate).

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Differences arising on foreign currency translation or conversion are recognized as other comprehensive income or loss and separately presented as other component of equity until the subject foreign currency investment is disposed.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Cash at banks which have restrictions in use are presented separately as “Deposits at financial institutions under pledged” under non-current assets in the statement of financial position.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Merchandises

Merchandises are valued at the lower of cost (moving average method) and net realizable value. Net realizable value is the selling price in the ordinary course of business, less marketing, distribution and other expenses which are necessary for sale of goods.

An allowance for loss is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Investment in joint venture and subsidiary

Investment in joint venture and subsidiary in the separate financial statements is accounted for using the cost method net of impairment losses (if any). Dividend income is recognized when it was declared.

Property, Plant and Equipment

Owned assets

Land and land not use in operation are stated at cost, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of comprehensive income.

Depreciation

Depreciation is charged to the statements of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows :

Land improvements	10	years
Buildings	30	years
Building improvements	5, 10 and 17	years
Furniture, fixtures and office equipment	5, 10 and 20	years
Computer equipment	3	years
Transportation	5	years

No depreciation is provided on land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful life of 3-5 years.

Leasehold rights

Leasehold rights are stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the term of the leases.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Impairment of Assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

Employee benefits**Short-term benefits**

Salaries, wages, bonuses and contributions to social securities fund are recognized as expense upon their occurrences and on accrual basis.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the statements of comprehensive income.

Post-employment benefits

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

The Group's obligations in respect of post-employment benefits are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by an independent actuary using the projected unit credit method. Expenses from the estimated liability for post-employment benefits are recognized in the statements of comprehensive income and comprise of current service cost and interest cost. Actuarial gain or loss is recognized in other comprehensive income.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Revenue Recognition

Revenue excludes value added taxes and is arrived at after variable consideration such as deduction of trade discounts, sales return, rebate on award redemptions whereby there is consideration about characteristics, amount, timing as well as uncertainty of revenue and contractual cash flows from contract with customer

Revenue is recognized when the significant risks and rewards of ownership and control have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income is recognized at a point in time when the Company has completely rendered service to the customer and on an accrual basis.

Interest income is recognized over time on a time proportion basis that reflects the effective yield on the asset if significant.

Rental income on the assets is recognized over time on a straight-line basis over the lease term.

Other income is recognized on an accrual basis.

Expenses**Operating leases**

Payments made under operating leases are recognized in the statements of comprehensive income on a straight-line basis over the term of the lease. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2019 and 2018****Finance costs**

Interest expense and similar costs are charged to the statements of comprehensive income in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

Use of Estimates

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in the statements of comprehensive income.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the statement of reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Income Tax

Income tax expense for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

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.

4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly, or have significant influence over the financial or operating policies of the company.

The related parties consisted of :

Company and party	Relationships	Percentage of Holding	
		2019	2018
The Siam Cement Public Company Limited	Parent company of SCG Distribution Co., Ltd.	-	-
SCG Distribution Co., Ltd.	Major shareholder	30	30
Nexter Ventures Co., Ltd. SCG International Corporation Co., Ltd., Nexter Digital Co., Ltd., SCG Experience Co., Ltd. and SCG Trading Guangzhou Co., Ltd.	Subsidiaries of SCG Distribution Co., Ltd.	-	-

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Company and party	Relationships	Percentage of Holding	
		2019	2018
Thai-German Ceramic Industry Public Company Limited, Tip Fibre-Cement Co., Ltd., Siam Fiberglass Co., Ltd., Sosuco and Group (2008) Co., Ltd., The Nawaplastic Industries (Saraburi) Co., Ltd., SCG Ceramics Public Company Limited, The Siam Forestry Co., Ltd., Thai Paper Co., Ltd., Thai Ceramic Co., Ltd., Nawa Plastic Industries Co., Ltd., SCG TRADING VIETNAM CO., LTD., SCG Logistics Management Co., Ltd., SCG Cement Co., Ltd., Siam Sanitary Ware Industry Co., Ltd. and related parties to The Siam Cement Public Company Limited	Subsidiaries of The Siam Cement Public Company Limited	-	-
Global House (Cambodia) Co., Ltd.	Subsidiary	55	55
Global Concrete Co., Ltd.	Co-shareholders and director	-	-
Siam Global Engineering Co., Ltd.	Co-shareholders and director	-	-
Siam Global Asset Co., Ltd.	Co-shareholders and director	-	-
Wiboon Panich Roi-Et Partnership Ltd.	Co-shareholders and director	-	-
Inter Concrete Industry Co., Ltd.	Co-shareholders and director	-	-

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Company and party	Relationships	Percentage of Holding	
		2019	2018
Global House International Co., Ltd. (GBI)	Joint venture	-	-
Global House Franchise (Myanmar) Co., Ltd. (Incorporated in Republic of the Union of Myanmar)	Subsidiary of Global House International Co., Ltd.	-	-
Souvanny Home Center Public Company Limited (Incorporated in Lao People's Democratic Republic)	Associate of Global House International Co., Ltd.	-	-
Pro 1 Global Co., Ltd. (Incorporated in Republic of the Union of Myanmar)	Associate of Global House International Co., Ltd.	-	-
Lok Chum Teav Kim Heang, Combodian	A shareholder of subsidiary	-	-
Petch Nam Nueng Non-juristic body of persons (by Khun Warunee Suriyawanaku)*	-	-	-
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company.	-	-

* Represents the Company's shareholder and director

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

The pricing policies for particular types of transactions are explained further below :

Type of Transactions	Pricing Policies
Revenue from sales of goods	Market price (wholesale price)
Sale promotion income	Vary on purchase volume
Other income	Agreed price
Purchase of merchandises	Market prices
Management fee expense	Agreed price
Rental expense	Negotiated agreement
Interest expense	Referenced to commercial banks rate
Purchase of fixed assets	Market price

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Significant transactions for the years ended December 31, 2019 and 2018 with related parties were as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2019	2018	2019	2018
Joint Venture				
Other income	240	120	240	120
Interest income	121	58	121	58
Interest expense	-	3,985	-	3,985
Related parties				
Revenue from sales of goods	98,331	103,729	98,331	103,729
Sale promotion income	100,332	89,257	100,273	89,257
Other income	12,265	12,477	12,009	12,477
Distribution management income	7,535	4,974	7,535	4,974
Purchase of merchandises	2,206,876	1,718,213	2,201,775	1,707,004
Management fee expense	8,844	8,844	8,844	8,844
Rental expense	21,805	22,749	-	-
Purchase of fixed assets	385,690	486,148	385,690	486,148
Other expense	755	1,454	755	1,454

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2019	2018	2019	2018
Remuneration of key management				
Short - term benefit				
Salary, bonus and others				
- employment management	61,125	41,672	61,125	41,672
- non-employment management	8,765	7,706	8,765	7,706
Meeting remuneration	2,015	1,995	2,015	1,995
Total short-term benefits	71,905	51,373	71,905	51,373
Post-employment benefits	8,340	1,994	8,340	1,994
Total	80,245	53,367	80,245	53,367

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Balances as at December 31, 2019 and 2018 with related parties were as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2019	2018	2019	2018
Trade and other accounts receivable				
Trade accounts receivable				
Related parties	2,247	13,152	2,247	13,152
Other accounts receivable				
Joint venture	240	120	240	120
Related parties	22,121	32,047	22,121	32,047
	22,361	32,167	22,361	32,167
Total	24,608	45,319	24,608	45,319

The trade accounts receivable are aged as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2019	2018	2019	2018
Current	2,011	1,290	2,011	1,290
Overdue:				
• Not over 3 months	228	11,854	228	11,854
• Over 3 months to 6 months	8	1	8	1
• Over 6 months to 12 months	-	7	-	7
Total	2,247	13,152	2,247	13,152
Short-term loans to Joint Venture	6,500	6,500	6,500	6,500

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Movements of short-term loans to joint venture for the years ended December 31, 2019 and 2018 were as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	2019	2018	2019	2018
Balance as at January 1,	6,500	-	6,500	-
Increase	-	6,500	-	6,500
Decrease	-	-	-	-
Balance as at December 31,	6,500	6,500	6,500	6,500

	In Thousand Baht			
	Consolidated		Separate financial statements	
	2019	2018	2019	2018
Trade and other accounts payable				
Trade accounts payable				
Related parties	84,733	79,817	84,273	70,177
Other accounts payable				
Related parties	137,546	169,092	137,546	169,092
Total	222,279	248,909	221,819	239,269
Accrued rental expenses				
Related party	33,342	41,895	-	-

Agreement with related party

The subsidiary had entered into a land rental agreement with a related party (Lok Chum Teav Kim Heang, Cambodian) for a period of 30 years expiring in March 2047 for its new branch. The subsidiary is committed to pay a monthly rental as stipulated in agreement (totaling U.S.Dollar 21.1 million). The subsidiary must comply with conditions indicated in the agreement.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

5. TRADE AND OTHER ACCOUNTS RECEIVABLE - OTHERS

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts receivable	163,312	165,807	160,887	164,617
Less allowance for doubtful account	(3,859)	(4,611)	(3,859)	(4,611)
Net	159,453	161,196	157,028	160,006
Other accounts receivable				
• Value added tax receivables	403,770	443,092	368,645	390,011
• Accrued sale promotion income	325,176	293,760	325,176	293,760
• Deposits for purchase of Merchandises	93,778	258,039	93,778	258,039
• Input value added tax	92,052	91,264	92,052	91,264
• Others	172,255	128,826	171,334	128,678
	1,087,031	1,214,981	1,050,985	1,161,752
Total	1,246,484	1,376,177	1,208,013	1,321,758

As at December 31, 2019 and 2018, the Group had outstanding balance of trade accounts receivable - others, aged as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Current	126,238	64,660	124,582	63,470
Overdue:				
• Not over 3 months	31,782	77,455	31,013	77,455
• Over 3 months to 6 months	2,199	18,938	2,199	18,938
• Over 6 months to 12 months	1,552	766	1,552	766
• Over 12 months	1,541	3,988	1,541	3,988
Total	163,312	165,807	160,887	164,617
Less allowance for doubtful accounts	(3,859)	(4,611)	(3,859)	(4,611)
Net	159,453	161,196	157,028	160,006

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

6. MERCHANDISES

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Merchandises	15,319,276	13,113,684	15,084,162	12,874,444
Less cost reduction to net realizable value	(20,212)	(18,360)	(20,212)	(18,360)
Less allowance for obsolete and slow-moving inventories	(10,024)	-	(10,024)	-
Net	15,289,040	13,095,324	15,053,926	12,856,084
Goods in-transit	313,495	202,430	313,495	202,430
Total	15,602,535	13,297,754	15,367,421	13,058,514

During the years ended December 31, 2019 and 2018, the Company recorded the cost reduction of merchandises to net realizable value amounted to Baht 20.2 million and Baht 18.3 million, respectively, presented as a part of cost of goods sold.

7. INVESTMENT IN SUBSIDIARY

As at December 31, 2019, the detail of investment in subsidiary in the separate financial statements was as follows:

	Ownership interest (%)	In Thousand Baht		
		Paid-up capital	Cost Method	Dividend income
Global House (Cambodia) Co., Ltd.				
At December 31, 2019	55	521,320*	287,765	-
At December 31, 2018	55	521,320*	287,765	-

* Paid-up capital amounted to U.S.Dollars 16.0 million at December 31, 2019 and 2018.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

8. INVESTMENT IN JOINT VENTURE

	Ownership interest (%)	In Thousand Baht		
		Paid-up capital	Equity Method	Cost method
Global House International Co., Ltd. (GBI)				
At December 31, 2019	50	1,519,000	814,897	759,500
At December 31, 2018	50	1,519,000	785,571	759,500

Significant consolidated financial information of GBI and its subsidiary (Global House Franchise (Myanmar) Co., Ltd.) and associate companies (Souvanny Home Center Plc. and Pro 1 Global Co., Ltd.) were as follows :

	In Thousand Baht	
	2019	2018
The consolidated Statements of financial position as at December 31,		
Current assets	3,320	2,524
Non-current assets (Investment in associate)	1,633,330	1,575,733
Current liabilities	6,840	7,100
The consolidated Statements of Comprehensive income for the year ended		
December 31,		
Share of profit of associate	59,255	25,781
Other income	4	4,027
Profit for the year	58,714	28,613

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

9. PROPERTY, PLANT AND EQUIPMENT

	In Thousand Baht					
	Consolidated financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development
Cost						Total
Balance as at January 1, 2018	6,087,119	6,290,323	2,379,447	320,086	544,159	18,689
Additions	217,074	5,397	116,192	70,124	1,870,573	-
Transfers – net	161,332	1,431,507	268,222	-	(1,865,789)	-
Disposals/write-off	(5,485)	(31,616)	(16,579)	(10,909)	-	-
Currency translation differences	-	-	-	-	(408)	-
Balance as at December 31, 2018	6,460,040	7,695,611	2,747,282	379,301	548,535	18,689
Additions	309,889	57,735	177,200	56,395	2,544,098	-
Transfers – net	83,058	1,523,391	239,797	-	(1,867,891)	-
Disposals/write-off	(7,904)	(149,552)	(31,651)	(4,136)	-	-
Currency translation differences	(1,221)	(16,829)	(3,340)	(237)	(1,675)	-
Balance as at December 31, 2019	6,843,862	9,110,356	3,129,288	431,323	1,223,067	18,689
						20,756,585

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

	In Thousand Baht						
	Consolidated financial statements						
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development	Total
Accumulated depreciation							
Balance as at January 1, 2018	311,740	1,537,125	1,078,746	210,485	-	9,898	3,147,994
Depreciation charge for the year	93,266	354,346	306,486	41,138	-	467	795,703
Transfers – net	-	-	(63)	-	-	-	(63)
Disposals/write-off	(4,058)	(21,833)	(16,321)	(10,546)	-	-	(52,758)
Balance as at December 31, 2018	400,948	1,869,638	1,368,848	241,077	-	10,365	3,890,876
Depreciation charge for the year	102,865	428,164	334,129	48,993	-	467	914,618
Transfers – net	-	-	(2)	-	-	-	(2)
Disposals/write-off	(5,935)	(113,919)	(29,722)	(4,121)	-	-	(153,697)
Currency translation differences	(15)	(145)	(76)	(8)	-	-	(244)
Balance as at December 31, 2019	497,863	2,183,738	1,673,177	285,941	-	10,832	4,651,551
Net book value							
At December 31, 2018	6,059,092	5,825,973	1,378,434	138,224	548,535	8,324	13,958,582
At December 31, 2019	6,345,999	6,926,618	1,456,111	145,382	1,223,067	7,857	16,105,034

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

	In Thousand Baht					
	Separate financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development
Cost						Total
Balance as at January 1, 2018	6,087,119	6,290,323	2,379,447	320,086	486,454	18,689
Additions	217,074	5,397	107,379	66,776	1,610,681	-
Transfers – net	144,082	1,193,645	229,824	-	(1,572,279)	-
Disposals/write-off	(5,485)	(31,616)	(16,579)	(10,909)	-	-
Balance as at December 31, 2018	6,442,790	7,457,749	2,700,071	375,953	524,856	18,689
Additions	309,889	50,347	175,158	53,681	2,543,914	-
Transfers – net	83,057	1,523,391	235,271	-	(1,845,703)	-
Disposals/write-off	(7,904)	(149,552)	(31,651)	(4,136)	-	-
Balance as at December 31, 2019	6,827,832	8,881,935	3,078,849	425,498	1,223,067	18,689
						20,455,870

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

	In Thousand Baht					
	Separate financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development
						Total
Accumulated depreciation						
Balance as at January 1, 2018	311,740	1,537,125	1,078,746	210,485	-	9,898
Depreciation charge for the year	93,049	352,297	305,408	41,022	-	467
Transfers – net	-	-	(63)	-	-	-
Disposals/write-off	(4,058)	(21,833)	(16,321)	(10,546)	-	-
Balance as at December 31, 2018	400,731	1,867,589	1,367,770	240,961	-	10,365
Depreciation charge for the year	101,264	413,126	326,593	47,863	-	467
Transfers – net	-	-	(2)	-	-	-
Disposals/write-off	(5,935)	(113,919)	(29,722)	(4,121)	-	-
Balance as at December 31, 2019	496,060	2,166,796	1,664,639	284,703	-	10,832
						4,623,030

Net book value

At December 31, 2018	6,042,059	5,590,160	1,332,301	134,992	524,856	8,324
At December 31, 2019	6,331,772	6,715,139	1,414,210	140,795	1,223,067	7,857
						15,832,840

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2019 and 2018 amounted to Baht 1,587.1 million and Baht 1,391.0 million, respectively.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

10. LAND NOT USE IN OPERATION

The management of the Company has considered and review the investment plan for the construction building of new office to increase number of stores, and survey all assets of the Company and found that the Company has a plot of land on the road under the Udon Ratthaya Expressway, Bang Phut Subdistrict, Pak Kret District Nonthaburi with area of approximately 143 rai acquired in 2009 at a price of Baht 500.4 million to support the branch expansion plan at that time. Currently, the land is not used for the purposes as well, therefore, the Company has decided to transferred such land at aforesaid carrying amount, from property, plant and equipment to “Land not use in operation” which is separately presented in the statements of financial position as of 31 December 2019 and 2018. The latest value of such land, appraised in 2019 based on appraisal price of relevant government agencies, amounting to approximately Baht 1,451.2 million.

11. INTANGIBLE ASSETS

	In Thousand Baht			
	Consolidated financial statement			
	Computer software	Computer Software Under Installation	Other intangible assets	Total
Cost				
Balance as at January 1, 2018	26,255	570	-	26,825
Additions	5,245	1,330	-	6,575
Transfers – net	1,900	(1,900)	-	-
Balance as at December 31, 2018	33,400	-	-	33,400
Additions	1,487	-	6,729	8,216
Transfers – net	2,122	-	-	2,122
Currency translation differences	(67)	-	-	(67)
Balance as at December 31, 2019	36,942	-	6,729	43,671
Accumulated amortization				
Balance as at January 1, 2018	20,795	-	-	20,795
Amortization charge for the year	2,918	-	-	2,918
Balance as at December 31, 2018	23,713	-	-	23,713
Amortization charge for the year	2,850	-	1,721	4,571
Currency translation differences	(1)	-	-	(1)
Balance as at December 31, 2019	26,562	-	1,721	28,283
Net book value				
At December 31, 2018	9,687	-	-	9,687
At December 31, 2019	10,380	-	5,008	15,388

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

	In Thousand Baht			
	Separate financial statements			
	Computer software	Computer Software Under Installation	Other intangible assets	Total
Cost				
Balance as at January 1, 2018	26,255	570	-	26,825
Additions	4,298	1,330	-	5,628
Transfers – net	1,900	(1,900)	-	-
Balance as at December 31, 2018	32,453	-	-	32,453
Additions	1,487	-	6,729	8,216
Transfers – net	2,122	-	-	2,122
Balance as at December 31, 2019	36,062	-	6,729	42,791
Accumulated amortization				
Balance as at January 1, 2018	20,795	-	-	20,795
Amortization charge for the year	2,902	-	-	2,902
Balance as at December 31, 2018	23,697	-	-	23,697
Amortization charge for the year	2,674	-	1,721	4,395
Balance as at December 31, 2019	26,371	-	1,721	28,092
Net book value				
At December 31, 2018	8,756	-	-	8,756
At December 31, 2019	9,691	-	5,008	14,699

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

12. INCOME TAX

Details of deferred tax assets and deferred tax liabilities as at December 31, 2019 and 2018 were as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Employee benefits	23,120	15,900	23,120	15,900
Leasehold rights	10,039	15,016	10,039	6,637
Other	16,703	1,680	16,663	961
Total	49,862	32,596	49,822	23,498
Deferred tax liabilities				
Provision for sales returns	3,696	-	3,668	-
Taxable depreciation over book depreciation	7,199	6,014	861	931
Other	(492)	-	-	-
Total	10,403	6,014	4,529	931

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Income tax expense

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2019	2018	2019	2018
Income tax expense	502,235	470,111	496,045	470,111
Movement in temporary difference	(9,470)	(8,584)	(19,742)	(8,134)
Net	492,765	461,527	476,303	461,977
Reconciliation of income tax expense				
Profit before income tax	2,606,842	2,452,192	2,515,231	2,465,833
Income tax using the corporate tax rate	521,368	490,438	503,046	493,167
Additional deductible expenses for tax purposes	(38,340)	(31,912)	(31,443)	(31,912)
Share of profit of joint venture	(5,871)	(2,861)	-	-
Others	25,078	14,446	24,442	8,856
Income tax on taxable profit	502,235	470,111	496,045	470,111
Increase in deferred tax assets	(17,266)	(6,741)	(26,324)	(1,179)
Increase in deferred tax liabilities	4,389	5,294	3,598	211
Income tax attributable to other comprehensive income	2,984	(7,166)	2,984	(7,166)
Currency translation differences	423	29	-	-
Income tax presented in statement of comprehensive income	492,765	461,527	476,303	461,977

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

13. LEASEHOLD RIGHTS AND ACCRUED RENTAL EXPENSES

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2019	2018	2019	2018
Leasehold rights				
Leasehold rights paid to landlords	230,399	230,399	230,399	230,399
Land improvement paid to third party	129,830	125,262	123,500	118,449
Total	360,229	355,661	353,899	348,848
Less accumulated amortization	(37,834)	(26,522)	(37,582)	(26,522)
Transfer	(14,498)	-	(14,498)	-
Net	307,897	329,139	301,819	322,326
Accrued rental expenses				
Rental expenses up to December 31,	196,986	137,118	136,878	95,223
Rental paid up to December 31,	(120,006)	(70,933)	(93,240)	(70,933)
Net	76,980	66,185	43,638	24,290
<u>Shown under</u>				
Current liabilities	10,082	10,071	6,691	6,485
Non-current liabilities	66,898	56,114	36,947	17,805
Total	76,980	66,185	43,638	24,290
Non-cancellable operating lease				
Commitments				
Within 1 year	29,500	30,777	11,656	11,573
After 1 year but within 5 years	168,971	170,613	95,807	93,800
Over 5 years	1,234,273	1,343,308	698,481	755,201
1. Total	1,432,744	1,544,698	805,944	860,574

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

14. CREDIT FACILITIES

As at December 31, 2019, the Group has agreement with various local financial institutions for the credit facilities which are unsecured as follows :

	In Thousand	
	U.S. Dollars	Baht
Multi-type working capital (Short-term loan, letter of credit Trust receipts and letter of guarantee)	-	8,410,000
Short-term loan	-	11,730,000
Long-term loan	-	4,476,660
Bank overdraft	-	120,000
Letter of credit and trust receipts	10,000	5,620,000
Forward contract	72,770	4,220,000
Letter of guarantee	-	22,900
Total	82,770	34,599,560

Short-term loans from financial institutions

	In Thousand Baht			
	Consolidated		Separate financial statements	
	2019	2018	2019	2018
Trust receipts	1,219,591	690,438	1,219,591	690,438
Short-term loans from financial Institutions	13,000,000	9,350,000	13,000,000	9,350,000
Total	14,219,591	10,040,438	14,219,591	10,040,438

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest ranging from 1.60% to 1.84% per annum in 2019 and 1.80% to 2.12% per annum in 2018.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Long-term loans

As at December 31, 2019 and 2018, the periods to maturity of the long - term loans from various financial institutions were as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Within one year	943,333	1,328,333	943,333	1,328,333
After one year but within five years	333,333	1,053,667	333,333	1,053,667
Total	1,276,666	2,382,000	1,276,666	2,382,000

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

Details of long-term loans are as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	2019	2018	2019	2018
Loan from the first bank				
• Credit line of Baht 3,000 million repayable in quarterly installment of Baht 212.5 million (interest at the rate of 2.25% per annum), ending April 2019	-	425,000	-	425,000
• Credit line of Baht 1,000 million repayable in semi-annual installment of Baht 166.7 million (interest at the rate of 2.59% per annum), ending October 2021	666,666	1,000,000	666,666	1,000,000
Loan from the second bank				
• Credit line of Baht 1,000 million repayable in semi-annual installment of Baht 160 million and last installment of Baht 200 million (interest at the rate of 2.25% per annum), ending October 2020	360,000	680,000	360,000	680,000
Loan from the third bank				
• Credit line of Baht 500 million First withdrawal of Baht 277 million repayable in semi-annual installment of Baht 125 million and last installment of Baht 27 million (interest at the rate of 2.25% per annum), ending May 2020	27,000	277,000	27,000	277,000
• Credit line of Baht 500 million Second withdrawal of Baht 223 million repayable in semi-annual installment. First installment of Baht 98 million and last installment of Baht 125 million (interest at the rate of 2.25% per annum), ending November 2020	223,000	-	223,000	-
Total long-term loans	1,276,666	2,382,000	1,276,666	2,382,000
Less current portion	(943,333)	(1,328,333)	(943,333)	(1,328,333)
Net	333,333	1,053,667	333,333	1,053,667

Loan from certain banks contain certain restrictions on maintenance of financial ratio.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

15. TRADE AND OTHER ACCOUNTS PAYABLE - OTHERS

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable	2,106,883	1,795,093	2,023,557	1,660,213
Other accounts payable				
Construction payable	608,744	346,103	608,707	341,883
Accrued bonus	156,528	124,467	156,528	124,467
Retention	112,873	214,797	112,873	214,797
Accrued expenses	85,031	70,090	81,882	50,343
Provision for sales returns	23,845	-	23,657	-
Provision for customer loyalty programmes	18,303	-	18,289	-
Accrued interest expense	9,406	8,743	9,406	8,743
Others	55,316	59,479	44,556	41,898
	1,070,046	823,679	1,055,898	782,131
Total	3,176,929	2,618,772	3,079,455	2,442,344

16. DEBENTURES

On June 20, 2018, the Company issued a series of debentures to specific investors amounting to Baht 500 million (divided into 500,000 units at Baht 1,000 per unit) and bears interest at 2.44% p.a. with maturity on July 12, 2021. Interest is payable quarterly.

Under the condition of the issuances of debentures, the Company has to comply with the specified condition by maintain Net Debt to Equity Ratio at the rate not exceeding 2:1.

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Notes to the financial statements (continued)

December 31, 2019 and 2018

17. PROVISIONS FOR EMPLOYEE BENEFITS

	In Thousand Baht		
	Consolidated financial statements/ Separate financial statements		
	Post- employment benefits	Other long-term benefits	Total
At January 1, 2019	67,994	11,506	79,500
Current service cost	11,655	2,598	14,253
Interest cost	1,909	314	2,223
Past service cost	12,719	-	12,719
Remeasurements of other long term benefits	-	3,530	3,530
Expense recognized in profit or loss	26,283	6,442	32,725
Transaction recognized in other comprehensive income			
- Actuarial loss	14,919	-	14,919
Employee benefits paid during the year	(10,963)	(580)	(11,543)
At December 31, 2019	98,233	17,368	115,601

	In Thousand Baht		
	Consolidated financial statements/ Separate financial statements		
	Post- employment benefits	Other long-term benefits	Total
At January 1, 2018	81,058	-	81,058
Current service cost	21,356	2,309	23,665
Interest cost	2,837	251	3,088
Past service cost	-	8,946	8,946
Expense recognized in profit or loss	24,193	11,506	35,699
Transaction recognized in other comprehensive income			
- Actuarial gain	(35,832)	-	(35,832)
Employee benefits paid during the year	(1,425)	-	(1,425)
At December 31, 2018	67,994	11,506	79,500

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Notes to the financial statements (continued)

December 31, 2019 and 2018

Actuarial gain recognized in other comprehensive income arising from :

	In Thousand Baht	
	2019	2018
Change in financial assumptions	12,711	(4,514)
Change in demographic assumptions	13	(30,854)
Experience adjustments	2,195	(464)
Total	14,919	(35,832)

Significant assumptions used in calculation of liability for post-employment benefits are as follows :

- Discount rate 1.69-1.90% per annum in 2019 and 2.80-3.13% per annum in 2018
- Salary increase rate 6.0% per annum in 2019 and 2018
- Employee turnover rate 5.73-34.38% per annum in 2019 and 2018
- Mortality rates Based on Thai Mortality Table

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Thousand Baht	
	Increase	Decrease
Defined benefit obligation at December 31, 2019		
Discount rate (0.5% change)	(6,275)	6,857
Salary increase rate (1% change)	11,549	(9,861)
Employee turnover rate (20% change)	(20,242)	28,720

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Notes to the financial statements (continued)

December 31, 2019 and 2018

18. SHARE CAPITAL AND DIVIDENDS

Share capital

	In Baht Par Value	In Thousand Shares / In Thousand Baht			
		2019		2018	
		Number	Amount	Number	Amount
Authorized					
At January 1,					
• ordinary shares	1	4,001,473	4,001,473	3,841,417	3,841,417
Capital decrease	1	(3)	(3)	(3)	(3)
Capital increase	1	200,073	200,073	160,059	160,059
At December 31,					
• ordinary shares	1	4,201,543	4,201,543	4,001,473	4,001,473
Issued and fully paid-up					
At January 1,					
• ordinary shares	1	4,001,470	4,001,470	3,841,414	3,841,414
Stock dividend	1	200,071	200,071	160,056	160,056
At December 31,					
• ordinary shares	1	4,201,541	4,201,541	4,001,470	4,001,470

At the annual general meeting of the shareholders of the Company held on April 23, 2019, the shareholders passed the following resolutions :

- decrease authorized share capital from Baht 4,001,472,951 (4,001,472,951 ordinary shares at Baht 1 par value) to Baht 4,001,469,549 (4,001,469,549 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on May 17, 2019;
- increase authorized share capital from Baht 4,001,469,549 (4,001,469,549 ordinary shares at Baht 1 par value) to Baht 4,201,543,026 (4,201,543,026 ordinary shares at Baht 1 par value). The 200,073,477 new ordinary shares were reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on May 21, 2019.

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Notes to the financial statements (continued)

December 31, 2019 and 2018

At the annual general meeting of the shareholders of the Company held on April 30, 2018, the shareholders passed the following resolutions :

- a) decrease authorized share capital from Baht 3,841,416,727 (3,841,416,727 ordinary shares at Baht 1 par value) to Baht 3,841,414,033 (3,841,414,033 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on May 10, 2018;
- b) increase authorized share capital from Baht 3,841,414,033 (3,841,414,033 ordinary shares at Baht 1 par value) to Baht 4,001,472,951 (4,001,472,951 ordinary shares at Baht 1 par value). The 160,058,918 new ordinary shares were reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on May 11, 2018.

Dividends

At the annual general meeting of the shareholders of the Company held on April 23, 2019, the shareholders approved the appropriation of dividends of Baht 0.26 per share, amounting to Baht 1,022.6 million, from the profit of 2018. The dividend paid to the shareholders comprise stock dividend on the basis of 20 ordinary shares for 1 stock dividend amounting to Baht 200.1 million (200.1 million ordinary shares at Baht 1 par value) and cash dividend of Baht 822.5 million on May 23, 2019. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 23, 2019.

At the annual general meeting of the shareholders of the Company held on April 30, 2018, the shareholders approved the appropriation of dividends of Baht 0.23 per share, amounting to Baht 869.3 million, from the profit of 2017. The dividend paid to the shareholders comprise stock dividend on the basis of 24 ordinary shares for 1 stock dividend amounting to Baht 160.1 million (160.1 million ordinary shares at Baht 1 par value) and cash dividend of Baht 709.2 million on May 22, 2018. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 11, 2018.

19. SHARE PREMIUM

The share premium is set up under the provision of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The share premium is not available for dividend distribution.

20. LEGAL RESERVE

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

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Notes to the financial statements (continued)

December 31, 2019 and 2018

21. OTHER INCOME

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Sale promotion income	674,819	496,009	673,555	496,009
Distribution management income	171,801	127,006	171,801	127,006
Transportation income	94,400	85,342	94,119	85,234
Other service income	74,908	51,562	74,462	51,548
Gain on exchange rate	26,831	36,061	26,952	36,042
Rental income	22,862	24,169	19,312	24,169
Other	35,208	40,199	34,550	40,001
Total	1,100,829	860,348	1,094,751	860,009

22. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Changes in merchandises	(2,314,805)	(694,141)	(2,318,931)	(454,901)
Purchase of merchandises	21,865,944	19,866,638	21,429,138	19,583,492
Employee costs	1,829,029	1,610,814	1,806,107	1,604,964
Depreciation and amortization	930,500	810,800	904,767	807,284
Finance costs	268,241	261,184	268,241	261,184
Utility expenses	254,851	219,841	243,471	218,322
Marketing, advertising and sale promotion expenses	176,911	170,249	167,241	167,588
Management remuneration	80,245	53,367	80,245	53,367

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Notes to the financial statements (continued)

December 31, 2019 and 2018

23. OTHER COMPREHENSIVE INCOME

	In Thousand Baht		
	Consolidated financial statement		
	2019		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial loss on defined benefit plan	(14,919)	(2,984)	(11,935)
Currency translation differences	(35,033)	-	(35,033)
Share of other comprehensive loss of joint venture (currency translation differences)	(31)	-	(31)
Other comprehensive loss for the year	(49,983)	(2,984)	(46,999)
	In Thousand Baht		
	Consolidated financial statement		
	2018		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	35,832	7,166	28,666
Currency translation differences	566	-	566
Share of other comprehensive loss of joint venture (currency translation differences)	(160)	-	(160)
Other comprehensive income for the year	36,238	7,166	29,072

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

	In Thousand Baht		
	Separate financial statements		
	2019		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial loss on defined benefit plan	(14,919)	(2,984)	(11,935)
Other comprehensive loss for the year	(14,919)	(2,984)	(11,935)

	In Thousand Baht		
	Separate financial statements		
	2018		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	35,832	7,166	28,666
Other comprehensive income for the year	35,832	7,166	28,666

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2019 and 2018

24. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2019 and 2018 are determined by dividing the profit by the weighted average number of ordinary shares outstanding during the periods, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 200.1 million shares on May 23, 2019. The number of ordinary shares of the prior period has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported as follows :

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit attributable to equity holder of the parent	2,093,471	2,003,039	2,038,928	2,003,856
Weighted average number of ordinary shares outstanding	4,201,541	4,201,541	4,201,541	4,201,541
Earnings per share (Baht)	0.4983	0.4767	0.4853	0.4769

25. PROVIDENT FUNDS

The Company has established contributory provident funds for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% of their basic salaries and by the Company at the same rate. The provident funds are registered with the Ministry of Finance as juristic entities under the Provident Fund Act B.E. 2530 and are managed by licensed Fund Managers.

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Notes to the financial statements (continued)

December 31, 2019 and 2018

26. SEGMENT INFORMATION

The Group is engaged in merchandising of construction and decoration materials and equipment in Thailand, therefore, management considers that the Group had only one business segment.

The Group's segment revenues based on the geographic location of customers for the years ended December 31, 2019 and 2018 were as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements		financial statements	
	2019	2018	2019	2018
Thailand	27,290,506	25,250,319	27,290,506	25,250,319
Kingdom of Cambodia	790,513	146,387	191,227	80,807
Republic of the Union of Myanmar	-	4,642	-	4,642
Lao People's Democratic Republic	428	718	428	718
Total	28,081,447	25,402,066	27,482,161	25,336,486

27. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1 inputs"), secondary priority to other observable inputs ("Level 2 inputs"), and the lowest priority to unobservable inputs ("Level 3 inputs").

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

As at December 31, 2019 and 2018, the Group had the following assets and liabilities that are measured at fair value (both on a recurring or non-recurring basis) in the statements of financial position;

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Notes to the financial statements (continued)

December 31, 2019 and 2018

Derivative liabilities (Shown under other current liabilities) amounting to Baht 27.5 million and Baht 0.1 million for 2019 and 2018, respectively (level 2).

However, the Group has financial assets and liabilities not measured at fair value in the statements of financial position as at December 31, 2019 and 2018 but for which the fair value is disclosed in Note 28.

28. DISCLOSURE FOR FINANCIAL INSTRUMENTS**Financial risk management policies**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties and liquidity. The Group does not issue derivative financial instruments for trading purposes. The Group has no significant change in financial risk management policies and financial instruments during 2019 and 2018.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases of goods which are denominated in foreign currencies.

As at December 31, 2019, the Group has an outstanding balance of short-term forward purchase contract of U.S. Dollars 23.7 million (equivalent to Baht 737.8 million) and CNY 16.6 million (equivalent to Baht 74.5 million). The above contract matures in June 2020 and January 2020, respectively. The outstanding unhedge foreign currency liabilities due within one year amounted to CNY 6.7 million.

Management believes that said foreign currency risk is minimal.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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Notes to the financial statements (continued)

December 31, 2019 and 2018

Fair value

The Group used level 2 inputs, which are inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly, to estimate the fair value of each class of financial assets and liabilities:

Cash and cash equivalents and trade and other accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Short-term loans from financial institutions, trade and other accounts payable - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long-term loans from financial institutions - the carrying values approximate their fair values since these financial instruments bear interest at market rates.

Investments in subsidiaries and joint venture are not practicable to be estimated the proper fair value without incurring the excessive costs.

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

As at December 31, 2019 and 2018, the Group's debt-to-equity ratio were 1.23 : 1 and 1.08 : 1, respectively, and the Company's debt-to-equity ratio were 1.24 : 1 and 1.08 : 1, respectively.

30. COMMITMENTS

As at December 31, 2019, the Group had:

- a) commitment to purchase land from third parties amounting to Baht 242.6 million and construction agreements for building and machinery with a related party and local companies amounting to Baht 1,041.7 million, and
- b) unused letters of credit totaling approximately U.S. Dollars 0.9 million (equivalent to Baht 25.9 million) and CNY 108.4 million (equivalent to Baht 474.1 million).

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Notes to the financial statements (continued)

December 31, 2019 and 2018

31. EVENT AFTER THE REPORTING PERIOD

At the Board of Directors' meeting held on February 25, 2020, the Board of Directors passed the resolution to pay the dividend for the 2019 operations totaling Baht 1,062.61 million to the shareholders. The dividend comprise stock dividends on the basis of 21 ordinary shares for 1 stock dividend amounting to Baht 200.07 million (200.07 million ordinary shares at Baht 1 par value) and cash dividend of Baht 862.54 million. The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2020.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on February 25, 2020.

Other References

Regulator	:	The Securities and Exchange Commission
Address	:	333 / 3 Vibhadi - Rangsit Road, Chomphon, Chatuchak Bangkok 10900
Telephone	:	02-695-9999
Fax	:	02-695-9660
Regulator	:	The Stock Exchange of Thailand
Address	:	93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng Bangkok 10400
Telephone	:	02-009-9726-50
Fax	:	02-009-9807-8
Share Registrar	:	Thailand Securities Depository Company Limited
Address	:	93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng Bangkok 10400
Telephone	:	02-009-9000
Fax	:	02-009-9991
Auditor	:	M.R. & ASSOCIATES Co., LTD
Address	:	705 - 706 Chaopaya Tower 89, Soi Wat Suan Plue, Charoenkrung Road, Bangrak, Bangkok 10500
Telephone	:	02-630-7500
Fax	:	02-630-7506
Bond Registrar	:	The Debenture of Siam Global House PCL.1 / 2018
Address	:	Bank of Ayudhaya Public Company Limited 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Thailand
Telephone	:	02-296-5695, 02-296-2796
Fax	:	02-683-1302