



**30<sup>th</sup>**  
**YEARS**  
**Anniversary**



# **ANNUAL REPORT**

# **2020**

“ YOUR SUCCESS IS OUR PRIDE ”



## Vision

*"Customer's first choice of Auction Company with excellence and fascination of auction services"*

**Union Auction Public Company Limited** is professionally committed to being the customer's first choice auction company. It guarantees customer's ultimate satisfaction towards the Company services that go beyond expectations and create lasting relations with customers through smooth operation and conduct of a unique auction experience that renders continual benefits in kind and in cash to every customer at every single contact point of excellent service.

## Mission

Main missions of the Company comprise of missions towards the customers, the shareholders and the society and they are as follows:

- To provide services for properties safeguarding and condition improvement beyond the auction. We are the integrated value added creator who focuses on honesty and identity service quality to deliver valuable products with high creditability, as well as to enhance impression and good relationship with the customers.
- To have good corporate governance pursuant to the international standards to build sustainable growth for the organization and to create high investment returns to the shareholders.
- To build up strength for being the learning organization, awareness on giving priority to customers to create capability, skills and responsibility as well as to enhance the employee engagement toward the organization so that they can perform duties with full potential.
- Assist, promote and take responsibility to the society and environment.



## Value

To provide quality services with emphasis on transparent management and auction. To give correct and honest information at all processes to build satisfaction and achievement to both buyers and purchasers with fairness and conformity with motto of the Company, which is

***“YOUR SUCCESS IS OUR PRIDE”***



# Contents

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|  |     |
|--|-----|
| Message from Chairman of the Board of Directors        | 05  |
| Report of Risk Management Committee                    | 06  |
| Report of Nomination and Remuneration Committee        | 07  |
| Report of Executive Committee                          | 08  |
| The Board of Directors and Executives                  | 10  |
| Policies and Overall Business Operation                | 24  |
| Background and Development of the Company              | 25  |
| Nature of Business                                     | 29  |
| Marketing and Competition                              | 43  |
| Risk Factors   | 45  |
| General Information and References                     | 50  |
| Stock information and shareholders                     | 51  |
| Management Structure                                   | 53  |
| Corporate Governance                                   | 66  |
| Shareholding of the Directors and Executives           | 88  |
| Corporate Social Responsibility                        | 89  |
| Internal Control                                       | 94  |
| Connected Transactions                                 | 97  |
| Report of the Audit Committee                          | 99  |
| Management Responsibility for the Financial Statements | 101 |
| Key Financial Information                              | 102 |
| Management Discussion and Analysis                     | 104 |
| Independent Auditor's Report                           | 111 |
| Financial statements                                   | 116 |





*“The Company can overcome the crises in 2020 with the knowledge and experience of the Company’s management and employees”*

(Assoc. Prof. Dr. Paiboon Sareewiwatthana)

Chairman of the Board of Directors

## Message from Chairman of the Board of Directors

Year 2020 marked an important move of Union Auction Public Company Limited to build on the businesses by adjusting its business operation strategies in conformity with the changing economic situations and technology. During the past year, despite the continual contraction of economy due to Covid-19 crisis and the slowdown of impoundment of vehicles for auction process due to implementation of the Bank of Thailand’s debt moratorium measure to assist the affected debtors by the coronavirus pandemic, the Company can overcome the crises in 2020 quite smoothly as a result of the Company’s earlier development of online auction system along with the knowledgeable and experiences of the Company’s management and employees by gearing up forward for full-scale online action system during Covid-19 situation and development of services to strengthen customer satisfaction. In addition, the Company has also been listed as “200 Best Under a Billion” List in 2020 from Forbes, which signified potential on business operations of the Company.

For 2021, even though, overall economic conditions tend to slowdown continually due to various factors, the Company is confident that the used car markets are still interesting and vigorous, and when synergizing with the Company’s strong determination to develop services sustainably, these will contribute to the growth of the Company’s business and achievement of the specified targets which will reflect as profits and dividend payment to the shareholders.

On behalf of the Board of Directors, I would like to thank the shareholders, the executives and the employees including all stakeholders for your continued supports. The Board of Directors promise to oversee and support business operations under good governance principles for steadily and sustainable growth of businesses.

# Report of Risk Management Committee

The Risk Management Committee has responsibilities as per assigned by the Board of Directors to perform duties on control, supervision and management of risks relevant to business operations, as well as to provide other tools or measures to evaluate and assess risks effectively and suitably.

In 2020, the Risk Management Committee has assigned the Risk Management Working Group which consisted of top level management from various departments to have primary duties on monitor and formulation of the concrete risk management guidelines. During the past period, the Risk Management Working Group held 3 meetings and the Risk Management Committee held 2 meetings and essence of the meetings could be summarized as follows:

1. Established and reviewed the risk management framework of the Company so that it was appropriate and was consistent with the Company's strategic plan and current environment.
2. Supervise the Company's departments to monitor, assess, review and approve the risk management plan which covered material risks, such as, strategic risk, operational risk, financial risk, liquidity risk, compliance risk, corruption risk, marketing risk, information technology risk, social network or online risk, consumer protection risk, social and environmental risk, human right risk and emerging risk in order to ensure that risks have been managed pursuant to the Company's risk control guidelines and strategies, and to report the risk management results to the Board of Directors.
3. Reviewed the scope of duties and responsibilities of the Risk Management Committee.

The Risk Management Committee was of the opinion that in 2019, the Company had a risk management system that was able to sufficiently oversee the Company's major risk and it was suitable for the business operations. This included continually managing risk in accordance with the changing circumstances. Consequently, the Company's material risks can be effectively controlled to be in acceptable levels (risk appetite), so it can be confident that business operations' target can be achieved for the best interest of the shareholders and all stakeholder groups.



(Mr. Varunyoo Sila)

Chairman of the Risk Management Committee

# Report of Nomination and Remuneration Committee

In 2020, the Nomination and Remuneration Committee held 3 meetings. The significant resolutions are summarized below:

1. Consider recruiting directors who have appropriate qualifications which are in accordance with the components and the structure of directors based on the Company's business strategy to replace retired directors and propose it to the Board of Directors and the Shareholders' Meeting to consider and approve, respectively.

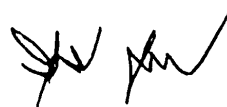
2. Consider remuneration for the year 2020 for the Board of Directors and subcommittees in order to propose it to the Board of Directors and the Shareholders' Meeting for approval. Consideration of remuneration was based on the overall assessment of directors performance, responsibilities and its appropriateness including comparing it to the remuneration of other companies in the same or similar industry.

3. Consider appointment Chief Executive Officer and Managing Director according to the succession plan.

4. Consider the increased salary budget and annual bonus payment for executives and employees.

5. Reviewed the scope of authority, duties and responsibilities of the Nomination and Remuneration Committee for the year in the Meeting No. 3/2020 on 17 December 2020 in order to ensure that the Nomination and Remuneration Committee performed their assigned duties and responsibilities completely in accordance with the principles of good corporate governance code for listed companies.

The board of Nomination and Remuneration Committee carefully performed its duties with honesty in accordance with the duties and responsibilities set out in the Charter of the Nomination and Remuneration Committee and adhered to the principles of good corporate governance code. The board operated its business with transparency for the benefit of all stakeholders



(Assoc.Prof. Dr. Montree Socratayanurak)

Chairman of the Nomination and Remuneration Committee

# Report of Executive Committee

The Executive Committee monitored and supervised the management of the Company's business operations in order to operate business in accordance with the established policies, be able to continually run the business effectively and be ready for business expansion that has sustainable growth. The Executive Committee considered and examine any important matters before proposing them to the Board of Directors for consideration.

In 2020, the Executive Committee held a total of 16 meetings in order to consider and propose solutions to problems and give suggestions on important matters of the Company. These can be summarized as follows:

**1. Considered and Established Business Policies and Strategic Plans:** The Executive Committee considered and gave initial comments regarding the Company's business management policy and strategies and also considered the appropriateness of the business plan and the annual budget by continually monitoring the operational results on a monthly basis. Suggestions were also given for the benefit of the management of the Company. The Executive Committee operated in accordance with the strategy in order to support growth and develop long-term competitiveness.

**2. Monitored and Followed up with the Company's Performance:** The Executive Committee monitored and followed up with the Company's performance of every department on a monthly basis so that it was in accordance with the plan assigned by the Board of Directors.

**3. Considered and Gave Opinions Regarding Investments in Various Projects of the Company:** The Executive Committee considered and gave comments regarding investments for various Company projects by analyzing opportunities, obstacles in making investments, and determining risk management policies for financial activities or making investments in various projects of the Company. This included monitoring and making evaluations before proposing them to the Board of Directors in order to create opportunities for potential investments and provide sustainable returns.

**4. Considered the Company's Structure and Authority:** The Executive Committee considered the structure and authority of the Company before proposing them to the Board of Directors for further consideration and approval.

**5. Supervised Company Management:** The Executive Board supervised the Company's management so that it operated in accordance with the legal requirements and ethics were in accordance with good corporate governance principles to prevent any conflicts of interest and maximize the efficiency and effectiveness of the operations.



#### **6. Reviewed the Scope of Duties and Responsibilities of the Executive Committee:**

The Executive Committee reviewed the scope of duties and responsibilities of the Executive Committee annually, during the Meeting No. 14/2020, held on 23 November 2020. This was to ensure that the assigned operations were complete and the responsibilities were in accordance with the rules and guidelines of the Office of Securities and Exchange Commission.

The Executive Committee performed its duties as assigned by the Board of Directors and used the knowledge and abilities to perform these duties prudently, cautiously, and appropriately in order to manage the business to achieve its vision, mission, and goals as well as the Company's business strategy at full capacity. The Executive Committee took into account the best interests of the Company, shareholders and every group of stakeholders in order to build confidence in operations and also supervised the management of the Company for effective and sustainable operations.



(Mr. Thepthai Sila)

Chairman of the Executive Committee

# The Board of Directors and Executives



**Assoc. Prof. Dr. Paiboon Sareewiwatthana** (Age 67 years)

Chairman of the Board/

Member of Nomination and Remuneration Committee

**Appointment date as the director :** 24 September 2012 (8 years 3 months)

**Education :**

- Doctoral Degree in Finance University of Mississippi, U.S.A.
- Master of Business Administration (Honor) National Institute of Development Administration (NIDA)
- Bachelor Degree of Engineering Chulalongkorn University

**Training programs held by the Thai Institute of Directors Association (IOD) :**

- DCP: Director Certification Program Class 12/2001
- RMP: Risk Management Committee Program Class 3/2014

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

2012 - Present      Chairman of the Board / Member of Nomination and Remuneration Director Committee

**Board member/Management in other listed company : 2 companies**

2014 - Present      Chairman of the Board / BT Wealth Industry Public Company Limited

2012 - Present      Chairman of the Board / UAC Global Public Company Limited

**Board member / Management in non-listed company : 4 companies**

2019 - Present      Chairman of the Board / Biodegradable Packaging Environment Public Company Limited

2018 - Present      Chairman of the Board / Chic Republic Public Company Limited

2005 - Present      Arbitrator / The Securities and Exchange Commission, Thailand

1988 - Present      Director / BRCS Company Limited

1984 - 2020      Assoc. Prof. Level 9 Faculty of Business Administration / National Institute of Development Administration (NIDA)

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

None

**Shareholding ratio in the Company (as at 31 December 2020) :**

500,000 shares (0.09%)

**The meeting participation during the year 2020 :**

- |   |                                       |           |
|---|---------------------------------------|-----------|
| - | The Board of Directors                | 9/9 times |
| - | Nomination and Remuneration Committee | 3/3 times |

## Assoc. Prof. Dr. Sauwanee Thairungroj (Age 62 years)

Independent Director/Chairman of Audit Committee/  
Vice Chairman of Nomination and Remuneration Committee



Appointment date as the director : 24 September 2012 (8 years 3 months)

### Education :

- Doctoral Degree in Economics Washington State University, U.S.A.
- Master Degree in Economics Development National Institute of Development Administration (NIDA)
- Bachelor Degree of Economics Thammasart University

### Training programs held by the Thai Institute of Directors Association (IOD) :

DCP: Director Certification Program Class 21/2002

### Work experiences during the past 5 years :

#### Union Auction Public Company Limited :

2011 - Present      Independent Director / Chairman of Audit Committee / Vice Chairman of Nomination and Remuneration Committee

#### Board member / Management in other listed company : 1 company

2020 - Present      Independent Director / Union Plastic Public Company Limited

#### Board member / Management in non-listed company : 3 places

2020 - Present      Consultant, University Council of Thai Chamber of Commerce and President of the Harbour, Space@UTCC Project

2020 - Present      Director, National Cyber Security Committee / Ministry of Digital Economy and Society

2018 - Present      Director (Economic), National Economics and Social Development Board Committee / Office of the National Economics and Social Development Council

2012 - 2019      President / University of Thai Chamber of Commerce

#### Positions in other companies which may cause the conflict of interest to the Company : None

#### Holding the positions of director / management in conflict company at the present or the past 2 years :

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

Criminal record during the past 10 years : None

Family relationship of the executive with the Company : None

Shareholding ratio in the Company (as at 31 December 2020) : None

#### The meeting participation during the year 2020:

- |   |                                       |           |
|---|---------------------------------------|-----------|
| - | The Board of Directors                | 9/9 times |
| - | Audit Committee                       | 4/4 times |
| - | Nomination and Remuneration Committee | 3/3 times |



**Assoc. Prof. Dr. Montree Socratianurak** (Age 64 years)

Independent Director/Member of Audit Committee/  
Chairman of Nomination and Remuneration Committee

**Appointment date as the director :** 24 September 2012 (8 years 3 months)

**Education :**

- Doctoral Degree in Economics University of Minnesota U.S.A.
- Master Degree in Economics University of Minnesota U.S.A.
- Bachelor Degree of Economics Thammasart University

**Training programs held by the Thai Institute of Directors Association (IOD) :**

DAP: Director Accreditation Program Class 69/2008

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                |  |
|----------------|--|
| 2011 - Present | Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee |
|----------------|--|

**Board member / Management in other listed company :** 4 companies

|                |   |
|----------------|---|
| 2016 - Present | Chairman of the Board / Thai Plastic Industry (1994) Public Company Limited                     |
| 2015 - Present | Chairman of Audit Committee, Independent Director / Megachem Public Company Limited             |
| 2014 - Present | Chairman of the Board, Chairman of Audit Committee / TV Thunder Public Company Limited          |
| 2012 - Present | Chairman of Audit Committee, Independent Director / East Coast Furnitech Public Company Limited |

**Board member / Management in non-listed company :** 1 company

|                |  |
|----------------|--|
| 2020 - Present | Chairman of Audit Committee, Independent Director / Clover Power Company Limited |
|----------------|--|

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

None

**Shareholding ratio in the Company (as at 31 December 2020) :**

None

**The meeting participation during the year 2020 :**

- |   |                                       |           |
|---|---------------------------------------|-----------|
| - | The Board of Directors                | 9/9 times |
| - | Audit Committee                       | 4/4 times |
| - | Nomination and Remuneration Committee | 3/3 times |

**Mrs. Wilaiwan Srisamruat** (Age 61 years)  
 Independent Director/Member of Audit Committee/  
 Member of Risk Management Committee/  
 Member of Nomination and Remuneration Committee



**Appointment date as the director :** 1 January 2018 (3 years)

**Education :**

- Master of Business Administration National Institute of Development Administration (NIDA)
- Bachelor Degree of Accounting, Thammasart University

**Training programs held by the Thai Institute of Directors Association (IOD) :**

- DAP: Director Accreditation Program Class 145/2018
- RCL: Risk Management Program for Corporate Leaders Class 17/2019
- HRP: How to Develop a Risk Management Plan Class 27/2020

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                |  |
|----------------|--|
| 2018 - Present | Independent Director / Member of Audit Committee / Member of Risk Management Committee / Member of Nomination and Remuneration Committee |
|----------------|--|

**Board member / Management in other listed company :** None

|             |   |
|-------------|---|
| 2014 - 2016 | CFO Mobile Business / True Corporation Public Company Limited |
|-------------|---|

**Board member / Management in non-listed company :** 1 company

|                |  |
|----------------|--|
| 2019 - Present | CFO / Executive Director / Biodegradable Packaging for Environment Public Company Limited  |
| 2018 - 2019    | Member of Audit Committee / Biodegradable Packaging for Environment Public Company Limited |

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company:**

None

**Shareholding ratio in the Company (as at 31 December 2020) :**

None

**The meeting participation during the year 2020:**

- |   |                                       |           |
|---|---------------------------------------|-----------|
| - | The Board of Directors                | 9/9 times |
| - | Audit Committee                       | 4/4 times |
| - | Nomination and Remuneration Committee | 3/3 times |
| - | Risk Management Committee             | 2/2 times |





**Mr. Thepthai Sila** (Age 61 years)

Director/Chairman of Executive Committee/  
Member of Risk Management Committee

**Appointment date as the director :** 24 September 2012 (8 years 3 months)

**Education :**

Bachelor Degree of Public Administration Ramkhamhaeng University

**Training programs held by the Thai Institute of Directors Association (IOD) :**

- DAP: Director Accredited Program Class100/2013
- RMP: Risk Management Program Class 3/2014

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

- |                 |  |
|-----------------|--|
| 1991 - Present  | Director / Chairman of Executive Committee / Member of Risk Management Committee |
| 1991 - Mar 2020 | Managing Director  |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** 4 companies

- |                |   |
|----------------|---|
| 2010 - Present | Director / At 800 Company Limited, Bliss Khao Kho Company Limited |
| 1998 - Present | Director / Sahakarn Holding Company Limited                       |
| 1993 - Present | Director / Khao Kho Highland Resort Company Limited               |

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

Father of Mr. Varunyoo Sila

**Shareholding ratio in the Company (as at 31 December 2020) :**

14,108,200 shares (2.57%)

**The meeting participation during the year 2020 :**

- |   |                           |             |
|---|---------------------------|-------------|
| - | The Board of Directors    | 9/9 times   |
| - | Executive Committee       | 16/16 times |
| - | Risk Management Committee | 2/2 times   |

## Mr. Sarawut Charchjinda (Age 62 years)

Director/Member of Executive Committee/  
Member of Risk Management Committee



Appointment date as the director : 24 April 2018 (2 years 8 months)

### Education :

- MBA – Finance University of Mississippi U.S.A.
- Bachelor Degree of Accounting (2<sup>nd</sup> Honor) Chulalongkorn University

### Training programs held by the Thai Institute of Directors Association (IOD) :

- DCP: Director Certification Program Class 31/2003
- AACP: Advance Audit Committee Program Class 19/2015

### Work experiences during the past 5 years :

#### Union Auction Public Company Limited :

|                |  |
|----------------|--|
| 2018 - Present | Director / Member of Executive Committee / Member of Risk Management Committee         |
| 2012 - 2017    | Independent Director / Member of Audit Committee / Member of Risk Management Committee |

### Board member / Management in other listed company : 1 company

|                |   |
|----------------|---|
| 2016 - Present | Chairman of Audit Committee, Member of Nomination and Remuneration Committee,<br>Independent Director / BT Wealth Industries Public Company Limited |
|----------------|---|

### Board member / Management in non-listed company : 2 companies

|                |  |
|----------------|--|
| 2018 - Present | Chairman of the Board, Member of Risk Management Committee /<br>Assetwise Public Company Limited |
| 2016 - Present | Chairman of Audit Committee, Independent Director / Chic Republic Public Company Limited         |
| 2012 - 2017    | Deputy Managing Director, Chairman of Business Loans / Kiatnakin Bank Public Company Limited     |

### Positions in other companies which may cause the conflict of interest to the Company : None

### Holding the positions of director / management in conflict company at the present or the past 2 years :

|    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

### Criminal record during the past 10 years :

None

### Family relationship of the executive with the Company:

None

### Shareholding ratio in the Company (as at 31 December 2020) :

None

### The meeting participation during the year 2020:

|   |                           |             |
|---|---------------------------|-------------|
| - | The Board of Directors    | 9/9 times   |
| - | Executive Committee       | 16/16 times |
| - | Risk Management Committee | 2/2 times   |



**Mr. Suvit Yoadjarust** (Age 65 years)  
 Director/Member of Executive Committee/  
 Chief Executive Officer

**Appointment date as the director :** 25 November 2013 (7 years 1 month)

**Education :**

Master Degree of Marketing Communication Management Suan Dusit Rajabhat University

**Training programs held by the Thai Institute of Directors Association (IOD) :**

- DCP: Director Certification Program Class 109/2014
- RMP: Risk Management Program Class 3/2014

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                     |  |
|---------------------|--|
| Mar 2020 - Present  | Chief Executive Officer                  |
| 2013 - Present      | Director / Member of Executive Committee |
| Mar 2020 - Aug 2020 | Managing Director                        |
| 2013 - Aug 2020     | Chairman of Risk Management Committee    |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** 1 company

|                |   |
|----------------|---|
| 2001 - Present | Managing Director Quality Syndicate Company Limited |
|----------------|---|

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director/management in conflict company at the present or the past 2 years :**

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :** None

**Family relationship of the executive with the Company :** None

**Shareholding ratio in the Company (as at 31 December 2020) :** 3,616,200 shares (0.66%)

**The meeting participation during the year 2020 :**

- |   |                           |             |
|---|---------------------------|-------------|
| - | The Board of Directors    | 9/9 times   |
| - | Executive Committee       | 16/16 times |
| - | Risk Management Committee | 1/1 times*  |

\* Retired from the position in the Risk Management Committee since 7 August 2020.

**Mr. Varunyoo Sila** (Age 37 years)  
 Director/Member of Executive Committee/  
 Chairman of Risk Management Committee/  
 Managing Director



**Appointment date as the director :** 24 September 2012 (8 years 3 months)

**Education :**

- Master of Business Administration Assumption University
- Bachelor Degree of Communication Arts Assumption University

**Training programs held by the Thai Institute of Directors Association (IOD) :**

DCP: Director Certification Program Class 166/2012

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                    |  |
|--------------------|--|
| Aug 2020 - Present | Managing Director  |
| 2012 - Present     | Director / Member of Executive Committee / Chairman of Risk Management Committee |
| 2019 - Aug 2020    | Deputy Managing Director, Internal Affair Division                               |
| 2014 - 2019        | Deputy Managing Director, Office of the Directors Department and IT Department   |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** 1 company

|                |   |
|----------------|---|
| 2009 - Present | Director / Khao Kho Highland Resort Company Limited   |
| 2010 - 2018    | Director / Sahakarn Holding Company Limited / At 800 Company Limited / Bliss Khao Kho Company Limited |

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director/management in conflict company at the present or the past 2 years :**

|    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

Son of Mr. Thepthai Sila

**Shareholding ratio in the Company (as at 31 December 2020) :**

8,100,000 shares (1.47%)

**The meeting participation during the year 2020 :**

|   |                           |             |
|---|---------------------------|-------------|
| - | The Board of Directors    | 9/9 times   |
| - | Executive Committee       | 16/16 times |
| - | Risk Management Committee | 2/2 times   |



**Mr. Weidt Nuchjalearn** (Age 67 years)

Member of Executive Committee

**Education :**

- Master of Business Administration Thammasat University
- Bachelor of Science (Agricultural Economics) Kasetsart University

**Training programs held by the Thai Institute of Directors Association (IOD) and others :**

- Director Accreditation Program (DAP) Class SEC/2015
- Role of Chairman Program (RCP) Class 31/2013
- Top Executive Program in Commerce and Trade: TEPCoT (Class 3/2010), Commerce Academy
- Financial Executive Development Program (Class 14/2016), Thai Institute of Banking and Finance Association
- Commercial Credit Skills Assessment, Chulalongkorn University
- Security Management and Leadership for Executives Program (SML) Class 9/2017, National Defence College
- Top Executive Program (Class 18), Capital Market Academy (CMA)

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

Mar 2020 - Present Member of Executive Committee

**Board member / Management in other listed company : 4 companies**

|                |   |
|----------------|---|
| 2018 - Present | Chairman of Audit Committee, Independent Director<br>WHA Utilities & Power Public Company Limited                       |
| 2017 - Present | - Chairman of the Board / Siamrajathanee Public Company Limited<br>- Advisor / Dhipaya Insurance Public Company Limited |
| 2014 - Present | Chairman of Audit Committee / Thaifoods Group Public Company Limited  |
| 2018 - 2019    | Director / Srisawad Finance Public Company Limited  |
| 2017 - 2019    | Chairman of Risk Management Committee / Raimon Land Public Company Limited  |
| 2015 - 2017    | Director / Dhipaya Insurance Public Company Limited   |

**Board member / Management in non-listed company : 7 companies**

|                |  |
|----------------|--|
| 2020 - Present | Expert / Financial Advisory Center (TCG F.A. Center)   |
| 2018 - Present | - Director / P-Sup Energy Company Limited<br>- Director / Hinsitsu (Thailand) Company Limited<br>- Chairman of the Revenue Procurement Committee<br>The National Broadcasting Services of Thailand |



|                |  |
|----------------|--|
| 2017 - Present | - Chairman / Thaitechnoglass Company Limited<br>- Chairman of Audit Committee / Independent Director<br>Siam Technic Concrete Public Company Limited |
| 2015 - Present | Expert / Advisor / Small and Medium Enterprise Development Bank of Thailand  |
| 2015 - 2019    | Director / Srisawad Power Company Limited  |
| 2016 - 2018    | - Director / Provincial Waterworks Authority<br>- Expert / The Market for Alternative Investment   |
| 2015 - 2018    | Director<br>- Zoological Park Organization of Thailand<br>- Forest Industry Organization   |
| 2015 - 2017    | Director / Right Livelihood Foundation   |
| 2015 - 2016    | Chairman of the Board / Director / Hemaraj Clean Water Company Limited   |

Positions in other companies which may cause the conflict of interest to the Company : None

Holding the positions of director / management in conflict company at the present or the past 2 years :

- |    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

Criminal record during the past 10 years : None

Family relationship of the executive with the Company : None

Shareholding ratio in the Company (as at 31 December 2020) : None

The meeting participation during the year 2020 :

- |   |                     |             |
|---|---------------------|-------------|
| - | Executive Committee | 10/12 times |
|---|---------------------|-------------|



**Mrs. Anchalee Bhakkalin** (Age 64 years)

Member of Executive Committee/Deputy Managing Director, Accounting and Finance Division

**Education :**

- Master of Business Administration Kasetsart University
- Certification of Public Accountant Chulalongkorn University
- Bachelor Degree of Accounting Chulalongkorn University
- Certified Public Accountant (CPA 3256)

**Training programs held by the Thai Institute of Directors Association (IOD) :**

DAP: Director Accredited Program Class 124/2016

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                    |   |
|--------------------|---|
| Mar 2020 - Present | Member of Executive Committee                             |
| 2019 - Present     | Deputy Managing Director, Accounting & Finance Division   |
| 2017 - 2020        | Deputy Managing Director, Accounting & Finance Department |
| 2015 - 2016        | Assistant Managing Director, Finance & Account Department |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** None

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

|    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :** None

**Family relationship of the executive with the Company :** None

**Shareholding ratio in the Company (as at 31 December 2020) :** None

**The meeting participation during the year 2020 :**

|   |                     |             |
|---|---------------------|-------------|
| - | Executive Committee | 12/12 times |
|---|---------------------|-------------|

**Mr. Sutee Samathi** (Age 59 years)  
Deputy Managing Director,  
Business Development and Marketing Division



**Education :**

- Master of Business Administration (Finance) Ramkhamhaeng University
- Bachelor Degree in Economics Ramkhamhaeng University

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                |  |
|----------------|--|
| 2019 - Present | Deputy Managing Director, Business Development and Marketing Division      |
| 2018 - 2019    | Deputy Managing Director, Business Development and Marketing Department    |
| 2015 - 2018    | Assistant Managing Director, Business Development and Marketing Department |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** None

|             |   |
|-------------|---|
| 1997 - 2016 | Senior Vice President, Credit Department Floor Plan Business<br>Kiatnakin Bank Public Company Limited |
|-------------|---|

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

|    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

None

**Shareholding ratio in the Company (as at 31 December 2020) :**

160,100 shares (0.03%)



**Mr. Kriangsak Dhammaraksa** (Age 49 years)

Deputy Managing Director,  
IT System Development Division

**Education :**

- Master of Science (Major in Information Technology Management) Songkhla Nakarin University
- Bachelor Degree of Science (Statistics) Sinakarinwirot University

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                |  |
|----------------|--|
| 2019 - Present | Deputy Managing Director, IT System Development Division |
| 2015 - 2019    | Assistant Managing Director, Information Technology      |
| 2014           | Head of IT Department                                    |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** None

|             |   |
|-------------|---|
| 2017 - 2018 | Director / Action and Auction Company Limited |
|-------------|---|

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

|    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

None

**Shareholding ratio in the Company (as at 31 December 2020) :**

59,500 shares (0.01%)

**Ms. Poonsilp Kaewchumnong** (Age 55 years)  
Deputy Managing Director,  
Office of the Directors and Quality Enhancement Division



**Education :**

Bachelor of Business Administration Ramkhamhaeng University

**Work experiences during the past 5 years :**

**Union Auction Public Company Limited :**

|                |  |
|----------------|--|
| 2019 - Present | Deputy Managing Director, Office of the Directors and Quality Enhancement Division |
| 2003 - Present | Executive Secretary  |
| 2016 - 2019    | Acting Assistant Managing Director, Office of the Directors Department             |

**Board member / Management in other listed company :** None

**Board member / Management in non-listed company :** None

**Positions in other companies which may cause the conflict of interest to the Company :** None

**Holding the positions of director / management in conflict company at the present or the past 2 years :**

|    |   |      |
|----|---|------|
| A. | Being an executive director, employee, staff or advisor who receives a regular salary:  | No   |
| B. | Being a provider of professional services (e.g. auditor, legal advisor):  | No   |
| C. | Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any): | None |

**Criminal record during the past 10 years :**

None

**Family relationship of the executive with the Company :**

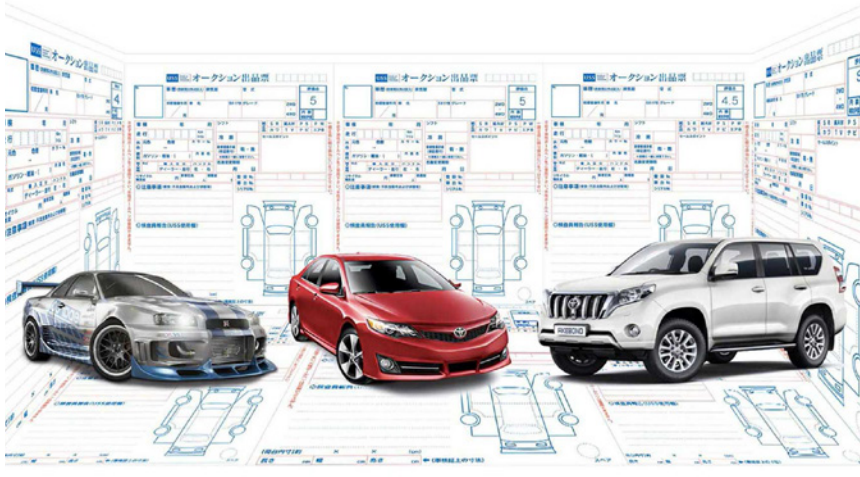
None

**Shareholding ratio in the Company (as at 31 December 2020) :**

5,000 shares (0.001%)



# Policies and Overall Business Operation



The Company made changes in order to develop the Company's sustainable growth and to put an emphasis on providing quality services by enhancing its operations and management to be professional and reach international levels. This

included auctioning all kinds of products, not just cars and motorcycles in order to meet every need of the customer. The Company established quality service policies that focused on management and transparent auctioning. The Company gave accurate, honest and fair information in order to create confidence among buyers and sellers in each step. The Company developed a web based auction system that connected the working systems of different departments, offices and online stock auctions. This helped to inspect the condition of auctioned goods systematically and with real time standards. The Company appropriately assessed mid-priced assets or opening bids and received approval from asset owners. As a result, all bidders were able to purchase assets at an appropriate price according to the asset's condition and quality. This increased the value and success to both business allies and customers and aligned everyone with the company's motto,

## **“Your Success is our Pride”**

The Company stipulated the following policies that increase revenue and future profits.

1. Expand the market for car owners by increasing number of personal cars from direct owners.
2. Expand the customer base, whether small, medium, or large bidders.
3. Increase services and the variety of assets types that can be bid on.
4. Improve online bidding channels to be more convenient and effective.



## Background and Development of the Company



**Union Auction Public Company Limited (“The Company”)** was registered as Union Auction Company Limited on 2 August 1991 with the start-up registered capital of 3 million Baht. The Company’s business was to conduct an auction of automobiles, under the management of Mr. Thepthai Sila, its promoter and business pioneer.

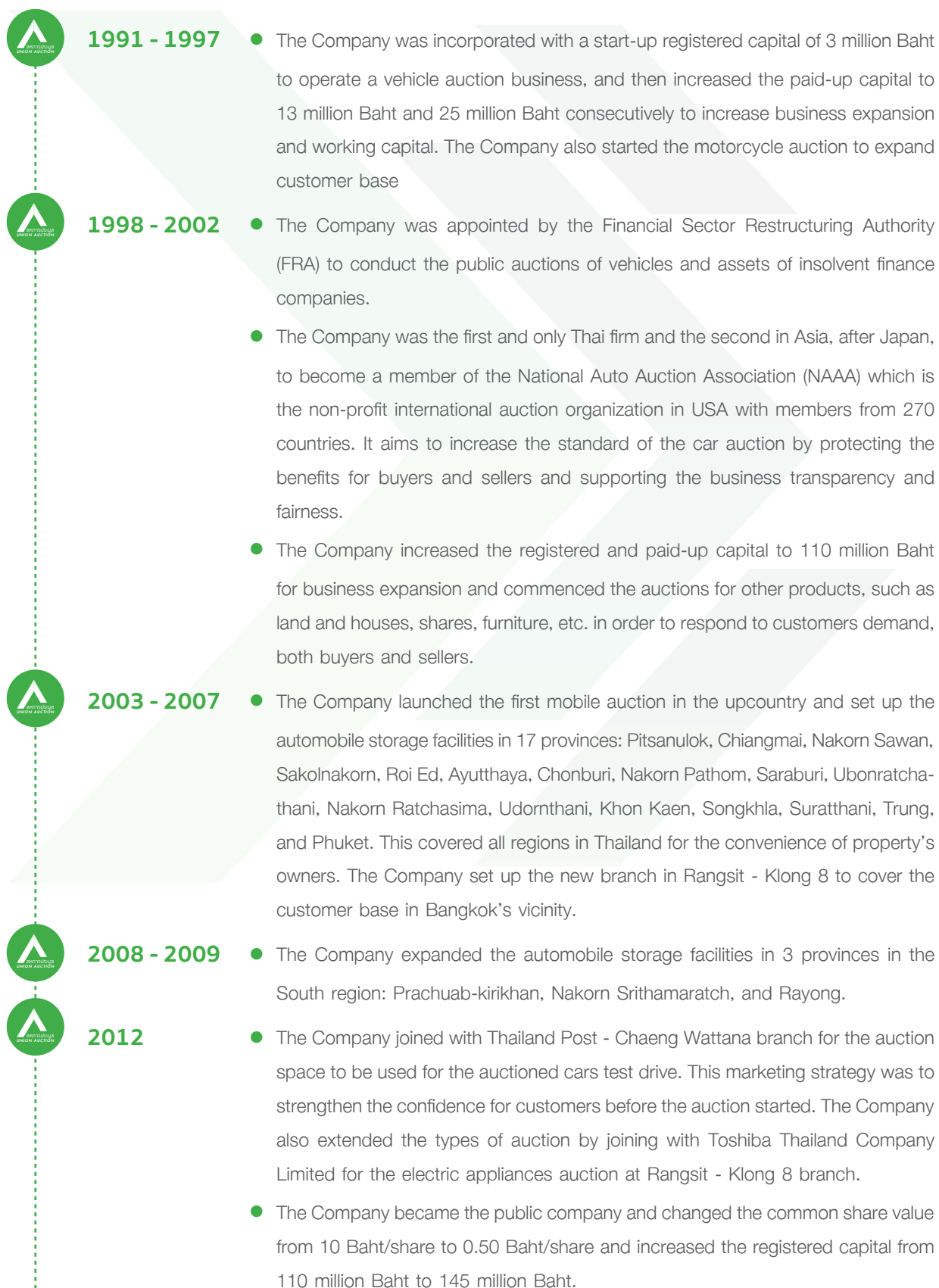
In the beginning, the key business focused on the used automobiles. In 1991, the owner established a company when seeing the potential of automobile auction services business which has not yet well-known at that time in Thailand. He studied the demand of customers and many car auction businesses in many countries, such as U.S.A., Japan, Australia, New Zealand, etc. with the objective to offer the alternative of automobile buying/ selling services and to create the ultimate satisfaction to customers, both buyers and sellers. The Company was considered the first company in Thailand conducting the automobile auction as an “Open Auction” in which the buyers showed the intention of purchase by offering the price to the public or participated bidders. The winner was the last one who offered the highest price.

The company’s current business has extended to an auction of motorcycles and other types of assets according to customer’s demand, such as land and houses, shares, furniture, electric appliances, and brand-name products, i.e. bags, watches (“brand-name”), etc.

The Company’s head office with the first auction conducting site was firstly established on Ladprao road between soi 85 and 87. In 1992, the head office was moved to 518/28 Soi Ramkhamhaeng 39 (Thepleela 1), Wangthonglang sub-district, Wangthonglang district, Bangkok 10310, which was the good location for convenient transportation and had bigger space for the growing business in the future. It has been the Company’s head office until the present.

With the transparent auction process up to the standard and long term experiences, the Company has gained acceptance and trust from many financial institutions, private sectors and governmental sectors. For example, Financial Sector Restructuring Authority (FRA) has assigned the Company to serve as an intermediary to conduct an auction for all types of property, i.e. cars, properties, and others, for years.

## Development of the Company as following;



**2013**

- In March, the Company changed the value of common share from 0.50 Baht to 0.25 Baht per share and reduced the registered capital to 137.50 million Baht by offering 110 million common shares to the public. The total capital increase was 27.50 million Baht.
- The Company expanded its head office compound by about 14 rai and raised the ground level as a flood safety zone. The auction at Chaeng Wattana office was moved to the head office.

**2014**

- The Company started trading shares in MAI for the first time on 9 August 2013.
- The Company opened the new auction space at Phutthamonthon sai 2.
- The Company expanded the storage to 3 provinces: Chiangmai, Nakorn Ratchasima and Surin.
- The Company increased the frequency of the auction to everyday, rotating to each branch.

**2015**

- The Company expanded branches into 4 provinces: Ubonratchathani, Udonthani, Surajthani and Songkha.
- The Company increased properties auction to include brand name product and real estate.
- The Company had granted the licensed to conduct auction for government agency namely; Customs Department, Office of the Narcotic Control Board and Anti Money Laundering Office.
- The Company had gained trust to conduct 1800 Mhz. and 900 Mhz. spectrum or 4G auction of the Office of the National Boardcasting Telecommunications Committee (NBTC)

**2016**

- The Company opened another branch for auction services in Phitsanulok.
- The Customs Department entrusted the Company to conduct an auction for vehicles and motorcycles. The Office of National Broadcasting and Television also entrusted the Company to auction 16 beautiful mobile numbers.
- The Company added assets for auction such as real estate, luxurious furniture, etc.

**2017**

- The Company invested in the joint venture, Action and Auction Company Limited, with 51% of the shares held by AUCT and 24 % of the shares held by TSF Energy Company Limited (or later changed it's name to TSF Extra Company Limited). Action and Auction Company Limited was set up with its registered capital of 10 million Baht to primarily operate a business related to the auction of assets, cars and motorcycles, namely Puean Pramoon Project which offers a full range of services such as vehicle and motorcycle trading advisory services, appraisal services, cleaning services, modification services, moving services, hire and purchase advisory services, compulsory insurance and vehicle registry transactions services.



2018



2019



2020

- The Company was entrusted by the Customs Department to manage vehicle and motorcycle auctions as well as auction central property that was confiscated by the Office of the Narcotics Control Board.
- Close the Phuttamonthon 2 and increase the storage location at Samut Sakorn in order to accommodate the volume of goods in western Bangkok and the neighboring provinces.
- E-Onsite is a developed auction system in the form of an E-Auction at the auction yard in order to facilitate customers who do not wish to show their status at auction point.
- One stop service, adding services and giving advice on auctions, especially to customers who are first time bidders and customers who are interested in auctioning products with Union Auction.
- The Company was entrusted by Thailand's truck market leader to handle truck auctions in order to expand the opportunities of consumers in order to have greater access to such products.
- Rebranding to develop the image and the quality of the Company's services so that they were more up-to-date and more impressive for customers.
- The Company developed the storage in Ratchaburi province to another branch for auction services to support business expansion in the central region.
- Opened a storage in Srakaew province to accomadate with the car volume in the East and connected to the North-east region.
- To terminate the operations and close Action and Auction Company Limited since the operating results did not meet the target.
- The Company opened a warehouse in Chiang Rai to support the business expansion from an increased number of vehicles in the northern region.
- Open new warehouses in 3 provinces, i.e. Lampang, Sri Saket and Phang-gna to support regional business expansion throughout the country.
- Develop new lease areas in Udon Thani and Khon Kaen which are bigger than the previous areas and they are occupied as the new branch locations in replacement of the existing ones to support for a larger number of vehicles.
- Renewal of head office lease area agreement as a long-term lease agreement for another 25 years to strengthen confidence for business operations in the future.
- Develop and improve head office areas by elevating floor areas, improving drainage system and laying concrete floor all over the areas to prevent flood problem. This development can enhance confidence of the business partners who employ the Company to take care of their properties while pending for sale.
- The Company has been listed as "200 Best Under a Billion" List in 2020 from Forbes



## Nature of Business



The Company operates business as intermediary on rendering auction services of all types of property, including other auctioned-related services to facilitate the owner of the property and the bidder, for instance transportation service of auctioning properties, procurement of source of fund for the interested people who participated in auction, by coordinating with the financial institutes.

### Property Auction Service

Most of the Company's revenue derives from broker service fees from rendering property auction services. Such service or administration fees are mainly collected from the buyers (successful bidders) while service fees or commission will be charged with the property owners pursuant to the agreed conditions.

The important factors in doing broker business are transparency, fair practice and ability to respond to the utmost of the needs of the two parties involved: buyers and property owners, whose needs are different as follows:

**Buyers :** demand a variety of type and quantity of properties to meet their desire and budget.

**Property owners :** want to sell their properties at desirable prices and choose a broker company that can attract a lot of bidders in order to get the high potential of successful sales. The high competition can influence the property price.

Given the different needs above, to be successful in auction business, the Company must focus on acquiring a great variety type and quantity of properties in order to attract more bidders which will increase the success rate of the auction and the fair price competition. The Company emphasizes in delivering speedy and excellent quality services to buyers and property owners to guarantee customer's ultimate satisfaction.

## Properties for auction by the Company can be classified into three major groups:

### 1) Automobiles

Auction on automobiles creates major revenue to the Company, accounting for 70-80% of its total revenues. The company provides auction service for every type, make and model of automobile in all conditions: drivable, undrivable or ruins from accident. There are 2 groups of automobile owners.

- **Juristic entities:** Including financial institutions and leasing companies with seized automobiles from the auto financing services, car rental companies with vehicles that have reached the end of their economic useful life, and general companies with executive cars or company cars for employees, cars for goods transportation.

- **Individuals:** Including house holding car owners and used car traders (garages) wishing to dispose of their cars for a stock turnover.

Most bidders both used car dealers and individual customers are in used car business who buy cars from the Company to resell to their customers.

### Sample types of cars in auction



Private Car



Commercial Purpose Vehicle



Multi Purpose Vehicle



Car wreck

## 2) Motorcycles

The Company has motorcycle auction service accounts for 5% - 10% of total revenues. The Company provides auction service in every type, make and model of motorcycles. Most property owners are financial institutions with seized motorcycles from their motorcycles financing services. Major bidders are used motorcycle dealers, new and used motorcycle shops, including end users which tends to increase. Thus, the company has focused in expanding end user customers.

### Sample types of motorcycles in auction



## 3) Other types of property

Other types of property auction by customer's request accounts for less than 1% of total revenues. The purpose of these additional services is to create corporate's image to comply with the term Union Auction which means a variety of property to be auctioned. The purpose is also to expand the bidder customer base to create business opportunity growth in the future.

The Company's other auctions as below:

1. Provide auctions for 5G spectrum or a beautiful phone number auction for mobile phone service of the Office of the National Broadcasting and Telecommunications Commission.
2. The auction for obsolete equipment, damaged in the possession of the State Railway of Thailand
3. Brand-name products auction
4. Provide auctions for Singer electrical appliances
5. A golfer's precious thing auction at the CHARITY NIGHT HONDA LPGA 2019.
6. Real estate auction



## Development of a auction management system

The Company developed software to support new auction patterns and developed a modern information technology system to support data services for both buyers and sellers.

- **Bidding with the application system**

The Company developed a new auction pattern to meet the needs of bidders and increase transparency in order to build both the buyers and sellers confidence. The focus is on using software technology to change auction patterns from raising bidding cards to bidding through the application system.

The AUCT Live system was developed, improved and used over the past 6 years to accommodate bidders who want to participate in bidding from any location that has internet access. Online bidders see a live video feed and hear the audio from the auction site via the Application. The Company used to rent software from overseas that was very expensive. In the middle of 2016, the Company started using the AUCT Live system that the Company developed and it was successful which aims to reverse bidding patterns to a whole digital bidding system. Through the use of the application, the bidder's behavioral data will be collected at every stage and this increases transparency and the ability to monitor at all times. The system has been continually developed until the present.

In 2018, the Company launched a mobile application under a concept called "AUCT Friend". The Company developed the system to support Thailand 4.0 with the mobile application which allows customers to access cost appraisal information, know the Company's auction schedule across the country, search for cars being auctioned and a notification system that notifies customers when vehicles being auctioned meet certain requirements. This increases customer convenience.



- **Multiple Frequency Band Auction System to Support the 5G Auction System**

The Company developed an auction system which able to support the bidding rules of the National Broadcasting and Telecommunications Commission (NBTC) and is in accordance with the notifications of the rules and procedures to use the frequency spectrum for a universal mobile telecommunications business in the 700 MHz, 1800 MHz, 2600 MHz, and 2.6 GHz range. This auction system must support the Simultaneous Ascending Clock Auction method which is comprised of two steps. These are the Allocation Stage and the Assignment Stage. In other words, the auction system must be able to carry out the bidding in multiple frequency bands at the same time (at least 4 different frequency bands), be able to support the bidding rules of the NBTC, and be able to support the control of the frequency range required by the bidder who won the bidding under the regulations of the selection of a frequency ceiling in each frequency band specified by the Office of the NBTC.

- **Auction System with a Mobile Application for the State Railway of Thailand**

The Company developed a bidding system with a mobile application for the auction of discontinued items, amortized items and damaged items under the possession of the State Railway of Thailand. The Company developed an auction system with a mobile application under the auctioning and competitive bidding regulations of the State Railway of Thailand. The State Railway of Thailand aims to auction items that are damaged, discontinued, and become a storage burden so that they are in accordance with the rules and regulations of the Ministry of Finance regarding the procurement and management of government supplies in 2017, which will bring the greatest benefit to the State Railway of Thailand. The competitive bidding will be processed through a mobile application. The system will show the bidders' number and the bid price each time. Bidders will know the results during the competitive bidding and when the auctioneer announces the number of the winning bidder. Bidders do not need to identify themselves which allows bidders to compete and make bids without any pressure. This also increases transparency in bidding and prevents price collusion.

- **Auction System on a Mobile Application with Audio and Video from a Live Location**

The Company developed an E-Auction System under the name "AUCT Live", which supports online auction by displaying live video and audio from the auction site in real time. The system is still limited to display video and audio on computers and notebooks only. The Company is developing the system to increase the capability to support auctions through the AUCT Live System with video and audio for all devices on all platforms (Windows, IOS and Android) in 2020. This will allow the Company to be the first auction company in Thailand with online auction on mobile phones and tablets with real-time video and audio.

## Auction Related Services

### 1) Vehicle Transfer Services

The Company renders services for moving vehicles. Most of the time the Company will collect vehicle transfer service fees from the winning bidder. Vehicle transfer service fees are declared in the auction property list before bidders attend the auction.

Vehicle transfer service fees are based on the cost of transferring vehicles that the Company has paid for/or for wages of workers that move vehicles from the point that the Company receives the vehicle from sellers to the auction site. The Company will use these costs to calculate the average vehicle transfer fee for each vehicle.

### 2) Price Estimate Services

The Company offered price estimate services for both property and assets but charges a service fee for items that are not auctioned through the Company.

**Total Revenue Structure of the Company for the year ended 31 December 2018 - 2020 as follows:**

|                                | 2018          |               | 2019          |               | 2020          |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                | Million Baht  | %             | Million Baht  | %             | Million Baht  | %             |
| Automobile auction income      | 531.82        | 76.14         | 636.72        | 78.36         | 656.42        | 75.53         |
| Motorcycle auction income      | 63.88         | 9.15          | 66.59         | 8.19          | 77.55         | 8.92          |
| Transportation services income | 76.25         | 10.92         | 86.24         | 10.61         | 99.58         | 11.46         |
| Other assets auction           | 21.22         | 3.04          | 13.87         | 1.71          | 30.79         | 3.54          |
| <b>Total service revenue</b>   | <b>693.17</b> | <b>99.24</b>  | <b>803.42</b> | <b>98.87</b>  | <b>864.34</b> | <b>99.45</b>  |
| Other income                   | 5.32          | 0.76          | 9.16          | 1.13          | 4.75          | 0.55          |
| <b>Total revenue</b>           | <b>698.49</b> | <b>100.00</b> | <b>812.58</b> | <b>100.00</b> | <b>869.09</b> | <b>100.00</b> |

**The Company has 32 storages for the auctioned properties located in 31 provinces as follows:**

| Central                 | North          | North East           | South                | East                 |
|-------------------------|----------------|----------------------|----------------------|----------------------|
| 1. Bangkok: Head office | 1. Chiangmai   | 1. Nakorn Ratchasima | 1. Suratthani        | 1. Rayong            |
| 2. Patumthani: Rangsit  | 2. Pitsanulok  | 2. Ubon Ratchathani  | 2. Songkhla          | 2. Chonburi: Pattaya |
| 3. Saraburi             | 3. Nakornsawan | 3. Udonthani         | 3. Prachuab Kirikhan | 3. Chonburi:         |
| 4. Ayutthaya            | 4. Petchabun   | 4. Khon Kaen         | 4. Chumporn          | Ban Bueng            |
| 5. Samutsakorn          | 5. Chiangrai   | 5. Surin             | 5. Nakorn            | 4. Srakeao           |
| 6. Ratchaburi           | 6. Lampang     | 6. Roy-ed            | Srithammarat         |                      |
|                         |                | 7. Sakolnakorn       | 6. Phuket            |                      |
|                         |                | 8. Lampang           | 7. Trang             |                      |
|                         |                |                      | 8. Phang-nga         |                      |

The Company's storage sites can store in 31 provinces approximately more than 40,000 units.



## The Company has 13 auctions in 13 provinces
























| Central        | North          | North East           | South          | East         |
|----------------|----------------|----------------------|----------------|--------------|
| Bangkok (1)    | Chiangmai (1)  | Nakornratchasima (1) | Suratthani (1) | Rayong (1)   |
| Patumthani (1) | Pitsanulok (1) | Ubonratchathani (1)  | Songkhla (1)   | Chonburi (1) |
| Ratchburi (1)  |                | Udonthani (1)        |                |              |
|                |                | Khonkhean (1)        |                |              |

## Auction Process

### • Auction venue

The Company has 13 auction venues all over the country covering every region, providing convenience to customers in each region in buying and selling activities. The auction venues have 2 types: regular auction venues and mobile auction venues.

### Auction schedule

| Auction Venue        | Sunday  | Monday  | Tuesday   | Wednesday   | Thursday  | Friday  | Saturday  |
|----------------------|---|---|---|---|---|---|---|
| Bangkok: Head office |  |   |  |   |  |   |  |
| Rangsit Klong 8      |  |   |   |  |   |  |  |
| Chiangmai            |   |   |   |  |  |   |  |
| Nakornratchasima     |   |  |   |   |   |  |   |
| Ubonratchathani      |   |  |   |   |   |  |   |
| Udonthani            |   |   |   |   |   |  |   |
| Suratthani           |  |   |   |  |   |   |   |
| Songkha (Hadyai)     |   |   |  |   |   |   |   |
| Pitsanulok           |   |   |   |  |   |   |   |
| Ratchburi            |   |   |  |   |   |  |   |
| Khonkhean            |   |   |   |  |   |   |   |

### Mobile auction venue

The Company has conducted mobile auctions in other regions, mainly in the big cities of each region where its automobile storages were located, in order to save the expenses on automobile transportation. The auction plan is scheduled 1 - 2 week in advance and is publicly announced for interested people to join. At the present, the Company conducted mobile auctions venue in the Eastern region: Chonburi, Rayong.

In addition, the Company occasionally conducted auctions at places on request of the property owners, such as HINO trucks, property of Thai Airways International PCL. and The Customs Department, etc.

### Auction Service System

The Company has set up the system for vehicle pick up and clarification as follows:



1. Pick up, shooting outside the car and record into the system
2. Cleaning inside and outside the car
3. Vacuum cleaning
4. Wash the exterior and engine compartment
5. Upload into website awaiting of bidding and online stock checking
6. Clarify before bidding as well as checking prior to bidding

### Auction & Operation System

1. Web base connected between office site and online storage sites
2. Real time inspection for automobile pick up, photos and storage sites
3. Real time selling check during an auction with accurate and verifiable data
4. Decentralize branch management
5. Online system to reduce burden of data transfer
6. IT development to support automobile owner

## ● Auction Procedures

The Company provided 2 types of auctions for bidders. This includes raising a bidding card at an auction onsite and online (E-Auction).

### 1. Raising a Bidding Card at the Auction Site

This is a basic auction where bidders raise their hand to show a bidder card at the auction when the auctioneer calls out an incremental amount each time. The bidder who places the highest bid wins the auction.

## **2. AUCT Live Services**

The Company developed an auction program in real time at a real auction site through the Company's website [www.auct.co.th](http://www.auct.co.th). This was the first online auction in Thailand. All bidders could see and hear the auction at the auction site live and were able to show interest by bidding when the auctioneer called out the incremental amounts each time via the internet.

The interested person can apply to participate in online auction by attaching important document for the Company's verification, after that the Company will send a member number and password to the applicant. The applicant must place a security deposit according to the conditions to be participated in online auction via website or via mobile application. Presently, the conditions and security money applied with the customers who need to participate via AUCT Live method are the same as the raising hand (bidder card) in auction venue method.

### **● Registration**

The interested bidders who have duly registered with the Company and paid for bidder card deposit shall be entitled to attend the auction. The deposit is refundable upon returning the bidder card with no charge. The auction deposit rates for general customers in auctions as follows:

- 1) 20,000 Baht for bidding car, agricultural vehicles and truck
- 2) 5,000 Baht for bidding motorcycle

### **● Participating Bidders**

Participating bidders or buyers in vehicle auctions are traders; corporates and individuals who want to improve vehicles' condition for reselling to the public. There also are people in general who want to buy for personal use. Most bidders of the Company are used car traders and middlemen who resell to general user.

### **● Customer Relationship Campaign**

In order to maintain the relations with current bidders and encourage them to participate in the Company's auctions regularly, the Company has policy and criteria to provide more privileges to the bidders who are active for a period of long-time. The Company considered by the amount of the asset and auction accumulated including payment histories that there is no default of payment for the auctioned. The privileges that customers will receive as follows:

1. The privileges regarding place a money deposit and deposit payment at least 10% until no need to place a money deposit and no deposit payment at least 10%.

2. The privileges regarding payment for taking the vehicle out before due date payment or taking the vehicle out before payment or pay in full by cash or cheque before taking the vehicle out which depending on the above criteria.

## ● Auction Procedure

The auctioneer announces bids for each item at a time. Bidders must raise their hands (show the bidder card) in the gathering to gain witnesses. The bid goes up from the opening price. If there is more than one bidder, the one who places the highest bid wins the auction. The auctioneer shall call out increments for each type of property as follows:

|             |   |
|-------------|---|
| Automobile: | Opening price at less than 1 Million Baht sees a price increment at 2,000 Baht per call.<br>Opening price at more than 1 Million Baht sees a price increment at 10,000 Baht per call. |
| Motorcycle: | Price increment is 1,000 Baht per call  |

The auction will end after the highest bid caller was called 3 times preceding the gavel hitting sound from the auctioneer. Normally the bidding takes about 45 seconds per 1 item. Every bid will be VDO taped as references to be used for verification purposes later on and to assure transparency of bidding.

Besides regular auction at the Head Office by bidders showing up bidder card or the AUCTION Live which is the real time auction via internet is another alternative of public auction. It increases auction channels and creates transparent competitive bids. After a successful bid, the bid winner must affix his/her signature on the auction documents and the Company's staff will arrange for the bid winner to make a deposit payment at 10% of the winning bid price but not less than 5,000 Baht (for customers in general, except for the privileged customers) and also to pay the auction fee (if any).

## ● After-bidding Procedures

### Payment of Auction Price

Auction price, in general, is paid in two tranches, the first one on the auction date for 10% of the property value but not less than 5,000 Baht and the other one within 4 days after the auction date except for the privileged customers as specified. The customers who bid via the AUCTION Live will

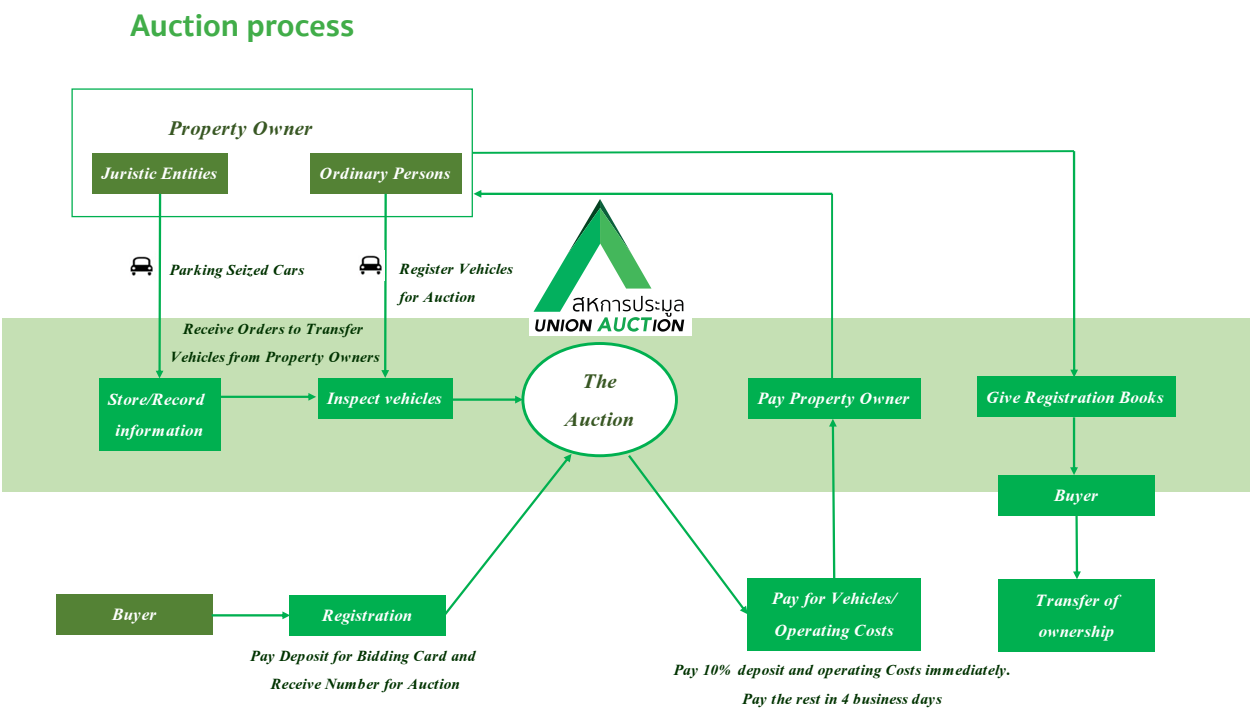
pay for the full auction price within 4 days after the auction date According to the conditions of placing the collateral of each customer.

For general customers, the property shall be handed over only when the full payment is made. The Company will manage to have the automobile repaired to meet the condition specified in the inspection checklist or to compensate for the damage. The private company which conducted the inspection services shall be responsible for such damage within 7 days. The Company will deliver the registration book and transfer paperwork within 7-30 days after the vehicle delivery. Buyers can check the registration book in the Company’s website. In the case of no bidding on any property, the property owner can take the property back at no cost.

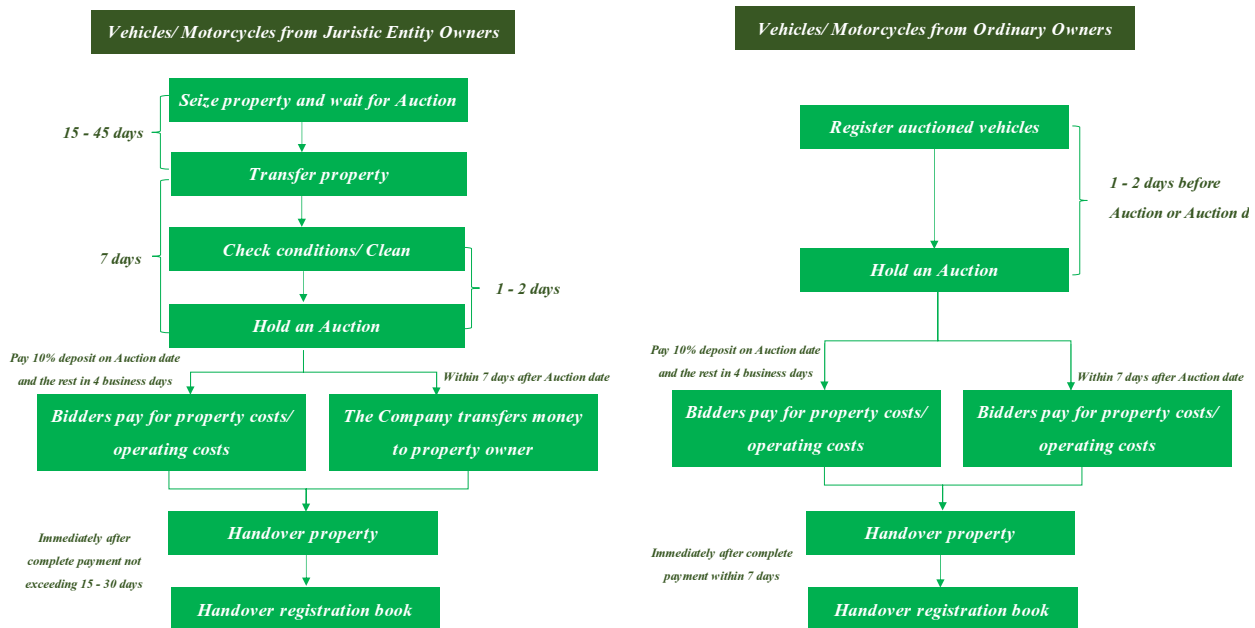
**Delivery of Auction Proceeds**

After the auction, the Company will submit the sales report to the property owners who are juristic entities on the following business day and deliver the auction proceeds under the terms and conditions and timeline as mutually agreed upon with each seller. Sellers have duty to provide the ownership transfer documents (such as registration book and transfer paperwork) to the Company for further submission to the winning bidders.

The process and the length of time involved in the auction service as above can be summarized by diagram as follows:



## Timeline



## Marketing Strategy

The Company carries out its business by creating trust and bringing satisfaction to customers through quality, services, loyalty and fairness. The Company has been well received among customers. Furthermore, the Company invited Dr. Seri Wongmonta to be an advisor for marketing, publications and advertising in order to meet the needs of customers, business allies, and to continue to operate its auction business at an international level.

The Company's competitive strategies are as follows.

### 1. Price Strategies

The Company determines service charges in accordance with the demand and supply of the market. The executives reviewed the price strategies by primarily considering competition, competitor's prices and the market environment. For the buyer side, the company maintains the service fee for more than 6 years, therefore considering the adjustment of the service fee to be suitable for the market conditions. However, the Company does not have a policy to lower prices in order to compete with other auction operators, the Company emphasizes our main priority on service quality improvement to meet the customers' needs.

### 2. Product and Service Strategies

The Company's main policy is emphasizing service standards for customers to receive the best service from prior to auction, during and after auction. The Company's superior service highlights are as follows:



- Provided more than 38 rais parking lot for auction at the Company's headquarters and a 100 rais parking lot at the Rungsit branch to meet the need. Held Roaming auction at other provinces in every region at convenient locations for easy travel for bidders that had a maximum capacity of 2,000 cars per auction, to meet the needs of customers.
- Professional staff and teams that have more than 29 years of experience are provided to give efficient, fair price estimate services for both vehicles and auction items for customers.
- A lot of buyers and end users create auction price competition and result in a fair price among customers and property owners.
- Insure property against loss and damages from fire and other contingencies with an insurance company. Provide 24 hour security at the location site and 24 hour monitoring with CCTV and organize maintenance teams to monitor its working system consistently.
- There is a dedicated staff service for advising an online registration including modifying the online application method in order to make it easier and more convenient for customers to apply and support the online auction. In addition, it was added convenience payment by money transfer instead of cash and the auction deposit can be refunded within the next business day, resulting in the customers using online services accounted for more than 50%, from the existing 10%.

### **3. Sales strategies and distribution channels (Place)**

The Company has auction venues covering all regions of Thailand. Currently, there are 13 auction venues in different locations in order to facilitate customers and publicize Union Auction Company to increase customer awareness and lower the costs of transferring property. The Company will hold auction at a location near the storage site. Currently, the Company provides 2 types of auctions, auctions that use bidding cards and AUCT Live. This system received more positive feedback from interested customers and customers who like to use new technologies to buy vehicles. As a result, the Company expands its sale distribution and facilitates participating bidders which creates the Company's image and improves the Company's operations to be able to support Thailand 4.0 policy.

### **4. Sales Promotion Strategies**

The Company determined its marketing strategies by focusing on good long-term relationships with customers in order to maintain its existing customer base and expand its new customer target base in order to increase its market share. The Company's marketing strategies are to maintain existing customers with quality and impressive services while proactive marketing emphasizes the search for new customers through various methods. The marketing and sales promotions are divided into 2 major categories which are:

## **1) Maintaining Existing Customers**

The Company has a large base of existing customers because it has been operating its business for over 28 years. This is a specific customer base that the Company is able to offer different services to stimulate trading or demand for the use of other services. The Company emphasizes marketing by organizing service programs such as giving information via Social media; Lines, SMS, Facebook, Instagram, YouTube, company website and sending information by e-mail, and collecting points from vehicle purchases in order to receive special privileges.

## **2) Increasing and Looking for New Customers**

The Company set up goals to increase the sale volumes which require a larger customer base in regards to both quality and quantity of target customers. These customers come from marketing activities both directly and indirectly by having existing customers refer people. Moreover, The Company has strengthened good relationship with the Association of Used Car and many members of used car clubs, both in Bangkok and in upcountry to expand customer base of the potential car buyers. The Company acquires new customers who contacted the Company directly as a result of media marketing, advertising, and public relations. The Company emphasizes in marketing communication via new social media; Facebook, Lines, Instagram, Websites and YouTube etc. including initial solving for customers and build confidence in the service for customers.

## **5. Strategies for Creating Trust**

Most auction items are second hand products which makes it rather difficult for consumers to differentiate the differences between auction items. This may result from a lack of confidence in the product's quality and not being able to see the real conditions of the products. As a result, the trust and reliability of the inspection system for auctioned items is a major factor to be considered in order to decrease risk from entering auctions. The Company has developed employee potential to provide vehicle evaluation and inspection services without charging any fees to participating bidders prior to the auctions at the head office and Rungsit branch. This inspection covers the condition of the vehicle's exterior, parts, special features, and engine and this causes customers to have confidence in the quality of the Company's products and services. The company plans to extend such services to all branches. Moreover, the company grades vehicles by dividing the vehicles into groups according to the condition of the vehicle in order to build the confidence of buyers when choosing a vehicle auction to meet their needs. Also, the company has trained our staff to deliver impressive quality of service and advisory to all customers

## **6. Strategies for Building Good Relationships with Business Allies**

The main factor that could affect the Company's success is acquiring second hand vehicles to bring to auction. Therefore, the Company uses strategies to create good relationships with financial institutions and a group of vehicle traders. These are the main business allies of the Company in order to support the Company's business operations such as customer recommendations, collaboration in sales promotions, etc. Moreover, the Company developed an internal system to facilitate sellers to receive their commission on the set date and facilitate financial institutions and car traders to receive money within the specified time frame in order to impress them through the Company's services.

## Marketing and Competition



Year 2020 was regarded as the year the automotive industry changed in downward direction. Impact of new coronavirus (COVID-19) pandemic which led to national lockdown measures and economic interruption caused reduction of overall sales of new vehicles in the first half of the year at 37 percent. However, during the latter part of the year, commencement of relaxing measures, assisting schemes to help debtors impacting from Covid-19 pandemic and adjustability of all sectors, sale of vehicles in the latter part of the year increased by 41 percent from the first half of the year, though it was 21.4 percent lower than the same period of the last year.

Year 2021 will be another challenging year for automotive markets due to various factors, which included sluggish economic conditions, stringent measures of the financial institutes on credit approval, consumers' confidence on uncertainty of global economic conditions, increase of household debts and risks from the second wave of Covid-19 pandemic. Nonetheless, there are favorable factors from continual implementation of the government's economic stimulus packages, including measures to help the debtors who have been impacted by Covid-19 pandemic, and the existing demand of the consumers for vehicles for their own usage and for commercial purposes, thus, it is expected that automotive markets in 2021 has tendency to grow more than the year 2020.

With regards to manufacturing in 2021, it is forecasted that the vehicle manufacturing has tendency to rebound by 5.12 percent, where 750,000 vehicles will be made for the domestic sales and 750,000 units will be for export.

For motorcycle manufacturing, it is expected that it will increased by 15.15 percent, where 83.9 percent will be made for domestic markets and 16.1 percent will be exported.

In addition, secondhand vehicles have a tendency to have a better direction than new vehicles because the growth rate of economic expansion is not high. Due to a lack of economic confidence, consumers are still quite cautious about spending. This affects the decisions of consumers to purchase

secondhand vehicles rather than new vehicles. In 2020, it is expected that the non-performing loan of car loans will increase. This will result in a greater number of secondhand vehicles coming to the market which gives consumers more opportunities to purchase a vehicle. There is competition among various financial institutions to grant purchase loans which will result in more secondhand vehicles being bought and sold than new vehicles.

## Competitive in the Automotive Market

Statistics for domestic vehicle sales for 2012 - 2019 are as follows:

In 2013, total vehicle sales were 1,330,668 (decreased by 105,667 units or 7.3%).

In 2014, total vehicle sales were 881,832 (decreased by 448,836 units or 33.7%).

In 2015, total vehicle sales were 799,594 (decreased by 82,238 units or 9.3%).

In 2016, total vehicle sales were 768,788 (decreased by 30,806 units or 3.9%).

In 2017, total vehicle sales were 871,647 vehicles (increased by 102,859 units or 13.4%).

In 2018, total vehicle sales were 1,041,739 vehicles (increased by 170,092 units or 19.5%).

In 2019, total vehicle sales were 1,007,552 (decreased by 34,187 units or 3.3%).

In 2020, total vehicle sales were 792,110 (decreased by 215,442 units or 21.4%).

In 2020, the total vehicle sales in Thailand was decreased by 21.4% from 2019. The total number of vehicles sold was 792,110 units. Even though the number of vehicles sold in 2020 decreased significantly in the first half of the year, the number of vehicles sold was still able to increased by 41% in the second half of the year compare with the first half of the year.

The 2021 automotive market is believed to be another challenging year for the automotive market. This is due to many factors that include the economic slowdown and measures to tighten credit approval by financial institutions combined with risk factors from the international trade war, risk from the appreciation of the Baht, and risk from rising household debt. The type of vehicle that is expected to drive the market in 2021 is the pick-up truck where the passenger car is unlikely to grow.

In regards to car manufacturers and related businesses such as car dealers, the marketing strategies need to be adjusted to the needs of the market for each vehicle category and region. This creates a good image and credibility among consumers, both towards vehicles and various services especially after-sales is essential.

In addition, the new wave of Covid-19 pandemic which severely and continually impacted to tourism industry had contributed to negative factor, but the successful development of Covid-19 vaccine during the end of 2020 which is a major hope of tourism sector is regarded as a positive factor or vital variable to define economic recovery direction in 2021. The Bank of Thailand has forecasted that GDP will be expanded by 3.2 percent.

## Risk Factors

The Company emphasizes the importance of risk management and continues consistent development by implementing the International Standard Guidelines of COSO, The Committee of Sponsoring Organizations of the Treadway Commission, as a reference standard. The main goal of risk management is determining to manage risks that could affect the corporate achievement. This is done in order to decrease the probability that risks will occur or reduce the impact if an event occurs and/or to obtain business opportunities.

Therefore, the Company's structures of risk management are categorized into 3 levels. These levels are corporate level, field level or business unit level and operational level. The Risk Management Committee (RMC) is comprised of directors that have been appointed to define the policies and the scope of operational risk management. This includes follow-ups, scrutinizing, and giving comments and recommendations regarding the tasks of risk management. In 2019, the Risk Management Committee appointed a group for operational risk management which consisted of the Company's high ranking executives from various business units to closely monitor risk management operations.

Risk factors in the Company's business could significantly impact the Company's business performance and financial status along with the return investment of shareholders. These factors can be summarized as follows:

### 1. Risk of Fire

The Company realized and emphasized the importance of damages caused by fire. As a result, the Company organized preventative measures for the risk of fire by regularly inspecting buildings, facilities and electrical systems. The Company organized preventative training, classes on extinguishing fires, and fire drills for employees. The Company monitored and maintained the functionality of closed circuit cameras at all times, prepared electrical system assessment plans that included all electrical devices at the main office, inspected fuel storage safety, put materials in place, prepared and installed a sufficient amount of fire equipment which covered every area in order to reduce the risk of a fire occurring. The Company also prepared a plan in case an event beyond one's control occurred by having fire insurance to support the unexpected risks. The amount that customers' assets are insured is higher than the property valuation in order to ensure that the Company had prepared a measure to substantially handle the risk of fire. However, the Company has never experienced any major fire damage in the past.

### 2. Risk of Flooding

The Company has all-encompassing flood preventative measures because different locations were prepared above flood water levels in order to stock vehicles in 32 different locations all across the country. Other than convenience for property owners, the Company is able to use these locations for

storing assets in the case that some locations are affected by floods in the future. At headquarters, Safety Zone is assigned in case of an emergency by putting up soil shielding lines in order to prevent damages to vehicles and properties at headquarters. In 2011, the Company put up a 2 meters high soil shielding line on a 3 rai plot of land and a 0.5 meter high line on another 6 rai plot of land in headquarter sites. In 2013, the Company expanded the Safety Zone by putting up a 3 meter high soil shielding line on about another 14 rai. In 2017, the Company has elevated the floor of car receive area, car cleaner area and car inspection area, a total of 6 areas. Moreover, the inner road was built as a flood protection lines. Large pumps were installed and the drainage way system was improved. In 2019 - 2020, the Company has elevated the floor of car receive area in addition and filling a pond with crushed rock to make it a car receive area. Besides, water drainage and concrete floor were made in full area of 12 rai. The Company has purchased insurance that covered properties, cars, motorcycles and furniture for headquarter sites as well as 32 other storage locations all across the country. The Company also prepared a process for flood preventative measures. This began by inspecting the availability of equipment, personnel and reporting the incidents to authorized person to direct the act. As a result, the Company concluded that the Company could manage the risk of flooding at a good level.



### **3. Risk from a Group of Major Shareholders that Influence the Company's Business Operations**

As of 31 December 2020, the Sila family were major shareholders that owned 288.90 million shares of the Company's total shares which is equivalent to 52.53% of the 550 million shares of registered capital and paid-up capital (at a par value of 0.25 Baht). This is greater than 50% of the registered and paid-up capital. This group of shareholders could potentially have the power to control and influence the operations as well as the resolutions of the shareholders' meeting for general business activities, except for crucial agenda items where the voting resolution requires three quarters of the shareholders to approve.

However, the Company realized the importance of having a balance of power, the Company has measures that prevent this group of shareholders from exercising unlimited power by appointing 3 independent directors that are not major shareholders or Company executives. These 3 independent directors equal 37.50% of the total number of directors that serve on the board of directors. To a certain extent, they are able to examine and review operations, balance the power on behalf of minor shareholders and also scrutinize all issues before being proposed to the Meeting of Shareholders.



### **4. Risk from Reliance on Property Owners as a Source of Auction Items**

The main assets that the Company provides in auctions are vehicles and motorcycles which is approximately 96 percent of the total revenue of the Company. In 2020, the Company secured a large number of vehicles and motorcycles through the juristic person owner. Most of the property owners



are financial institutions that have released automobile hire-purchase loans and taken seized vehicles from their customers to bid. The number of vehicles that the top 3 operators brought to auction accounted for approximately 64 percent of the assets that the Company's auction deals closed. These 3 operators are considered major operators in the automobile hire-purchase business that the Company relies on. However, the Company may have risk in the case that asset owners conduct their own auction business or bring assets to auction at other companies. This may affect the Company's business.

Nonetheless, the Company's management believes that the above risk is not likely to happen because the major financial institutions who are major customers have policies to focus heavily on their core activities and embrace transparency in auctions. Conducting their own auctions would only turn them into leasers and auctioneers at the same time and could possibly cause disputes with customers who demand transparency in practice. Regarding the risk in using other auction houses, the Company is confident that the competitive edge that the Company has accumulated through more than 29 years of experience in this business and its good service should provide a solid base for retaining these massive customers who have a long standing trust and business relationship with the Company. This includes a focus on providing quality service and reliability. For instance, the Company provided more than 32 vehicle storage areas across the country and free pre-auction check-up services at headquarters and at the Rangsit Branch, as well as grading vehicles to the standard. This creates trust in the Company's management and certainly makes a barrier for new players and competitors to enter this space.

In addition, the Company has policies to reduce such risk by developing better and more effective information technology system whereby the property owners are able to trace auction results immediately. Information about vehicle stock, the number of vehicles remaining in inventory and period of stock can all be traced. This helps in planning the next auction. The Company also emphasizes providing good quality service by developing E-Auction, Mobile Auction and E-Onsite system to increase customers and property owners' satisfaction. The Company plans to increase procurement from businesses and individuals by enforcing marketing channels and strategies such as providing pre-auction expert consulting for appraisal and looking after properties so they do not incur any damage.



## **5. Risk from Properties Being Lost, Damaged and Stolen while under the Company's Possession**

Most auction items are cars and motorcycles that are seized from defaulting customers. According to the leasing contract, owners have a certain period of time to redeem their seized items. As a result, such items are unable to be immediately used for auction. According to the contract agreement between the Company and the financial institute, seized cars and motorcycles are under the Company's possession to be auctioned and these automobiles will be stored at the Company's storage facilities under the Company supervision. Before auctions, the seized vehicles will be stored at the Company's storage facilities. Cars are stored for 1 - 45 days and motorcycles for 1 - 15 days. The Company is

also responsible for moving those vehicles to the auction venues. This could create a possible risk because the Company would be held liable for any damages or loss to any vehicles under its supervision.

The Company has taken measures against potential damages resulting from accidents or any damages to vehicles under the Company's possession by installing surveillance cameras at storage sites, implementing strict access controls, hiring out-sourced 24 hour security guards at all storage location sites. In the case that damages occur due to an act of the security guards or their negligence, as stated in the contract, the security company is responsible to reimburse damages to the property and the Company. The Company also purchased insurance for the sum insured of 3,768 million Baht which covered the Company's properties and storage location sites all over the country and 313 million Baht sum insured to cover all properties for a storage site of companies affiliated with a financial institution. To prevent unnecessary damage during transportation, the Company requires that the contractors that are hired to transport the vehicles provide insurance that covers damage to vehicles and covers full liability of the contractors and the sub-contractors. Through these measures, the Company is confident that it is able to reduce the risk of loss or damage to the vehicles to a certain extent. The past three years have seen no case of damage as such.

## 6. Risk from Credit Terms Granted to Buyers

To promote business with customers, the Company granted privileges to qualified bidders. Since 1 July 2014, VIP Cards have been given to customers who have contact with the Company in order to encourage greater bidding. Since 1 July 2014, 30 April 2016 and 13 August 2019, the Company has revised the privileges to reduce the risk of default payment from customers who can take the properties out before making full payment as follows:

| Criteria                              | Card Deposit | 10% Minimum Deposit | Payment to take car out   |
|---------------------------------------|--------------|---------------------|---|
| Card No. 8                            | None         | None                | None  |
| Card No. 7                            | None         | None                | Full payment in cash, transfer, credit card, cashier cheque or bill of exchange   |
| Card No. 6                            | None         | None                | Full payment (by paying cheque within 3 days after the auction date or 2 days in case auction from upcountry)               |
| Card No. 3                            | None         | None                | None or full payment not exceeding 30 - 90 day as agreed in cash, transfer, credit card, cashier cheque or bill of exchange |
| Card No. 1 (Former auction customers) | Required     | Required            | Full payment in cash, transfer, credit card, cashier cheque or bill of exchange   |

| Criteria   | Card Deposit | 10% Minimum Deposit | Payment to take car out   |
|--|--------------|---------------------|---|
| Card No. 9 (First time car auction customers. Able to bid on 1 car per card) | Required     | Required            | Full payment in cash, transfer, credit card, cashier cheque or bill of exchange |

Note :

1. The auctions at the head office and Rangsit locations are subject to payment no later than 4 working days after the auction.
2. Mobile auctions and up-country branch customers are subject to payment no later than 3 working days after the auction.

The Company is fully aware of such risks and made attempts to mitigate it. As a basis for the consideration of granting privileges to bidders, the Company also keeps statistical records of customers to analyzed the transaction volume, characteristics, consistent contact with the Company and payment records with no default history. Besides this, the Company withholds the vehicle registration books and does not deliver them to buyers until full payment has been made. This should prevent the risk of undesirable reselling or retransferring of the vehicles. Since some of the bidders also offer their vehicles for auction with the Company, the Company can confiscate those vehicles as a guarantee. The measures and criteria in granting the above privileges are subject to revision and amendment. Customers with non-conforming behaviors shall be withheld.

Currently, the Company reviews credit for bidders every year and bidders' credit is regularly reviewed for revision.

## 7. Risk from Covid-19 Pandemic

In 2020, covid-19 pandemic situation impacted business with regards to number of auctioned vehicles, and number of customers entering into auction areas which were regarded as income and reputation risks. The Company handled such situation by strictly complying with the announcements of the government agencies, for instance, screening body temperature of employees and visitors, specifying for compulsory wearing of face mask before entering into the Company's areas, providing hand washing service points adequately and publicizing for social distancing. Nonetheless, the Company can expand a large amount of customer base from yard auction channel to E-Auction channel. The customers can register and auction via E-Auction system without coming to the auction yard.

# General Information and References

## General Information:

|                             |   |   |
|-----------------------------|---|---|
| Name of stock company       | : | Union Auction Public Company Limited  |
| Stock Quote                 | : | AUCT  |
| Company registration Number | : | 0107555000341   |
| Type of Business            | : | Auction Service   |
| Registered Capital          | : | 550,000,000 shares  |
| Paid-up Capital             | : | 137,500,000 Baht  |
| Par Value                   | : | 0.25 Baht   |
| Address of Head Office      | : | 518/28 Soi Ramkhamhaeng 39 (Thepleela 1),<br>Wangthonglang sub-district, Wangthonglang<br>district, Bangkok 10310 |
| Website                     | : | <a href="http://www.auct.co.th">www.auct.co.th</a>  |
| Telephone                   | : | 0 2033 6555   |
| Fax.                        | : | 0 2935 6202   |
| Investor Relations          | : | 0 2033 6555 ext. 148  |

## References:

|                         |   |   |
|-------------------------|---|---|
| Registrar of Securities | : | Thailand Securities Depository Company Limited<br>The Stock Exchange of Thailand Building<br>(near Chinese Embassy), Tower A, 14 <sup>th</sup> Floor,<br>93 Rachadapisek Road, Dindaeng,<br>Bangkok 10400, Thailand<br>Tel. 0 2009 9000 |
| Auditor                 | : | EY Company Limited<br>193/136-137, Lake Rajada Office Complex 33 <sup>rd</sup> Floor,<br>Ratchadaphisek Road, Khlong Toei, Bangkok 10110<br>Tel. 0 2264 0777  |

## Other Important Information:

- None -

Investors can find more information of the Company's securities in the Filing document (Form 56-1) in [www.sec.or.th](http://www.sec.or.th) , [www.set.or.th](http://www.set.or.th) or [www.auct.co.th](http://www.auct.co.th)

## Stock information and shareholders

As of 31 December 2020, the top 10 major shareholders of the Company are as follows:

| Shareholder Name  | Amount of shares   | %             |
|---|--------------------|---------------|
| <b>1. Sila Family</b>   | <b>288,895,500</b> | <b>52.53</b>  |
| Mr. Pakphoom Sila   | 137,499,000        | 25.00         |
| Mrs. Thidararat Sitapawang                                      | 123,938,300        | 22.53         |
| Mr. Thepthai Sila   | 14,108,200         | 2.57          |
| Mr. Varunyoo Sila   | 8,100,000          | 1.47          |
| Mrs. Wipha Sila   | 5,000,000          | 0.91          |
| Mrs. Pannee Sila  | 250,000            | 0.05          |
| <b>2. BNY MELLON NOMINEES LIMITED</b>                           | <b>36,317,300</b>  | <b>6.60</b>   |
| <b>3. Sareewiwatthana Family</b>                                | <b>30,424,100</b>  | <b>5.53</b>   |
| Ms. Pimsiri Sareewiwatthana                                     | 13,550,000         | 2.46          |
| Ms. Pitchsinee Sareewiwatthana                                  | 9,674,100          | 1.76          |
| Mrs. Waranee Sareewiwatthana                                    | 6,700,000          | 1.22          |
| Assoc. Prof. Dr. Paiboon Sareewiwatthana                        | 500,000            | 0.09          |
| <b>4. STATE STREET EUROPE LIMITED</b>                           | <b>28,510,737</b>  | <b>5.18</b>   |
| <b>5. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</b> | <b>22,108,000</b>  | <b>4.02</b>   |
| <b>6. Thai NVDR Company Limited</b>                             | <b>17,602,369</b>  | <b>3.20</b>   |
| <b>7. Yoadjarust Family</b>                                     | <b>6,066,200</b>   | <b>1.10</b>   |
| Mr. Suvit Yoadjarust  | 3,616,200          | 0.66          |
| Ms. Nutthida Yoadjarust   | 1,550,000          | 0.28          |
| Mr. Nutthavut Yoadjarust  | 900,000            | 0.16          |
| <b>8. Mr. Sinthu Weithwaruth</b>                                | <b>3,000,000</b>   | <b>0.55</b>   |
| <b>9. AIA Thai Equity</b>                                       | <b>2,776,900</b>   | <b>0.50</b>   |
| <b>10. Ms. Sauwaluk Chaidechsuriya</b>                          | <b>2,307,400</b>   | <b>0.42</b>   |
| Other minor shareholders  | 111,991,494        | 20.36         |
| <b>Total</b>  | <b>550,000,000</b> | <b>100.00</b> |

## Dividend Policy

The Company has dividend policy of paying not less than 40% of net profit according to its financial statements after deduction of corporate income tax, legal reserve and other reserves. However, the Company may consider paying dividend less than the specified rate, regarding to the necessity of working capital for business operation, business expansion and other factors related to the Company's management.

The resolution of the Board of Directors which is to approve the dividend payment will have to be proposed for the approval of the shareholder meeting except for the interim dividend that the BOD can approve by themselves and report to the next shareholder meeting.

## Historical dividend payment

|  | 2017   | 2018  | 2019  | 2020* |
|--|--------|-------|-------|-------|
| Earning per share (Baht)                 | 0.19   | 0.31  | 0.43  | 0.22  |
| Dividend rate per share (Baht)           | 0.20   | 0.30  | 0.40  | 0.18  |
| Dividend payout ratio per net profit (%) | 105.84 | 96.74 | 93.92 | 80.69 |

\* Paid from performance during 1 January 2020 - 30 June 2020



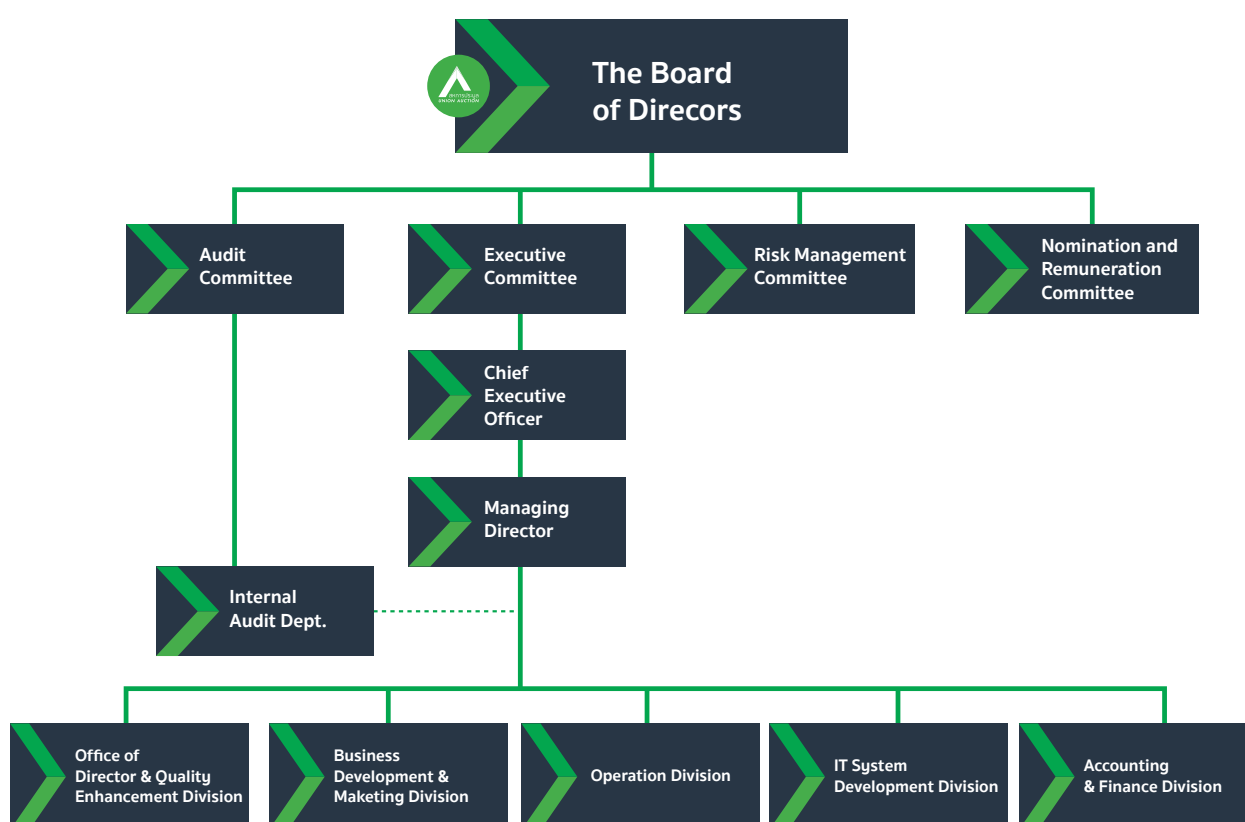


# Management Structure

The management structure of the Company consists of 5 groups of committees as follows;

1. The Board of Directors
2. Audit Committee
3. Nomination and Remuneration Committee
4. Risk Management Committee
5. Executive Committee

As of 31 December 2020, the Company's management structure is as following;



## 1. The Board of Directors

As of 31 December 2020, the Board of Directors consists of 8 persons as follows:

- |   |                                    |
|---|------------------------------------|
| 1) Assoc. Prof. Dr. Paiboon Sareewiwatthana | Chairman of the Board of Directors |
| 2) Assoc. Prof. Dr. Sauwanee Thairungroj    | Independent Director               |
| 3) Assoc. Prof. Dr. Montree Socratyanurak   | Independent Director               |
| 4) Mrs. Wilaiwan Srisamrual                 | Independent Director               |
| 5) Mr. Thepthai Sila                        | Director                           |
| 6) Mr. Sarawut Charuchinda                  | Director                           |

- |                         |                                      |
|-------------------------|--------------------------------------|
| 7) Mr. Suvit Yoadjarust | Director and Chief Executive Officer |
| 8) Mr. Varunyoo Sila    | Director and Managing Director       |
- Ms. Nuntanit Rachakit is the Company Secretary.

### Authorized Directors on behalf of the Company

The authorized Directors who can sign on behalf of the Company are Mr. Thepthai Sila or Mr. Varunyoo Sila co-signing with Mr. Suvit Yoadjarust, total in 2 persons with the Company's seal affixed.

### Scope of duties and responsibilities of Board of Directors

1. Establish business vision, business direction, business administration to align with the law, the objectives, Articles of Association and resolutions of shareholders to bring the best benefits to shareholders and business value.
2. Consider and approve the policy, strategy, financial objective, business plan, budget and human resource development of the Company. Also ensure on the operations efficiency according to the plan, budget and resource deployment of the Company.
3. Set up the accounting system, financial statement report and accounting audit which disclose the correct, transparent and credible information and manage to have the efficient internal control system and internal audit.
4. Ensure the Company's risk management to be in the level that can drive the Company's sustainable growth.
5. Ensure that the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Executive Committee operate according to the specified policy.
6. Organize the shareholder meeting as the Annual General Meeting within 4 months after the Company's fiscal year end and arrange the Extraordinary General Meeting when necessary.
7. Evaluate the performance of each committee including Chief Executive Officer and Managing Director.
8. Evaluate the performance of the Board of Directors every year in 2 forms: the overall performance of the board and the individual performance, and bring up the result for consideration in the board meeting.
9. Identify the clear roles, duties and responsibilities of the Board of Directors, committees and executives.
10. Select the qualified directors as proposed by Nomination and Remuneration Committee for the approval from the shareholder meeting.
11. Appoint or advise the committees or executive directors to consider or operate on any issues as appropriate.

12. Propose the list of accounting auditor and audit fees to the shareholder meeting for the appointment approval.

13. Arrange the company annual report and disclose the financial statement to declare the financial status and business performance of last year to the shareholder meeting.

14. Review the scope of authority, duties and responsibilities of the Board of Directors and sub-committees every year.

15. Ensure the company comply with the law of Securities and Exchange, the Stock Exchange of Thailand (SET) Act, such as the connected transactions, the acquisition or disposition of assets according to the regulations of SET or the Securities and Exchange Commission (SEC) Act, the Capital Market Commission or the law related to the Company's business.

## 2. Audit Committee

As of 31 December 2020, the Audit Committee consists of 3 persons as follows:

- |   |                             |
|---|-----------------------------|
| 1) Assoc. Prof. Dr. Saowanee Thairungroj  | Chairman of Audit Committee |
| 2) Assoc. Prof. Dr. Montree Socratyanurak | Member of Audit Committee   |
| 3) Mrs. Wilaiwan Srisamrual               | Member of Audit Committee   |

Mr. Rungpan Salee is the Secretary of Audit Committee.

Mrs. Wilaiwan Srisamrual is the audit director with knowledge and experiences in reviewing the Company's financial statement.

### Scope of duties and responsibilities of Audit Committee

1. Review the preparation of financial reports of the Company and incorporate with external auditors to obtain the credible financial report with the reliability and adequacy of information disclosure according to the generally accepted accounting standards.

2. Review the process to ensure that the Company conforms to policies, rules, practices, regulations and other laws relevant to the Company's business.

3. Review and propose to appoint the independent persons to be the Company's accounting auditors, propose for the audit fees and attend the meeting with accounting auditors without the Management's participation for at least once a year.

4. Review the connected transactions or transactions possible to have conflicts of interest to comply with the law and SET's Act to ensure such transactions are reasonable and bring benefits to the Company.

5. Review the internal control system and ensure the process to conform with the Company's risk management and supervise the management team to improve the operations to reduce the risks in all aspects.

6. Follow up, evaluate and report the practice of good corporate governance.
7. Review the appropriateness of the assets maintenance and ensure its physical existence.
8. Assess the effectiveness of the Company's resources deployment.
9. Specify the scope of work of the internal audit, provide the comments on the annual audit plan and evaluate the audit result of the internal auditor.
10. Appoint the external advisor for the advice and assistance in the audit process.
11. Approve the designation, relocation, dismissal and set the remuneration of the internal audit directors.
12. Review the scope of authority, duties and responsibilities of the Audit Committee to propose for approval from the Board of Directors every year.
13. Perform any other tasks assigned by the Board of Directors.

### 3. The Nomination and Remuneration Committee

As of 31 December 2020, the Nomination and Remuneration Committee consists of 4 persons as follows:

- |   |  |
|---|--|
| 1) Assoc. Prof. Dr. Montree Socratyanurak   | Chairman of Nomination and Remuneration Committee      |
| 2) Assoc. Prof. Dr. Sauwanee Thairungroj    | Vice Chairman of Nomination and Remuneration Committee |
| 3) Assoc. Prof. Dr. Paiboon Sareewiwatthana | Member of Nomination and Remuneration Committee        |
| 4) Mrs. Wilaiwan Srisamrual                 | Member of Nomination and Remuneration Committee        |

Note: Directors in item 1, 2 and 4 are independent director.

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

1. Set the criteria or procedures to nominate the Directors, Chief Executive Officer or Managing Director to propose to the Board of Directors with transparency.
2. Specify the qualification of the replaced directors in order to meet the requirement of related regulations and law and also specify the procedures to propose the qualified candidates with full support to the Board of Directors.
3. Select the qualified candidates for the new directors including nominate Chief Executive Officer and Managing Director.
4. Propose how to evaluate performance of directors and committees, follow up, finalize and report the final result to the Board of Directors in order to improve their performance efficiency.

5. Review, consider and propose to the Board of Directors the structure, roles, responsibilities, and working instruction of the Board of Directors and committees to keep them updated.

6. Establish succession plan of Chief Executive Officer, Managing Director and top executive directors of the Company and propose to the Board of Directors for consideration.

7. Set up and propose to the Board of Directors the process and criteria of remuneration for committees, Chief Executive Officer and Managing Director which are fair and based on the Company's performance.

8. Evaluate the performance of the Executive Committee, Chief Executive Officer and Managing Director to identify the remuneration before proposing for the Board of Directors approval every year.

9. Review the budget of salary increase, change in salary and remuneration of the Board of Directors, Executive Board, and Management team to propose for Board of Directors' approval.

10. Review, study and catch up with the changing trend of remuneration of the Board of Directors, Executive Board and Management team by comparing with other companies in the same industry.

11. Review the scope of authority, duties and responsibilities of the Nomination and Remuneration Committee to propose for approval from the Board of Directors every year.

12. Board of Directors requires the Nomination and Remuneration Committee to have meetings at least twice a year.

13. Perform any other tasks assigned by the Board of Directors.

The Board of Directors prescribes the Nomination and Remuneration Committee meeting to be 2 times per year.

## 4. Risk Management Committee

As of 31 December 2020, the Risk Management Committee consists of 4 persons as follows:

- |                             |                                       |
|-----------------------------|---------------------------------------|
| 1) Mr. Varunyoo Sila        | Chairman of Risk Management Committee |
| 2) Mrs. Wilaiwan Srisamrual | Member of Risk Management Committee   |
| 3) Mr. Thepthai Sila        | Member of Risk Management Committee   |
| 4) Mr. Sarawut Charuchinda  | Member of Risk Management Committee   |

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

1. Review to approve the policy, framework, strategy, criteria, plan and risk management guideline.

2. Monitor the development of risk management framework.

3. Review the strategy and the overall risk management of the Company to meet the changing situation.

4. Set up the risk alert system for every type of risks and the risk management principles to reach the acceptable risk level.

5. Assess the risk potential and its impact in order to manage the risk priority.

6. Support to push for cooperation in risk management at all levels in the organization.
7. Monitor the risk indicating and risk assessment process.
8. Assess the risks and approve the risk management plans.
9. Report the risks and operation to reduce them to the Board of Directors regularly.
10. Review the scope of authority, duties and responsibilities of the Risk Management Committee to propose for approval from the Board of Directors every year.
11. Perform any other tasks assigned by the Board of Directors.

## 5. Executive Committee

As of 31 December 2020, the Executive Committee consists of 6 persons as follows:

- |                            |                                 |
|----------------------------|---------------------------------|
| 1) Mr. Thepthai Sila       | Chairman of Executive Committee |
| 2) Mr. Sarawut Charuchinda | Member of Executive Committee   |
| 3) Mr. Suwit Yoadjarust    | Member of Executive Committee   |
| 4) Mr. Varunyoo Sila       | Member of Executive Committee   |
| 5) Mr. Weidt Nuchjalearn   | Member of Executive Committee   |
| 6) Mrs. Anchalee Bhakkalin | Member of Executive Committee   |

### Scope of duties and responsibilities of the Executive Committee

1. Identify the strategy, policy, financial objective, business plan, budget, human resource development and executive power for Board of Directors' approval.
2. Follow up and review the operations, plans, budget, and human resource development to ensure the efficiency and the alignment with the policy and plan.
3. Identify the standard business administration system, human resource development system, financial system, information system and corporate structure.
4. Provide the policy, advice and suggestion to Chief Executive Officer or Managing Director for the important decision making issues.
5. Screen, support and manage the risks of the Company as follows:
  - Support the risk management policy to ensure it is implemented all over the company.
  - Review the policy, framework, strategies, plans and risk management guideline and propose to the Risk Management Committee for approval.
  - Manage the risk according to the policy, framework, strategies, and plans as assigned by Risk Management Committee and review risk management guideline regularly.
  - Manage the significant risks and report to Risk Management Committee.
6. Prioritize the decision making result of the Board of Directors to further implement effectively.
7. Review the meeting agenda before proposing to the Board of Directors.
8. Report the company's performance to the Board of Directors.



9. Assess and approve business transactions in compliance with their limited authority.

10. Study the feasibility of all projects.

11. Have authority to approve the investment in fixed assets, loaning or other investment, borrowing or applying for credits from financial institutions. Have authority to approve the budget as assigned by the Board of Directors. The scope of approval includes the advanced budget or expenses, contingent liabilities/ aval/ guarantee, the working plan/ budgeting/ procurement of products and services for sales promotion, and the procurement and maintenance of assets in the amount as authorized by the Board of Directors.

12. Review the scope of authority, duties and responsibilities of the Executive Committee to propose for approval from the Board of Directors every year.

13. Perform any other tasks assigned by the Board of Directors.

The scope of Executive Board's approval shall not include any cases of which Board of Directors or its member may have a conflict of interest, gain or loss of benefits in any aspects with the Company and/or subsidiaries or give authority to other persons to perform on their behalf. It also excludes the cases that need approval from shareholders in the connected transaction and the acquisition and disposition of the Company's and/or subsidiaries significant assets in order to be in compliance with the regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, or the law related to the Company's business.

## ● Executives

As of 31 December 2020, the Executives consists of 10 persons as follows:

- |                              |  |
|------------------------------|--|
| 1) Mr. Thepthai Sila         | Chairman of Executive Committee  |
| 2) Mr. Sarawut Charuchinda   | Member of Executive Committee  |
| 3) Mr. Suvit Yoadjarust      | Chief Executive Officer  |
| 4) Mr. Weidt Nuchjalearn     | Member of Executive Committee  |
| 5) Mr. Varunyoo Sila         | Managing Director  |
| 6) Mrs. Anchalee Bhakkalin   | Deputy Managing Director, Accounting & Finance Division                            |
| 7) Mr. Sutee Samathi         | Deputy Managing Director, Business Development & Marketing Division                |
| 8) Mr. Kriangsak Dhammaraksa | Deputy Managing Director, IT System Development Division                           |
| 9) Ms. Poonsilp Kaewchamnon  | Deputy Managing Director, Office of the Directors and Quality Enhancement Division |
| 10) Mr. Nitid Sophon*        | Acting Deputy Managing Director, Operation Division                                |

\* Mr. Nitid Sophon took a position on 4 December 2020

### Scope of duties and responsibilities of Chief Executive Officer

1. Manage the Company's business by the objectives, principles, policy, rules, regulations, orders and resolutions from the meetings of Board of Directors, Executive Board, and shareholders.
2. Set up the business policy, business plan, objectives and budget to propose for Board of Directors' approval.
3. Report the operational performance following the approved plan and budget every 3 months.
4. Manage the business in compliance with the approved policy, plan and budget.
5. Put in a position, appoint, dismiss, transfer, promote, demote, reduce salary or wage, disciplinary punish or dismiss employees according to the assigned authority.
6. Have authorization to sign in any juristic contracts and legal documents in contact with external organizations or persons to perform any action deemed necessary on behalf of the Company.
7. Set up the working conditions and operational practices for employees in compliance with the principles, regulations or orders assigned by the Board of Directors.
8. Have authority to authorize or assign others to perform some specific actions as long as such authorization complying with the principles, regulations or orders assigned by the Board of Directors.
9. Have authority to approve the investment in fixed assets, loaning or other investment, borrowing or applying for credits from financial institutions, the advanced budget and expenses, contingent liabilities/ aval/ guarantee, the working plan/ budgeting/ procurement of products and services for sales promotion, and the procurement and maintenance of assets budget as assigned by the Board of Directors.
10. Perform any other tasks assigned by the Board of Directors.

Chief Executive Officer or the person authorized by Chief Executive Officer shall not approve or get involved with or join the business that he/she may have conflicts of interest, gain / loss of benefits in any aspects with the Company or subsidiaries.

Any authority to do the acts that could lead to conflicts of interest between Chief Executive Officer or a stakeholders and the Company as specified in the law and the Securities and Exchange Commission or the Stock Exchange of Thailand Act shall not deem to be under the authority of Managing Director to judge or vote by himself/herself or his/her authorized person. Such acts shall be proposed for approval from the Audit Committee and Board of Directors and/or shareholder meeting (depend on the case) in compliance with the regulations of the Company and the law.

## ● Meeting Attendance Statistics of the Directors

In 2020, the proportion of attendance of the directors as follows;

| Name  | The Board of Directors | Audit Committee | Nomination and Remuneration Committee | Risk Management Committee | Executive Committee | The 2020 AGM |
|---|------------------------|-----------------|---------------------------------------|---------------------------|---------------------|--------------|
| 1. Assoc. Prof. Dr. Paiboon Sareewiwatthana | 9/9                    | -               | 3/3                                   | -                         | -                   | 1/1          |
| 2. Assoc. Prof. Dr. Saowanee Thairungroj    | 9/9                    | 4/4             | 3/3                                   | -                         | -                   | 1/1          |
| 3. Assoc. Prof. Dr. Montree Socratyanurak   | 9/9                    | 4/4             | 3/3                                   | -                         | -                   | 1/1          |
| 4. Mrs. Wilaiwan Srisumrual                 | 9/9                    | 4/4             | 3/3                                   | 2/2                       | -                   | 1/1          |
| 5. Mr. Thepthai Sila                        | 9/9                    | -               | -                                     | 2/2                       | 16/16               | 1/1          |
| 6. Mr. Sarawut Charuchinda                  | 9/9                    | -               | -                                     | 2/2                       | 16/16               | 1/1          |
| 7. Mr. Suwit Yoadjarust                     | 9/9                    | -               | -                                     | 1/1*                      | 16/16               | 1/1          |
| 8. Mr. Varunyoo Sila                        | 9/9                    | -               | -                                     | 2/2                       | 16/16               | 1/1          |
| 9. Mr. Weidt Nuchjalearn                    | -                      | -               | -                                     | -                         | 10/12**             | -            |
| 10. Mrs. Anchalee Bhakkalin                 | -                      | -               | -                                     | -                         | 12/12**             | 1/1          |

Note:

\* Mr. Suwit Yoadjarust retired from the member of Executive Committee on 7 August 2020.

\*\* Mr. Weidt Nuchjalearn and Mrs. Anchalee Bhakkalin have appointed as the member of Executive Committee on 2 March 2020.

## ● Company Secretary

The Board of Directors meeting No. 5/2020 held on 11 June 2020 had a resolution to appoint Ms. Nuntanit Rachakit as a Company Secretary. The Company Secretary shall be provided in accordance with the Securities and Exchange Act B.E. 2535, section 89/15 as follows:

- To be a center point in making/storing documents as following:
  - Director registration
  - Notice and minutes of the Board meeting and the Company's annual report
  - Notice and minutes of the shareholders meeting
- Keep record of conflict of interest report of directors and executives and propose copies to Chairman of the Boards and Chairman of the Audit Committee within 7 days after receipt of such reports.
- Handle any actions required as per the regulation of the Capital Market Supervisory Board.
- Act as a contact person for completed information disclosure as required by relevant laws.

5. Arranging the Board meeting and shareholders meeting
6. Arranging an orientation to newly appointed directors

#### Biography of the Company Secretary

|                    |  |
|--------------------|--|
| Education :        | <ul style="list-style-type: none"> <li>- Master of Economics, Sukhothai Thammathirat Open University</li> <li>- Bachelor of Business Administration, Sukhothai Thammathirat Open University</li> <li>- Bachelor of Law, Ramkhamhaeng University</li> </ul> |
| Training :         | <ul style="list-style-type: none"> <li>- Company Secretary Program (CSP) Class 93/2018, Thai Institute of Directors</li> <li>- Fundamentals for Corporate Secretaries Class 1/2015, Thai Listed Companies Association</li> </ul>                           |
| Work Experience :  |  |
| May 2020 - Present | Company Secretary<br>Union Auction Public Company Limited  |
| 2018 - May 2020    | Company Secretary<br>AIRA Factoring Public Company Limited   |
| 2014 - 2018        | Assistant Company Secretary<br>TRC Construction Public Company Limited   |

## ● Remuneration of Directors and Executives

### (A) Remuneration in cash

#### Directors remuneration

The 2020 Annual General Meeting of the Shareholders held on 24 July 2020 had a resolution of remuneration for directors as follows:

| Position                    | Monthly remuneration (Baht) |
|-----------------------------|-----------------------------|
| Chairman of the Board       | 46,000                      |
| Chairman of Audit Committee | 40,250                      |
| Member of Audit Committee   | 34,500                      |
| Director                    | 34,500                      |

The monthly remuneration, annual bonus and other benefits for the directors shall be considered based on the company's performance in 2020, in total of not exceeding 6.0 million Baht. The executive directors shall not receive the remuneration for the director position.

In 2020, the remuneration can be summarized as follows:

(Unit: Baht)

| Name  | Remuneration     | Bonus            | Total            |
|---|------------------|------------------|------------------|
| 1. Assoc. Prof. Dr. Paiboon Sareewiwatthana | 552,000          | 726,000          | 1,278,000        |
| 2. Assoc. Prof. Dr. Sauwanee Thairungroj    | 483,000          | 605,000          | 1,088,000        |
| 3. Assoc. Prof. Dr. Montri Sokatiyanurak    | 414,000          | 484,000          | 898,000          |
| 4. Mrs. Wilaiwan Srisamrual                 | 414,000          | 484,000          | 898,000          |
| 5. Mr. Sarawut Charuchinda                  | -                | -                | -                |
| 6. Mr. Suvit Yoadjarust                     | -                | -                | -                |
| 7. Mr. Thepthai Sila                        | -                | -                | -                |
| 8. Mr. Varunyoo Sila                        | -                | -                | -                |
| <b>Total</b>                                | <b>1,863,000</b> | <b>2,299,000</b> | <b>4,162,000</b> |

#### **Executives remuneration**

In 2020, the Company has 9 executives\*. The remuneration for executives are paid in form of salary, bonus and other benefits the same as employees, totaling of 27,343,177 Baht including the remuneration of Chief Executive Officer and Managing Director.

Note:

\* Not include Mr. Nitid Sophon, Acting Deputy Managing Director, Operation Division, who took a position on 4 December 2020.

#### **(B) Remuneration in other than cash**

The company has considered obtaining the Directors and Officers Liability Insurance (D&O) which specify the terms/conditions, the amount of insurance and premium and propose it to the Board of Directors for review every year to ensure it is adequate to protect the directors and officers from potential lawsuits and damage/loss claims as they perform their duties on behalf of the Company as assigned.

### ● **Employees**

As of 31 December 2020, the Company has employees (not including executives) in amount of 393 persons which can be separated as follows;

| Division / Department                                  | Amount (persons) |                  |
|--|------------------|------------------|
|  | 31 December 2019 | 31 December 2020 |
| Office of the Directors & Quality Enhancement Division | 41               | 44               |
| Business Development & Marketing Division              | 29               | 34               |
| IT System Development Division                         | 10               | 12               |
| Accounting & Finance Division                          | 26               | 30               |
| Operation Department                                   | 241              | 262              |
| Human Resources Department                             | 6                | 7                |
| Internal Audit Office                                  | 4                | 4                |
| <b>Total</b>   | <b>357</b>       | <b>393</b>       |

### Employees remuneration

In 2020, the Company has employees (not including executives) in amount of 142,068,809 Baht consist of salary, bonus, social security, provident fund, life insurance, bonus and other benefits. The remuneration was determined according to the economic conditions and the Company's performance both short-term and long-term.

### ● Labor Legal Dispute during the past 3 years

-None-

### ● Employees training

The Company constantly has personnel development policy and places importance on personnel, who are the main driving forces for the Company's effective operations. If the personnel in the organization lack knowledge and competency in their own professional branch or lack development, it may cause problem and impact the organization. Therefore, the Company has established the personnel management policy by providing training courses in various aspects to boost up the employee's potential adequately to drive the Company for moving forward.

In 2020, the employees have attended several training courses as following:

| Courses  | Department           | Arranged by        |
|--|----------------------|--------------------|
| Personnel Development Model for Operation Department | Operation Department | Union Auction PLC. |



| Courses  | Department                               | Arranged by   |
|--|--|---|
| Stock employee development   | Operation Department                     | Union Auction PLC.  |
| Safe driving   | Operation Department                     | Prof. Tevarith Boonyalapho  |
| SMART KPIs for position  | Management and all Manager               | Dr. Arporn Phuwitayapan   |
| Fire Training  | All Department                           | Apex Industry Sale and Service Co., Ltd.  |
| Modern manager   | Human Resources and Legal Department     | Dharmniti Management Development Co., Ltd.  |
| Vehicle inspection control   | Operation Department                     | Department of Land Transport  |
| Calculating employees' benefits using actuarial principles 2020                                | Human Resources and Legal Department     | Actuarialbiz Co., Ltd.  |
| Key point that the bookkeeper must know when preparing accounts and the auditor's report       | Accounting and Finance Department        | Dharmniti Management Development Co., Ltd.  |
| Update Financial Reporting Standards in 2020   | Accounting and Finance Department        | Dharmniti Management Development Co., Ltd.  |
| Update Tax Law 2020 and Tax benefits that bookkeepers must know                                | Accounting and Finance Department        | Dharmniti Management Development Co., Ltd.  |
| TFRSs Financial instruments: Using perspective and analyzing data through financial statements | Accounting and Finance Department        | Federation of Accounting Professions, Under the Royal Patronage of his Majesty the King |
| Employee benefits  | Accounting and Finance Department        | Federation of Accounting Professions, Under the Royal Patronage of his Majesty the King |
| The personal data protection act B.E. 2562   | Human Resources and Legal Department     | Dharmniti Management Development Co., Ltd.  |
| The personal data protection Law for human resource management                                 | Human Resources and Legal Department     | Federation of Accounting Professions, Under the Royal Patronage of his Majesty the King |
| Greenhouse Gas Reduction Policy: Opportunities, Challenges and evaluation methods              | Office of Director & Quality Enhancement | The Securities and Exchange Commission  |

In 2020, average training hours of the employees were 9 hours per person per year.

# Corporate Governance

The Board of Union Auction Public Company Limited recognizes the importance of having an efficient, transparent and verifiable management system. A good management system will help build confidence for shareholders, investors, stakeholders and all related parties.

The Board of Directors established a Good Corporate Governance Policy and reviewed by the 9/2020 Board of Directors Meeting held on 17 December 2020, together with the Code of Conduct reviewed, by adhering to the principles according to the good practices of The Organization for Economic Co-Operation and Development (OECD Principles of Corporate Governance). This covers all 5 principles which includes the Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency of Information and the Responsibility of the Board of Directors. The Company also adheres to the principles of good corporate governance for listed companies 2017 (Corporate Governance Code: “CG Code”) of the Securities and Exchange Commission based on 8 CG principles, details as follows;

1. Establish a Clear Leadership Role and Responsibilities of the Board: The Company reviewed the duties and responsibilities of the Board and subcommittees which includes the annual evaluation of the Board of Directors and executives; Chief Executive Officer and Managing Director.
2. Define Objectives that Promote Sustainable Value Creation: The Executive Committee set objectives and the main goals of the business which includes a necessary budget which is proposed to the Board of Directors every year.
3. Strengthen Board Effectiveness: The Nomination and Remuneration Committee is responsible for recruiting qualified persons with knowledge, abilities, and experience in various fields to be Company directors in order to strengthen the Board of Directors to develop the business and organization so that it is strong and has sustainable growth.
4. Ensure Effective CEO and People Management: The Nomination and Remuneration Committee and Human Resources Department are responsible for recruiting qualified persons who are knowledgeable and experienced to be senior executives as well as supervising the development and training of personnel which includes the welfare of working properly.
5. Nurture Innovation and Responsible Business: The Company’s Information Technology Department has developed a modern online auction system so that the auction is transparent and fair which can create confidence for customers and trade partners as well.
6. Strengthen Effective Risk Management and Internal Control: The Executive Committee and the Risk Management Committee of the Company, considered and evaluated various risk which included finding solution guidelines and preventing potential risk on a regular basis. In addition, the Internal Audit Office and the Internal Auditor of the Company reviewed the internal control system and managed various risk on a quarterly basis which was reported to the Risk Management Committee and the Audit Committee, respectively.

7. Ensure Disclosure and Financial Integrity: The Company provided accurate and effective accounting processing programs and was audited by an auditor from a reputable auditing company that has no relationship or interest with the Company, executives, major shareholders or any related person. Therefore, the auditor is independent to the audit and expressed opinions on the Company's financial statements and was able to maintain financial credibility and the disclosure of the Company's information. In this regard, the Company reviews the appointment of auditors annually.

8. Ensure Engagement and Communication with Shareholders: The Company always provide business information, performance and trends for investors, shareholders and interested parties to acknowledge through the Opportunity Day which held by the Stock Exchange of Thailand and items for investment in various channels, including providing information to several media, organizing company visit for analyst and institutional investor.

These principles emphasize the role of the Board of Directors and integrates good corporate governance principles, corporate social responsibility and sustainable development for business operations so that all parties can benefit together and use as a practical guideline for the Company's CG Policy. The Company has reviewed every year. The Company has announced and informed every employee to ensure their acknowledgement and strict practices. The details of the practical guidelines and operations are as follows;

## **1. The Rights of Shareholders**

The Company recognizes and gives importance to the fundamental rights of shareholders as the owners of the Company and as securities investors such as the right to trade or transfer the securities that one holds, the right to receive sufficient information of the Company, the right to receive the Company's profit sharing, the right to attend the Shareholders' Meeting, the right to express opinions, the right to participate in making decisions on important matters of the Company such as dividend allocation, appointment or removal of directors, appointment of auditors, approval of important transactions that affect the business direction of the Company, etc.

### **Shareholders' Meeting**

The 2020 Annual General Meeting of Shareholders (AGM) held on 24 July 2020 at 10.00 a.m. at the meeting room of Union Auction Public Company Limited, No. 518/28 Soi Ramkhamhaeng 39 (Thepleela 1) Wangthonglang, Bangkok, 10310.

### **Pre - AGM**

The Company had disclosed a letter and invited shareholders to propose the agenda of the AGM, submit related questions to the Board of Director in advance during 18 December 2019 until 14 February 2020. Shareholders must submit a written nomination letter to the Board of Directors within a dateline that set by the Company along with the following: relevant documents to his/her shareholding status; nominee's acceptance letter by the nominated individual and qualification

documents, in which the nominee must possess qualifications and no legal prohibiting characters in accordance to the Public Company Act. The Board of Directors considered the selection requirements for the meeting's agenda, questions and nominees for the appointment of directors. In case that proposed agendas were selected, the Company would inform in the meeting's invitation as the agenda by shareholders; in case of rejection, the Company would provide explanation to shareholders in the meeting. In the 2020 AGM, there are no any shareholders proposed the agenda, submit related questions and nominate qualified candidates to be elected as directors.

The Company disclosed the invitation of the 2020 AGM through the Company's website and SET's communicating channel prior to 30 days. The Company sent the meeting's invitation specifying place, date, time, rules, procedures, proposed agendas to the meeting along with details and explanations, the Board of Directors' opinion on each agenda, proxies, Annual Report, and other related information to all shareholders as of book closing date, not less than 21 days prior the meeting (9 July 2020) and announced on newspaper advertisement to invite shareholders for three consecutive business days prior to the meeting.

The Company allowed shareholders who were not available to attend the meeting to authorize proxy to their behalf or to the Independent Director of the Company, in which the Company would inform the name of every eligible Independent Director of the Company for receiving the authorization through Proxy Form A, B, and C along with the meeting invitation and could also be download on the Company's website.

### **The Day of AGM**

The company encouraged to attract shareholders and institutional investors to join the meeting with equitable convenience by providing shuttle service from the MRT, the Cultural Center Station, to the meeting venue and provided sufficient service staffs which allowed shareholders to register for two (2) hours prior to the meeting at 8.00 a.m. The Board of Directors for 8 persons, all subcommittees, all executives, and the Company's independent auditor were altogether presented at the meeting.

For the registration and evaluation of vote-counting, the Company leveraged a barcode system. The Company provides voting ballots were available in each agenda for transparency and auditability. Furthermore, the Company also invited legal advisors to join the meeting as the witness of vote counting including provides video records the meeting.

Prior to the meeting, the meeting's Chairman had personally informed the total number of attendees, which comprised of attendees both in person and with proxy, and the explanation of the voting procedure with voting ballots. The meeting's Chairman conducted the meeting in accordance to the agendas stated on the meeting's invitation without changes and did not seek considerations of other non-preapproved agendas. The meeting's Chairman allowed for discussion on each agenda to provide questions, suggestions, and recommendations, in which the Company had noted relevant topics on the meeting's minutes for shareholders' review.

The resolution of each agenda, through voting rights, was based on the majority vote, in which one (1) share was equal to one (1) vote. Shareholders were allowed to vote for appointment of directors individually for the election of directors to replace the directors who retire by rotation agenda.

In case of additional shareholders joining the meeting, the additional shareholders could vote on only agendas whose resolutions had not been identified. Each of agenda resolutions would be summarized and communicated by the meeting's Chairman including voting results by specifying the total shares voted: agree, disagree, abstain and void.

### **Post - AGM**

After the meeting, the Company disclosed the meeting's resolutions through SET's communicating channel which included details of resolutions and voting result of each agenda. The Company performed the minutes of the Shareholders Meeting accurately and thoroughly, especially the voting procedures and method of counting votes, to include the voting results of agree, disagree, abstain and void, and the suggestions and questions provided by every shareholder. The record was available, both in Thai and English, on the Company's website, [www.auct.co.th](http://www.auct.co.th), within 14 days after the meeting.

The Company realized the importance of disclosing information accurately, completely, and transparently to investors, shareholders, related parties, and general public interest through SET's communicating channel and the Company's website. If there are any questions, suggestions, or recommendations, please contact the Investor Relations by telephone number at 0 2033 6555 or email to [investor@auct.co.th](mailto:investor@auct.co.th); the Company would consider and leverage for the improvement and development of the Company's operations.

## **2. The Equitable Treatment of Shareholders**

The Company has a policy to treat all shareholders equally by giving priority to maintaining the fundamental rights of shareholders and encouraging shareholders to exercise their rights in accordance with specified laws by providing equal and complete information so that shareholders can trust and have confidence in their investments.

The Company treats every shareholder; executive and non-executive, including Thai or foreign, majority or minority, institutional or individual, should receive equitable and fair treatment, which builds the confidence for shareholders that the Board of Directors and the management would appropriately care the monetary usage of leverage shareholders' funds, a critical factor that leads to the confidence to invest in a company.

Therefore, the Company has prescribed the governance of matters as the operational guidelines to ensure that, for shareholders' confidence, the Company operates with equitable treatment, with all shareholders receiving the common rights as a shareholder indifferently.

In 2020, the Company held the Annual General Meeting of Shareholders (AGM) and provided equitable treatment to all shareholders as the following:

1) The Company allowed minor shareholders to propose additional meeting's agenda and nominees for appointment of directors during the 2020 AGM in accordance to recruit procedures three (3) months prior to the AGM, as required by the Company, on the Company's website.

2) In 2020, the shareholders' meeting has to be postponed owing to Covid-19 pandemic, and the Company has notified the shareholders via the SET's disclosure system in advance as well as notified the Covid-19 preventive and control measures including equitable practices to all shareholders on the meeting date.

3) The Company had informed SET of the meeting's schedule, agenda, and the input of the Board of Directors, including regulations applicable to the meeting, voting procedures, and voting rights and communication through the Company's website, for advanced notification to shareholders at not less than 21 days prior to the meeting. For the 2020 AGM, there is no additional agenda without prior notice.

4) The Company allowed shareholders who were not available to attend the meeting to authorize proxy for independent director or another individual to attend the meeting and vote on their behalf by completing proxy form A, B or C, which was delivered with the meeting's invitation.

5) In order to allow shareholders to their right of appointing new directors individually during the AGM, approval of appointment of directors to replace other directors at end of term, allowed shareholders to their right of appoint new directors individually in which the Company collected voting ballots from all attended shareholders in all voting cases: agree, disagree, abstain and void.

### 3. The Role of Stakeholders

The Company emphasized the importance of rights of every stakeholder group. The Company stipulated a stakeholder treatment policy concerning the following needs of the various stakeholder groups.

#### 3.1 Shareholders

The Company supported shareholders in exercising their fundamental rights and determined to bring utmost satisfaction to its shareholders. This was done with a consideration for sustainable growth, increased product value and giving an appropriate, consistent return of investment. The Company conducted its business in accordance with the following corporate governance principles.

- The Company operates and conducts its business responsibilities by faithfully applying knowledge and management skills to the best of its ability. The Company cautiously makes fair decisions that bring the greatest benefit to each shareholder.

- The financial status, non-financial status and Company trends are reported to shareholders fairly, regularly and with complete honesty.

- The Company does not use any inside information that has not been disclosed to the public for the benefit of the Company or any other relevant parties. The Company protects confidential business information that any unaffiliated person could use to bring damage to the Company.



### 3.2 Employees

All employees are valuable resources of the company. The Company determined to develop the organization to be a learning center, create a good corporate culture and work atmosphere, promote team work, give fair remuneration and create a safe workplace and work environment. The Company emphasized employee training and developing employee capabilities. The Company paid attention to employee comments and suggestions from all levels equally. Corporate culture was defined and enhanced with an awareness that every employee is a key component that brings success, advancement, and sustainable growth to the Company. Below are the Company's guidelines.

- The Company complies with laws and regulations regarding employees and carries out universal fundamental human right principles in which there is no discrimination in regards to race, gender, age, skin color, religion, disability, family name, place of education or any status that is not directly related to business operations. The Company pays respect to individuality and human dignity.
- The Company manages human resources in order that they are aligned with the Company's strategies and business goals. A clear, fair and transparent process for human resource management system aligned with the Company's direction is organized. This process is comparable to other leading businesses.
- Every overseer is responsible for managing their own department's human resources. This is done under the system and guidelines of human resource management. Overseers avoid any unfair treatment that could affect the stability of the employee's position.

#### **The Company's human resources development policy as follows:**

- 1) The Company will choose and promote people who are good, competent, professional and continually improve their knowledge and skills in order to be more effective in their responsibilities.
- 2) Overseers have the responsibility of planning, following-up, evaluating, giving feedback and promoting personnel development equally.
- 3) Employees have equal opportunities in developing their skills.
- 4) Employees receive fair remuneration through career advancement. Remuneration is based on the quality and success of the employee's performance, attitude and potential.
- 5) The appointing, rewarding or removing of employees must be done honestly and in accordance with the employee's competence, ability, behavior and suitability.
- 6) The Company regularly monitors and maintains a safe working environment to protect the employee's life and property.
- 7) The Company listens to the comments and suggestions of employees in every position equally by providing channels that employees are able to inform the Company regarding actions that are against the Company's work, regulations, orders, announcements or laws.

### 3.3 Competitor

The Company treated business competitors in accordance with the law, international competition principles and adhered to fair competition regulations as described below.

- 1) The Company carries out business under competitive regulations with liberty and fairness.
- 2) The Company does not seek confidential information of its business competitor in a dishonest or inappropriate manner.
- 3) The Company does not destroy the reputation of competitors through accusations, slander and attacks without any truth.

### 3.4 Business Partners

The Company considered carrying out its business fairly and faithfully, protecting the interests of business partners, strictly complying with joint agreements and regulations and adhering to business ethics. The guidelines are stated below.

- 1) The Company does not take or offer any inappropriate remuneration to its business partners.
- 2) The Company strictly complies to conditions that it has with business partners. In the case that the Company is unable to comply with the conditions, the Company will rush to inform business partner in advance in order to find a resolution together by using reasonable principles.
- 3) The Company seriously and regularly keeps the information of its business partners and does not use business partner's information for the benefit of the Company or any other relevant parties.

### 3.5 Customers

The Company determined to bring satisfaction and confidence to its customers along with anyone that received products and good service. The Company continued to increase product quality standards and maintained good and sustainable relationships with customers as stated below.

- 1) The Company determines to improve the quality of products and service in order to consistently meet the needs of customers.
- 2) The Company discloses accurate and up to date news and information regarding its products and services.
- 3) The Company always keeps customer information confidential and does not take advantage of customer information for the benefit of the Company or any other relevant parties.

### 3.6 Creditors

The Company complied with agreement conditions fairly, treated creditors fairly and made payments on time. These were the guidelines.

1) The Company strictly maintains and complies with agreement conditions regarding payment terms and other conditions with the creditors.

2) The Company accurately reports its complete financial status to creditors in accordance with the loan contract agreement and corporate governance principles.

### **3.7 Community, Society and the Environment**

The Company conducted its business with responsibility towards the community, society and the environment in regards to safety, quality of life, natural resource preservation and efficient energy use promotion. The Company was aware of the quality of life of the community and society around the Company. The Company gave back to the community and society by making contributions out of a portion of its profit. The Company was aware of business operations that could affect environment according to the following guidelines.

1) The Company considers options regarding the use of natural resources without impacting or having as little impact as possible on the environment, society, and quality of life.

2) The Company regularly contributes some profit to build society and the environment.

3) The Company earnestly creates a consistent awareness of social and environmental responsibilities among all employee levels.

4) The Company places an importance of business activities with business partners whose intentions regarding the environment, community and society are aligned with the Company.

5) The Company brings long and short term benefits to people in every level of society.

6) The Company joins and supports any activities that are aligned with the development policies for society and country. This includes campaign policies, prevention policies and promotion policies.

7) The Company gives accurate information that creates understanding and pays attention to the problems that affect the surrounding community in order to be able to immediately solve the problems. This builds a good foundation in which the Company and society can live together without creating any conflicts and bringing mutual benefits.

### **3.8 Privacy policy**

The Company has performed the privacy policy and guidelines to protect the security and prevent the use of personal information of website users under the Domain Name “\*.auct.co.th”, mobile application and document forms specified by the company with the intention of dishonest as details described in the Company’s privacy policy posted in the Company’s website.

### **3.9 Safety and health at the workplace**

The Company has appointed the safety, occupational health, and working environment committee and employed the safety officers to oversee, prevent and mitigate occupational accident

and to comply with the laws relevant to the occupational safety and the working safety standard for the Company.

During 2020, average sick leave rate of the employees was 5 working days and there was 1 occupational accident or injury at Rangsit Klong 8 Branch, but it did not have any impact to business operations of the Company.

### **3.10 Copyright and intellectual property policy**

The Company commits to comply with the copyright and intellectual property laws, for example, Thai Trademark Act, Thai Patent Act, and Thai Copyright Act, including other related laws. The Company shall provide the employees with the training course on intellectual property laws as well as promote their participation. The policy and guidelines details are described in the Company's copyright and intellectual property policy posted in the Company's website.

### **3.11 Anti –Corruption Policies**

The Company placed importance on anti-corruption measures which all sectors expected and determined to comply with these measures for concrete results. The Company specified the written anti-corruption policy, which consisted of practices, supervision, monitoring, and penalty clause. This policy and it which has been announced and enforced since 1 October 2016 has been publicized in the Company's website and reviewed continually. In addition, the Company also appointed the "Anti-corruption Working Group" to perform duty on assessment and planning on anti-corruption risk prevention guidelines, so that the directors, management and all employees at all levels realize about importance on business operations with integrity, transparency and verifiability.

### **3.12 Whistle-blowing**

The Company has measures to facilitate all stakeholders to lodge complaint with the Company via various channels to increase efficiency on facilitation of all stakeholders. Complaint can be lodged, and opinion can be expressed to the Company pursuant to the regulation on complaint acceptance and consideration process via the following channels:

|            |  |
|------------|--|
| Letter to: | The Audit Committee Secretary<br>Union Auction Public Company Limited<br>518/28 Soi Ramkhamhaeng 39 (Thepleela 1),<br>Wangthonglang sub-district, Wangthonglang district,<br>Bangkok 10310 |
| Website:   | <a href="http://www.auct.co.th">www.auct.co.th</a>   |
| Email.:    | <a href="mailto:audit_com@auct.co.th">audit_com@auct.co.th</a>   |
| Tel.:      | 0 2033 6555  |
| Fax.:      | 0 2935 6202  |

The employee can lodge complaint or propose a recommendation to the Board of Directors and the management directly via the Company's email.

After the secretary of the Audit Committee received the complaint, he/she will gather fact and report to the Audit Committee for investigation and determination of measure to settle the complaint issue, then report to the Chairman of the Board of Directors for acknowledgement. The Company has measure to protect the whistle blower who does not wish to expose him/herself to the public and will keep information received as confidential. The Company also has measure to protect the person who provides cooperation for investigation.

In 2020, the Company did not have any dispute with any stakeholder.

## **4. Disclosure and Transparency**

The Company acknowledges that the information disclosure of financial statements and general information need to be accurate, complete, timely and transparent in compliance with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The other significant information that may affect the price of the Company's securities which in turn impacts on the decision making of the Company's investors and stakeholders shall be published to and be accessible to by the Company's shareholders, investors and public via channels and media of SEC and SET as well as the Company's website; [www.auct.co.th](http://www.auct.co.th).

### **4.1 Financial Report**

The Board of Directors is responsible for the Company's financial statement and information published in the annual financial statement. Such financial statements are arranged according to the generally accepted standard accounting in Thailand that is suitable and consistent. The information in financial statement shall be disclosed at sufficient level. Audit Committee shall review and audit the quality of the financial report and internal control system, including the significant information disclosure sufficiently.

### **4.2 Director's Transaction**

- 1) The Company has the policy that Directors reveal every report of share buying and selling and the securities holding of the company.
- 2) The Company has the policy that Directors have to report their conflict of interest to the Chairman of the Board and Chairman of the Audit Committee.
- 3) The Company has the policy that the report of significant transaction needs to agree by the Audit Committee and approved by the Board of Directors.

### **4.3 Disclosure Policy**

The Company realizes the significance of management and business undertakings in accordance with the Corporate Governance Principles. The Company would not provide special treatment to any shareholders. All shareholders have equitable right to access the Company's information

in accordance to the Equitable Disclosure of Information Policy and have sufficient information through the Company's disclosing channel. To promote information disclosure, which is accurate, complete, transparent and equitable, in compliance with the regulatory requirements, the Company deems it appropriate to formulate the Company Disclosure Policy for pursuance by directors and management as follows;

**1) Authorized Spokespersons**

Chief Executive Officer, Managing Director and Deputy Managing Director have authority to consider and make decisions on content of significant information for public disclosure. Anyone of them shall be able to disclose information by himself / herself or assign relevant parties to handle this task.

**2) Dissemination of Information**

- The Company information shall be accurate, transparent, equitable, reliable, straightforward, clear, easy and punctual.
- The disclosure of information in any regulatory report requirements shall meet the deadline and frequency as specified by laws or government agencies, classified by types of information.
- Information that influences the price of the Company stock or affects investment decisions or affects shareholders' benefits, shall be disclosed after submission to the Stock Exchange of Thailand (SET)
- The Company would communicate information to investors, analysts, relevant investing parties, and shareholders through communicating agents appointed by the Company with the investor relations acts as the main coordinator.

**3) Prohibited Activities and Remedial Actions**

There shall be prohibition of release of confidential business information or information that may lead to loss of benefits and competitiveness or information on pending negotiations or information based on exaggerated projections and/or irrational promotion. Improper wording or styles of presentation that may misdirect the price movement of the Company stock shall be avoided.

In case where there are disclosures of information which is inaccurate, erroneous, deviated from facts or under misinterpretation or mistranslation in any significant way, Chief Executive Officer, Managing Director and Deputy Managing Director shall clarify all facts for correct understanding immediately.

**4) Management of Leaks of information or Rumors**

In any significant events, when there are news reports deviating from the facts pertaining to the Company or reports with reference to inaccurate information or leaks of significant information to a third party or untimely disclosure of information, which may lead to rumors that affect the stock price and/or performance of the Company, either positively or negatively, Chief Executive Officer, Managing Director and Deputy Managing Director shall report all significant information and facts to the Stock Exchange of Thailand for the correct understanding immediately.



## **5) Protection against Abuse of Inside Information Access to Company's Information**

- The management and the employee whose works involved with the information which has not yet been disclosed to the public shall have duty to keep confidential of such information.
- Prohibited executives and personnel with insider information, including investor-relation personnel, to use the information for benefits of oneself and/or others, which is equivalent to take advantage of other shareholders, such as insider trading, and to trade within one (1) month prior to disclosing of financial statement or other relevant information until the Company discloses the information to SET.
- Avoid providing information related to operations impacting share price or leading to benefits for specific individual during the Quiet Period, or the preparation period of financial statements to SET which is one (1) month prior to the official disclosure through SET's communicating channel. As an exception, when an issue or situation leads to incorrect financial information on the operating results, leading to misunderstanding of the person who uses the information, the Company would display the information to SET.

### **4.4 Internal Control of Information**

The Company has policy and control on how directors, executives and employees use inside information that is not publicly disclosed and stock trading for their own benefits as follows:

- 1) The Company has provided the information to the directors and executives about their duties to report their own, spouses' and immature children's holding of the Company's securities to the Securities and Exchange Commission according to section 59 and the penalty to section 275 of the Securities and Exchange Act of B.E. 2535.
- 2) The Company requires the directors and executives to report their new holding or their exchanged holding of the Company's stock to SEC according within 3 working days from the transaction day.
- 3) The Company has policy that directors, executives and employees in the functions related to the inside information, which can influence the stock price change hold their trade of the Company's shares for at least 30 days prior to the disclosure of financial statements or inside information and should wait for at least 24 hours after the disclosure. The inside information is also prohibited to be disclosed to other persons.

Should there be any insider trading breaching the rule, the Company has identified the disciplinary penalty based on the nature of offense, the intention of the act and the critical degree. It starts from the written warning, wage deduction, suspension without pay or expulsion.

#### 4.5 Channels of Communication

The Board of Directors authorizes the Company's Management team to be in charge of the communications and the disclosure of information that is accurate, complete and timely to investors and other relevant groups via various channels, such as brochure, newspaper, radio, television, meeting, press conference, website, email. The investor relations department is responsible for such matter. Investor Relations contact is as follows;

Investor Relations Department

Union Auction Public Company Limited

518/28 Soi Ramkhamhaeng 39 (Thepleela 1),

Wangthonglang sub-district, Wangthonglang district, Bangkok 10310

Website: [www.auct.co.th](http://www.auct.co.th)

Email: [investor@auct.co.th](mailto:investor@auct.co.th)

Tel.: 0 2033 6555

Fax.: 0 2935 6202

In 2020, the Company disseminates and communicates information to investors, analysts, and shareholders as follows:

1. Participate in "Opportunity Day" event arranged by the Stock Exchange of Thailand.
2. Arranging the Company Visit for Thai Value Investor Association and analysts from various institutions.
3. Participate in "Finansia Corporate Day" event arranged by Finansia Syrus Securities Public Company Limited.
4. Participate in "Listed companies meet investment advisers" event arranged by Phillip Securities (Thailand) Public Company Limited.
5. Interview various programs via online media: Money Talk and NICHE business penetration program, strong growth in 2H20 organized by SCB Securities Company Limited.

### 5. Responsibilities of the Board of Directors

#### ● Board of Directors' Structure

The Board of Directors consists of persons with knowledge, expertise and experience beneficial to the business and committed to conduct the efficient administration for the quality growth and sustainability of the business. The business administration focuses on ethics and utmost benefits for shareholders. The Board of Directors identifies the policy, vision, mission, objectives and supervises the executive team to align with such policy in compliance with the law, regulations and resolutions of the shareholder meeting with responsibility, caution, honestly, transparency according to the good corporate governance.

The Company has the policy on restriction on holding of director position where each director can hold director position not more than 5 listed companies. The Company's directors have no position on other companies not exceeding 5 listed companies.

Currently, the Company's Board of Directors consists of 8 directors, three of which are independent directors who shall bring balance to the vote on any cases in compliance with the regulations of SEC and SET.

The Company also appointed 4 sub-committees which are Audit committee, Nomination and Remuneration committee, Risk Management Committee and Executive Committee to operate on the specific cases and preliminary review before proposed to the Board of Directors for approval or acknowledgement within the assigned authority extent.

- **The separation of roles and responsibilities**

The Company has segregated the roles and responsibilities of the Board of Directors and the Executives. The Board of Directors identifies the policy and supervises the Executives to perform according to the policy while the Executives administrate the Company in all functions to operate according to the policy. So the Chairman of the Board and Chief Executive Officer shall not be the same person. Both of them have to be selected by the Board of Director as the most qualified candidates.

The Chairman will perform duty as the chairman of the Board of Directors' meeting, encourage all directors to express their opinion in the meeting and supervise for effective arrangement of the Board of Directors' meeting and the shareholders' meeting.

The Chief Executive Officer will perform duty and manage the works in accordance with objectives, regulations, policies, rules, requirements, orders and resolutions of the meetings of the Board of Directors, the Executive Board, and the shareholders' meeting of the Company, as well as prepare business policy, work plan, target, budget and other management works within the Company.

- **Business Ethics**

The Company has set up the Code of Business Ethics for Board of Directors, Executives and employees as the guidelines for their practices to accomplish the Company's mission with honesty and ethics. They include the practices towards the Company, all stakeholders, public and society based on working principles under the law regulations and contracts with partners. The monitoring system has also been set up.

- **Conflict of Interest**

The Board of Directors shall consider the report done between any persons who have conflicts of interest carefully and reasonably. The Board of Directors has set up the policy on the conflicts of interest transactions based on the principle that any decisions on business transactions must be made at the same standard as a person of ordinary prudence, shall do with general partner, with no influence on trading negotiation from the executive director status or any related persons. All

transactions shall be conducted with respects to the highest interests of the Company only. Any actions that may lead to conflicts of interest must be avoided. The person who is relevant to or connected with the case to be considered is obliged to acknowledge the Company on his/her relationship to or connection with such matter. He/she is not permitted to join the party which judges the case and does not have the approval authority in such particular transactions.

The Audit Committee shall report to the Board of Directors the connected transactions and the transactions containing conflicts of interest that have been carefully considered and been in compliance with the regulations of SET and/or SEC. Such information shall be disclosed in the financial statements, the annual report and the annual registration statement (form 56-1).

In 2020, the company had no related parties transactions.

- **Internal Control System**

The Company realizes the importance of the internal control system in both executive and operation levels. In order to control the shareholders' capital and the Company's assets, the Company has set up the operational guidelines to increase the efficiency of the internal control system. These guidelines become the operational policy and identify the duties and operational power of the operators and the executives in writing. The duties of operators, supervisors and assessors are segregated. The policy also controls the Company's assets deployment to maximize its benefits.

The Company appointed the Audit Committee to review that the internal control system and the internal audit are appropriate and efficient for the business, and the assets are efficiently deployed. In order to prevent the potential damage or fraud. The Company shall outsource the internal auditor to observe and monitor the internal control system and review the significant matters consistently. He/she shall coordinate with the Company's internal audit function and report to Audit Committee on the sufficiency and efficiency of the internal control system that covers the operations and compliance control, risk management and the significance given to the abnormal issues. The suggestions to improve the internal control system shall be provided in order to assure that the Company has the efficient system and supports the credibility to the Company's financial statement.

- **Risk Management**

The Company has the risk management committee to consider and set up the direction to prevent the risks from internal and external factors that can cause the damages to the Company. To ensure that the risk management system is efficient and comprehensive throughout the organization.

- **Report of Committee**

The Audit Committee shall review the financial statement with the Accounting and Finance department and accounting auditor. The financial statements shall be reported to the Board of Directors on the quarterly basis. The Board of Directors is responsible for the Company's financial statements and information (report the committee's responsibility for financial statements) appeared in the annual report. Such financial statements are prepared in accordance with generally accepted

accounting principles and are audited by the Company's auditors. The disclosure of significant information, both financial and non-financial information, is based on the complete and consistent facts.

- **Board Meeting**

The Company sets a schedule for the board of directors meeting and the sub-committees all year in advance and sets up the regular board meeting every 3 month. The extraordinary meeting shall be called upon if necessary with clear agenda. The relevant documents must be delivered to the board at least 7 days in advance so that the board can have sufficient time to study the information before the meeting, except for any emergency cases.

The Chairman of Board, Chief Executive Officer and Managing Director shall identify the meeting agenda together and consider the issues to be conducted in the Board meeting. Each director shall have opportunity to propose the issues to be considered for the meeting agenda.

The Chairman of the board who is also a chairman of the meeting shall provide opportunities to directors to express their opinions independently. In some meetings, the top management may attend the meeting as relevant in order to provide the detail information that can be useful and to acknowledge the policy directly in order to cascade to the operations efficiently. The resolutions of the meeting rely on the majority vote. One director has one vote. The directors who are also stakeholders shall not attend the meeting and/or not vote in that matter. If the votes are tied, the chairman of the meeting shall give one more votes as the casting vote. The passing of the Board's resolution for each Board of Directors' meeting requires the presence of at least two-third (2/3) of the total number of directors. The Company Secretary takes minutes of the meeting.

- **Term in Position**

According to the Company's articles of associations in the annual general meeting, one third of the directors shall retire from the committee. If the number of directors cannot be divided in full three parts, it can be the closest rounded number. The list of the one third retired directors in the first and second year after the company registration shall be selected by casting lots. After that, the directors who have held the position for the longest of time shall retire. The directors who retire from office by rotation can be re-elected.

- **Director and Executives Remuneration**

The Company has remuneration policy for directors and executives motivation. The Nomination and Remuneration committee shall set the rate based on the Company's business performance and in line with the same type of business/ industry and suitable for each director/ executive role and responsibility. The Company shall set the rate of remuneration to be competitive in the same industry in order to sustain the quality executives. The executives who are assigned for additional roles and responsibilities shall receive additional remuneration. The remuneration for directors

is transparent and approved by the shareholder meeting. The remuneration for executive directors shall be disclosed in compliance with the SEC's regulations.

- **Director and Executive Development**

The Company has a policy to encourage and support the directors and the executive to attend the seminar and training courses constantly for improvement and for better efficient operations, such as courses arranged by the Thai Institute of Directors (IOD), the Office of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), Thai Listed Companies Association, Thai Investors Association, or other independent organizations, etc.

In 2020, the directors and executives attended seminars as follows:

All Executives

- SMART KPIs for position arranged by Dr. Arporn Phuwitayapan

Mrs. Anchalee Bhakkalin

- Key point that the bookkeeper must know when preparing accounts and the auditor's report arranged by Dharmniti Management Development Company Limited
- Update Financial Reporting Standards in 2020 arranged by Dharmniti Management Development Company Limited
- Update Tax Law 2020 and Tax benefits that bookkeepers must know arranged by Dharmniti Management Development Company Limited
- TFRSs Financial instruments: Using perspective and analyzing data through financial statements arranged by Federation of Accounting Professions, Under the Royal Patronage of his Majesty the King

- **Report**

1) The Board of Directors is responsible for financial statement report and general information report to shareholders and other investors and ensures. It is accurate, complete, transparent and has reasonable explanation with supporting figures in the aspect of the operation policy, future potential and the success and challenge of the business.

2) The Board of Directors understands and supports the compliance with the professional standard of auditing practice.

3) The Board of Directors reflects its responsibility in the financial report disclosure in the annual report, together with financial statement and auditor report include.

3.1) It is an action in compliance with the law that requires the Board of Directors to prepare the true and reasonable financial statement and operation performance in the previous.

3.2) It is responsible to manage to get the accurate and complete accounting data that is sufficient to maintain the company's assets and to reflect the concerned points in order to prevent the corruption or abnormal operation.



3.3) It is the confirmation that the Company follows the generally accepted accounting standards, exercises the proper accounting policy and consistently practices it, and uses its reasonable judgment on the financial statement preparation.

- **Succession Plan**

The Board of Directors assigned the Nomination & Remuneration Committee to prepare the succession plan and criteria of the director and top-level management positions to prepare readiness of personnel in the organization and to be assured that the Company will have knowledgeable and capable management who can take important position in the future including to prevent emergency which may impact to business operations.

- **Board self-assessment**

The Board of Directors sets the self-evaluation for the directors once a year which focuses on the performance based on the good corporate governance. The Board of Directors will review the result of director's performance for further improvement and development.

The assessment of the entire Board of Directors' performance is divided into 6 main topics in accordance with the guidelines of the Stock Exchange of Thailand. They consist of:

1. The structure and qualifications of the Board of Directors
2. The roles, duties and responsibilities of the Board of Directors
3. Board meetings
4. The duties of the directors
5. The relationship with the management
6. The self-development and executive development

The evaluation process is as follows:

1. Each committee evaluates the efficiency of the entire performance of the Board of Directors at least once a year.

2. The Nomination and Remuneration Committee proposes the evaluation results to the Nomination and Remuneration Committee to consider the evaluation results and the development guidelines for the improvements of the operational efficiency of the Board of Directors

3. The Nomination and Remuneration Committee proposes remuneration to the Board of Directors for the Board of Directors' Meeting. This was done by considering the evaluation of the Board of Directors and the Company's overall performance at an appropriate level and in accordance with the duties and responsibilities of the directors.

In addition, the Company has arranged for self-assessment of each director individually, and the assessment results will be used as guidelines for improvement and rectification of duties performed by the directors.



- **Evaluation of the Performance of Chief Executive Officer and Managing Director**

The Board of Directors arranges an evaluation of the performance of Chief Executive Officer and Managing Director on a yearly basis. Each member of the Nomination and Remuneration Committee is an appraiser. The assessments are divided into 3 main topics:

1. Performance
2. Management skills
3. Executive behavior

The Nomination and Remuneration Committee will propose the assessment results to the Board of Directors' Meeting for further acknowledgment.

- **Orientation for New Director**

The Board of Directors provides the orientation to all new directors before acting so that they know the expectation of their roles, duties and responsibilities, the company's policy and operational guideline for the corporate governance. They should understand the business nature and various operational aspects of the company. In 2020, there was no new director.

- **The Board and Executive Positions in other firms**

The Board of Directors the passed the resolution regarding the board and executive positions in other companies that they cannot take a position as a director or executive in other companies or businesses which can cause conflict of interests with the company. In case the director or top management has to hold position in other company, an approval from the Board of Directors must be granted first.

- **Contact with the Executives**

The Board of Directors support the top executives to attend the meetings with the board for present the information of their own area to the board meetings. The Board of Directors can get the information and comments directly from the responsible executives while the executives have opportunity to learn and understand the view point of the board.

Moreover, the Company sets up the meeting of the executive committee twice a month. In this session, the executive director will regularly follow up and share comments with top executives.

- **Producing of Stakeholding Report of Directors and Executives**

The Company specified that all directors and executives must prepare the report to disclose any interest they have or affect the Company to be used as fundamental information on supervision on interest at the director and top management level. The company secretary will have duty to collect, keep and submit a copy of report to the Chairman of the Board of Directors and the Chairman of Audit Committee pursuant to Section 89/15 and Section 89/16 of the Securities and

Exchange Act B.E. 2535 for inspection and supervision on conflict of interest. In addition, the director and the executive are obligated to submit the report every time when there is a change of information.

- **Producing of Changes in Investment Holdings Report**

For internal control, the Company requires that its directors and executives, including their spouses and children under the legal age, when their investment holdings of Union Auction Public Co. Ltd. change, must inform the Company, report the changes to the Securities Exchange Commission Thailand and the Stock Exchange of Thailand (SET), as required by Clause 59 and of the Securities and Exchange ACT B.E. 2535, within three (3) days starting from the date of buying, selling, or transferring, and be responsible to report buying, selling, and holding of the Company's shares during the following Board Meeting. Every quarter, the Company Secretary would create a letter prohibiting directors or divisions with insider information from disclosing the information to external personnel or those unrelated and inform the period of not trading the Company's shares at least 30 days, prior to financial statements being disclosed to the public, and waiting for 24 hours after that, in order to prevent inappropriate use of insider information.

- **Nomination of Directors, independent directors and Executives**

- **Nomination of Independent Directors**

The Company has the policy to select the independent directors based on the following qualifications according to the criteria of the SEC as follows;

- 1) Holding no more than 1 % of total voting shares including the shareholding of persons related to the independent directors
- 2) Not currently be or never been the company's executive director, worker, employee, salaried consultant, or controlling parties. Exception: It has been at least two years after the person has held the position.
- 3) Not by blood or legally registered with other directors, executives, major shareholders, controlling parties, or persons who will be nominated as directors, executives, or controlling parties of the company or subsidiary.
- 4) Not currently having or never had any relations with the company in the way that such relation may impede the person from having independent views. Also, the person should not currently be or never be a significant shareholder or controlling person for persons having business relations with the company. Exception: It has been at least two years after the person has held the position. In this regard, the business relationship shall include items under the Notification of the Capital Market Supervisory Board No. Tor Jor. 28/2551: requesting permission and granting permission to offer newly issued shares.
- 5) Not currently being or never been the company's auditor. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current auditor's auditing firm. Exception: It has been at least two years after the person has held the position.

6) Not currently be providing or never provided professional services, legal consulting, nor financial consulting services to the Company with a fee more than THB 2 million per year\*. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current service providers. Exception: It has been at least two years after the person has held the position.

7) Not currently a director appointed to represent the company's directors, major shareholders, or the shareholder related to major shareholder.

8) Not currently be operating under similar business nature and significant competition to the company or subsidiary; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating under similar business nature and significant competition to the company and subsidiary.

9) Not under any conditions that may impede the person from having independent views towards the Company's operations.

10) Not being a director assigned by the Board of Directors to make decisions on the operations of the Company, parent company, subsidiary, affiliated company, same-level subsidiary, major shareholder or the controlling persons of the Company.

11) Not being a director of the parent company, subsidiary or same-level subsidiary that is a listed company.

In addition, at least 1 independent director who is a member of the Audit Committee must have sufficient knowledge and experience in accounting or finance to be able to perform the duties of reviewing the credibility of the financial statements. The Company shall consider other qualifications including business experience, specialization related to business, and ethics, etc.

The criteria and procedures of the appointment of the Audit Committee is the same as the criteria and procedures for the appointment of the Company's directors. The Audit Committee member who has retired by rotation may be appointed to be re-appointed. In the case that the position of the Audit Committee becomes vacant for any other reason other than the expiration of the term. The Board of Directors shall appoint a qualified person to be on the Audit Committee in order for the Audit Committee to have a complete number of directors as specified by the Board of Directors. The person who is the replacement director will hold the position for the remainder of the term of the Audit Committee member which was replaced only.

#### **- Nomination of Directors**

The Nomination and Remuneration Committee shall nominate the candidates of directors who comply with the section 68 of Public Company Limited Act B.E. 2535 and the Securities and Exchange Commission Act or the Capital Market Commission Act relevant to the business. Other qualifications in other aspects shall also be taken into account, such as knowledge, expertise and experience relevant to the business itself and the benefits of the business.

The Nomination and Remuneration is responsible for nominating individuals qualified to be the Company's directors and propose for an appointment to the Board of Directors to fill the vacancy for reasons other than retirement by rotation or propose to the Shareholders' Meeting for further consideration. Shareholders of the Company also have the opportunity to nominate qualified individuals for election as directors in advance according to the rules prescribed by the Company.

**- Nomination of Executive Board**

The Board of Directors appoints the Executive Board by selecting from directors or top executives of the Company who have capability to administrate the normal business operation and administration of the Company. They shall also be able to set up the policy, business plan, budget, administrative structure and examine and monitor the operations to be in line with the company's policy.

**- Nomination of Executives**

The Board of Directors and/or authorized persons from Board of Directors shall consider and appoint the Executives from the staff who have experience, knowledge and expertise in relevant fields.

● **Audit Fees**

At the end of accounting period of 31 December 2020, the Company paid the audit fees to EY Office Company Limited for 2.15 million Baht and no any other service fees.

## Shareholding of the Directors and Executives

The summary of change in shares holding of directors and executives in 2020 is as follows:

| Name   | As of<br>23 Jan 2020 | Acquired<br>during the<br>year | Dispose<br>during the<br>year | As of<br>31 Dec 2020 | %<br>(Total shares 550<br>million shares) |
|--|----------------------|--------------------------------|-------------------------------|----------------------|---|
| 1. Assoc. Prof. Dr. Pailboon Sareewiwatthana <sup>/1</sup><br>Chairman of the Board of Directors                             | 7,200,000            | -                              | -                             | 7,200,000            | 1.31                                      |
| 2. Assoc. Prof. Dr. Sauwanee Thairungroj<br>Independent Director /<br>Chairman of Audit Committee                            | -                    | -                              | -                             | -                    | -   |
| 3. Assoc. Prof. Dr. Montree Socratyanurak<br>Independent Director /<br>Member of Audit Committee                             | -                    | -                              | -                             | -                    | -   |
| 4. Mrs. Wilaiwan Srisamrual<br>Independent Director /<br>Member of Audit Committee   | -                    | -                              | -                             | -                    | -   |
| 5. Mr. Thepthai Sila <sup>/2</sup><br>Director / Chairman of Executive<br>Committee  | 19,108,200           | -                              | -                             | 19,108,200           | 3.47                                      |
| 6. Mr. Sarawut Charuchinda<br>Director / Member of Executive<br>Committee  | -                    | -                              | -                             | -                    | -   |
| 7. Mr. Suvit Yoadjarust<br>Director / Chief Executive Officer  | 3,616,200            | -                              | -                             | 3,616,200            | 0.66                                      |
| 8. Mr. Varunyoo Sila<br>Director / Managing Director   | 8,100,000            | -                              | -                             | 8,100,000            | 1.47                                      |
| 9. Mr. Weidt Nuchjalearn<br>Member of Executive Committee  | -                    | -                              | -                             | -                    | -   |
| 10. Mrs. Anchalee Bhakkalin<br>Member of Executive Committee /<br>Deputy Managing Director,<br>Accounting & Finance Division | -                    | -                              | -                             | -                    | -   |
| 11. Mr. Sutee Samathi<br>Deputy Managing Director,<br>Business Development & Marketing<br>Division                           | 168,100              | 235,000                        | 243,000                       | 160,100              | 0.03                                      |
| 12. Mr. Kriangsak Dhammaraksa<br>Deputy Managing Director,<br>IT System Development Division                                 | 102,800              | 397,800                        | 441,100                       | 59,500               | 0.01                                      |
| 13. Ms. Poonsilp Kaewchamnon<br>Deputy Managing Director,<br>Office of the Directors and Quality<br>Enhancement Division     | 10,000               | -                              | 5,000                         | 5,000                | 0.001                                     |
| <b>Total</b>   | <b>38,305,300</b>    | <b>632,800</b>                 | <b>689,100</b>                | <b>38,249,000</b>    | <b>6.95</b>                               |

Note :

<sup>/1</sup> Spouse included 6,700,000 shares

<sup>/2</sup> Spouse included 5,000,000 shares

# Corporate Social Responsibility



Union Auction Public Co., Ltd. aim to develop sustainability to our business to ensure short and long-term benefit of its stakeholders, mutual and consistent growth of business partners or alliances with the Company, and well-being of the community and society.

To enhance business's growth together with the stakeholders, the Company realizes the importance of promoting creating of shared value and social responsibility by its personnel; hence, sustainability development has been embedded as part of daily assignment, business operations, and organizational culture with clear director in strategies. However, the Company cares for results, implementations, customers, and personnel's development, creation of innovations and attaining and retaining of relationships with business partners by considering impacts from business operations to all stakeholders not only in terms of economics, community, and society but also environment in accordance to the following concept of building a sustainable organization:

## 1. Business Fairness

### 1.1 Fairness in business competition

The Company has policy to operate the business with transparency and open for the audit at all levels. The Company has no policy to take advantages on its competitors by playing unfair games, such as distorting the business information to make customers or trade counterparts misunderstand in order to make use of its advantages on competitors in the same type of business.

### 1.2 Fairness to trade counterparts

The Company has policy to do business honestly and to be responsible for every trade counterpart fairly. Every automobile of the Company's auction services is guaranteed for its engines and exterior condition. Trade counterparts include customers both buying from and selling to the Company through the auctions.

## 2. Human rights respect

### 2.1 Human rights respect for internal corporate

The Company respects the human rights and provides the equal treatment to every person in the corporate according to the working contract, regardless of gender, nationality, religion, or any others that could lead to the lack of unity or inequality. The Company also encourages the promotion for employees according to their individual capability regardless of other factors.

### 2.2 Human rights respect for external corporate

The Company maintains the respect to other parties related to its corporate. The treatment to trade counterparts or business partners shall not take the nationality, religion or other factors into consideration.

## 3. Fair Treatment to Employees

### 3.1 Equal employment

The Company has the regulations of the equal and fair employment following the employment contracts and does not discriminate the origin of employees or others, such as educational institution, etc. The Company hires the employees based on their educational degrees, qualifications that meet the requirement of each position. The contracted hiring rate complies with the generally accepted standard.

### 3.2 Convenience and safety in the work place

The Company has set the security system in the work place following the international standard and has provided the basic welfare for employees in the Company, such as drinking water, water closet, canteen, relaxing area, etc.

The Company in conjunction with Paolo Samutprakarn Hospital had conducted annual health check up for employees as well as publicized healthy news and activities to all employees. The news were focus on seasonal health protection and illness from the office environment i.e. office syndrome, diabetes, and high blood pressure, etc.

The Company provided welfare on group life and health insurance with Muang Thai Life Insurance Public Company Limited for the employees and the management of the Company. Group life insurance will provide coverage for loss of life due to injury or accident both within and outside working hours for 24 hours worldwide. Group health insurance will provide coverage for medical expenses as a result of illness or injury which is required to be treated or admitted as in-patient with recommendation of the physician.

### 3.3 Career Path

The Company realizes the importance of employee's career path in the Company. The promotion of each employee depends on his/her own potential. The Company encourages the employees to attend the training course to develop their potential and skills which, as a result, will



enhance their performance on their duties. The Company shall also consider and support the promotion of their career without obstruction or discrimination on each individual.

## 4. Responsibility for Consumers

### 4.1 Safety for trade counterparts

The Company has set the auction sites that are clean and safe for customers, both coming to sell and coming to buy the vehicles at the auction. The Company provides the waiting area in the air-conditioned room and the auction sites based on the convenience and safety of customers. The free drinks are of service along the auction process.

### 4.2 Product information

The Company prepares the information documents of each auctioned vehicle for the interested bidders. The Company is responsible for every vehicle that the bidder wins from the Company's auction, with the guarantee for the ownership transfer. If the bidder finds any problem on the ownership transfer, the Company shall accept the return of that vehicle.

## 5. Environment Conservation

### 5.1 Resource conservation for sustainability

The Company has campaign to encourage employees to reduce the usage of disposable materials that have the effect on environment, such as reduce electricity consumption by turn off the the light and air condition during lunch time, reduce the amount of paper used in the operations and the meetings, to replace by electronic mails, and also promote the efficient consumption of energy in the corporate.

### 5.2 Pollution Prevention

The Company intends to conserve the environment and prevent the pollution around the company by watering the vehicle storage facilities and the streets in and outside the Company's area to reduce the dust pollution. During the auction, the vehicles shall start the engines and keep them on as necessary only in order to reduce the pollution of exhausted gases and noise within the Company and neighborhood area.

## 6. Community and Social Development

### 6.1 Role in Labor Market

The Company has played the important role in the labor market of the country for more than twenty years in the auction business. The Company has strictly complied with the rules and regulations of the Ministry of Labor regarding the labor law in order to continuously support the community's growth and strength.

## 6.2 Contribution to the Community

The Company has arranged to have the police inspection points in the Company's area in order to prevent the potential dangers to the Company and the community in neighborhood area. The main objective is to encourage the well living together and safety of the community.

The Company maintained a clean environment in the Company's alley entrance to ensure cleanliness and safety. The Company worked alongside a Wangthonglang district agency and telecommunications companies to get rid of the vines wrapped around telephone lines and to keep power cables from dangling in order to ensure the safety of car users on roads in these areas.

## 6.3 Contributions to the Society

In 2020, the Company supported social participation activities as follows:

1. The Company realized importance of children and youth who will be the force of the country in the future, so the Company regularly provided budget on arrangement of the Children Day activities to Suraoladprow School every year.
2. During Covid-19 pandemic crisis situation, the Company gave away instant meal and drinking water to the local people living surrounding the Company, both at head office and Rangsit Klong 6 Branch to mitigate their troublesome caused by impact from Covid-19 pandemic.



3. The Company has coordinated with Thanyaburi District Office to give away rice, dried food and drinking water to the people in Thanyaburi District, Pathum Thani to relieve their worrisome caused by impact from Covid-19 pandemic.



4. The Company put emphasis on protection from Covid-19 pandemic, so it donated face masks and hand sanitizer gel, the important supplies to prevent spread of Covid-19 to the government agencies in the areas, so that the officers can use them for protection of themselves while performing duties and providing services to the general public who used services of such government

agencies areas. The Company also gave away face masks and hand sanitizer gel to the people in the surrounding communities closed to the Company.



5. The Company donated support fund to Emaratud-deen School for construction of new school building.



6. The Company supported the 2020 Rajamangala Volunteer Spirit Project by contributing fund for construction of the multi-purpose building to serve as the learning center at Baan Hunsai School, Aranyaprathet District, Sa Kaeo Province.

## **7. Business expertise appliance to the social organizations**

The Company has continuously applied the innovation and business expertise to the social organizations, such as the auction of the vehicles that belonged to the governmental agencies, and providing information and price statistics of various used car models to the Bank of Thailand for reference price which focused on the benefits of the governmental agencies and the social organizations.

## Internal Control

The Company placed a continuous emphasis on internal controls, realizing that internal controls are an important key to enabling the Company's business operations to achieve its goals efficiently and effectively. Implementing resource and property protections, reporting financial information and working in compliance with laws and regulations protect and reduce the risk of any acts that bring damage to the Company. The board of directors defined the roles and responsibilities of committee boards and executive management distinctly which included supervising to make sure they operated according to their roles and responsibilities. Corporate structure and line authority was clearly stated in order to have balance of power and have pertinent internal controls. The business goals and the Key Performance Indicators (KPI) were also stipulated in order to examine the effectiveness of the operations and regularly follow-up the business's performance compared to the Company's goals.

This included corporate governance policies, business ethics, the code of conduct for directors, executives and employees, anti-corruption policies, written policy of notification of clues and complainant protection. It included consistent support of employees to work in good conscience by providing annual employee training in order to conduct business with transparency and with fairness to all stakeholders. It monitored a follow up process, stipulated prominent penalties, reviewed and prepared operation manuals for each system in a written form in order to be used for operational guidelines. This enabled the business to be agile and systematic by considering the scope of roles, responsibilities and the appropriate internal control systems.

The board of the Company stipulated that the internal committee be responsible for the appropriate and effective supervision of the internal control systems, risk management systems and good corporate governance systems. The committee also monitored compliance to relevant laws and regulations, prevention of any conflicts of interest, preparation of connected transactions, care for and efficient use of any property in order to prevent any corruption or misconduct. The Company organized assessment processes and balances by appointing an outsourced independent internal audit and internal audit division to review and examine the efficiency and adequacy of the internal control systems. This included risk management and good corporate governance systems of business operations for every department in the Company. This was done by complying with the international standards of the internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and Enterprise Risk Management along with the regulations and guidelines of the Stock Market of Thailand and the Thai Institute of Directors. These were applied in internal controls, risk management and the monitoring and supervision in order to be more complete so that the Company is as efficient and effective as possible.



## **Risk Assessment**

The Company realized the importance of risk management which could affect business operations from both external and internal factors. In this regard, the Company appointed a risk management committee to be responsible to monitor and supervise Company risk in order to be aligned with the Company's acceptable target levels. Risk management policies were defined for everyone to follow. This was done by assessing and managing any risks from both external and internal factors. This covered risk from all areas such as operational strategies, finances, compliance with laws and regulations and any situation regarding corruption risk. The operational risk management group is responsible for reporting the results of the risk assessment to the board of directors and reviewing any changes to external and internal factors that could affect the corporation every year.

## **Control Activities**

The Company organized internal control measures that complied with the risks and business types by clearly allocating responsibilities for each position and organizing and reviewing manuals and operational procedures regularly to fit with corporate structure and present business operations. Especially in the area of critical risks to prevent and decrease mistakes in areas such as financial transactions, auctions, procurements and property care. The internal audit division reviewed the operational results in order to regularly align them with the rules and regulations and the operational manual. This ensured that the internal control system were sufficient, appropriate and effective. Information technology was also implemented to enable the business operations to be faster and more effective.

Moreover, the Company stipulated policies, rules and regulations concerning connected transactions follow the same direction. For example, major shareholders, directors, executives and relevant people were to be accurate, transparent and fair and consider the Company's greatest benefit in regards to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

## **Information and Communication**

The Company paid attention to information technology and communication systems for the collection of information, evaluation of information and the saving and follow up of information in order to provide significant information, used for business decisions and management, that is accurate, sufficient, timely for directors, executives, employee, shareholders, customers and stakeholders. The Company also stipulated a safety policy for information technology and using data.

The Company provided a communication channel so that both external and internal recipients could have access to the information quickly and conveniently. For example, an internet system was

used as a communication channel in order to broadcast information, policies, rules and regulations, manual and operational procedures and Company news. It was also used to receive information about corruption (whistle blowing) through various channels provided by the Company.

## Monitoring Activities

The board of directors organized a follow up and evaluation system for all aspects of the internal control system and risk management. For example, it was used to immediately solve problems which could significantly affect the Company's status and reputation in areas such as accounting and finance, operations, laws and regulations compliance, property care and fraud. The board of directors assigned an audit committee to monitor and review the internal audit system through an independent internal auditor and an internal audit division. They audited and evaluated the operation results in order to ensure that any information found in an inspection would be examined, reviewed and improved appropriately and immediately. In regards to financial accounting internal controls, certified auditors would make assessments and proposed the assessment results to the audit committee for regular quarterly and annual consideration. The assessment results from the certified auditors, outsourced independent internal auditors and the in-house internal audit division found no significant mistakes.

## Internal Audit

The internal audit committee supervised an authorized, outsourced, independent internal auditor and an in-house internal audit division. They performed their duties with confidence and gave a free and fair consultation regarding the assessment and evaluation of the sufficiency of the internal control systems. This covered the Company's operational processes and a report was given to the audit committee every quarter. They also followed up with the results regarding the improvement of operational processes appropriately and regularly especially in matters of significance and high risk. They acknowledged the report regarding unusual activities such as corruption, operational errors in order to find the causes and establish preventative measures so that no damages would reoccur and to ensure that the business operations of the Company's internal control systems were sufficient, appropriate and effective. Simultaneously, they managed risk so that risk was at an acceptable level for the Company and the risk was in line with good corporate governance of the Company so that the objectives of the Company's operations were achieved and they complied with the audit committee's charter, the internal auditor's ethical guidelines for business operations. They reviewed the operations to be appropriate every year.



# Connected Transactions

## Nature of the Connected Transactions

In the year 2020, the Company has significant transactions with related parties, who may have conflict of interest as follows:

1) In terms of management remuneration mainly comprised salary and bonus for management and directors who is the Company's shareholding as follows:

(Unit : Baht)

| Title                                  | 2020                 | 2019                 |
|--|----------------------|----------------------|
| Salaries and other short-term benefits | 22,249,349.00        | 22,151,561.60        |
| Retirement benefits                    | 366,313.13           | 251,203.62           |
| <b>Total</b>                           | <b>22,615,662.13</b> | <b>22,402,765.22</b> |

2) Transaction of assets acquisition/disposition with related parties  
- None -

## Needs and Reasons for connected transactions

The Company appointed the Audit Committee to provide consideration of related party transactions based on the needs for such transactions and the reasonable rate charged and to disclose the type and value of such transactions of the Company and individuals who may have conflicts of interest under the Act and regulations of the Securities and Exchange Commission and the Securities Exchange of Thailand's Act.

## Procedures of connected transaction approval

The Company has set the procedures to control related party transactions of individuals and corporates that may be stakeholders or have conflicts of interest in the future according to the Act of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee shall provide opinion on the needs of such transaction and its reasonable price based on the normal condition of trades in the market and price comparison with external cases. In the case that the Audit Committee does not have expertise on such case, the independent expert or the Company's accounting auditor will be appointed to give opinions to support the decision making of the Board of Directors and/or Audit Committee and/or shareholders. The individual who may have conflicts of interest or be stakeholder of the related party transaction shall not be entitled to vote for

the transaction approval. The Company shall also disclose the information of connected transactions, the significant purchase or sales of assets and the related party transactions of related individuals and corporates according to the regulations of SEC, SET and standard accounting principles of The Institute of Certified Accountants and Auditor of Thailand.

## **Policy and trend of future connected transactions**

The Company, its subsidiaries, its associates and related party transactions of related individuals and corporates may have a chance to conduct related party transactions with individuals who may have conflicts of interest in the future. In the case of normal business transaction and business support transaction under the normal trading condition, the Company states in the policy that such transactions shall comply with the normal conduct in the aspect of market price. The price comparison can be made against the external case that complies with the regulations approved by the Company's BOD and the Securities and Exchange Act. This shall be followed strictly and the price and conditions of the transactions shall be stated clearly, transparently and shall not cause any transfer of benefits.

In the case of new transactions or changes in price and conditions, the internal audit shall audit the information and report to the Audit Committee for the consideration on the reasonableness of price and transaction every quarter. In the case of normal business transaction or business support transaction without any trading condition and other related party transactions, the Company will follow the standard and procedures of related party transactions approval as stated above. The loan issued to related parties, such as major shareholders or the companies of major shareholders will not be granted in the future.

## **Guidelines of connected transaction disclosure audit**

In order for the Company to completely disclose the information of related party transaction which may have conflicts of interest, the Company has set the following guidelines:

1) Directors and executives shall inform the Company to acknowledge their shares holding and their executive positions in other companies. Such information is now kept at the Company Secretary. The Company also requested the executives and board of directors, should there be any change in their shares holding or positions in any companies, to inform the Company within 1 month after such change is effective.

2) The connected transactions shall be considered and approved according to the authority table before done.



# Report of the Audit Committee

To Shareholders  
Union Auction Public Company Limited

In 2020, the Audit Committee held 4 meetings. A summary of the operational work is as follows:

**1. Reviewed the Financial Reports:** The Audit Committee reviewed the important information of the Company's quarterly and annual financial statements together with the executives, the internal auditors, and certified auditors. The inquiries included significant accounting policies, changes over the past year, future impact that will occur, and significant non-ordinary transactions. The Audit Committee is of the opinion that the report on the Company's financial status and the operating results are accurate, complete, and reliable. The preparation of financial report was in accordance with the generally accepted accounting standards. There was sufficient disclosure in the financial statements and none of the transactions have a material effect on the financial statements. In addition, the Audit Committee has attended the meeting with the external auditor without participation of the management to discuss about material information and internal control system relevant to the preparation of accounting and financial report. Results found that the external auditor received good cooperation from the management, has independency on performing the works, possessed suitable and appropriated knowledge, experiences and auditing practices.

**2. Reviewed Connected Transactions or Conflicts of Interest Transactions:** The Audit Committee reviewed the connected transactions in compliance with the laws and regulations of the Stock Exchange of Thailand (SET) in regards to the disclosure of information and the practices of listed companies for connected transactions. In this regard, the Audit Committee found no transactions of any significance. The information was disclosed sufficiently and completely. The Audit Committee deemed that the Company performed the works as per general trading conditions with fairness and reasonableness and they did not lead to transfer of benefit and information has been adequately and completely disclosed.

**3. Reviewed the Risk Management System:** The Audit Committee reviewed and complied with the risk management policy of the Company to ensure that the Company had appropriate and effective risk management procedures which consisted of strategic risk, operational risk, financial risk, compliance risk and other risks. Internal & external factors, likelihood and impact have been assessed. Risk management plan has been prepared to prevent or mitigate potential impacts to the business operations in the acceptable level. The Risk Management Committee has been appointed by the Board of Directors to oversee the Company's risk management and the management was obligated to constantly report on progress of risk management. The Audit Committee has reviewed efficiency on risk management from the Company's performance report, audit findings of the internal auditor, and

the external auditor, hence, it can be confident that the Company can manage risks in acceptable level.

**4. Reviewed the Internal Control Systems and the Internal Audit:** The Audit Committee has reviewed the Company's internal control system pursuant to the practices of the Securities and Exchange Commission. According to the audit findings of the Internal Audit Office and the external auditor, no issue or weakness which may significantly affect the Company was found. The management continually improved and rectified issues as per recommended by the Audit Committee, the external auditor and the Internal Audit Office which signified that the Company placed importance to its internal control, and it could be confident that the Company has adequate internal control.

**5. Reviewed Good Corporate Governance and Compliance with Relevant Laws and Regulations:** The Audit Committee reviewed the Company's compliance with the corporate governance policy and the Code of Conduct of the Company which included the laws of the Stock Exchange of Thailand, the regulations of the SEC and SET, and other laws related to the business operations of the Company. In 2020, none of the Company's transactions were in violation of relevant laws and regulations.

**6. Reported Performance to the Board of Directors:** The Company opened a whistleblowing channel to report fraud, corruption, and any practices that violate the Code of Conduct through various communication channels. This includes sending emails and a Company hotline in accordance with the "Report of Misconduct and Protection of Complainants Policy".

**7. Considered the Appointment of Auditors for 2021:** The Audit Committee selected the auditors of the Company by considering the qualifications, independence of the auditors, expertise, experience, performance, and the scope of the inspection guidelines as well as appropriate remuneration. The Audit Committee deemed it appropriate to propose auditors from EY Office Limited to be the Company's auditors for the year 2021 to the Board of directors in order to be approved by the Shareholder's Meeting. The Company always complied with the Notification Tor Chor. 44/2556 regarding the rotation of auditors when considering the approval of the Company's auditors.

In conclusion, in 2020, the Audit Committee has performed duties completely pursuant to its scope of authority, duty and responsibility as per approved by the Board of Directors and has opinions that the Company has correct and reliable financial reporting and performance, suitable internal control system, internal audit and risk management and the Company also complied with the laws, regulations and obligations. Information on connected transactions has been correctly disclosed and its operations adequately complied with the governance system.



(Assoc. Prof. Dr. Sauwanee Thairungroj)  
Chairman of the Audit Committee

## Management Responsibility for the Financial Statements

The Board of Directors of Union Auction Public Company Limited is responsible for the Company's financial statements and the financial information as appeared in 2020 financial report. The financial statements were prepared according to the generally accepted accounting standard in Thailand. The appropriate accounting policy was selected and practiced regularly. The significant information disclosure in the notes of financial statements was sufficient, transparent and beneficial for shareholders and general investors.

The Board of Directors appointed the Audit Committee which comprises of highly qualified independent directors to audit the quality of financial statements and assess the internal control system. The directors' opinion is in the Audit Committee's report which is included in this annual report.

The Board of Directors has opinion that the Company's internal control system can create the confidence that the Company's financial statements correctly reflect the significant financial status and performance.



(Assoc. Prof. Dr. Paiboon Sareewiwatthana)  
Chairman of the Board



(Mr. Thepthai Sila)  
Chairman of the Executive Committee

## Key Financial Information

(Unit : Million Baht)

| Statement of Comprehensive Income              | Cost method   |               |               | Equity method |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2018          | 2019          | 2020          | 2018          | 2019          | 2020          |
| Revenue from services                          | 693.17        | 803.42        | 864.34        | 693.17        | 803.42        | 864.34        |
| Cost of services                               | 338.49        | 378.01        | 411.70        | 338.49        | 378.01        | 411.70        |
| <b>Gross profit</b>                            | <b>354.69</b> | <b>425.41</b> | <b>452.64</b> | <b>354.69</b> | <b>425.41</b> | <b>452.64</b> |
| Other income                                   | 5.01          | 9.16          | 4.74          | 5.01          | 9.16          | 4.74          |
| Selling and services expenses                  | 37.15         | 34.39         | 32.95         | 37.15         | 34.39         | 32.95         |
| Administrative expenses                        | 111.35        | 106.8         | 111.54        | 106.53        | 106.8         | 111.54        |
| <b>Operating profit</b>                        | <b>211.20</b> | <b>293.38</b> | <b>312.89</b> | <b>216.02</b> | <b>293.38</b> | <b>312.89</b> |
| Share of loss of investment in a joint venture | -             | -             | -             | 1.15          | -             | -             |
| Profit before finance costs and income tax     | 211.20        | 293.38        | 312.89        | 214.88        | 293.38        | 312.89        |
| Finance cost                                   | -             | -             | 21.66         | -             | -             | 21.66         |
| Profit before income tax expenses              | 211.20        | 293.38        | 291.23        | 214.88        | 293.38        | 291.23        |
| Income tax expenses                            | 44.41         | 59.14         | 63.26         | 44.41         | 59.14         | 63.26         |
| <b>Profit for the year</b>                     | <b>166.79</b> | <b>234.24</b> | <b>227.97</b> | <b>170.47</b> | <b>234.24</b> | <b>227.97</b> |
| Other comprehensive income:                    |               |               |               |               |               |               |
| Actuarial loss - net of income tax             | -             | -             | -2.51         | -             | -             | -2.51         |
| <b>Total comprehensive income for the year</b> | <b>166.79</b> | <b>234.24</b> | <b>225.46</b> | <b>170.47</b> | <b>234.24</b> | <b>225.46</b> |
| Net profit for the year attributable to:       |               |               |               |               |               |               |
| Owners of the parent                           | 166.79        | 234.24        | 227.97        | 170.47        | 234.24        | 227.97        |
| <b>Profit for the year</b>                     | <b>166.79</b> | <b>234.24</b> | <b>227.97</b> | <b>170.47</b> | <b>234.24</b> | <b>227.97</b> |
| <b>Earnings per share</b>                      | <b>0.30</b>   | <b>0.43</b>   | <b>0.41</b>   | <b>0.31</b>   | <b>0.43</b>   | <b>0.41</b>   |

(Unit: Million Baht)

| Statement of financial position    | Cost method |        |          | Equity method |        |
|------------------------------------|-------------|--------|----------|---------------|--------|
|                                    | 2018        | 2019   | 2020     | 2018          | 2019   |
| Total assets                       | 740.71      | 845.39 | 1,778.41 | 740.71        | 845.39 |
| Total liabilities                  | 265.21      | 328.11 | 1,272.14 | 265.21        | 328.11 |
| Total shareholders' equity         | 475.50      | 517.28 | 506.27   | 475.50        | 517.28 |
| Retained earnings - unappropriated | 140.25      | 182.03 | 171.02   | 140.25        | 182.03 |



## Financial Ratio

| Financial Ratio                      | Equity method |        |        |
|--------------------------------------|---------------|--------|--------|
|                                      | 2018          | 2019   | 2020   |
| <b>Liquidity Ratio</b>               |               |        |        |
| Current Ratio (Times)                | 2.07          | 2.03   | 1.39   |
| Cash flow Current Ratio (Times)      | 1.57          | 1.24   | 1.49   |
| Account Receivables Turnover (Times) | 8.40          | 6.55   | 6.64   |
| Average Collection Period (Day)      | 43.47         | 55.69  | 54.97  |
| Account Payable Turnover (Times)     | 2.35          | 1.75   | 1.33   |
| Average Payment Period (Day)         | 155.40        | 208.42 | 274.92 |
| <b>Profitability Ratio</b>           |               |        |        |
| Gross Profit Margin (%)              | 51.17         | 52.95  | 52.37  |
| Net Operating Profit Margin (%)      | 30.76         | 36.11  | 36.00  |
| Net Profit Margin (%)                | 24.41         | 28.83  | 26.23  |
| Return on equity (%)                 | 36.92         | 47.19  | 44.55  |
| <b>Efficiency Ratio</b>              |               |        |        |
| Return on Asset (%)                  | 31.98         | 37.00  | 23.85  |
| Return on Fixed Asset (%)            | 266.02        | 422.11 | 486.31 |
| Asset Turnover (Times)               | 1.04          | 1.02   | 0.66   |
| <b>Financial Ratio</b>               |               |        |        |
| Debt to Equity Ratio (Times)         | 0.56          | 0.63   | 2.51   |
| Commitment Coverage Ratio (Times)    | 1.49          | 1.18   | 1.51   |
| Payout Ratio (%)                     | 96.79         | 93.90  | 98.92  |
| <b>Other Ratios</b>                  |               |        |        |
| Book value per share (Baht)          | 0.86          | 0.94   | 0.92   |
| Earnings per share (Baht)            | 0.31          | 0.43   | 0.41   |
| Dividend per share (Baht)            | 0.30          | 0.40   | 0.43   |
| Par value per share (Baht)           | 0.25          | 0.25   | 0.25   |
| No. of shares (million shares)       | 550.00        | 550.00 | 550.00 |

# Management Discussion and Analysis

## Overview of Performance in 2020

During early of 2020, broad areas of new coronavirus (Covid-19) pandemic affected almost businesses and industries and it slowed down economies all over the world, including economic conditions of Thailand. Government of many countries imposed measures to prevent and suppress Covid-19 pandemic, such as, partial lockdown, and temporary suspension of some businesses. In addition, the Bank of Thailand's debt moratorium measure to assist the Covid-19 affected debtors led to lower number of vehicle for the auction for some certain periods. Nonetheless, the Company has prepared readiness to handle probability of adverse situations by focusing on enhancement of efficient online auction system to strengthen confidence of buyers and sellers, for fluidness of auction and payment processes, including overall operations, as well as public relations to reach the target customer groups to participate in online auction instead of onsite auction during the spread of Covid-19. Consequently, the Company's business operations had not been effected much, as it still has ability to generate income with good cash flow levels continually, and the new wave of pandemic during the end of Q4 of 2020 rarely impacted the Company because it has effective work systems and team works to cope with such situations.

Overall performance in 2020 was higher than the previous year with total revenue of 869.09 million Baht, an increase by 56.51 million Baht, or 7.0%. Operating profit increased by 19.51 million Baht, or 6.7% from the past year, while net profit decreased by 3.1%. In 2020, the Company's employees-related expenses had increased due to the rise of number of personnel and amount of working hours for managing the development of work systems to make them conform and support for online auction during Covid-19 pandemic period. Moreover, parking areas in upcountry have been enlarged to support for the continual rise of number of vehicles since the end of 2019, and onsite auction and auction periods have also increased constantly pursuant to the Company's potential. Additionally, in February 2020, the Company has been trusted to be the arranger of 5G spectrum license auction for 4 ranges, i.e. 700 MHz, 1800 MHz, 2600 MHz and 26 GHz, of which more information was disclosed in revenue from other auctions.

**The Company's performance in the year 2020 ended 31 December 2020** can be summarized as follows:

(Unit : Million Baht)

|                       | 2018   | 2019   | 2020   | Change      |             |
|-----------------------|--------|--------|--------|-------------|-------------|
|                       |        |        |        | % 2019/2018 | % 2020/2019 |
| Revenue from services | 693.17 | 803.42 | 864.34 | 15.91%      | 7.58%       |
| Gross profit          | 354.68 | 425.41 | 452.64 | 19.94%      | 6.40%       |
| Profit from operating | 216.02 | 293.38 | 312.89 | 35.81%      | 6.65%       |
| EBITDA                | 260.43 | 341.83 | 433.26 | 31.26%      | 26.89%      |
| Net profit            | 170.47 | 234.25 | 227.97 | 37.41%      | (2.68%)     |
| EBITDA ratio          | 37.28  | 42.07  | 49.85  | 4.78        | 7.83        |
| Net profit margin     | 24.41  | 28.83  | 26.23  | 4.41        | (2.60)      |

In 2020, the Company recorded net profit margin at 26.23%, a reduction from 28.83% in 2019, primarily due to the adoption of Thai Financial Reporting Standard 16 (“TFRS 16”): Lease since January 1, 2020. The Company recognized cumulative effect as an adjustment as at January 1, 2020, and information was not restated. Lease liabilities previously classified as operating leases have been recognized at the present value of the remaining lease payments, discounted by return rate of government bonds and credit rating of the Company (AAA). Hence, there incurred depreciation of right-of-use-assets and financial costs which were interests discounted from calculation of lease liabilities at the present value, without interest expenses. Right-of-use assets will be booked with amortization of right-of-use assets depreciation, instead of operating lease.

## Revenue from services

The Company’s revenue from services in the year 2020 was summarized as follows:

| Revenue from services        | 2017          |               | 2018          |               | 2019          |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                              | Million Baht  | %             | Million Baht  | %             | Million Baht  | %             |
| Auction - Cars & Motorcycles | 595.69        | 85.94         | 703.31        | 87.54         | 733.97        | 84.91         |
| Moving Income                | 76.25         | 11.00         | 86.24         | 10.73         | 99.58         | 11.52         |
| Other Auction Income         | 21.23         | 3.06          | 13.87         | 1.73          | 30.79         | 3.56          |
| <b>Total</b>                 | <b>693.17</b> | <b>100.00</b> | <b>803.42</b> | <b>100.00</b> | <b>864.34</b> | <b>100.00</b> |

Results from development and expansion of online-auction customer groups, by using E-Auction, under the name of “AUCT Live” system, ratio of total revenue from vehicle and motorcycles auctions increased constantly. At the same time, the Company improved the vehicle inspection processes continually to strengthen confidence and creditability of the vehicle auctioneers and undertook vehicle grading to facilitate the customers, so that they can be informed on conditions of the auctioned vehicle and can decide to auction via AUCT Live system, without having to travel to onsite auction. The Company also arranged for the financial institutes to support the customers who wish to request for credit for vehicle auction to increase buying capacity of the general customers.

In addition, the Mobile Application Auction “AUCT Friend” system allows customers to access vehicle information, median price information for each vehicle model, the Company information regarding auction schedules nationwide. This also has a vehicle search system and a notification system when vehicles have been put up for auction that meet requirements, as well as other information which is more convenient for customers.

## Other income

Other income is mainly derived from bank deposit interest. In 2020, the average deposit interest rate was between 0.25 - 0.70% per annum.

## Cost of Services

| Cost of Services   | 2018          |                | 2019          |                | 2020          |                |
|--|---------------|----------------|---------------|----------------|---------------|----------------|
|  | Million Baht  | % <sup>1</sup> | Million Baht  | % <sup>1</sup> | Million Baht  | % <sup>1</sup> |
| Vehicles Expenses <sup>2</sup>   | 97.09         | 14.01          | 112.47        | 14.00          | 116.36        | 13.46          |
| Salary and Employee Expenses   | 67.48         | 9.73           | 76.20         | 9.48           | 83.19         | 9.62           |
| Rental of Facilities and Equipment<br>Related to Auctions <sup>3</sup> | 57.11         | 8.24           | 63.79         | 7.94           | 3.77          | 0.44           |
| Depreciation/ Right of use (TFRS16)                                    | 34.59         | 4.99           | 37.90         | 4.72           | 105.47        | 12.20          |
| Cost of Holding Auctions <sup>4</sup>                                  | 39.27         | 5.67           | 42.07         | 5.24           | 41.09         | 4.75           |
| Security ExpensesOthers  | 21.05         | 3.04           | 23.37         | 2.91           | 23.94         | 2.77           |
|  | 21.90         | 3.16           | 22.21         | 2.71           | 37.88         | 4.38           |
| <b>Total</b>   | <b>338.49</b> | <b>48.83</b>   | <b>378.01</b> | <b>47.05</b>   | <b>411.70</b> | <b>47.63</b>   |

Note:

1. Percentage of service revenue
2. Vehicle expenses were wages paid to moving companies that transferred vehicles that were up for auction from storage facilities to other locations in order to wait for auction or be put up for auction.
3. The rental of facilities and equipment related to auctions was the rental of facilities that were used to store cars and motorcycles, and the rental of auction sites in Bangkok and other provinces. It also included equipment such as photocopiers, audio equipment, tents, etc.
4. The cost of holding auctions was expenses related to the cleaning of cars brought to auction, the filling of cars after they had been auctioned so that the auctioned car had enough fuel to be driven to a gas station, daily wages of auction employees, decorations for the auction site, etc.

Total cost of services for 2020 was 411.70 million Baht (2019: 378.01 million Baht), and ratio of revenue from services reduced to 47.63% (2019: 47.50 %). Cost of services included service fees for arrangement of 5G spectrum license auction, which accounted for 1.27% of revenue from auction. Business grew by 7.58%. Most of costs of services were expenses related to vehicles, as vehicle transportation fees have increased which conformed to the increased amount of vehicles transporting to the auction system. The accelerated expenses related to the employees were results from growing number of personnel to support for the growth of business and workload. The increased expenses related to premise locations was contributed to the parking areas expansion at Head Office, Udon Thani, Khon Kaen, and Rayong, hence right-of-use assets depreciation has increased.

## The cost of sales and services and administrative expenses

| Sales and services and administrative expenses | 2018          |              | 2019          |              | 2020          |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|
|  | Million Baht  | %            | Million Baht  | %            | Million Baht  | %            |
| Sales and services expenses                    | 37.15         | 5.36         | 34.39         | 4.28         | 32.95         | 3.81         |
| Administrative expense                         | 106.53        | 15.37        | 106.80        | 13.29        | 111.54        | 12.90        |
| <b>Total</b>                                   | <b>143.68</b> | <b>20.73</b> | <b>141.19</b> | <b>17.57</b> | <b>144.49</b> | <b>16.72</b> |

The cost of sales, services and administrative expenses for 2020 were 144.49 million Baht (2019: 141.19 million Baht), increased by 3.3 million Baht or 2.3% due to the cost of advertising and public relations, and organizing marketing activities through the increase of social media marketing communication in various forms.

## Profitability

(Unit : Million Baht)

|                                   | Cost Method  |       |              |       | Equity Method |       |              |       |
|-----------------------------------|--------------|-------|--------------|-------|---------------|-------|--------------|-------|
|                                   | 2017         |       | 2018         |       | 2017          |       | 2018         |       |
|                                   | Million Baht | %     | Million Baht | %     | Million Baht  | %     | Million Baht | %     |
| Gross Profit                      | 425.41       | 52.95 | 452.64       | 52.37 | 425.41        | 52.95 | 452.64       | 52.37 |
| Profit from Operations            | 293.38       | 36.52 | 312.90       | 36.20 | 293.38        | 36.52 | 312.90       | 36.20 |
| Net Profit                        | 234.25       | 29.16 | 227.99       | 26.38 | 234.25        | 29.16 | 227.99       | 26.38 |
| Comprehensive income for the year | 234.25       | 29.16 | 225.48       | 26.09 | 234.25        | 29.16 | 225.48       | 26.09 |

- In 2020, the Company's gross profit was 452.64 million Baht, an increase by 27.23 million Baht from the previous year, or representing 6.4%, due to the growth of successfully auctioned vehicles and effective cost management which made variable costs lower than the increased revenue. In addition, the Company raised vehicle operation fees since mid of August 2020, to make them in line with the situations by comparing with other service providers in the same industry.

- In 2020, operating profit increased by 19.51 million Baht, or 6.7% from 2019 due to the growth rate of service revenues of 7.6% as a result from higher volume of vehicles flowing into auction system, as well as efficient cost management of online auction, so increased rate of variable costs was lower than the increased revenue.

- In 2020, net profit was 227.97 million Baht, a decrease by 6.28 million Baht, or 2.7% from the year 2019, which was contributed to financial cost of lease. If such financial cost has not been included, net profit would be at 28.7%, slightly decreased when comparing with the year 2019, which recorded at 28.8%.

## Financial Analysis

(Unit : Millions Baht)

| Statement of Financial Position  | Cost Method |        |          | Equity Method |        |
|----------------------------------|-------------|--------|----------|---------------|--------|
|                                  | 2018        | 2019   | 2020     | 2017          | 2018   |
| Total Assets                     | 740.71      | 845.40 | 1,778.41 | 740.71        | 845.39 |
| Right-of-use assets              | -           | -      | 829.78   | -             | -      |
| Total Liability                  | 265.21      | 328.12 | 1,272.14 | 265.21        | 328.11 |
| Lease Liabilities                | -           | -      | 799.13   | -             | -      |
| Owners' Equity                   | 475.50      | 517.28 | 506.27   | 475.50        | 517.28 |
| Unappropriated Retained Earnings | 140.25      | 182.03 | 171.02   | 140.25        | 182.03 |

On January 1, 2020, operating lease was recognized as “right-of-use assets” and “lease liabilities”, measured at the present value of the operating lease payments to be made pursuant to the remaining lease term. Lease include lease of area, building and office from the lessor.

**Lease liabilities** will be booked as the present value of the remaining lease payments, discounted by the Company's borrowing interest rate. Lease liabilities will be decreased when lease payments have been paid at the agreed rate.

**Right-of-use assets** will be booked under “Assets” which include lease liabilities at the present value, lease compensation, advance payment of land rental, and amortization of right-of-use depreciation on a straight-line basis.

## Total Assets

In 2020, the Company's total assets equaled 1,778.41 million Baht according to the equity method (2019: 845.39 million Baht), increased by 933.02 million Baht or 110.4%. The major changes are as follows:

- Cash and cash equivalents increased by 124.67 million Baht, or accounting for 14.75% of total assets when compared with the year 2019. Auction buyers paid for purchased vehicles from auction during the long New Year holiday, thus there were a large amount of cash balance, so receivables of vehicles payment decreased from 2019, while payables of vehicle payment increased from 2019, pending for payment back to vehicle owners on due date, which was the next business day.
- Right-of-use assets under lease was 829.78 million Baht, or accounting for 46.66% of total assets.



- Trade and other receivables decreased by 8.84 million Baht, when compared with 2019, or accounting for 1.05% of total assets. Net improvement of property, plant and equipment increased by 33.58 million Baht, when compared with 2019, or accounting for 3.97% of total assets, which were the results of areas development of Head Office, Rangsit Branch and development of warehouse areas in upcountry.

## Total Liabilities

In 2020, the total of liabilities was 1,272.14 million Baht (2019: 328.12 million Baht), increased by 944.03 million Baht or 287.7 %. The major changes are as follows:

- Accounts payable and others payables increased by 137.83 million Baht from 42.01% of the 2019 total liabilities. Most of these were vehicle payables that needed to be repaid to owners which were due within 4-7 days from the auction date.

- Financial lease liabilities was 799.13 million Baht, caused by the adoption of IFRS 16: Lease in 2020.

- Other non-current liabilities increased by 8.07 million Baht from 2.46% of the 2019 total liabilities. Most of them were deposits from online members since after the development of the online auction and more customers were interested in membership registration in order to use the ACUT Live system especially during the Covid-19 epidemic situation.

## Owner's Equity

As of the end of the years between 2019 and 2020, the Company's equity equaled 517.28 million Baht and 506.27 million Baht (using the equity method), respectively. In 2019 and 2020, the Company had a total paid-up capital of 137.50 million Baht. The Company has always had profitable results. The owners' equity has decreased mainly reason is the payment of dividends to shareholders.

## Commitments and Contingent Liabilities as of December 31, 2019.

1. The Company had outstanding commitments with respect to service agreements totaling approximately 2 million Baht per month (2019: 2 million Baht per month).

2. The Company has entered into several long-term agreements to lease low-value assets. As at 31 December 2020, the Company had payment commitments under these lease agreements of 3 million Baht (2019: 4 million Baht).

3. As at 31 December 2020, there were outstanding bank guarantees issued by banks of 14 million Baht. These included letter of guarantee for electricity use in the amount of 0.42 million Baht and for contract performance used for auction bids in the amount of 13.58 million Baht.

4. As at 31 December 2020, the Company had an overdraft facility of Baht 92 million and letter of guarantee facilities totaling Baht 48 million from 6 financial institutions, which were for use in the Company's operations.

5. The Company has commitments to 263 non-related companies and 7 commercial banks under agreements related to its arrangement of auctions covering a period from May 2006 to March 2022. The Company is required to comply with significant terms in related agreements such as commission rates.

## Liquidity and Cash Flow Analysis

(Unit : Million Baht)

| Statement of cash flows  | 2018          | 2019         | 2020          |
|--|---------------|--------------|---------------|
| Profit from Operating Activities before Changes to Assets and Liability Operations | 259.11        | 340.03       | 430.45        |
| Net Cash Received (spent) on Operating Activities                                  | 258.32        | 301.02       | 534.06        |
| Net Cash Received (spent) on Investing Activities                                  | (48.32)       | (151.01)     | (109.35)      |
| Net Cash Received (spent) on Financing Activities                                  | (142.97)      | (192.46)     | (300.05)      |
| Net Increase (decrease) in Cash and Cash Equivalents                               | 67.03         | (42.46)      | 124.67        |
| <b>Cash and Cash Equivalents as of ending period</b>                               | <b>111.15</b> | <b>68.69</b> | <b>193.36</b> |

In 2018 - 2020, the Company's net cash flow is derived from (used in) operating activities in the amount of 258.32, 301.02 and 534.06 million Baht, respectively, with a tendency to continually increased. Changes in the Company's operating activities is due to an increase in net profit and is also due to changes in receivables and payables that were not due at the end of the period yet.

The Company has a net cash flow (used in) in investing activities in the year 2020 equal to 109.35 million Baht. Main reason was attributable to adoption of TFRS 16: Lease in 2020. Cash flow from investing activities and right-of-use assets payment of the Company was 50.64 million Baht. However, a change of such accounting standard did not have any impact to cash flow at all.

In 2020, the Company had net cash flows from (used in) financing activities that equaled 300.05 million baht, Most of them were dividend payment and financial lease liabilities payment amounting to 63.57 million Baht, which was shown in item 'net cash used in financing activities' as per IFRS 16: Lease adopted in 2020 from previously shown in "net cash used in operating activities".

Overall, the Company's cash flow mainly comes from operating activities during 2018 - 2019 has changed due to the Company had a net cash flow increased by 67.03 million Baht decreased by 42.46 million Baht and increased by 124.67 million Baht, respectively. As a result, the Company had cash and cash equivalents at the end of 2020 equaled 193.36 million Baht.

# Independent Auditor's Report

To the Shareholders of Union Auction Public Company Limited

## Opinion

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

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

## Basis for Opinion

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

## Key Audit Matter

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material

misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

## **Key audit matter and how audit procedures respond to this matter are described below.**

### *Recognition of revenue from service income*

Service income is significant accounting transaction as it represents material amounts in the financial statements and directly affects profit or loss of the Company. The major contribution of the Company's revenue is from the property auction broker service fees. The revenue recognition is in the form of service fees which come the administration fees from the buyers and service fee from property owners. The Company has several auction locations. In this regard, there is a risk related to the completeness and occurrence of recognition of revenue from service income. I therefore gave significant attention to the recognition of revenue from service income of the Company.

I have examined the recognition of revenue from service income of the Company by assessing and testing the Company's IT system and its internal controls with respect to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I have applied a sampling method to select service income transactions occurring during the year and near the end of the accounting period, to assess whether the recognition of revenue from service income was in compliance with the Company's policy. I have also reviewed credit notes that the Company issued after the period end and performed analytical procedures on disaggregated data to detect possible irregularities in service income transactions throughout the period, particularly for accounting entries made through journal vouchers.

## **Other matter**

The financial statements of Union Auction Public Company Limited as at and for the year ended 31 December 2019 were audited by another auditor who, under her report dated 28 February 2020, expressed an unmodified opinion on those financial statements.

## **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

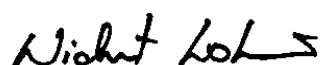
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and



other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

**EY Office Limited**

Bangkok: 25 February 2021



Union Auction Public Company Limited

# Statement of financial position

As at 31 December 2020

(Unit : Baht)

|  | Note | 2020   | 2019   |  |
|--|------|--|--|--|
|  |      | Financial statements<br>in which the cost<br>method is applied | Financial statements<br>in which the equity<br>method is applied | Financial statements<br>in which the cost<br>method is applied |
| <b>Assets</b>                                      |      |  |  |  |
| <b>Current assets</b>                              |      |  |  |  |
| Cash and cash equivalents                          | 9    | 193,359,716  | 68,691,538   | 68,691,538   |
| Short-term investment                              | 11   | -  | 320,273,099  | 320,273,099  |
| Trade and other receivables                        | 10   | 125,741,489  | 134,581,552  | 134,581,552  |
| Other current financial assets                     | 11   | 304,272,943  | -  | -  |
| Other current assets                               |      | 1,473,537  | 19,292,132   | 19,292,132   |
| <b>Total current assets</b>                        |      | <b>624,847,685</b>   | <b>542,838,321</b>   | <b>542,838,321</b>   |
| <b>Non-current assets</b>                          |      |  |  |  |
| Restricted bank deposits                           | 12   | 16,000,032   | 16,100,000   | 16,100,000   |
| Other non-current financial assets                 |      | 4,124,964  | -  | -  |
| Investment in joint venture                        | 13   | -  | -  | -  |
| Leasehold improvements, buildings<br>and equipment | 14   | 279,781,494  | 246,200,279  | 246,200,279  |
| Right-of-use assets                                | 18.1 | 829,782,826  | -  | -  |
| Intangible assets                                  | 15   | 5,106,736  | 3,456,042  | 3,456,042  |
| Deferred tax assets                                | 22   | 18,764,973   | 16,605,105   | 16,605,105   |
| Prepayment land leases                             |      | -  | 17,605,269   | 17,605,269   |
| Other non-current assets                           |      | -  | 2,590,143  | 2,590,143  |
| <b>Total non-current assets</b>                    |      | <b>1,153,561,025</b>   | <b>302,556,838</b>   | <b>302,556,838</b>   |
| <b>Total assets</b>                                |      | <b>1,778,408,710</b>   | <b>845,395,159</b>   | <b>845,395,159</b>   |
| <b>Liabilities and shareholders' equity</b>        |      |  |  |  |
| <b>Current liabilities</b>                         |      |  |  |  |
| Trade and other payables                           | 16   | 379,012,573  | 241,185,204  | 241,185,204  |
| Current portion of lease liabilities               | 18.2 | 48,880,582   | -  | -  |
| Income tax payable                                 |      | 21,545,546   | 26,432,965   | 26,432,965   |
| Other current liabilities                          |      | 336,611  | 276,103  | 276,103  |
| <b>Total current liabilities</b>                   |      | <b>449,775,312</b>   | <b>267,894,272</b>   | <b>267,894,272</b>   |

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



## Statement of financial position (continued)

As at 31 December 2020

(Unit : Baht)

|   | Note | 2020   | 2019   |  |
|---|------|--|--|--|
|   |      | Financial statements<br>in which the cost<br>method is applied | Financial statements<br>in which the equity<br>method is applied | Financial statements<br>in which the cost<br>method is applied |
| <b>Non-current liabilities</b>                    |      |  |  |  |
| Lease liabilities, net of current portion         | 18.2 | 750,249,501  | -  | -  |
| Provision for long-term employee benefits         | 19   | 14,902,018   | 11,076,627   | 11,076,627   |
| Other non-current financial liabilities           | 17   | 57,216,506   | -  | -  |
| Other non-current liabilities                     | 17   | -  | 49,144,124   | 49,144,124   |
| <b>Total non-current liabilities</b>              |      | 822,368,025  | 60,220,751   | 60,220,751   |
| <b>Total liabilities</b>                          |      | 1,272,143,337  | 328,115,023  | 328,115,023  |
| <b>Shareholders' equity</b>                       |      |  |  |  |
| Share capital                                     |      |  |  |  |
| Registered  |      |  |  |  |
| 550,000,000 ordinary shares of<br>Baht 0.25 each  |      | 137,500,000  | 137,500,000  | 137,500,000  |
| Issued and fully paid-up                          |      |  |  |  |
| 550,000,000 ordinary shares of<br>Baht 0.25 each  |      | 137,500,000  | 137,500,000  | 137,500,000  |
| Share premium                                     |      | 183,998,784  | 183,998,784  | 183,998,784  |
| Retained earnings                                 |      |  |  |  |
| Appropriated - statutory reserve                  | 20   | 13,750,000   | 13,750,000   | 13,750,000   |
| Unappropriated                                    |      | 171,016,589  | 182,031,352  | 182,031,352  |
| <b>Total shareholders' equity</b>                 |      | 506,265,373  | 517,280,136  | 517,280,136  |
| <b>Total liabilities and shareholders' equity</b> |      | 1,778,408,710  | 845,395,159  | 845,395,159  |
|   |      | -  | -  | -  |

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



Union Auction Public Company Limited

# Statement of comprehensive income

For the year ended 31 December 2020

(Unit : Baht)

|  | Note | Financial statements in which the equity method is applied |                    | Financial statements in which the cost method is applied |                    |
|--|------|--|--------------------|--|--------------------|
|  |      | 2020   | 2019               | 2020   | 2019               |
| <b>Profit or loss:</b>   |      |  |                    |  |                    |
| <b>Revenues</b>  |      |  |                    |  |                    |
| Revenue from services  |      | 864,339,671  | 803,416,371        | 864,339,671  | 803,416,371        |
| Other income   |      | 4,746,654  | 9,167,586          | 4,746,654  | 9,167,586          |
| <b>Total revenues</b>  |      | <u>869,086,325</u>   | <u>812,583,957</u> | <u>869,086,325</u>                                       | <u>812,583,957</u> |
| <b>Expenses</b>  |      |  |                    |  |                    |
| Cost of services   |      | 411,697,142  | 378,009,008        | 411,697,142  | 378,009,008        |
| Service expenses   |      | 32,951,148   | 34,386,616         | 32,951,148   | 34,386,616         |
| Administrative expenses  |      | 111,544,184  | 106,804,168        | 111,544,184  | 106,804,168        |
| <b>Total expenses</b>  |      | <u>556,192,474</u>   | <u>519,199,792</u> | <u>556,192,474</u>                                       | <u>519,199,792</u> |
| <b>Profit from operating activities</b>  |      | 312,893,851  | 293,384,165        | 312,893,851  | 293,384,165        |
| Finance cost   | 18.3 | (21,662,687)   | -                  | (21,662,687)   | -                  |
| <b>Profit before income tax expenses</b>   |      | 291,231,164  | 293,384,165        | 291,231,164  | 293,384,165        |
| Income tax expenses  | 22   | (63,262,635)   | (59,138,401)       | (63,262,635)   | (59,138,401)       |
| <b>Profit for the year</b>   |      | <u>227,968,529</u>   | <u>234,245,764</u> | <u>227,968,529</u>                                       | <u>234,245,764</u> |
| <b>Other comprehensive income:</b>   |      |  |                    |  |                    |
| <i>Item not to be reclassified to profit or loss in subsequent periods</i>                     |      |  |                    |  |                    |
| Actuarial loss - net of income tax   |      | (2,508,292)  | -                  | (2,508,292)  | -                  |
| <i>Item not to be reclassified to profit or loss in subsequent periods - net of income tax</i> |      | (2,508,292)  | -                  | (2,508,292)  | -                  |
| <b>Other comprehensive loss for the year</b>   |      | <u>(2,508,292)</u>   | <u>-</u>           | <u>(2,508,292)</u>                                       | <u>-</u>           |
| <b>Total comprehensive income for the year</b>   |      | <u>225,460,237</u>   | <u>234,245,764</u> | <u>225,460,237</u>                                       | <u>234,245,764</u> |
| <b>Earnings per share</b>  | 23   |  |                    |  |                    |
| Basic earnings per share   |      | 0.41   | 0.43               | 0.41   | 0.43               |

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



Union Auction Public Company Limited

# Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit : Baht)

|   | Financial statements in which the equity method is applied |                    |                                  |                    |                            |
|---|--|--------------------|----------------------------------|--------------------|----------------------------|
|   | Issued and paid-up share capital                           | Share premium      | Retained earnings                |                    | Total shareholders' equity |
|   |  |                    | Appropriated - statutory reserve | Unappropriated     |                            |
| <b>Balance as at 1 January 2019</b>     | 137,500,000  | 183,998,784        | 13,750,000                       | 140,250,393        | 475,499,177                |
| Profit for the year                     | -  | -                  | -                                | 234,245,764        | 234,245,764                |
| Other comprehensive income for the year | -  | -                  | -                                | -                  | -                          |
| Total comprehensive income for the year | -  | -                  | -                                | 234,245,764        | 234,245,764                |
| Dividend paid (Note 24)                 | -  | -                  | -                                | (192,464,805)      | (192,464,805)              |
| <b>Balance as at 31 December 2019</b>   | <u>137,500,000</u>   | <u>183,998,784</u> | <u>13,750,000</u>                | <u>182,031,352</u> | <u>517,280,136</u>         |
| <b>Balance as at 1 January 2020</b>     | 137,500,000  | 183,998,784        | 13,750,000                       | 182,031,352        | 517,280,136                |
| Profit for the year                     | -  | -                  | -                                | 227,968,529        | 227,968,529                |
| Other comprehensive loss for the year   | -  | -                  | -                                | (2,508,292)        | (2,508,292)                |
| Total comprehensive income for the year | -  | -                  | -                                | 225,460,237        | 225,460,237                |
| Dividend paid (Note 24)                 | -  | -                  | -                                | (236,475,000)      | (236,475,000)              |
| <b>Balance as at 31 December 2020</b>   | <u>137,500,000</u>   | <u>183,998,784</u> | <u>13,750,000</u>                | <u>171,016,589</u> | <u>506,265,373</u>         |

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



Union Auction Public Company Limited

# Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit : Baht)

|   | Financial statements in which the equity method is applied |                    |                                  |                    |                            |
|---|--|--------------------|----------------------------------|--------------------|----------------------------|
|   | Issued and paid-up share capital                           | Share premium      | Retained earnings                |                    | Total shareholders' equity |
|   |  |                    | Appropriated - statutory reserve | Unappropriated     |                            |
| <b>Balance as at 1 January 2019</b>     | 137,500,000  | 183,998,784        | 13,750,000                       | 140,250,393        | 475,499,177                |
| Profit for the year                     | -  | -                  | -                                | 234,245,764        | 234,245,764                |
| Other comprehensive income for the year | -  | -                  | -                                | -                  | -                          |
| Total comprehensive income for the year | -  | -                  | -                                | 234,245,764        | 234,245,764                |
| Dividend paid (Note 24)                 | -  | -                  | -                                | (192,464,805)      | (192,464,805)              |
| <b>Balance as at 31 December 2019</b>   | <u>137,500,000</u>   | <u>183,998,784</u> | <u>13,750,000</u>                | <u>182,031,352</u> | <u>517,280,136</u>         |
| <b>Balance as at 1 January 2020</b>     | 137,500,000  | 183,998,784        | 13,750,000                       | 182,031,352        | 517,280,136                |
| Profit for the year                     | -  | -                  | -                                | 227,968,529        | 227,968,529                |
| Other comprehensive loss for the year   | -  | -                  | -                                | (2,508,292)        | (2,508,292)                |
| Total comprehensive income for the year | -  | -                  | -                                | 225,460,237        | 225,460,237                |
| Dividend paid (Note 24)                 | -  | -                  | -                                | (236,475,000)      | (236,475,000)              |
| <b>Balance as at 31 December 2020</b>   | <u>137,500,000</u>   | <u>183,998,784</u> | <u>13,750,000</u>                | <u>171,016,589</u> | <u>506,265,373</u>         |

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





# Union Auction Public Company Limited

## Statement of cash flows

For the year ended 31 December 2020

(Unit : Baht)

|  | Financial statements in which the equity method is applied |                    | Financial statements in which the cost method is applied |                    |
|--|--|--------------------|--|--------------------|
|  | 2020   | 2019               | 2020   | 2019               |
| <b>Cash flows from operating activities</b>  |  |                    |  |                    |
| Profit before tax  | 291,231,164  | 293,384,165        | 291,231,164  | 293,384,165        |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: |  |                    |  |                    |
| Depreciation and amortisation  | 120,361,273  | 48,456,910         | 120,361,273  | 48,456,910         |
| Gain on disposal of equipment  | (559,473)  | (714,451)          | (559,473)  | (714,451)          |
| Equipment written off  | -  | 294,354            | -  | 294,354            |
| Gain on write off right of use assets  | (137,554)  | -                  | (137,554)  | -                  |
| Provision for long-term employee benefits  | 690,025  | 2,910,580          | 690,025  | 2,910,580          |
| Interest income  | (2,799,016)  | (4,303,099)        | (2,799,016)  | (4,303,099)        |
| Finance cost   | 21,662,687   | -                  | 21,662,687   | -                  |
| Profit from operating activities before changes in operating assets and liabilities                  | 430,449,106  | 340,028,459        | 430,449,106  | 340,028,459        |
| Operating assets (increase) decrease   |  |                    |  |                    |
| Trade and other receivables  | 8,637,726  | (39,082,330)       | 8,637,726  | (39,082,330)       |
| Other current assets   | (103,850)  | (3,195,768)        | (103,850)  | (3,195,768)        |
| Prepayment land lease  | -  | 3,256,230          | -  | 3,256,230          |
| Other non-current financial assets   | (1,534,821)  | -                  | (1,534,821)  | -                  |
| Other non-current assets   | -  | 3,474,237          | -  | 3,474,237          |
| Operating liabilities increase   |  |                    |  |                    |
| Trade and other payables   | 133,494,643  | 44,769,613         | 133,494,643  | 44,769,613         |
| Other current liabilities  | 60,508   | 120,491            | 60,508   | 120,491            |
| Other non-current financial liabilities  | 32,744,156   | -                  | 32,744,156   | -                  |
| Other non-current liabilities  | -  | 8,719,828          | -  | 8,719,828          |
| Cash flows from operating activities   | 603,747,468  | 358,090,760        | 603,747,468  | 358,090,760        |
| Cash paid for corporate income tax   | (69,682,849)   | (57,075,108)       | (69,682,849)   | (57,075,108)       |
| <b>Net cash flows from operating activities</b>  | <b>534,064,619</b>   | <b>301,015,652</b> | <b>534,064,619</b>                                       | <b>301,015,652</b> |

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



Union Auction Public Company Limited

# Statement of cash flows (continued)

For the year ended 31 December 2020

(Unit : Baht)

|  | Financial statements in which<br>the equity method is applied |                      | Financial statements in which<br>the cost method is applied |                      |
|--|---|----------------------|---|----------------------|
|  | 2020  | 2019                 | 2020  | 2019                 |
| <b>Cash flows from investing activities</b>  |   |                      |   |                      |
| Cash paid for other current financial assets   | (493,001,000)   | (193,984,060)        | (493,001,000)   | (193,984,060)        |
| Cash received from other current financial assets                                      | 509,001,156   | 99,972,865           | 509,001,156   | 99,972,865           |
| Decrease in restricted bank deposits   | 99,968  | -                    | 99,968  | -                    |
| Cash paid for purchases of leasehold improvements, buildings and equipment             | (76,366,801)  | (61,962,761)         | (76,366,801)  | (61,962,761)         |
| Interest received  | 3,001,353   | 4,157,657            | 3,001,353   | 4,157,657            |
| Proceeds from sales of equipment   | 837,274   | 1,704,207            | 837,274   | 1,704,207            |
| Cash paid for acquisition of right-of-use assets                                       | (50,637,193)  | -                    | (50,637,193)  | -                    |
| Cash paid for intangible assets  | (2,285,850)   | (898,850)            | (2,285,850)   | (898,850)            |
| <b>Net cash flows used in investing activities</b>                                     | <b>(109,351,093)</b>  | <b>(151,010,942)</b> | <b>(109,351,093)</b>  | <b>(151,010,942)</b> |
| <b>Cash flows from financing activities</b>  |   |                      |   |                      |
| Payment of lease liabilities   | (63,570,438)  | -                    | (63,570,438)  | -                    |
| Dividend paid  | (236,475,000)   | (192,464,805)        | (236,475,000)   | (192,464,805)        |
| <b>Net cash flows used in financing activities</b>                                     | <b>(300,045,348)</b>  | <b>(192,464,805)</b> | <b>(300,045,348)</b>  | <b>(192,464,805)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                            | <b>124,668,178</b>  | <b>(42,460,095)</b>  | <b>124,668,178</b>  | <b>(42,460,095)</b>  |
| Cash and cash equivalents at beginning of the year                                     | 68,691,538  | 111,151,633          | 68,691,538  | 111,151,633          |
| <b>Cash and cash equivalents at end of the year</b>                                    | <b>193,359,716</b>  | <b>68,691,538</b>    | <b>193,359,716</b>  | <b>68,691,538</b>    |
| <b>Supplementary disclosures of cash flows information</b>                             |   |                      |   |                      |
| Non-cash transactions  |   |                      |   |                      |
| Acquisitions of leasehold improvement, buildings and equipment that have not been paid | 4,332,727   | 282,894              | 4,332,727   | 282,894              |

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



# Notes to financial statements

For the year ended 31 December 2020

## 1. General information

### 1.1 Corporate information

Union Auction Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in business of providing auction services for assets. The registered office of the Company is at 518/28 Ramkhamhaeng 39 (Thepleela 1), Wangthonglang, Bangkok.

The Company has 10 branches which are located as follows:

- Branch 1 at 49/24 Moo 2, Tumbon Lumpakkood, Amphor Thanyaburi, Pratum Thani.
- Branch 2 at 325/2 Moo 7, Tumbon Nongkway, Amphor Hangdong, Chiangmai.
- Branch 3 at 3320/4 Mitrapap Road, Tumbon Naimaun, Amphor Muang Nakornratchasima, Nakornratchasima.
- Branch 4 at 33/2 Moo 1, Tumbon Thathongmai, Amphor Kanjanadit, Suratthanee.
- Branch 5 at 6 Moo 9, Tumbon Nongkinplain, Amphor Varinshamrap, Ubonratchathanee.
- Branch 6 at 313 Moo 5, Tumbon Thachang, Amphor Bangklaum, Songkla.
- Branch 7 at 142/4 Moo 1, Soi Ban-nongbua, Tumbon Makkheng, Amphor Muang Udonthanee, Udonthanee.
- Branch 8 at 788/9 Moo 7, Tumbon Samo Khae, Amphor Muang Phisanulok, Phisanulok.
- Branch 9 at 41/1 Moo 5, Tumbon Nong-o, Amphor Banpong, Ratchaburi.
- Branch 10 at 21 Moo 17, Tumbon Muang Kao, Amphor Muang Khon Kaen, Khon Kaen.

### 1.2 Coronavirus disease 2019 Pandemic

Due to the situation of the COVID-19 pandemic in early 2020 and the new outbreak of the COVID-19 pandemic in late the fourth quarter of 2020, the government has implemented precautionary measures to curb the spread of COVID-19 in some areas and issued various economic stimulus measures. However, the Bank of Thailand’s debt moratorium measures led to the lower of number of vehicles for the auction for a certain period. This has been anticipated by the Company, and the slowdown is expected to be in the short term.

The Company has continued to monitor the impact of the COVID-19 pandemic and adjusted its operation plans to align with the situations which may affect the business operation such

as enhance online and onsite auctions, focus on public relations to reach the target audience so that they participate in online auction rather than onsite auction, and offer more alternatives such as adding cars from new vendors apart from those from financial institutions.

Nevertheless, the Company's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities. The degree of the impact severity is dependent upon the pandemic controlling measures imposed by government and the duration of the pandemic.

## **2. Basis of preparation**

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

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

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

## **3. New financial reporting standards**

### **a) Financial reporting standards that became effective in the current period**

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

#### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

Accounting standard:

TAS 32                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                   Extinguishing Financial Liabilities with Equity Instruments

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

These standards do not have any significant impact on the Company's financial statements.

### **TFRS 16 Leases**

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

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

The Company recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment as at 1 January 2020, and the comparative information was not restated.

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

## **b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International

Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

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

As described in Note 3 to the financial statements, during the current year, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as at 1 January 2020. Therefore, the comparative information was not restated.

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

(Unit : Baht)

|  | Financial statements in which the equity method and the cost method are applied |  |              |                |
|--|---|--|--------------|----------------|
|  | The effect of   |  |              |                |
|  | 31 December 2019  | Financial reporting standards related to financial instruments | TFRS 16      | 1 January 2020 |
| <b>Statement of financial position</b> |   |  |              |                |
| <b>Assets</b>                          |   |  |              |                |
| <b>Current assets</b>                  |   |  |              |                |
| Short-term investments                 | 320,273,099   | (320,273,099)  | -            | -              |
| Other current assets                   | 19,292,132  | -  | (17,922,445) | 1,369,687      |
| Other current financial assets         | -   | 320,273,099  | -            | 320,273,099    |
| <b>Non-current assets</b>              |   |  |              |                |
| Other non-current financial assets     | -   | 2,590,143  | -            | 2,590,143      |
| Right-of-use assets                    | -   | -  | 737,577,218  | 737,577,218    |
| Prepayment land lease                  | 17,605,269  | -  | (17,605,269) | -              |
| Other non-current assets               | 2,590,143   | (2,590,143)  | -            | -              |

(Unit : Baht)

|   | Financial statements in which the equity method and the cost method are applied |  |              |                |
|---|---|--|--------------|----------------|
|   | The effect of   |  |              |                |
|   | 31 December 2019  | Financial reporting standards related to financial instruments | TFRS 16      | 1 January 2020 |
| <b>Liabilities and shareholders' equity</b> |   |  |              |                |
| <b>Current liabilities</b>                  |   |  |              |                |
| Current portion of lease liabilities        | -   | -  | 31,886,856   | 31,886,856     |
| <b>Non-current liabilities</b>              |   |  |              |                |
| Lease liabilities, net of current portion   | -   | -  | 694,834,422  | 694,834,422    |
| Other non-current financial liabilities     | -   | 24,472,350   | -            | 24,472,350     |
| Other non-current liabilities               | 49,144,124  | (24,472,350)   | (24,671,774) | -              |

#### 4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9 in comparison with classification and the former carrying amount, are as follows:

(Unit : Baht)

|  | Financial statements in which the equity method and the cost method are applied |  |                    |
|--|---|--|--------------------|
|  | The former carrying amounts   | Classification and measurement in accordance with TFRS 9 |                    |
|  |   | Amortised cost   | Total              |
| <b>Financial assets as at 1 January 2020</b> |   |  |                    |
| Cash and cash equivalents                    | 68,691,538  | 68,691,538   | 68,691,538         |
| Trade and other receivables                  | 134,581,552   | 134,581,552  | 134,581,552        |
| Other current financial assets               | 320,273,099   | 320,273,099  | 320,273,099        |
| Restricted bank deposits                     | 16,100,000  | 16,100,000   | 16,100,000         |
| Other non-current financial assets           | 2,590,143   | 2,590,143  | 2,590,143          |
| <b>Total financial assets</b>                | <b>542,236,332</b>  | <b>542,236,332</b>                                       | <b>542,236,332</b> |



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

## 4.2 Leases

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

(Unit : Baht)

|   | Financial statements in which the equity method and the cost method are applied |
|---|---|
| Operating lease commitments as at 31 December 2019                | 977,178,934   |
| Less: Short-term leases and leases of low-value assets            | (882,000)   |
| Add: Option to extend lease term                                  | 120,836,607   |
| Less: Deferred interest expenses                                  | (370,412,263)   |
| Increase in lease liabilities due to the adoption of TFRS 16      | 726,721,278   |
| Liabilities under finance lease agreements as at 31 December 2019 | -   |
| Lease liabilities as at 1 January 2020                            | 726,721,278   |
| Weighted average incremental borrowing rate (percent per annum)   | 1.38 - 3.16   |
| Comprise of:  |   |
| Current lease liabilities   | 31,886,856  |
| Non-current lease liabilities                                     | 694,834,422   |
|   | 726,721,278   |

## 5. Change in accounting estimate

As at 1 July 2020, the Company changed its accounting estimate with respect to the useful lives of certain leasehold improvements, buildings and building improvements and facilities from 3 - 20 years to 13 - 36 years. The management of the Company believes that the new useful lives of assets are more appropriate and consistent with their expected economic benefits provided to the Company.

The Company has applied the change in accounting estimates since 1 July 2020 onwards.

The effects of the changes to the statement of financial position and the statement of comprehensive income are summarised below.

(Unit : Baht)

|  | As at 31 December 2020 |
|--|------------------------|
| <b>Statement of financial position</b>                     |                        |
| Increase in leasehold improvement, buildings and equipment | 4,800,954              |

(Unit : Baht)

|  | Financial statements in which the equity method and the cost method are applied |
|--|---|
|  | For the year ended 31 December 2020   |
| <b>Statement of comprehensive income</b>                                 |   |
| <i>Profit increase</i>   |   |
| Decrease in depreciation in cost of services                             | (2,929,606)   |
| Decrease in depreciation in service expenses and administrative expenses | (1,871,348)   |
| Increase in basic earnings per share                                     | 0.008   |

## 6. Significant accounting policies

### 6.1 Revenue and expense recognition

#### *Rendering of services*

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

#### *Interest income*

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

#### *Finance cost*

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

## 6.2 Cash and cash equivalents

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

## 6.3 Investments in joint venture

Investments in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in joint venture is accounted for in the separate financial statements using the cost method.

## 6.4 Leasehold improvements, buildings and equipment and depreciation

Leasehold improvements, buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvements, buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

|                                      |   |              |
|--------------------------------------|---|--------------|
| Leasehold improvements               | - | Lease period |
| Buildings                            | - | Lease period |
| Building improvements and facilities | - | Lease period |
| Furniture and fixtures               | - | 5 years      |
| Office equipment                     | - | 5 years      |
| Motor vehicles                       | - | 5 years      |

The average land lease period is between 3 years to 50 years.

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

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

## 6.5 Intangible assets

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

|                   | <u>Useful lives</u> |
|-------------------|---------------------|
| Computer software | 2 - 10 years        |

## 6.6 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### The Company as a lessee

*Accounting policies adopted since 1 January 2020*

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

### Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

|                           |              |
|---------------------------|--------------|
| Land and land improvement | 2 - 46 years |
| Motor vehicles            | 2 - 3 years  |

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

### ***Lease liabilities***

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

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### ***Accounting policies adopted before 1 January 2020***

Leases of property or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

## **6.7 Related party transactions**

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

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

## **6.8 Impairment of non-financial assets**

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

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## **6.9 Employee benefits**

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

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

### ***Post-employment benefits***

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

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

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

### **6.10 Provisions**

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

### **6.11 Income tax**

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

#### **Current tax**

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

#### **Deferred tax**

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

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



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

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

## 6.12 Financial instruments

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

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

### **Classification and measurement of financial assets**

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

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

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

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

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

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

## Derecognition of financial instruments

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

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

## Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

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

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

### Offsetting of financial instruments

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

### *Accounting policies adopted before 1 January 2020*

#### Trade receivables

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

#### Investments

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

### 6.13 Fair value measurement

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

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

- Level 1 -            Use of quoted market prices in an active market for such assets or liabilities
- Level 2 -            Use of other observable inputs for such assets or liabilities, whether directly or indirectly

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

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

## 7. Significant accounting judgements and estimates

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

### Leases - The Company as a lessee

#### *Determining the lease term with extension and termination options*

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

#### *Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### *Allowance for expected credit losses of trade receivables*

The provision for expected credit losses of trade receivables are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision for expected credit losses is initially based on the Company's historical observed default rates and is calibrated to adjust the historical credit loss experience to reflect forward-looking information. The Company uses reasonable and supportable forward-looking information, which is based on assumptions regarding future economic circumstances.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and economic forecast conditions. The Company's historical credit loss experience and economic forecast conditions may also not be representative of whether a customer will actually default in the future.

### **Leasehold improvements, buildings and equipment and depreciation**

In determining depreciation of leasehold improvements, buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's leasehold improvements, buildings and equipment and to review estimated useful lives and residual values when there are any changes.

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

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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

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

## 8. Related party transactions

### Directors and management's benefits

During the year ended 31 December 2020 and 2019, the Company had employee benefit expenses payable to its directors and management as below.

|                              | (Unit: Baht) |            |
|------------------------------|--------------|------------|
|                              | 2020         | 2019       |
| Short-term employee benefits | 31,138,864   | 28,866,358 |
| Post-employment benefits     | 366,313      | 1,156,329  |
| Total                        | 31,505,177   | 30,022,687 |

## 9. Cash and cash equivalents

|   | (Unit : Baht) |            |
|---|---------------|------------|
|   | 2020          | 2019       |
| Cash                                      | 360,000       | 360,000    |
| Bank deposits in savings accounts         | 189,781,403   | 64,432,096 |
| Bank deposits in current accounts         | 3,218,313     | 3,857,092  |
| Short-term investment due within 3 months | -             | 42,350     |
| Total cash and cash equivalents           | 193,359,716   | 68,691,538 |

As at 31 December 2020, bank deposits carried interest between 0.05 and 0.45 percent per annum (2019: between 0.10 and 0.85 percent per annum).

## 10. Trade and other receivables

|                                     | (Unit : Baht) |             |
|-------------------------------------|---------------|-------------|
|                                     | 2020          | 2019        |
| <b>Trade receivables - vehicles</b> |               |             |
| Aged on the basis of due dates      |               |             |
| Not yet due                         | 107,959,552   | 120,548,443 |
| Past due                            |               |             |
| Up to 3 months                      | 1,705,580     | 1,347,588   |
| Total trade receivables - vehicles  | 109,665,132   | 121,896,031 |

|  | (Unit : Baht) |             |
|--|---------------|-------------|
|  | 2020          | 2019        |
| <b>Trade receivables - unrelated parties</b> |               |             |
| Aged on the basis of due dates               |               |             |
| Not yet due                                  | 5,028,105     | 3,059,426   |
| Past due                                     |               |             |
| Up to 3 months                               | 172,822       | -           |
| Trade receivables - unrelated parties, net   | 5,200,927     | 3,059,426   |
| Total trade receivables, net                 | 114,866,059   | 124,955,457 |
| <b>Other receivables</b>                     |               |             |
| Other receivables - unrelated parties        | 1,290,871     | 1,377,883   |
| Advance payments                             | 3,959,433     | 2,591,797   |
| Prepaid expenses                             | 5,788,498     | 5,617,450   |
| Accrued interest income                      | 419,848       | 622,185     |
| Total  | 11,458,650    | 10,209,315  |
| Less: Allowance for expected credit losses   |               |             |
| (2019: Allowance for doubtful accounts)      | (583,220)     | (583,220)   |
| Total other receivables, net                 | 10,875,430    | 9,626,095   |
| Total trade and other receivables, net       | 125,741,489   | 134,581,552 |

Set out below is the movement in the allowance for expected credit losses of other receivables:

|                  | (Unit : Baht) |
|------------------|---------------|
| 1 January 2020   | 583,220       |
| 31 December 2020 | 583,220       |

## 11. Other current financial assets

As at 31 December 2020, other current financial assets were fixed deposits due more than 3 months but not later than 12 months amount of Baht 304 million (2019: Baht 320 million presented as short-term investment), carried interest between 0.25 to 0.70 percent per annum (2019: between 0.60 and 1.40 percent per annum).

## 12. Restricted bank deposits

As at 31 December 2020, the Company had an outstanding bank deposit of Baht 16 million (2019: Baht 16.1 million) that has been pledged to secure letters of guarantee issued by a



local commercial bank in respect of electricity usage and a performance bond for conducting auctions, and to secure overdraft facilities from 4 financial institutions, as described in Note 27.3 and 27.4, respectively.

### 13. Investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of the investment are as follows:

(Unit : Baht)

| Jointly venture                              | Nature of business  | Shareholding percentage |        | Cost |             | Carrying amounts based on equity method |           |
|--|---|-------------------------|--------|------|-------------|---|-----------|
|  |   | 2020                    | 2019   | 2020 | 2019        | 2020                                    | 2019      |
| Action and Auction Company Limited           | Providing sales and services related vehicle and other assets | 50.998                  | 50.998 | -    | 5,099,800   | -                                       | 280,478   |
| Total  |   |                         |        | -    | 5,099,800   | -                                       | 280,478   |
| Less: Allowance for impairment of investment |   |                         |        | -    | (5,099,800) | -                                       | (280,478) |
| Total investment in joint venture - net      |   |                         |        | -    | -           | -                                       | -         |

On 25 January 2017, the Company acquired 50,998 ordinary shares in Action and Auction Company Limited, which is 50.998% of the registered share capital of this company. The investment is classified as a joint venture because directors nominated by both venturers must be present at each meeting of the Board of Directors to form a quorum.

Due to the consideration of Action and Auction Company Limited's operation result since starting operation, Action and Auction Company Limited is disability in generating revenue channel to the Company. The Board of Directors' meeting of Action and Auction Company Limited decided to discontinue the operation and registered to dissolution on 20 December 2018. The Company recognised allowance for impairment of investment for the full amount. Action and Auction Company Limited is in process of liquidation.

On 12 December 2020, the Extra Ordinary Meeting of shareholders of Action and Auction Company Limited have a resolution to approve the completion of liquidation. Action and Auction Company Limited has registered the completion of liquidation with the Department of Business Development on 18 December 2020.

Consequently, as at 31 December 2020, there is no presentation of the statement of financial position under equity method.

## 14. Leasehold improvements, buildings and equipment

(Unit : Baht)

|  | Leasehold improvements | Buildings   | Building improvements and facilities | Furniture and fixtures | Office equipment | Motor vehicle | Assets under installation | Total       |
|--|------------------------|-------------|--------------------------------------|------------------------|------------------|---------------|---------------------------|-------------|
| <b>Cost</b>  |                        |             |                                      |                        |                  |               |                           |             |
| 1 January 2019   | 284,991,246            | 51,009,792  | 43,366,789                           | 54,021,336             | 2,619,841        | 36,893,109    | 2,746,084                 | 475,648,197 |
| Addition   | 7,872,801              | -           | 1,462,194                            | 10,491,467             | 26,401           | 11,656,401    | 30,736,391                | 62,245,655  |
| Transfer in/(transfer out)   | 13,541,357             | -           | 566,000                              | 3,225,058              | -                | 30,561        | (17,362,976)              | -           |
| Disposals/write-off  | (1,755,290)            | (1,265,671) | (341,236)                            | (1,301,036)            | (117,700)        | (3,174,128)   | (26,730)                  | (7,981,791) |
| 31 December 2019   | 304,650,114            | 49,744,121  | 45,053,747                           | 66,436,825             | 2,528,542        | 45,405,943    | 16,092,769                | 529,912,061 |
| Addition   | 1,815,580              | -           | 606,395                              | 11,148,980             | 94,770           | 4,023,260     | 63,010,543                | 80,699,528  |
| Transfer in/(transfer out)   | 43,196,272             | -           | 1,682,892                            | 768,991                | -                | -             | (45,648,155)              | -           |
| Disposals  | (304,266)              | (322,524)   | (3,851,140)                          | (918,372)              | (25,857)         | (4,392,151)   | -                         | (9,814,310) |
| 31 December 2020   | 349,357,700            | 49,421,597  | 43,491,894                           | 77,436,424             | 2,597,455        | 45,037,052    | 33,455,157                | 600,797,279 |
| <b>Accumulated depreciation</b>  |                        |             |                                      |                        |                  |               |                           |             |
| 1 January 2019   | 123,353,791            | 21,734,821  | 31,873,703                           | 37,394,311             | 2,024,821        | 25,964,216    | -                         | 242,345,663 |
| Depreciation for the year  | 26,818,733             | 3,356,457   | 4,735,098                            | 7,961,691              | 215,988          | 4,975,833     | -                         | 48,063,800  |
| Accumulated depreciation on disposals/write-off  | (992,335)              | (1,020,414) | (338,059)                            | (1,161,372)            | (111,376)        | (3,174,125)   | -                         | (6,697,681) |
| 31 December 2019   | 149,280,189            | 24,070,864  | 36,270,742                           | 44,194,630             | 2,129,433        | 27,765,924    | -                         | 283,711,782 |
| Depreciation for the year  | 26,612,806             | 3,277,082   | 3,194,434                            | 8,160,708              | 168,027          | 5,427,455     | -                         | 46,840,512  |
| Accumulated depreciation on disposals  | (304,265)              | (322,521)   | (3,844,578)                          | (715,118)              | (25,329)         | (4,324,698)   | -                         | (9,536,509) |
| 31 December 2020   | 175,588,730            | 27,025,425  | 35,620,598                           | 51,640,220             | 2,272,131        | 28,868,681    | -                         | 321,015,785 |
| <b>Net book value</b>  |                        |             |                                      |                        |                  |               |                           |             |
| 31 December 2019   | 155,369,925            | 25,673,257  | 8,783,005                            | 22,242,195             | 399,109          | 17,640,019    | 16,092,769                | 246,200,279 |
| 31 December 2020   | 173,768,970            | 22,396,172  | 7,871,296                            | 25,796,204             | 325,324          | 16,168,371    | 33,455,157                | 279,781,494 |
| <b>Depreciation for the year</b>   |                        |             |                                      |                        |                  |               |                           |             |
| 2019 (Baht 37.9 million included in cost of services, and the balance in service expenses and administrative expenses) |                        |             |                                      |                        |                  |               |                           | 48,063,800  |
| 2020 (Baht 36.7 million included in cost of services, and the balance in service expenses and administrative expenses) |                        |             |                                      |                        |                  |               |                           | 46,840,512  |

As at 31 December 2020, certain items of leasehold improvements, building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets to approximately Baht 114.9 million (2019: Baht 119.8 million)

## 15. Intangible assets

(Unit : Baht)

|                                 | Computer software | Intangible assts under installation | Total     |
|---------------------------------|-------------------|-------------------------------------|-----------|
| <b>Cost</b>                     |                   |                                     |           |
| 1 January 2019                  | 3,824,227         | 285,000                             | 4,109,227 |
| Addition                        | 250,350           | 648,500                             | 898,850   |
| Transfer in/(transfer out)      | 600,000           | (600,000)                           | -         |
| 31 December 2019                | 4,674,577         | 333,500                             | 5,008,077 |
| Addition                        | 1,494,350         | 791,500                             | 2,285,850 |
| Transfer in/(transfer out)      | 645,000           | (645,000)                           | -         |
| 31 December 2020                | 6,813,927         | 480,000                             | 7,293,927 |
| <b>Accumulated amortisation</b> |                   |                                     |           |
| 1 January 2019                  | 1,158,925         | -                                   | 1,158,925 |
| Amortisation during the year    | 393,110           | -                                   | 393,110   |
| 31 December 2019                | 1,552,035         | -                                   | 1,552,035 |
| Amortisation during the year    | 635,156           | -                                   | 635,156   |
| 31 December 2020                | 2,187,191         | -                                   | 2,187,191 |
| <b>Net book value</b>           |                   |                                     |           |
| 31 December 2019                | 3,122,542         | 333,500                             | 3,456,042 |
| 31 December 2020                | 4,626,736         | 480,000                             | 5,106,736 |

## 16. Trade and other payables

(Unit : Baht)

|                                    | 2020        | 2019        |
|------------------------------------|-------------|-------------|
| Trade payables - vehicles          | 317,767,486 | 184,203,606 |
| Other payables - unrelated parties | 14,177,293  | 10,601,407  |
| Accrued expenses                   | 47,067,794  | 46,380,191  |
| Total trade and other payables     | 379,012,573 | 241,185,204 |

Trade payables - vehicles comprise financial institutions, juristic persons and ordinary persons who are owners of vehicles. Normally, credit term of trade payables - vehicles are between 5 - 7 working days from auction date.

## 17. Other non-current financial liabilities

(Unit : Baht)

|   | 2020       | 2019       |
|---|------------|------------|
| Deposit for auction plate                     | 55,698,000 | 22,700,000 |
| Employee insurance contributions              | 1,518,506  | 1,772,350  |
| Accrued land rental                           | -          | 24,671,774 |
| Total other non-current financial liabilities | 57,216,506 | 49,144,124 |

The balance as at 31 December 2019 was presented under the caption of other non-current liabilities.

## 18. Lease

The Company has lease contracts for various items of land and vehicle used in its operations. Leases generally have lease terms between 2 - 46 years.

### 18.1 Right-of-use assets

Movements in the right-of-use assets account for the year ended 31 December 2020 were summarised below.

(Unit : Baht)

|                            | Land and land improvement | Motor vehicles | Total        |
|----------------------------|---------------------------|----------------|--------------|
| 1 January 2020             | 737,577,218               | -              | 737,577,218  |
| Addition                   | 164,974,628               | 2,741,413      | 167,716,041  |
| Write-off - net book value | (2,624,828)               | -              | (2,624,828)  |
| Depreciation for the year  | (71,728,325)              | (1,157,280)    | (72,885,605) |
| 31 December 2020           | 828,198,693               | 1,584,133      | 829,782,826  |

### 18.2 Lease liabilities

(Unit : Baht)

|  | 2020          | 2019 |
|--|---------------|------|
| Lease liabilities                          | 1,176,701,779 | -    |
| Less: Deferred interest expenses           | (377,571,696) | -    |
| Total                                      | 799,130,083   | -    |
| Less: Portion due within one year          | (48,880,582)  | -    |
| Lease liabilities - net of current portion | 750,249,501   | -    |

The carrying amounts for lease liabilities and the movement for the year ended 31 December 2020 were presented below.

|  | (Unit : Baht)      |
|--|--------------------|
| <b>Balance as at 1 January 2020</b>              | 726,721,278        |
| Addition during the year                         | 117,078,848        |
| Less: Payment during the year                    | (41,907,661)       |
| Less: Write-off during the year - net book value | (2,762,382)        |
| <b>Balance as at 31 December 2020</b>            | <b>799,130,083</b> |

### 18.3 Expenses relating to leases that are recognised in profit or loss

|  | (Unit : Baht)                       |
|--|-------------------------------------|
|  | For the year ended 31 December 2020 |
| Depreciation expense of right-of-use assets                | 72,885,605                          |
| Amortisation of interest expense on lease liabilities      | 21,662,687                          |
| Expense relating to short-term leases and low-value assets | 8,170,049                           |

### 18.4 Others

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 71.7 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 117.1 million.

## 19. Provision for long-term employee benefits

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

|   | (Unit : Baht) |           |
|---|---------------|-----------|
|   | 2020          | 2019      |
| <b>Provision for long-term employee benefits at beginning of year</b> | 11,076,627    | 8,166,047 |
| Included in profit or loss:   |               |           |
| Current service cost  | 1,422,093     | 736,577   |
| Interest cost   | 206,782       | 241,077   |
| Past service cost   | -             | 2,164,176 |

| (Unit : Baht)   |                   |                   |
|---|-------------------|-------------------|
|   | 2020              | 2019              |
| Included in other comprehensive income:                         |                   |                   |
| Actuarial loss arising from                                     |                   |                   |
| Demographic assumptions changes                                 | 6                 | -                 |
| Financial assumptions changes                                   | 11,190            | -                 |
| Experience adjustments  | 3,124,170         | -                 |
| Benefits paid during the year                                   | (938,850)         | (231,250)         |
| <b>Provision for long-term employee benefits at end of year</b> | <b>14,902,018</b> | <b>11,076,627</b> |

The Company expects to pay Baht 0.4 million of long-term employee benefits during the next year (2019: Baht 1.7 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2019: 10 years).

Significant actuarial assumptions are summarised below.

| (Unit : percent per annum) |             |             |
|----------------------------|-------------|-------------|
|                            | 2020        | 2019        |
| Discount rate              | 1.5         | 2.7         |
| Salary increase rate       | 6.0         | 6.0         |
| Turnover rate              | 11.5 - 34.4 | 11.5 - 34.4 |

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

| (Unit : Baht)        |                     |                     |
|----------------------|---------------------|---------------------|
|                      | 2020                |                     |
|                      | <u>Increase 1%</u>  | <u>Decrease 1%</u>  |
| Discount rate        | (1,062,991)         | 1,207,661           |
| Salary increase rate | 1,141,515           | (1,029,538)         |
|                      | <u>Increase 20%</u> | <u>Decrease 20%</u> |
| Turnover rate        | (2,167,771)         | 3,074,127           |

(Unit : Baht)

|                      | 2019                |                     |
|----------------------|---------------------|---------------------|
|                      | <u>Increase 1%</u>  | <u>Decrease 1%</u>  |
| Discount rate        | (557,364)           | 635,680             |
| Salary increase rate | 608,125             | (545,652)           |
|                      | <u>Increase 20%</u> | <u>Decrease 20%</u> |
| Turnover rate        | (1,383,452)         | 1,897,240           |

## 20. Statutory reserve

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

## 21. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit : Baht)

|  | 2020        | 2019        |
|--|-------------|-------------|
| Salaries and wages and other employee benefits | 173,573,986 | 161,070,806 |
| Transportation expense                         | 116,357,631 | 112,466,842 |
| Commission expense                             | 1,789,932   | 1,681,949   |
| Land rental expenses                           | 3,770,639   | 71,332,672  |
| Other auction expense                          | 40,622,335  | 28,329,982  |
| Security expense                               | 23,998,334  | 23,426,023  |
| Depreciation                                   | 119,726,117 | 48,063,800  |
| Amortisation expenses                          | 635,156     | 393,110     |



## 22. Income tax

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

(Unit : Baht)

|   | Financial statements in which the equity method is applied |                   | Financial statements in which the cost method is applied |                   |
|---|--|-------------------|--|-------------------|
|   | 2020   | 2019              | 2020   | 2019              |
| <b>Current tax:</b>   |  |                   |  |                   |
| Current income tax charge                                     | 64,795,430   | 63,175,828        | 64,795,430   | 63,175,828        |
| <b>Deferred tax:</b>  |  |                   |  |                   |
| Relating to origination and reversal of temporary differences | (1,532,795)  | (4,037,427)       | (1,532,795)  | (4,037,427)       |
| <b>Income tax expenses reported in profit or loss</b>         | <b>63,262,635</b>  | <b>59,138,401</b> | <b>63,262,635</b>  | <b>59,138,401</b> |

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

(Unit : Baht)

|   | Financial statements in which the equity method is applied |          | Financial statements in which the cost method is applied |          |
|---|--|----------|--|----------|
|   | 2020   | 2019     | 2020   | 2019     |
| Deferred tax relating to actuarial loss | 627,074  | -        | 627,074  | -        |
| <b>Total</b>                            | <b>627,074</b>   | <b>-</b> | <b>627,074</b>   | <b>-</b> |

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

(Unit : Baht)

|  | Financial statements in which the equity method is applied |                   | Financial statements in which the cost method is applied |                   |
|--|--|-------------------|--|-------------------|
|  | 2020   | 2019              | 2020   | 2019              |
| Accounting profit before tax   | 291,231,164  | 293,384,165       | 291,231,164  | 293,384,165       |
| Applicable tax rate  | 20%  | 20%               | 20%  | 20%               |
| Accounting profit before tax multiplied by income tax rate                       | 58,246,233   | 58,676,833        | 58,246,233   | 58,676,833        |
| Adjustment in respect of income tax of previous year                             | (240,159)  | -                 | (240,159)  | -                 |
| Effects of:  |  |                   |  |                   |
| Non-deductible expenses  | 1,560,483  | 504,665           | 1,560,483  | 504,665           |
| The difference between accounting expenses and taxable expenses related to lease | 4,764,146  | -                 | 4,764,146  | -                 |
| Additional expense deductions allowed  | (1,068,068)  | (43,097)          | (1,068,068)  | (43,097)          |
| <b>Income tax expenses reported in profit or loss</b>                            | <b>63,262,635</b>  | <b>59,138,401</b> | <b>63,262,635</b>  | <b>59,138,401</b> |

The weighted average applicable tax rate was 22% (2019: 20%).

The components of deferred tax assets are as follows:

(Unit : Baht)

|  | Statements of financial position |                   |
|--|----------------------------------|-------------------|
|  | 2020                             | 2019              |
| <b>Deferred tax assets</b>   |                                  |                   |
| Provision for long-term employee benefits  | 2,980,404                        | 2,215,325         |
| Accumulated depreciation - leasehold improvement, building and equipment         | 11,020,423                       | 9,455,425         |
| Land rental  | -                                | 4,934,355         |
| The difference between accounting expenses and taxable expenses related to lease | 4,764,146                        | -                 |
| <b>Total</b>   | <b>18,764,973</b>                | <b>16,605,105</b> |

## 23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

|  | For the year ended 31 December                             |             |  |             |
|--|--|-------------|--|-------------|
|  | Financial statements in which the equity method is applied |             | Financial statements in which the cost method is applied |             |
|  | 2020   | 2019        | 2020   | 2019        |
| Profit for the year attributable to equity holders of the Company (Baht) | 227,968,529  | 234,245,764 | 227,968,529  | 234,245,764 |
| Weighted average number of ordinary shares (Shares)                      | 550,000,000  | 550,000,000 | 550,000,000  | 550,000,000 |
| Basic earnings per share (Baht)  | 0.41   | 0.43        | 0.41   | 0.43        |

## 24. Dividends

Dividends declared during the year ended 31 December 2020 and 2019 consist of the following:

| Dividends  | Approved by   | Total dividends | Dividend per share |
|--|---|-----------------|--------------------|
|  |   | (Baht)          | (Baht)             |
| <b><u>For the year 2020</u></b>  |   |                 |                    |
| Interim dividends for the period as from 1 July 2019 to 31 December 2019 | Board of Directors’ meeting on 30 March 2020                | 137,475,000     | 0.25               |
| Interim dividends for the period as from 1 January 2020 to 30 June 2020  | Board of Directors’ meeting on 7 August 2020                | 99,000,000      | 0.18               |
| Total for 2020   |   | 236,475,000     |                    |
| <b><u>For the year 2019</u></b>  |   |                 |                    |
| Final dividend for 2018  | Annual General Meeting of the shareholders on 23 April 2019 | 109,980,000     | 0.20               |
| Interim dividends for the period as from 1 January 2019 to 30 June 2019  | Board of Directors’ meeting on 13 August 2019               | 82,484,805      | 0.15               |
| Total for 2019   |   | 192,464,805     |                    |

## 25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 2 million (2019: Baht 2 million) were recognised as expenses.

## 26. Segment information

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

For management purposes, the Company is organised into business units based on their services income and have 4 reportable segments as follows:

1. Vehicle auction
2. Motorcycle auction
3. Transportation
4. Other services

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue information regarding the Company's operating segments for the year ended 31 December 2020 and 2019

|                                | Financial statements in which the equity method is applied<br>for the year ended 31 December |             |                    |            |                |            |                |            | (Unit : Baht) |               |      |
|--------------------------------|--|-------------|--------------------|------------|----------------|------------|----------------|------------|---------------|---------------|------|
|                                | Vehicle auction  |             | Motorcycle auction |            | Transportation |            | Other services |            |               | Total         |      |
|                                | 2020   | 2019        | 2020               | 2019       | 2020           | 2019       | 2020           | 2019       |               | 2020          | 2019 |
| Revenue from services          | 656,423,771  | 636,721,913 | 77,546,987         | 66,590,278 | 99,581,615     | 86,238,750 | 30,787,298     | 13,865,430 | 864,339,671   | 803,416,371   |      |
| Cost of services               |  |             |                    |            |                |            |                |            | (411,697,142) | (378,009,008) |      |
| Gross profit                   |  |             |                    |            |                |            |                |            | 452,642,529   | 425,407,363   |      |
| Other income                   |  |             |                    |            |                |            |                |            | 4,746,654     | 9,167,586     |      |
| Service expenses               |  |             |                    |            |                |            |                |            | (32,951,148)  | (34,386,616)  |      |
| Administrative expenses        |  |             |                    |            |                |            |                |            | (111,544,184) | (106,804,168) |      |
| Finance cost                   |  |             |                    |            |                |            |                |            | (21,662,687)  | -             |      |
| Income tax expenses            |  |             |                    |            |                |            |                |            | (63,262,635)  | (59,138,401)  |      |
| Profit for the year            |  |             |                    |            |                |            |                |            | 227,968,529   | 234,245,764   |      |
| Timing of revenue recognition: |  |             |                    |            |                |            |                |            |               |               |      |
| When the obligations completed | 656,423,771  | 636,721,913 | 77,546,987         | 66,590,278 | 99,581,615     | 86,238,750 | 30,787,298     | 13,865,430 | 864,339,671   | 803,416,371   |      |

### Geographic information

The Company operates in Thailand only. As a result, all the revenues and assets as reflected these financial statements pertain exclusively to the geographical reportable segment.

## Major customers

For the year 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 27. Commitments and contingent liabilities

27.1 As at 31 December 2020, the Company had commitments and contingent liabilities other than those disclosed in other notes as follows:

27.2 The Company had outstanding commitments with respect to service agreements totaling approximately Baht 2 million per month (2019: Baht 2 million per month).

27.2 The Company has entered into several long-term agreements to lease low-value assets. As at 31 December 2020, the Company had payment commitments under these lease agreements of Baht 3 million (2019: Baht 4 million).

27.3 Bank guarantees

As at 31 December 2020, there were outstanding bank guarantees issued by banks of Baht 14 million (2019: Baht 9 million). These included letter of guarantee for electricity use and for contract performance used for auction bids.

27.4 As at 31 December 2020, the Company had an overdraft facility of Baht 92 million and letter of guarantee facilities totaling Baht 48 million (2019: Baht 42 million and Baht 48 million, respectively) from 6 financial institutions, which were for use in the Company's operations.

27.5 Service commitments

The Company has commitments to 263 non-related companies and 7 commercial banks under agreements related to its arrangement of auctions covering a period from May 2006 to March 2022. The Company is required to comply with significant terms in related agreements such as commission rates.

## 28. Financial instruments

### 28.1 Financial risk management objectives and policies

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

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade receivables, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

### *Trade receivables*

The Company has no significant concentrations since the receivables are diversified. The Company has policies in place to ensure that services are provided to customers with an appropriate credit history. Normally, trade receivables as at the end of reporting period are from the recent auction transactions that occurred near the period end. These receivables have potentially fewer collection issues because they settle payments upon the delivery of property sold at auction, and the credit terms, are rather short i.e., between 4 days and 30 days.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### *Financial instruments and cash deposits*

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

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

### *Market risk*

#### *Interest rate risk*

Most of the Company's financial assets and liabilities bear fixed interest rates which are close to the market rate.

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



|   | As at 31 December 2020             |                        |                      |       |                         |
|---|------------------------------------|------------------------|----------------------|-------|-------------------------|
|   | Fixed interest rates within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
|   | Million Baht                       |                        |                      |       | (% p.a.)                |
| <b>Financial assets</b>                 |                                    |                        |                      |       |                         |
| Cash and cash equivalents               | -                                  | 193                    | -                    | 193   | 0.05 - 0.45             |
| Trade and other receivables             | -                                  | -                      | 126                  | 126   | -                       |
| Other current financial assets          | 304                                | -                      | -                    | 304   | 0.25 - 0.70             |
| Restricted bank deposit                 | 16                                 | -                      | -                    | 16    | 0.20 - 0.80             |
| Other non-current financial assets      | -                                  | -                      | 4                    | 4     | -                       |
|   | 320                                | 193                    | 130                  | 643   |                         |
| <b>Financial liabilities</b>            |                                    |                        |                      |       |                         |
| Trade and other payables                | -                                  | -                      | 379                  | 379   | -                       |
| Other non-current financial liabilities | -                                  | -                      | 57                   | 57    | -                       |
|   | -                                  | -                      | 436                  | 436   |                         |

|                              | As at 31 December 2019             |                        |                      |       |                         |
|------------------------------|------------------------------------|------------------------|----------------------|-------|-------------------------|
|                              | Fixed interest rates within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
|                              | Million Baht                       |                        |                      |       | (% p.a.)                |
| <b>Financial assets</b>      |                                    |                        |                      |       |                         |
| Cash and cash equivalents    | -                                  | 69                     | -                    | 69    | 0.10 - 0.85             |
| Short-term investment        | 320                                | -                      | -                    | 320   | 0.60 - 1.40             |
| Trade and other receivables  | -                                  | -                      | 135                  | 135   | -                       |
| Restricted bank deposit      | 16                                 | -                      | -                    | 16    | 0.20 - 1.10             |
|                              | 336                                | 69                     | 135                  | 540   |                         |
| <b>Financial liabilities</b> |                                    |                        |                      |       |                         |
| Trade and other payables     | -                                  | -                      | 241                  | 241   | -                       |
|                              | -                                  | -                      | 241                  | 241   |                         |

## Liquidity risk

Approximately 36 percent of the Company's debt will mature in less than one year at 31 December 2020 (2019: 82 percent) based on the carrying value of borrowings reflected in the financial statements. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has cash and cash equivalent including access to a sufficient variety of sources of funding.

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

(Unit : Baht)

|  | less than<br>1 year | 1 - 5 years        | Over<br>5 years    | Total                |
|--|---------------------|--------------------|--------------------|----------------------|
| <b>Non-derivatives</b>                     |                     |                    |                    |                      |
| Trade and other payables                   | 379,012,573         | -                  | -                  | 379,012,573          |
| Lease liabilities                          | 69,991,287          | 258,414,870        | 848,295,622        | 1,176,701,779        |
| Other non-current financial<br>liabilities | -                   | 57,216,506         | -                  | 57,216,506           |
| <b>Total non-derivatives</b>               | <u>449,003,860</u>  | <u>315,631,376</u> | <u>848,295,622</u> | <u>1,612,930,858</u> |

## 28.2 Fair values of financial instruments

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

## 29. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company's debt-to-equity ratio was 2.55:1 (2019: 0.63:1).

## 30. Event after reporting period

On 25 February 2021, the Board of Director's Meeting passed a resolution to approve final dividend payment 2020 to the Company's shareholders at Baht 0.23 per share, totaling 126.5 million.

However, this resolution will be presented to Annual General Meeting for the year 2021 for further approval.

### 31. Reclassification

The Company reclassified the following amounts in the statement of financial position as at 31 December 2019 to conform with current year's classification as follows:

(Unit : Baht)

|                             | Financial statements in which the equity method is applied |                        | Financial statements in which the cost method is applied |                        |
|-----------------------------|--|------------------------|--|------------------------|
|                             | As at 31 December 2019                                     |                        | As at 31 December 2019                                   |                        |
|                             | As reclassified  | As previously reported | As reclassified  | As previously reported |
| <b>Assets</b>               |  |                        |  |                        |
| Cash and cash equivalents   | 68,691,538   | 72,626,957             | 68,691,538   | 72,626,957             |
| Trade and other receivables | 134,581,552  | 148,524,873            | 134,581,552  | 148,524,873            |
| Other current assets        | 19,292,132   | 1,209,371              | 19,292,132   | 1,209,371              |

(Unit : Baht)

|   | Financial statements in which the equity method is applied |                        | Financial statements in which the cost method is applied |                        |
|---|--|------------------------|--|------------------------|
|   | As at 31 December 2019                                     |                        | As at 31 December 2019                                   |                        |
|   | As reclassified  | As previously reported | As reclassified  | As previously reported |
| <b>Liabilities and shareholders' equity</b> |  |                        |  |                        |
| Trade and other payables                    | 241,185,204  | 234,998,785            | 241,185,204  | 234,998,785            |
| Other current liabilities                   | 276,103  | 6,258,501              | 276,103  | 6,258,501              |

The reclassifications had no effect to previously reported profit or shareholders' equity.

### 32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.



# ANNUAL REPORT 2020

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